

A STUDY OF ABSENTEEISM WITHIN COMPANY X, ITS CAUSES AND THE MANAGEMENT OF IT

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DECLARATION

I hereby certify that this material, which I now submit for assessment on the programme of study leading to the award of BA Hons. in Human Resource Management is entirely my own work and has not been submitted for assessment for any purpose other than in partial fulfilment for that stated above.

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ABSTRACT

This thesis entitled "*A STUDY OF ABSENTEEISM WITHIN COMPANY X, ITS CAUSES AND THE MANAGEMENT OF IT*" is an investigation into the extent of it within Company X, the causes of it, the consequences that it presents and the actions taken by the firm in order to combat it.

The author has been employed by this organisation for the past nine years, three of those in store management capacity and four in head office capacity. Throughout this time, his role has included monitoring, recording and initiating efforts to combat absenteeism in the company. As a result, he is prompted to choose this area of study.

The initial section of this thesis will deal with what is already known about the topic. The primary research will be conducted in the form of a questionnaire. There was an interview organised with the head of Human Resources however, due to time restraints on his behalf this did not take place.

The latter, attempts to highlight absenteeism in Company X and also suggests ways in which policies may be reviewed in order to strive for zero-tolerance level of absenteeism within Company X.

CHAPTER ONE

INTRODUCTION

Retailing is a people business, both in the number of people who shop daily for a wide range of merchandise, to the large number of staff employed. Indeed, retailing is one of the few areas in Ireland which has consistently shown an increasing level of employment, which currently stands at 11% for the services sector. This effectively makes retail sector one of the largest sectors within the Irish economy employing approximately 199,000 people in over 53,000 outlets. www.forfas.ie/publications/retail

This figure comprises a large and increasing number of part-time and temporary employees. As a result of the large numbers of staff, on-going increases in competition and reduced profits, managers are being forced to examine all aspects of their business in order to make savings and gain a competitive edge. Absenteeism is one such area.

Absenteeism is a significant problem in Ireland and one which costs businesses hundreds of millions of euro annually. As well as bringing a financial burden to most firms, absenteeism has severe and unnecessary repercussions for productivity. The most obvious cost is that of company sick pay schemes and disability benefit, it also brings with it many indirect costs. The missing worker must be replaced when absent, this may either be done through the hiring of an extra body or by existing staff working overtime. This disruption also brings with it consequences for customers who are subject to delays in the delivery of the product or service. www.ibec.ie

This thesis will investigate the current level of absenteeism within Company X, the first part of this thesis will look at the current literature available on the topic and delve into the causes of absenteeism as outlined by IBEC.

Chapter One Introduction

How does the management of absenteeism within Company X relate to the best practice outlined by organisations such as IBEC and in relation to recommendations within current literature on the topic itself and the topic of Human Resource Management.

The author will also outline recommendations which may be employed to aid in the reduction of absence within his organisation.

CHAPTER TWO

INDUSTRY REVIEW

The Irish Retail Sector

The retail sector, as already mentioned, is one of the largest sectors within the Irish economy, employing approximately 199,000 people in over 53,000 outlets. www.forfas.ie/publications/retail

This sector of the service industry is dominated by a small number of large and locally owned firms spread throughout the country.

Growth in retailing has been largely influenced by the changes in the economic fortunes of the country. During recessionary periods, in particular the late 1980's and early 1990's, sales remained static. However this changed significantly during the boom of the "Celtic Tiger", where sales in retail increased dramatically and this trend has continued as Company X's sales have increased by 14% for the half year in 2005.

In addition to rising sales, major changes have occurred in the retail trade. Since the early 1990's, large foreign retailers, mainly UK and Spanish based have viewed Ireland as a land of opportunity. (*Zara a major Spanish retailer had their most successful opening when they launched their first Irish store on Dublin's Henry Street, with first day sales of One Million Euro*). This growth is even more evident with the opening of the Dundrum Town Centre, which is one of the largest within Europe and a newly planned centre for Athlone.

For the purpose of this study, the author has chosen one of the largest retail organisations, which will be referred to as Company X, whose history is outlined below.

Company X is an Irish family owned business, founded in 1900, comprising of eleven department stores. The founder began trading in Cork offering value for money by “selling for cash for half the usual profit”. This policy led to the rapid expansion and by 1920, another three stores were trading.

He (the founder) appointed a company secretary and a general manager to help manage the business but he remained the central control figure. Following his death, his wife and three sons took over the reigns. These three men with two other descendents and the Chief Executive make up the current Board of Directors.

Company X grew rapidly during the 1970’s and 1980’s, group buying became centralised and specialist functional departments were formed.

Today, the company employs over 4000 people at eleven sites throughout Ireland and recently relaunched their flagship store in Dublin with a €50 million redevelopment and the introduction of new brands through partnerships with European retailers. The company still remains a private, family run company with product offerings in clothing, homeware and gifts.

Mission Statement

“The company is founded on a single principle – that of respect. We respect our customers, our staff and our suppliers, so that our staff are happy to work with us, our suppliers happy to do business with us and our customers come back to shop with us again and again because they feel valued and appreciated.”

Core Values

Choice – we aim to provide the widest possible choice of good quality, competitively priced merchandise under one roof.

Service - to be helpful and efficient, to offer expert information and advice on the goods we sell.

Value – to offer the best possible price in merchandise at all times.

Culture

“Organisational culture is the pattern of shared beliefs, attitudes, assumptions, norms and values in an organisation which may not be articulated but the absence of direct instructions shape the way people act and interact and strongly influence the ways in which things get done” Armstrong M. (2004)

The culture within Company X would have initially been one of **power**, with the founder of the company being ‘the spider in the web’ with a strong team including family members surrounding him. The form of communication would have featured very little documentation and trust would have existed as a result of control. The founder would have relied upon his good judgement and speed of decision making for success.

Indeed, it was successful and led to the expansion of the organisation and the change in the type of culture in the firm.

The company has changed from a **power** culture to a **role** culture. There is now a Board of Directors which as already mentioned comprises of family and the Chief Executive, emanating from the Board are a significant number of departments and sub-departments such as Buying, Human Resources, IT and Services. Everything within the company is analysed in a logical fashion, control is maintained via policies and procedures and each individual is guided by their job description which determines their role within the organisation. Each individual has a role with a fixed set of duties. Although individuals regardless of their job description are encouraged and expected to get involved areas of the business outside of their field at key times, i.e. managers and head office personnel must function on the shop floor during sales and seasonal times.

The power within the organisation is mainly centralised, the various department hold a large amount of responsibility but lack the authority on major decisions which are referred to the Board or to the Chief Executive.

Structure

The structure of Company X is **hierarchical** in nature, as already illustrated via the culture, power is centralised and this culture reinforces the structure. At local level, i.e. in each store a similar structure exists. At the top of the hierarchy exists the General Manager, assisted by the Assistant General Manager and the Human Resources Manager. On the next level are the department managers and supervisors, both of which have very different roles. The Department Managers (formerly called Stock Supervisors) have responsibility for a number of departments each with a major emphasis placed on stock. The Floor Supervisors have responsibility for staff and customer service again over a number of areas. On the lower level exist sales assistants.

The structure is tall and posses the following characteristics;

- ☑ High staffing costs – due to the fact it is a labour intensive business.
- ☑ Very bureaucratic due to the number of layers.
- ☑ There is compartmentalisation of tasks allowing for greater accountability.
- ☑ Management are task focused often to the extent that they are oblivious to the needs of others.

Leadership Style

“ A process in which one individual or small group of individuals influence the efforts of others towards the achievement of goals” Dessler, G., (1997)

The style of leadership within Company X, is **autocratic**. It is characterised by one way communication and a system whereby management tell subordinates what to do. This style allows for speed of decision making and ensures that accountability rests in one area, it reduces ambiguity and facilitates standardisation.

This style of leadership is prevalent in the organisation as a whole. However the author realises that other styles may exist at local level, depending upon individual managers.

As well as possessing benefits, this management style has its drawbacks;

- ☑ It does not allow for employee development.
- ☑ It may be demotivating due to the lack of employee involvement.
- ☑ The one way communication system may incite conflict and hostility

Policies

Company X operates policies which encourage retention and promote loyalty.

- In many stores, especially the longer established ones, there are employees with over twenty years service.
- Staff are paid service increments after eight years service.
- Staff receive extra days holidays after 3 years service, 2 days after 5 years and 3 days after 10 years service.
- Employees who remain with the company upon until retirement age are presented with gift by the company.
- Long service recognition exits – employees with fifteen years service receive a gift of their choice from the company.
- Post retirement policy - staff are visited regularly by a company representative, they receive a Christmas box and an annual increase in their pension.
- The firm discretely operates a distress fund for employees who may be in financial difficulties and require assistance.

CHAPTER THREE

LITERATURE REVIEW

3.1 Introduction

Before deciding to research the topic of Absenteeism, I first had to decide whether in fact it was a feasible exercise. This led me to consider the following factors suggested by *Howard Keith and Sharpe (1994)*. First for consideration was the availability and access of relevant data and information. A quick examination of libraries and the internet quickly established that a substantial amount of information was available in print, on the subject of absenteeism.

Having examined the available literature I quickly realised that no single theory exists on the subject, but that theories exist on why people fail to attend work. All information, reports and statistics on the subject highlight absenteeism as a problem and an area that greatly interests managers and researchers. Most of the literature is categorised into two areas.

- **Factors that cause absenteeism**
- **Management's response to the causes**

The literature review is comprised of two sections, the first examining the causes under a number of headings. The fact the causes are identified in the literature demonstrates the firms do regard absenteeism as a sufficient problem to warrant analyses being made and records being kept.

The second part of this literature review moves on to critically examine management's responses to the problem as outlined in the literature, and to try and assess the actual effectiveness of these responses.

3.2 *An Examination of the Causes of Absenteeism.*

The causes of absence are unlikely to be explained by any single factor, and current thinking sees its causes in terms of multiple factors. *Graham and Bennett (1995)* believe that the factors contributing to non-attendance include the nature of the job, personal characteristics of the worker and motivating incentives. Up until the late 1970s, much of the research into absence focused on trying to find a single factor to explain it. If this were possible then employers would have been able to solve the problem. It is in no way as easy as that, as *Nicholson (1977)* has identified. He splits absence into three categories. Firstly, pain avoidance which puts forward the argument of job dissatisfaction which cannot be seen as a single cause of absence, but without any doubt is one of a number of factors that influence absenteeism.

The second theory put forward is the adjustment to work. This argues that employees adapt to the situation found in the workplace and that new employees will observe absence behaviour of their colleagues. This raises many questions about the culture, management style, even the work conditions and in the workplace. Another adjustment to work perspective sees absence in terms of an employees response to both the intrinsic and extrinsic rewards found in the workplace, and is associated with the equity and exchange theory *Rhodes and Steers (1990)*. This argues that individuals expects a fair exchange in what they bring to their jobs in terms of skill, knowledge and commitment and the rewards or outcomes they get out of it. One must raise the question of whether these relate to intrinsic factors such as job satisfaction, or extrinsic factors such as pay and benefits. If either falls short of employee's expectations they will go absent?

The third theory sees absence as a result of a decision made on the basis of the cost and benefit associated with absence. If the employee values a day off more day pay – will they go absent? This does not explain why some employees are motivated to go to work while others stay away. There has been research to support the view that the provision of occupational sick pay, which reduces the economic cost of absence, leads to higher absenteeism.

More recent research has tended to emphasise the complex nature of the factors influencing absence, and is associated in particular with the ideas of *Nicholson (1977)*, *Steers and Rhodes (1978, 1984)* and *Rhodes and Steers (1990)*. The implications of the earlier research were that absence could be avoided as long as the cause was identified and the appropriate policies applied. *Steers and Rhodes (1984)* argue that absence behaviour needs to take into account variations in the personal characteristics, attitudes, value and backgrounds of individuals and the fact that people do become genuinely ill and have domestic difficulties from time to time.

Nicholson (1977) in his model of attendance motivation believes that attendance is normal behaviour, and that to search for a cause of absence for the factors that disturb the regularity of attendance. Whether people will attend given a particular set of circumstance depends on a number of variables such as age, sex, gender, work conditions, group cohesion etc.

Steers and Rhodes (1978) suggest in their model of absenteeism, that job satisfaction and pressure to attend work interact to determine attendance and motivation. Actual attendance will depend on both motivation and ability to attend; pressure to attend could come from the fear of losing their job. There are of course other influences on why people go absent. The nature of their jobs, the opportunities they provide for satisfaction and involvement, are all key factors. The rules in the workplace may be strict or lenient, even travel difficulties may affect the ability to attend.

To date there appears to be little agreement on the factors which influence an employee's decision on whether to attend or not attend work. **Sargent Andrew (1989)**. *"The Missing Workforce, (Managing Absenteeism), London Institute of Personnel Management*, argues that this is due mainly to firms not properly monitoring their absence levels, and causes, and often by reluctance amongst management to admit they have a problem. This, he states, arises from the fact that once a problem is identified, there will be pressure on management to correct it.

As defined by **IBEC (1999)**:

"Absence is a natural and expected phenomenon in every organisation. It is provided for in statute and accommodated in work schedules by adequate planning and notification procedures. Absence includes; annual leave, public holidays, maternity leave and jury duty. In short, absence is when employees are scheduled to be at work, either by legislation or contract of employment. www.ibec.ie

While absence is a normal and necessary part of working life, **IBEC** have defined Absenteeism as *"Lost days which disrupt the work process and hinder the productivity capacity of the organisation. Absenteeism is the unscheduled disruption of the work process due to days lost as a result of sickness or any other non-statutory leave"*

IBEC's 1997 survey entitled *"Ireland's Missing Workforce"* was compared to a similar study conducted by IBEC in 1992 and some comparisons noted included;

Changes in absence rates – 38% of companies stated that absenteeism levels had remained unchanged over the last five years.

How rates have changed – 50% of companies had noted a decrease in the level of absenteeism over the past five years.

Concerns for the problem - 66% of companies did not view absenteeism as a cause for concern.

Absenteeism is a nuisance in the workplace and also represents a severe and unnecessary cost to productivity. The most obvious cost is that of company sick pay schemes, but there are many other quantifiable indirect costs. The absent worker must be replaced; there may be a need to employ a surplus of staff to maintain production and service levels.

In addition, management's time is taken up with reorganising schedules and trying to find means of running the business with a reduced workforce. Depending on the time of year, absenteeism combined with holiday leave and other authorised leave can wreak havoc on the organisation. Departments are left short-staff causing frustration and stress among the remaining employees and management. On top of all this a proliferation of absenteeism generates an "absence mentality" and an environment where taking intermittent days off is regarded as acceptable.

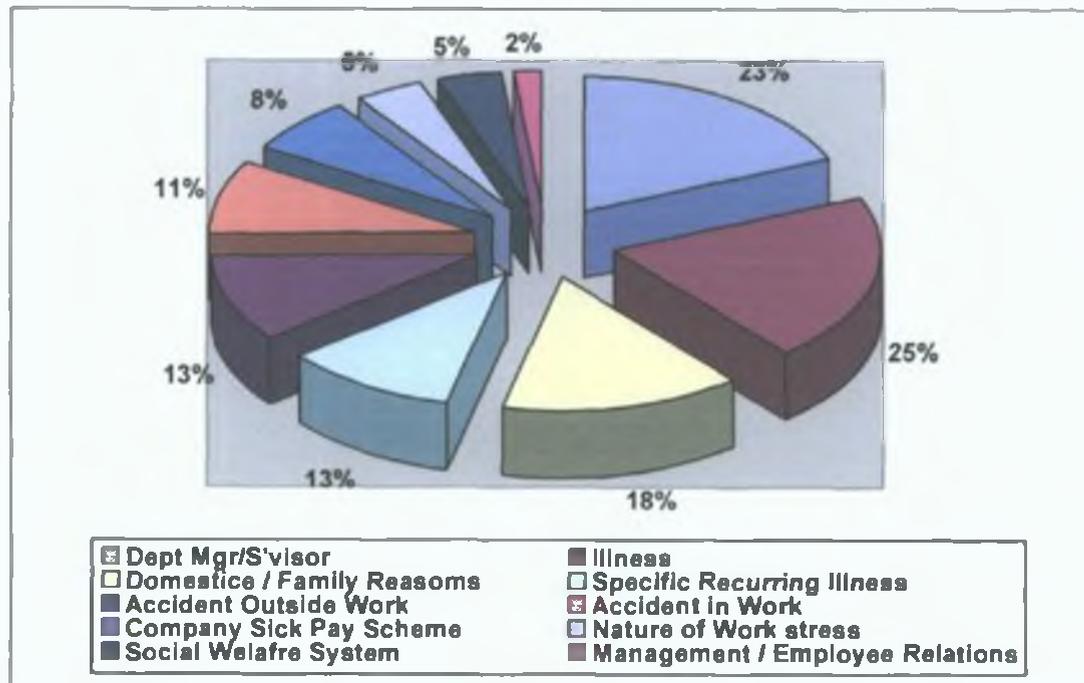
"The main causes of absenteeism are illness-related such as backache, stomach pains, and influenza. However there are many other occasions when employees claim to be suffering from various illnesses, when in fact they have simply chosen to opt out of work rather than opting in". Mowday et al, 1982

Chapter Three Literature Review

In their survey IBEC identified the following causes of absenteeism and their respective percentages;

✦ Illness	25%
✦ Domestic / Family Reasons	18%
✦ Specific Recurring Illness	13%
✦ Accidents Outside Work	13%
✦ Accidents in Work / Occupational Illness	11%
✦ Company Sick Pay Schemes	8%
✦ Nature of Work / Stress	5%
✦ Social Welfare Systems	5%
✦ Management / Employee Relations	2%

Causes of Absenteeism



Occupational health specialists have identified numerous major influences on absenteeism, which stem from social, organisational or personal influences.

These other influences include;

The nature of the work – *“Individuals desire self-esteem, self confidence and achievement and the esteem of others – recognition, status, appreciation and respect.*

Employees have a craving to demonstrate competence and accomplishments, to build a reputation for themselves as an outstanding performer and to hold a position of prestige”. **Argyle M, (1993)**

Very often what drives people away from their work is the sheer boredom of the job which is contributed to by the **job itself** and the environment in which they work. **Armstrong** states *“A high degree of task repetitiveness is associated with absenteeism although job dissatisfaction itself is a contributory rather than primary cause of absence”.* **Armstrong M. (2003)**

For example, a sale assistant within a store whose sole responsibility is to operate the till and deal with endless queues for customers may become very frustrated and simply decide to give himself/herself a break, i.e. go absent.

The size of the organisation – *“While large organisations with over 599 employees comprise of only 3% of total workplaces, they account for nearly 1/3 of all employees. Therefore size matters, all other things being equal the larger the organisation, the greater the need for rules and procedures to achieve consistency of behaviour”.* **Beardwell, Holden, Claydon (2004)**

As an organisation grows and expands, employees may feel they no longer matter or fail to see where they fit in anymore.

Personnel Policy – *“Policies and practices regarding attendance and absence are conventionally viewed in the literature on absence management as part of the cure and not its cause” Evans & Walters, (2002)*

In many organisations there is an acceptable level of absenteeism, this level varies depending on the company. Often policies encourage absenteeism, such as only tackling the problem when it reaches a certain ‘trigger point’, such as, allowing people a certain amount of sick days per annum, paying attendance bonuses as part of their total salary, thereby acting as no strong incentive to attend work.

Quality of Supervision – supervision is the single most important factor in managing absenteeism. The relationships built up between managers, supervisors and staff will have the biggest effect on commitment to the organisation. The level of commitment of a person towards their job will determine their level of absenteeism.

Common-sense Influence – the easiest way to opt out is to ‘go sick’, often when people feel ‘off colour’ they decide to stay at home.

Genuine Incapacity – something often forgotten when talking about absenteeism is that from time to time people are genuinely ill or incapacitated. *“It is wrong to assume that every absentee is absent because of a family commitment, laziness or boredom, people do get sick”!* Lylczak (1996)

If firms take the maximum amount of interest in their employees they will be more likely to know whether their absence is a result of illness or other factors which require further investigation.

3.3 Other Influences on Employee Absenteeism

The Job Situation, Satisfaction and attendance Motivation Model

This model suggests that the primary influence on employee attendance or non-attendance is the employee's motivation to come to work. It is reasonable to assume that when an employee enjoys their job and their work and their work environment, they will be more likely to possess the desire to come to work. Their job situation will affect their level of attendance or absenteeism.

The **Job Situation** consists of variables that characterises the nature of the job and the work environment, these variables are;

- a) Job Scope – research has shown that there is a high correlation between variations in job scope and absenteeism. Absenteeism has been found to relate to lack of autonomy, responsibility and input into decisions.
- b) Job Level – another factor relating to absenteeism is the employee's position within the organisational hierarchy. Often people higher up in an organisation have greater levels of job satisfaction which reduces their absenteeism, whereas people lower down the ladder are less satisfied and therefore are absent more often.
- c) Role Stress – role conflict is associated with job related tension and reduced job satisfaction. Absenteeism is more likely to be associated with jobs that are of high-stress.
- d) Work-Group Size – *“A group often seems to follow the same motivation process as an individual. It can be frustrated and show the negative reactions of aggression, regression, and fixation”*. **Graham & Bennett (1989)**

As work-group size increases, so does the level of absenteeism. Similarly as the organisation grows so does the level of absenteeism.

- e) Leader Style – *“A number of studies have identified links between the leadership style of the first-line manager and absence behaviour in work. Employees who feel more able to discuss their problems with their manager have been found to go absent less than those who felt unable to do so”*. **Evans & Walters, (2002)**

- f) Co-Worker Relations – relationships among co-workers is closely correlated with the level of job satisfaction, if a worker enjoys their job then they will be motivated to attend work.

- g) Opportunities for Advancement – the prospect of promotion influences the employee’s response to the general job situation. If staff are likely to be promoted, then they are more likely to attend work, as high levels of absenteeism would not reflect well on their character.

3.4 Role of Employee Values and Job Expectations

People come to work with differing values and job expectations; they value different features in a job and expect these features to be present to a certain degree in order to maintain membership.

These values and expectations are influenced by personal characteristics and backgrounds of the employees. With a higher level of education may expect greater levels of satisfaction than those with lower level of education. The values and expectations brought by an individual to a job will determine their level of job satisfaction.

3.5 Pressures to Attend

Employees can be motivated to attend as a result of;

- a) Economic Conditions – people may be motivated to attend work due to the fact that they fear losing their jobs which they rely upon for their financial well-being and also for the fact that jobs are not very easy to come by.
- b) Incentive/reward Schemes – *“payments linked with the achievement of previously set targets which are designed to motivate people to achieve higher levels of performance”*. Armstrong M. (1996)

Many organisations reward their employees for attendance. The policy followed by many organisations is that they allow their employees so many sick days per year, actually encourages them to take the allowed number of sick days. Another solution put forward to reduce absenteeism has been that of flexi-time, whereby individuals are able to alter their hours somewhat to suit their personal needs.

- c) Work-Group Norms – other employees possess the ability to exert pressure on their colleagues to attend, they are concerned for the attendance record of the group as a whole. Other workers may also be concerned with the additional tasks that they have to perform if a colleague is absent.
- d) Personal Work Ethic – personal values systems can also motivate one to attend, however the ‘work ethic’ differs among individual workers. Those with a strong work ethic are more likely to attend than those with a weaker work ethic.
- e) Organisational Commitment – if the individual is aware of what the organisation is striving to achieve and can identify where they fit in, then they are going to be more committed to the organisation and thus more likely to attend in order to make their contribution.

3.6 Ability to Attend

There may be times when an individual wants to attend and is highly motivated to attend work but are simply unable to attend. Their inability may be seen as a result of;

- a) Illness or Injury – it is inevitable that people will fall ill or injure themselves; this is the primary cause of absence.
- b) Family Responsibilities – these include sick children, deaths in the family.
- c) Transportation Problems – people are often absent due to problems with travel for example, traffic problems due to people having to move further a field to obtain affordable housing, public transport disputes and climatic factors.

3.7 Management Responses to Absenteeism

Having examined the principal reasons for absenteeism, I will now continue with the literature review and examine the effectiveness of management's responses to the problem.

With the increasing pressure on firms to search for and maintain a competitive edge, management have to increasingly experiment with new strategies, structures and control systems. These alone compel a review of the methods used to control and manage absenteeism. Consequently the methods examined are a mixture of old and new, and come under the following headings:-

1. Improved Communications
2. Employee Commitment
3. Discipline
4. Return to Work Interviews
5. Incentives

1. Improved Communications

O' Kelly (1991) states "*before management can resolve a problem they must first be aware of the nature and extent of the problem*". Most firms who perceive themselves to have an absence problem are usually aware that a problem exists, but are sometimes quite vague about what causes the problem.

According to O' Kelly's general statement, days lost through absenteeism, in percentage terms, are of limited value. These may allow a rather crude measure for comparison purposes between departments, branches, firms or industries, but do not highlight the precise incidence of the problem. Does absenteeism arise from poor working conditions, lack of job satisfaction, group pressure, poor pay, conflict with home demands etc? Without knowing exactly the main reasons for absenteeism are it will be difficult to prescribe a cure. How does management get to the root of the cause? One way is through improved communication. This lead to the question of management's communication with staff. Sargent (1989) describes communication as "*having an enormously important role to play in absence control. He argues that the firm that doesn't consistently train its managers and supervisors, and teach them how to relate, listen and counsel people, omits to do so at its peril*".

Townly (1989) argues "*that management should be aware that increased communication cannot be viewed merely as compensation for dissatisfaction with other aspects of personnel policies or work practices*. In other words improved communication may be apt of the answer, but they are unlikely to form a complete solution to the problem.

2. Employee Commitment

Employee “commitment” is at the heart of employee involvement programmes. Although it is a different concept to “involvement”, they are closely linked since both are concerned with how employers can encourage employees to identify with the firm’s business interests.

According to **White (1987)** “*employee commitment relates to corporate performance in three ways:*

- Strong commitment to work in general;
- Strong commitment to a specific job;
- Commitment to the organisation (which includes an intention to stay and have low absenteeism)

Guest (1992) agrees with White and says that the “*appeal of organisational commitment for managers has in its assumed impact on behaviour, and that the consequences of commitment are usually considered in terms of the impact on labour turnover, absenteeism and job performance*”. These would result from a strong belief in the acceptance of the organisation’s goals and values along with a willingness to exert considerable effort on behalf of the organisation. **Guest (1989)** identifies “*high commitment to the firm as one of the main goals of HRM, which leads to the desired organisational outcomes of low labour turnover, low absenteeism and increased allegiance to the company rather than the union*”.

In firms practicing HRM there tends to be high emphasis on standards of performance and quality of product / service. Here the individual's job commitment would seem to enhance their desire to develop their skills and competencies. But according to Legge (1989) "*the higher the level of retraining and commitment to a particular set of skills, there may occur a decrease in the willingness to be flexible*". Hendry and Pettigrew (1988) takes this argument further and suggests "*that training to high skill levels can lead to frustration if new skills not frequently used and this frustration may lead to conflict, labour turnover and increased absenteeism*". This leaves management with a dilemma – to train or not to train. Obviously the answer is to train, but it's as important to be selective as to what they are training for, and to put into practice the new skills as quickly as possible.

Storey (1989) argues that "*firms practicing the "soft" version of HRM can achieve strong commitment from their workforce through a shared set of managerially sanctioned values that assume an identification of employer and employee interests*". He lists these as quality, service, innovation and good attendance levels.

Finally Brooke and Price (1989) differ with all the above and found no support for any link between commitment and absence. If this were the case it would mean that management efforts in this area would be in vain if they were undertaken purely for absence control purposes.

3. Discipline

If increased commitment has little value in absence control, what then of discipline? **Edwards and Wilson (1989)** state that *“there are good reasons for analysing disciplinary practice and modes of absence control together”*. The most obvious being that in both Britain and the U.S., absence is the most common reason for the use of disciplinary procedures. More generally, both concern the behaviours of the worker as an individual, as opposed to collective industrial relations.

However, before analysing discipline from the point of view of being a corrective and punitive approach by management to absenteeism, it is worth examining the concept of “self discipline”, which, according to **Henry (1982)** encourages a deeper acceptance of authority. **Wickens (1987)** states that Nissan *“has replaced the bureaucratic approach of time clocks with an atmosphere of trust and the self generated discipline within the work group”*. Self discipline is the most effective and the most dignified method, whereby employee behaviour will be consistent with organisational objectives. All management effort on disciplinary matters should be towards enabling and encouraging self discipline among employees and the reduction of supervisory control. **Torrington and Hall (2002)** elaborate on this and say *“that the independence and autonomy that self discipline produces also produces the greatest degree of personal*

Does the use of disciplinary systems work? The answer is probably yes, but again this is not a simple answer. An American study **Dilts, Deitsh, Paul (1985)** found that discipline was the single most effective method in controlling absence.

Edwards and Whiston (1989) summarise their *argument* by stressing *“hat while discipline may have had some subtle effects, many managers are stressing communication with staff and using ideas such as, for example, quality circles, but others are purely concerned with asserting managerial control”*. They regard both systems as being somewhat effective but are in the end inconclusive as to which works best. But even where disciplinary systems exist they will not eliminate the problem. The best that a procedure can do is to establish minimum standards of attendance. Individuals will

establish their own standards above this minimum if they choose, and that is one of the main reasons for emphasising the development of positive attitudes. This action lies within the hands of management.

4. Return to Work Interviews

Another method found to be reasonably effective in reducing absenteeism is the use of a return to work interview carried out by either the absent employee's first-line manager or some other member of management.

Scott and Markham (1982) warn that "*these interviews do not always have dramatic results, especially in cases of genuine illness. They go on to add that the system is particularly effective in making people aware of their true absence rate*" which is usually under-estimated by most staff. The danger in these interviews is that if they are not followed by action against consistently poor attendees they will become a formality.

5. Incentives

If discipline is a management control system associated with the “stick”, how effective is the reward system which would normally be associated with the “carrot”? These reward systems can be in the form of extra money, extra holidays, etc.

The main type of financial benefit is an attendance bonus, whereas the majority of firms balk at the idea of paying a bonus, feeling that the remuneration package already on offer should be more than enough. Others feel that the payment of a special bonus encourages staff to aim for full attendance. **Armstrong and Murlis (1991)** feel that financial benefits, such as bonuses, can be useful where the work itself. Or the environment is unpleasant but it is not within the employer’s power to improve this. However, there is little evidence that such bonuses contribute to low absenteeism, and there is the danger that they can quickly become regarded as a right rather than something to be earned **Huczynski and Fitzpatrick (1989)**.

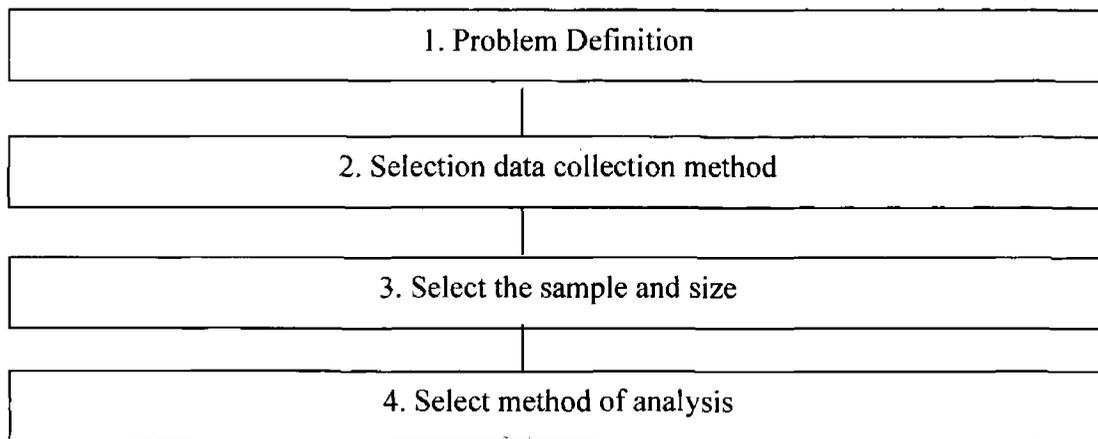
Occasionally, non-financial benefits such as extra holidays or access to promotion, may be more welcome than financial ones. From a management input point of view it would appear from the above that rewards have some – but limited – value in encouraging attendance, and are probably best used as part of a co-ordinated strategy.

CHAPTER FOUR

RESEARCH METHODOLOGY

“Research design is a framework or plan for a study that guides the collection and analysis of data”. **Malhotra N, (2004)**

Steps in the research design process are;



4.1 Step One Problem Definition

“Correctly defining the problem is the critical first step in the research process. If the research problem is defined incorrectly, the research objectives will also be wrong and the entire process will be a waste of time”. **David C & Gates R, (2005).**

This will be critical stage in the research design process as it is from this stage that the others progress. This stage involves defining precisely what one wants to achieve through the research that one conducts.

“Problem definition involves stating the general problem and identifying specific components of the research problem”. **Malhotra N, (2004)**

This body of research will establish the extent of the problem of absenteeism in Company X and act as a possible opportunity for managers to assess the situation and proceed to rectify the problem within the organisation.

Objectives

- To determine the extent of the problem of absenteeism in Company X.
- To ascertain the causes of absenteeism.
- To assess the consequences that the problem brings to the company.
- To discern what the company does to company combat absenteeism.

4.2 Step Two *Select Data Collection Method*

Secondary Data

“Secondary data is information that has already been collected by someone else for another reason, other than the one on hand”. Domegan & Fleming (2003)

Secondary data may be classified as internal or external. Internal data are those which have generated within the firm, external data are those generated by sources outside the firm.

Internal data includes sales, cost and budget data and other forms that are readily available. These are easy to access and are relatively inexpensive to obtain.

External data are those that are produced by government bodies, commercial publishers and market research organisations. Business data may be obtained from guides, books. The external data for this thesis was sourced from the material and websites outlined in the literature review.

External data was available from government sources such as the Census. It was also available from computerised databases such as ABI Inform and Business Eye. External data was also available from services such as Irish Business Employers Confederation on www.ibec.ie and Chartered Institute of Personnel and Development on www.cipd.co.uk

Primary Data

“Primary Data is information that is collected for the purpose at hand and this normally refers to information collected directly by the company or individual”. Lehmann D, Gupta S, Stechel J, (1998)

Quantitative Research

“Quantitative Research is a structured descriptive research methodology based on larger samples which provides data, facts and figures. Malhotra N, (2004).

Descriptive research describes behaviours or conditions and these are explained using explanatory research which analyses why these behaviours or conditions occur.

Methods of Data Collection

For the purpose of this thesis quantitative research was chosen. Various methods were available when seeking such information such as experiment, case studies and surveys, but the survey method was chosen.

Survey Method

The survey method is based upon a structured questionnaire, (i.e. one which presents questions in a prearranged order), given to a sample of a population and designed to elicit specific information from respondents.

The questionnaires were administered via mail. Each questionnaire was circulated to the Human Resources Manager of each store, and contained questions, most of which provided multiple choice responses. Space was provided for respondents to elicit additional information on certain areas.

Along with each questionnaire was a cover letter, explaining the purpose of the research and a deadline return date. Within the specified time, 100% of the questionnaires were returned.

The Questionnaire

The initial section of the questionnaire was designed to obtain an over view of each store and their monitoring of absenteeism.

Question one, was a closed question, asked to ascertain the number of permanent employees in each location.

Question two, three and four were also closed and were designed to establish the type of monitoring system each store employs in gathering data on absence and who actually monitors it.

Question five, was multiple-choice and asked for more specific information on the capabilities and limitations of the system. Respondents were asked to elicit detail regarding their system's ability to identify links to days off, number of occasions etc.

Question six and seven were formulated to ascertain whether or not employees are questioned upon their return to work and by whom are they interviewed. These questions were asked to ascertain the degree of control that the company has over absentees and the emphasis placed on the problem.

Question eight, a closed question, related to the utilisation of the stores' disciplinary procedure in combating absenteeism. By asking this question, the author was attempting to establish whether or not absenteeism is viewed as a serious issue and attempting to establish whether or not absenteeism as serious issue and the degree to which all paths are exhausted in attempting to combat it.

Question nine, this was a multiple choice question, designed to establish the respondents' perceptions of the problem in their particular store.

Question ten, a multiple choice question asked the respondents to elicit the main contributory factors to the problem. They were asked to rank eleven factors in order of significance.

Question eleven, an open was formulated to obtain information regarding any initiatives that the store have adopted to discourage absenteeism.

Question twelve, was a closed question, to establish the presence / absence of a target rate for absenteeism.

Question thirteen, was linked to twelve in that it attempted to ascertain whether absenteeism rates had changed in the past five years.

Question fourteen, required the respondent to illustrate whether or not they had estimated the direct cost of absenteeism for their store.

Question fifteen, related to attendance bonus schemes. The question was closed, it attempted to establish whether or not attendance bonus schemes existed in the store.

Question sixteen, seventeen and eighteen further developed the issue of attendance bonus schemes, by asking about the type of scheme, if it was still in operation, how long it has been in existence.

Question nineteen, a closed question, related to the effectiveness of the scheme in reducing absenteeism.

Question twenty, was an open question, asking the respondents to describe some of the operational problems absenteeism causes.

Question twenty-one, was an open question, linked to the previous question, which required the respondents to illustrate how they attempted to overcome these problems.

4.3 Step Three Select the Sample and Size

The sample selected was a census of all ten Human Resources Managers within Company X. By selecting all managers the author hoped to gain a company-wide perspective on the topic of absenteeism.

4.4 Step Four Select Method of Analysis

Analysis was carried out through the amalgamation of all questionnaires and the subsequent identification of differences and similarities between the respondents.

Each question was looked at individually and the ten responses of each. Many of the responses were similar, possibly due to the culture of the company, which is evident in all branches.

The research was carried out according to the research methodology and the findings are analysed in the following chapter.

CHAPTER FIVE

RESEARCH FINDINGS

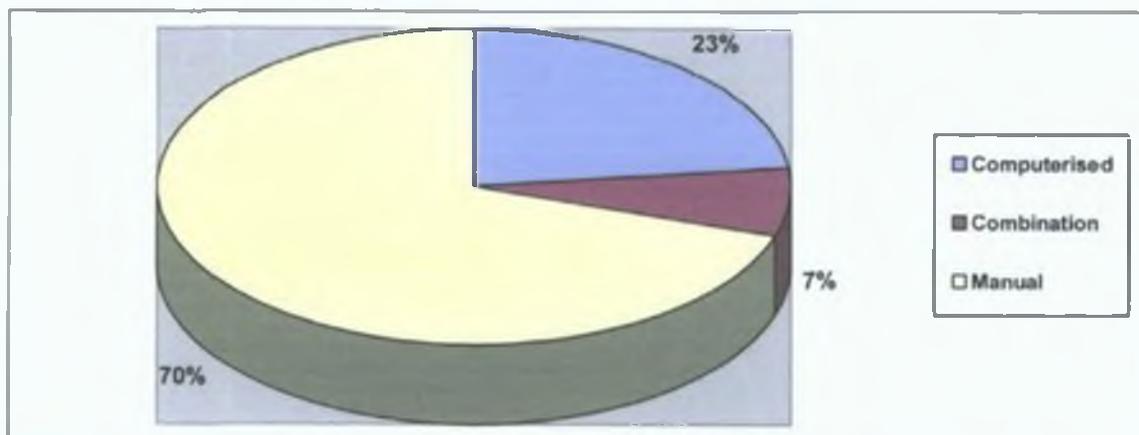
Question One - The number of permanent employees in Company X totaled 4064.

This question was designed to get an overall staff count for Company X. the company concerned operates 11 stores nationwide.

Question Two - *Is absenteeism monitored in Company X?*
100% of the stores monitored absenteeism.

Question Three - *By what method is absenteeism recorded?*
70% Manual System
0% Mechanical
7% Computerised System
23% Combination of two or more of the above.

Type of recording system used

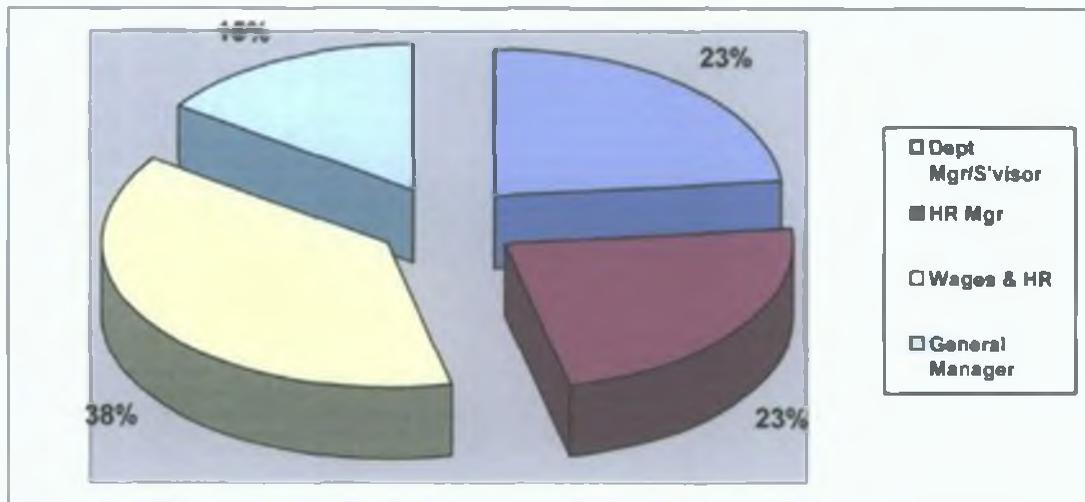


Among all eleven stores, absenteeism is monitored. The system used to monitor absence ranged from manual systems to computerised, to a combination of manual and swipe card systems. Whatever method for monitoring, one fact is clear; all stores view the problem as being important enough to require constant monitoring. Each store prepares quarterly reports, which culminate in a yearly absence review returned to the Group Human Resources Manager.

Question Four - *Who records absenteeism within the store?*

- 23% Human Resources Manager
- 38% Wages Department & HR Manager combined
- 15% General Manager
- 23% Department Manager / Supervisor

Who monitors the absenteeism?



One surprising finding from the research is the differences between who records absence across the eleven stores. The Human Resources Manager / Wages offices record absence in the majority of the stores. One might wonder if the Wages offices possess the skills to monitor the absence and have the authority to decide which action should be taken.

Question Five - *Does the system facilitate data such as number of occasions, linkages to days off etc?*

100% of the systems allowed for this analysis

All systems allowed for data collection based on day of the week, day before/after day off, day before/after public holiday, number of occasions absent. This is of the utmost importance in assessing the degree of casual absenteeism that occurs.

Question Six - *Are employees questioned upon their return to work?*

100% answered yes to this question

It may appear that the purpose of interviewing absentees on their return to work is a disciplinary strategy.

In most cases, the return to work interview was conducted by either the HR Manager or General Manager with a lesser percentage conducted by the Department Manager / Supervisor. A benefit of the return to work interview is that it indicates to the employee that they were missed, and gives management an opportunity to establish if staff have any problems. Failure to carry out these interviews may portray an image that the company doesn't care and places no emphasis on the issue of absenteeism, thus resulting in a culture where absenteeism is seen to be tolerated.

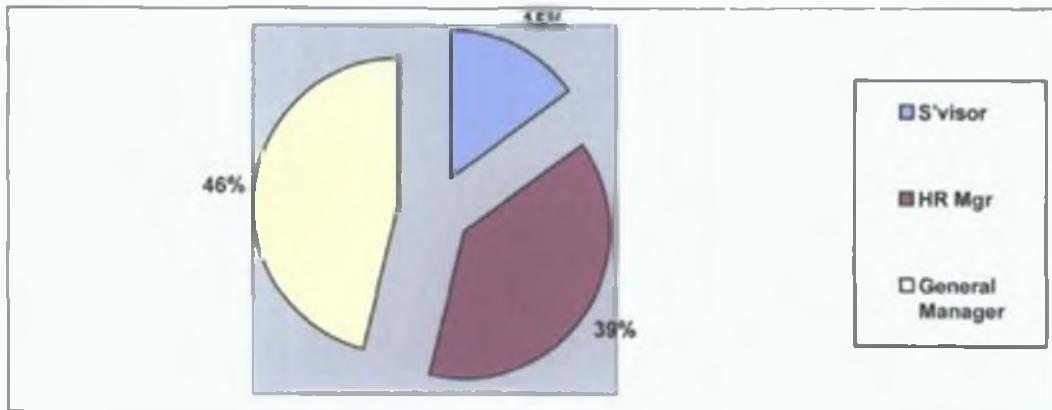
Question Seven - *Who conducts the return to work interview?*

15% - Supervisor

46% - General Manager

39% - HR Manager

Who conducts return to work interview?

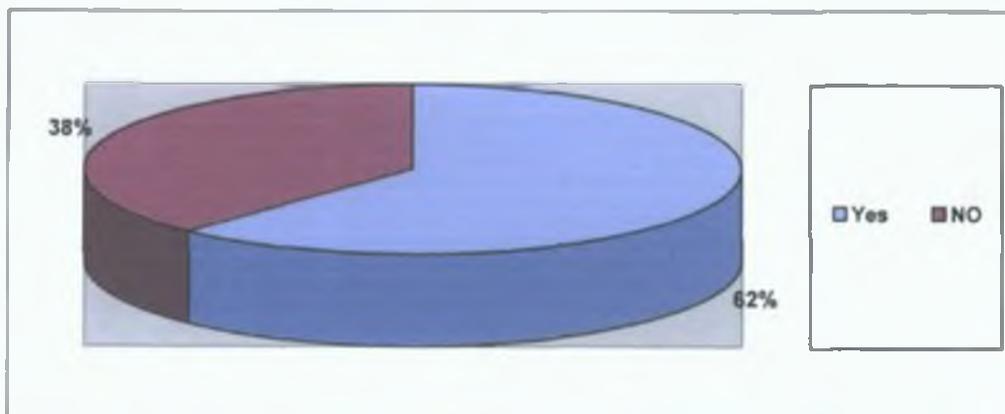


Question Eight - *Has the company ever invoked the disciplinary procedure for absenteeism?*

62% have

38% have not

Has Disciplinary Action ever been invoked?



The fact that 32% of those stores surveyed have invoked the disciplinary procedure is not surprising. Given the age of the Company and its size it is inevitable that it would require disciplinary procedures to deal with the problem. The Unfair Dismissals Act, 1977 sets out various grounds of dismissal that if established would deem dismissal unfair.

Prolonged absence or sporadic absence may result in cause for fair dismissal on the grounds of incapability. The basis of the employment contract is that people must attend for work and if either party is in breach of this, then there are grounds for dismissal.

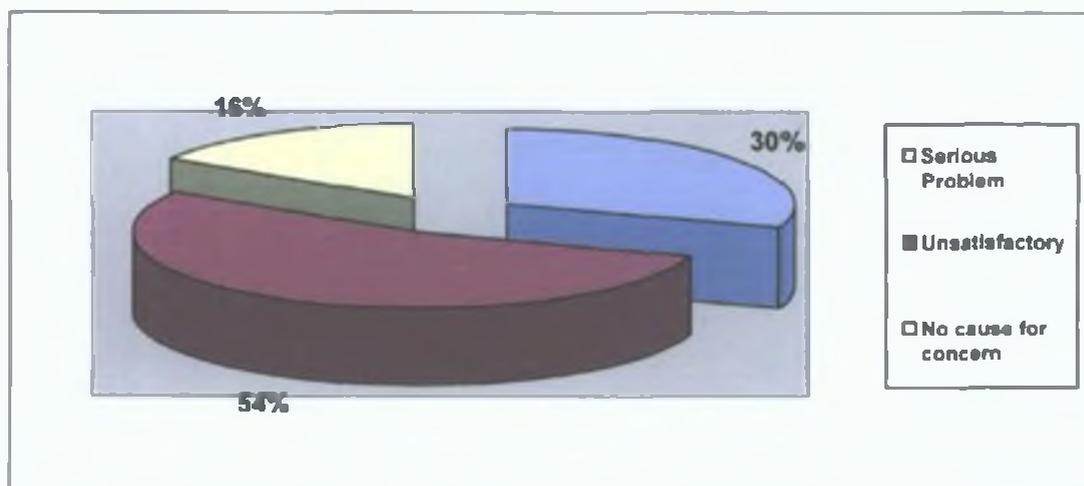
Question Nine - *How does the store view absenteeism?*

34% saw it as a serious problem

54% saw it as unsatisfactory

16% said it had no cause for concern

View of the problem of absenteeism



Question Ten - What are the main causes of absenteeism? Respondents asked to rate them in order

Cause	1	2	3	4	5	6	7	8	9	10	11
Illness	76%	8%	8%	8%							
Recurring Illness	15%	29%	8%		8%	8%	8%		8%	8%	8%
Accidents at Work		8%	8%	8%	16%	20%	8%	8%	88%	8%	8%
Accidents Outside Work				16%	20%	8%	8%	16%	8%	8%	16%
Domestic Reasons		24%	37%	15%			8%	8%			8%
Sick Pay Scheme	8%	16%	8%	8%		24%			13%	13%	13%
Social Welfare System		8%	8%	8%		16%	23%			13%	24%
Work Environment								16%	8%	16%	60%
Nature of Work					8%	8%	8%		16%	16%	44%
Mgt / Empee Relations		8%	8%					24%		24%	36%
Stress				16%	8%		8%	8%	30%		30%

In examining the causes of absenteeism, the majority of managers rated illness as the most common reason for people being absent; among the other main causes were domestic/family reasons. Illness was not surprisingly the main causes as most illnesses are medically certified. Domestic and family reasons are also seen as cause for concern by managers. When examining the causes for absenteeism, it is easy to fall in the trap of becoming preoccupied with facts and figures and failing to investigate why people stay away from work. The problem is that a lot of absence is covered by medical certificates and we have to assume that this why people are absent, rather than establishing the 'real' reason.

The issue of medical certificates is a thorny one. Most companies operate upon the premise that if there is a medical certificate, the matter ends there. If in doubt, companies should exercise their right and refer absentees to their Company doctor.

Another factor, inherent in the company and one which is seen as factor which causes absenteeism, is the sick pay scheme. Managers hold the view that the sick pay scheme invokes an attitude amongst staff that their 'sick days' are an entitlement. Under both schemes, Mandate and SIPTU, employees receive payment for up to 15 days per year. This is a common problem and one which the author, in his role has experienced first hand.

The management of absence is an issue concerned with the management of people. It is in essence about relationships between the person and the job and others in the workplace. Therefore, stress, the work environment and the nature of the work are all going to be factors but to what extent is difficult to establish as the majority of the reasons given for the absence are illness related.

Question Eleven - *Are there any specific measures adopted to reduce absenteeism?*

The responses elicited included the following;

- Constant Monitoring
- Meeting with staff concerned
- Dealing with specific problems
- Providing support to staff
- Invoking the disciplinary procedure
- Referring staff to company doctor

Question Twelve - *Does the store have a target rate for absenteeism?*

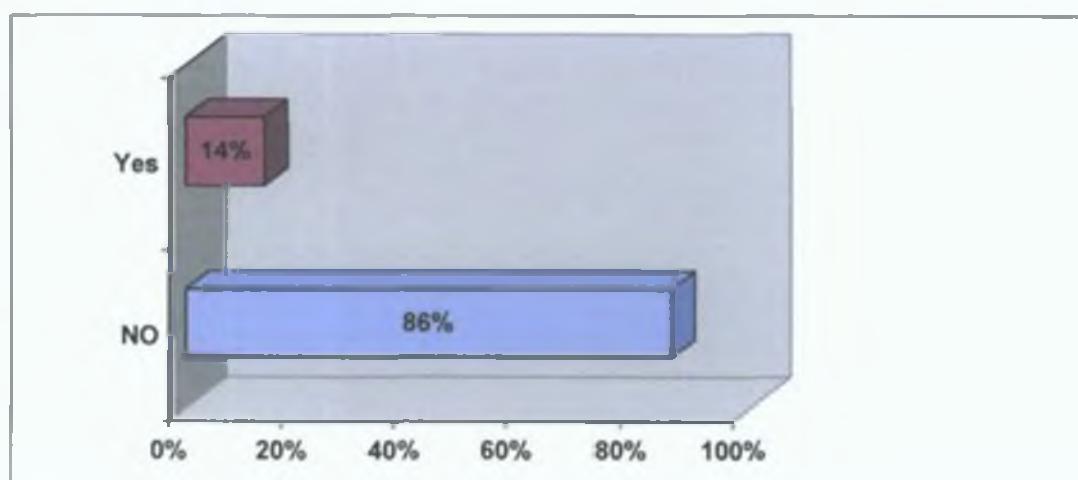
14% have a target rate

86% do not have target rate

The stores that have a target rate, base this on the guideline provided by IBEC

The author was surprised to find that only 14% of those surveyed actually had a target rate for absenteeism. One would have expected all stores to have a target rate for absence as part of good practice and assist in the management of the problem. Absence target rates can be based on industry guideline or those set down by IBEC. It would be prudent for organisations to adopt these rates and strive to maintain absence at these levels or below them.

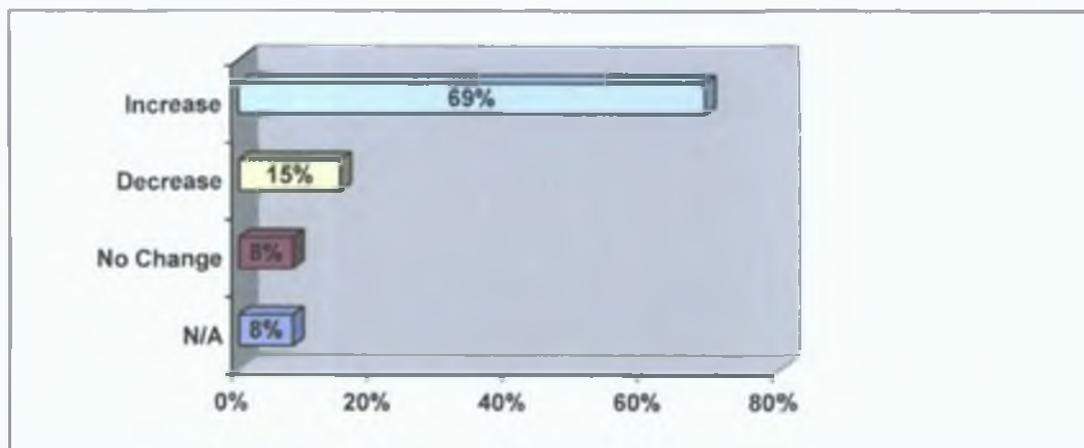
Presence of target rate



Question Thirteen - *Has the absence rate changed in the past five years?*

- 69% noted an increase
- 15% noted a decrease
- 8% noted no change
- 8% not applicable

Noted change in absenteeism rates over past 5 years



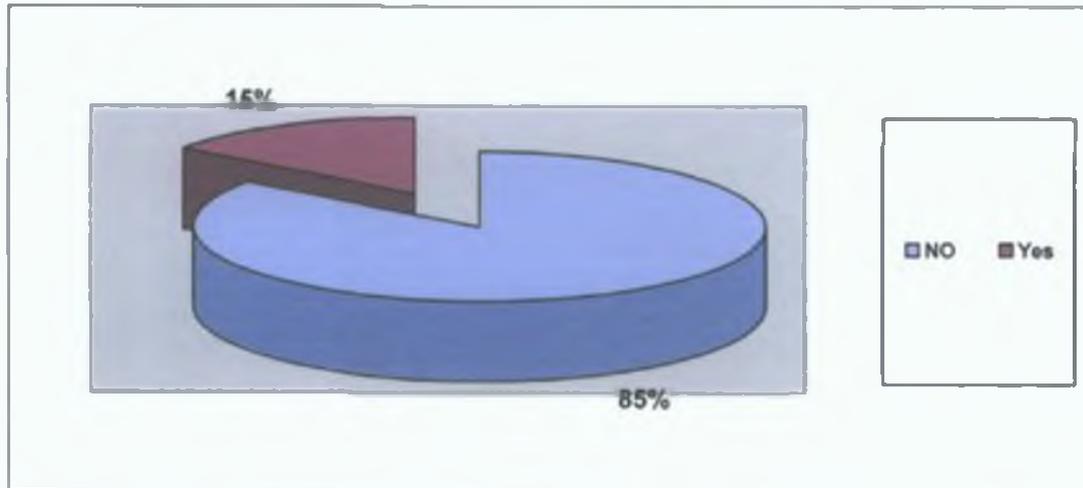
Respondents attributed these changes to;

- ✦ a change in attitude towards work
- ✦ the increase in availability of work
- ✦ lack of desire to work
- ✦ the company's approach to absenteeism
- ✦ recurring illness (an increase in back problems)
- ✦ genuine illness
- ✦ flexible working systems
- ✦ longer trading hours
- ✦ pregnancy

Question Fourteen - *Have you ever estimated the direct cost of absenteeism?*

- 15% Yes
- 85% No

Has company ever estimated cost of absenteeism?

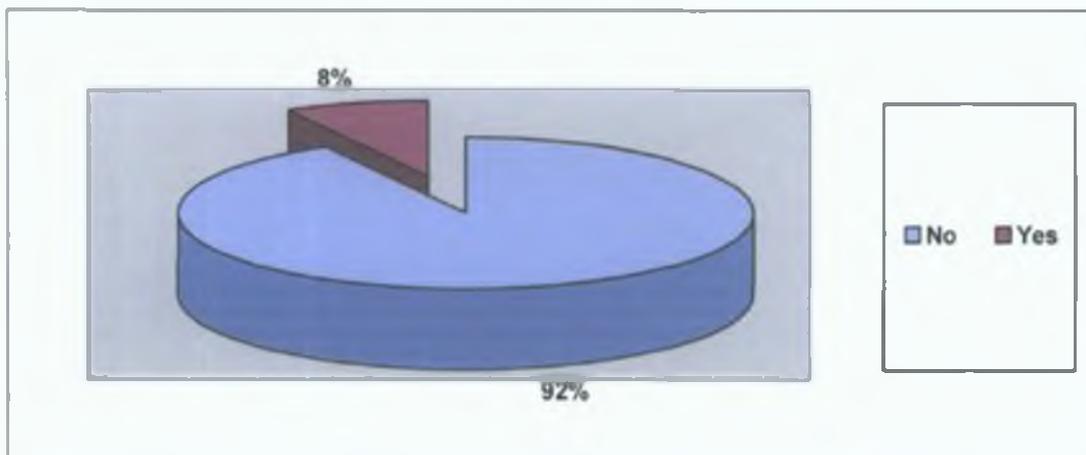


Of the eleven stores that were surveyed, the author was surprised to find out that 85% had never estimated the cost of absenteeism, as 100% monitor it. The greatest challenge that is set for management is attempting to put a price in the days lost every year. Perhaps the reason behind this is that a true cost is either untouchable or unachievable to obtain. The cost of absenteeism could be calculated by looking at the cost of sick pay, the cost of paying others to do the job for their absent friend and the employment of temporary staff.

Question Fifteen - *Do you operate / have you ever operated an attendance bonus scheme?*

- 92% yes
- 8% No

Operation of attendance bonus scheme



Attendance Bonus schemes may appear to be a reasonable solution to the problem of absenteeism. It does however raise a number of issues, mainly the question as to why employees should be rewarded for coming to work, aren't they already in receipt of a wage / salary? The scheme which is prevalent in Company X consists of an annual draw into which those with 100% attendance record are entered. The prize is a 'dinner for two'. This system was designed to highlight perfect attendance and introduce an element of reward in the process. From this research, all respondents remarked that this scheme does nothing to reduce absenteeism and have raised this with the Group Human Resources Manager to no avail. These schemes have been in operation for many years, the author assumes that initially there was a novelty which has worn off and the monetary gain has become insignificant.

Chapter Five Research Findings

Question Sixteen - *What type of scheme do you / have you operated?*

100% operate (d) a raffle / draw for a voucher for a meal for two for those with 100% attendance.

Question Seventeen - *Is the scheme still in operation?*

Of those who operate this a scheme – 100% still do.

Question Eighteen - *How long has the scheme been in operation?*

1 Year – 8%

6 Years – 15%

7 Years – 15%

9 Years – 15%

10 Years – 15%

Unknown – 15%

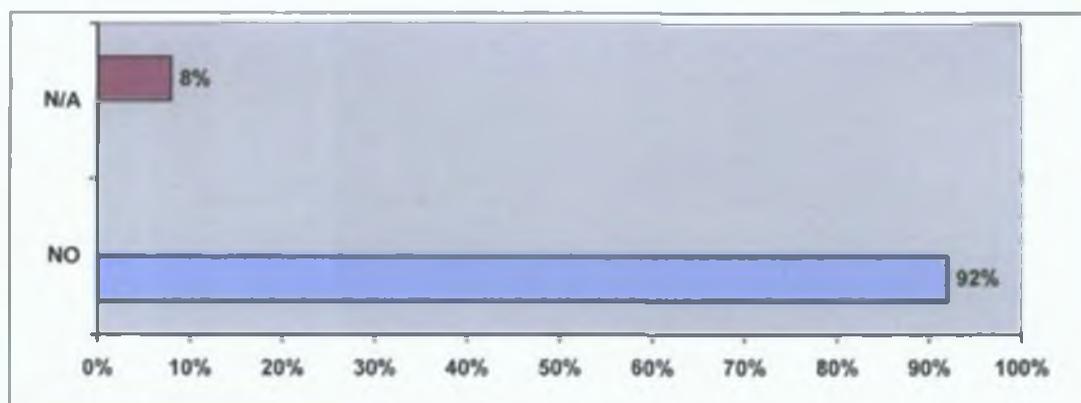
N/A – 7%

Question Nineteen - *Has the scheme helped to reduce absenteeism?*

0% Yes

92% No

8% N/A



Question Twenty - *Respondent were asked to elicit information regarding the problems that absenteeism causes.*

- Reduction in customer service - 62%
- Staff shortages, cover required – 77%
- Stress caused to others / low morale 38%
- Increased costs due to overtime, sick payments – 100%
- Difficulties for management and supervisors – 77%

Question Twenty One - *Respondents were asked to elicit information regarding the efforts made to cope with these problems.*

- 46% - extra staff brought in to cover
- 77% - staff transferred between departments to ensure the required standard of service.
- 15% - staff spoken to regarding their absence from work.
- 15% - use of the disciplinary procedure.

CHAPTER SIX

RECOMMENDATIONS & CONCLUSIONS

6.1 THE EXTENT OF THE PROBLEM

The results contained in this dissertation go some way to establishing the facts about the problem of absenteeism in Company X, a large Irish retail organisation. It also provides some evidence that absenteeism is a multifaceted issue and often a symptom of a more fundamental problem. As such it must be treated in a holistic manner, taking into account the fact that non-attendance at work may be a symptom of one or more, often unrelated problems.

The first objective of this dissertation was to establish the extent of the problem of absence within Company X. This was achieved and concluded that absenteeism is much more than a nuisance to the company; it represents a huge cost every year to all stores. The main cost and the most quantifiable is that of the company sick pay scheme and various indirect costs which are impossible to estimate. The absent staff must be replaced, overtime costs may be accrued, service is affected and management become frustrated with the difficulties that it poses. If the problem continues and little or no action is taken, then an absence mentality may develop. As concluded from the research, the costs of absenteeism are mostly ignored; only 15% of respondents have estimated the cost.

Remedial action will be much more likely when full recognition of its costs to the organisation have taken place. If a firm is presented with a loss of one million euro due to theft, they will undoubtedly take action, if a similar figure was produced as a result of absenteeism; there is little chance that it would be ignored!

Organisations must realise that any initiatives to address the causes of absence will require significant investment, both in monetary and commitment terms, when offset against the costs of absenteeism, the benefits will become clear to all concerned. Costing absence has often been viewed as time consuming and complicated, especially since there is no commonly accepted methodology and that some factors are impossible to accurately quantify. Presenting absence in terms of euros and cents is an effective method in gaining the attention of the 'powers that be'. The direct costs should include; sick pay schemes, overtime payments to staff who cover, the cost of temporary staff and continued payments such as pensions, health insurance and public holiday entitlements. The indirect costs are more difficult to calculate, they include; loss of sales, time wasted by management, low morale and loss of custom.

Despite the fact that one cannot put a figure on indirect costs, any attempt at costing absence is better than no attempt, as this will act as a first step in addressing the problem.

6.2 MONITORING, RECORDING AND COMMUNICATING ABSENTEEISM

The company views the problem as being sufficiently serious to put in place systems of monitoring in all stores. A variety of systems are used ranging from computerised to manual which all provide information in various forms. Unfortunately, these systems are lacking in that they are incapable of identifying the 'real' causes of absenteeism. No matter how unpalatable the results, the information generated via monitoring and measurement is better than operating on hunches that absence is 'not too bad' or 'as well as can be expected'. It is quite logical to assume that a company that monitors absence and takes action, versus one that doesn't will enjoy a competitive edge.

Only through regular monitoring and appropriate measurement can a firm compare itself with others and with industry targets. One of the problems with measuring absenteeism is that there is no standard method and firms can often differ in their approach, primarily due to the approach of management.

The key points for good recording should be as follows:

- The introduction appropriate computer packages – this would provide a systematic method of recording absence (currently operated by 23% of respondents).
- Computerised systems reduce the amount of paperwork and provide an instant insight into the nature and size of the problem.

The communication of absence rates is also an area demanding attention. Responsibility for dealing with absence needs to be developed from the Human Resources Department to line management. Communication to department managers and supervisors, the most critical area for positive absence control, must be greatly improved. Part of the management role should be to communicate with employees on their absence rates in a way that is meaningful to them.

This may be best tackled by illustrating with examples, the effect that one person being absent has on everyone else. The effects for the company and for colleagues, such as lost sales, disruption, the knock-on effects etc, must be demonstrated. It is also advisable for management to express levels of absence in days rather than percentages and to provide cost data in monetary terms to employees. Publicity can play a major role in minimising absenteeism levels; this can be done via internal media such as noticeboards, unions meetings or company newsletters.

6.3 EXAMING THE CAUSES OF ABSENTEEISM

Managers' opinions about the most common causes of absence might benefit from re-think in their approach to flexibility, job design and the formulation of sick pay schemes.

Illness is perceived as the main causes of absenteeism among the stores surveyed. This is explained by the fact that most absences are covered by a medical certificate. This of course does not answer the question regarding the "real causes of absence", as medical certificates are easy to come by and that in most cases a visit to the doctor consists of some self-diagnosis.

Of course these 'real' causes of absence are unlikely to be explained by any single factor, but more a case of multiple factors. The incidents of absence due to family/domestic reasons is not surprising, given that women traditionally carry out these 'caring' responsibilities and the majority of the workforce of Company X are female.

Legislation such as the *Parental Leave Act 1998* facilitates employees in that it allows them 14 weeks unpaid leave, to care for children. In many of the stores employees have benefited from this act by taking the leave as one day per week for 70 weeks, thus allowing them to care for their children and not become an absentee statistic. This also benefits the company, in that they can plan cover in advance for the absent worker as they have prior warning.

Other family friendly initiatives that have been implemented on a small scale include job share and flexible work patterns. Job share is currently operating among sales assistants in that some work a three day week. Flexi-time exists in the clerical area of Company X and this branch has reported a notable decrease in absenteeism as a result. Flexible work patterns are in existence and should be further developed, some long serving full time members of staff have availed of part time hours, working evenings and weekends. These flexible patterns allow the company to offer full time employees, Monday to Friday contracts and be assured of weekend cover.

Managers who take the time out to establish the 'real' causes of absenteeism can attempt to tackle them whether it be through the deployment of some of the aforementioned policies or via the disciplinary means. Knowing the cause is an essential clue to finding the solution.

Sick Pay Schemes (outline of sick pay in appendix)

As indicated earlier, illness appears to be the greatest single cause of absenteeism from work and causes the most headaches for managers. Many employers are of the belief that the benefit from the Social Welfare system reduces the incentive to attend work. This can also be said of the sick pay scheme. The problems arise from defects in the structure of the scheme or because there is little or nothing to be lost by being out.

The company might be well advised to review its sick pay schemes. In its review, it should look at the repercussions for an employee if s/he is absent. A possible consideration would be to withhold payment for the first three days of absence. Having a waiting period may act as a disincentive for employees and encourage attendance. In addition, the company doctor should be entitled to examine those claiming benefit under the scheme and the company should provide for the right to refuse payment if they are of the opinion that the system is being abused.

6.4 JOB SATISFACTION AND MOTIVATION

Job satisfaction or dissatisfaction is another cause of absenteeism, resulting from employees having to execute repetitive and monotonous tasks day-in-day-out. In addition to this, employees with low levels of responsibilities and little promotional prospects will have low levels of motivation. This will result in high levels of absenteeism. To overcome this, managers should change their thinking to encourage attendance rather than concentrating on reducing absenteeism. This will require an examination of the employees' environment and an exploration of the relationships that exists between them and their managers and also between employees and their colleagues.

In retailing, as with most sectors, many of the tasks performed are repetitive and sometimes monotonous. It is expected that employees may lose interest in their work and perhaps not attend. This does not have to be the case as managers should look for opportunities to motivate employees.

Problems and low morale and boredom can be tackled in a variety of ways. Employee attitude surveys are a useful tool for establishing an overall picture of morale and identifying common problems. On an individual basis, it is important for line managers to get to know their staff and understand the aspects of the job that they like or dislike. Most jobs have boring aspects to them, but motivation can be improved if managers view it as an important aspect of their managerial role.

Even if management have the courage to acknowledge that employee absence is a problem and commit themselves to doing something about it, there is little guidance, beyond the latest 'flavour of the month' solution on offer from which ever management guru is in fashion. Any systematic approach to absence reduction has to acknowledge two things; firstly, there is no sure-fire, quick fix technique available to reduce absence. Each organisation has to find its own salvation by designing an absence control plan that suits its own circumstances. Secondly, before discussing the tactics of absence resolution, managers must take a strategic view and analyse the problem thoroughly. If this takes place, managers are on the right path to solving the absence problem.

6.5 ABSENCE CONTROL – A MANAGEABLE PROBLEM

Absence control methods are many and varied. The use of the word control of the expression “controlling absence” sounds negative and implies the imposition of policies and procedures upon people. It has also been suggested that policies aimed purely at control can actually lead to higher absence, as they often undermine employee commitment. Today’s managers must look at managing attendance. To achieve this, they must create an environment in which employees are more likely to what to attend work rather than stay at home.

As a result of the survey carried out for the purpose of this thesis, it was found that 69% of the respondents noted an increase in absenteeism in recent years. This would suggest that the company’s current policies are ineffective.

Because it is a complex subject, there is no universal solution to managing absence. There are however, a whole range of policies that employers can choose from and include the following;

- † The role of line management
- † Rewards and incentives
- † Work design and incentives
- † Supporting, training and counselling.

Before management decides upon a particular method, they must face facts. Therefore, disseminating absence information to department managers and supervisors as frequently as possible is essential. Computerized systems (as currently used in some stores) will have a pivotal role to play in generating information.

Chapter Six Recommendations and Conclusions

Another key to good attendance is often found in the attitude that management adopts towards absence. It is almost invariably true, that firms whose managers take absenteeism seriously themselves achieve significant improvements in the absence rates of their employees. The role of the manager/ supervisor is often underestimated. Where absence is concerned, they are the nearest to the source of the problem and by using their knowledge of individual personalities, they should be able to assess the validity of explanations for periods of non-attendance.

It is encouraging to see, that all the stores in the group use return to work interviews as a control policy. However, in the majority of cases it was the Human Resources Manager or General Manager who conducted these interviews. It may be more beneficial for the ownership of this function to be transferred to line management, who will have to receive training in these skills. Senior management should only be consulted should the matter become serious and proceeds down the disciplinary path.

Many line managers do not see absenteeism as a real priority. They are just too busy or have more pressing operational problems (a lot of which stem from absenteeism). Managers often view the problem as being one of which human resources should deal with. In a large organization such as this, and with over 500 staff at some locations, the absence programme must operate through line management.

Managers must be made aware that absenteeism control is important and that it has support from the top of the organization down. The advantages of it must be clear and they must fully understand their role in the management of the problem. They must accept ownership of the problem and be rewarded for any success that the programme achieves.

6.6 CHANGES WITHIN COMPANY X

As outlined in the industry review, Company X's management style is autocratic, its structure hierarchical and its culture role oriented.

The company should look at these areas and make changes accordingly.

- ⌘ *Management/Leadership Style*-as already demonstrated, the management style within the organisation is autocratic. Given recent partnership style approaches, especially with foreign retail partners the firm needs to adapt accordingly.

An alteration in leadership style will involve changes for both management and staff. Management must be prepared to share ownership of decisions and disseminate information regarding absenteeism. Staff must become familiar with the concept of using their initiative and providing input into decisions on absence policies. This will result in staff and management working together and thus they will respond more positively to the problem of absenteeism.

- ⌘ *Structure* – currently the organisation's structure is tall and hierarchical. Bureaucracy, compartmentalisation of tasks and a very task focused management exist. Managers need to look at the 'big picture' and realise that people are not robots or machines. The very idea that people are machines, is in itself is a failing on management's part and undoubtedly a casual factor of absenteeism. Managers must be equipped to establish the 'real' causes of absenteeism and thus attempt to find a solution.

⌘ *Culture*-is something which can be very difficult to change especially in an organisation, such as Company X, which is long established. The traditional view regarding absenteeism was that it was phenomenon to be controlled rather than changed.

Within Company X there is conflict between the mainstream functions such as finance, where people are viewed as resources that need to be controlled and within the Human Resources function where the view is that managers need to understand the problem. To change this thinking, the company must communicate and convince senior management. It is only through these changes that any alternation in culture will occur.

⌘ *Climate*-the economic climate in which we currently live and work, is one of full employment where people are presented with umpteen opportunities. Company X needs to take this into account and realise that policies which were effective in other eras, when there was high unemployment, are not feasible now. The fact of the matter now, is that if employees are unhappy or dissatisfied, they can go elsewhere for work. This economic climate plays a huge role in employee absence and labour turnover.

⌘ *Performance Appraisal*-acts as a source of information for management and as a source of feedback for staff. Positive feedback acts as a motivator and aids staff in understanding where they fit into the organisation. Performance appraisal does not exist at present in the organisation, but plans are underway to implement it at management level and later at sales assistant's level. In establishing their place in the company, staff will feel valued and as a result will be more inclined to come to work rather than stay at home.

⌘ *Career Path Development*-a visible and transparent system of progression is essential in the company. The author understands that not every sales assistant aspires to be a senior manager, but for those who do, they need to see what is possible. Company X promotes a strong policy of promotion from within, with the current chief executive starting his career as a part-time sales assistant. Many top managers within the organisation have progressed through the ranks, and this needs to be communicated to staff. Employees often experience frustration in that they don't see that they have a change of progression within the company and ultimately decide to opt out of work.

Regardless of the approach to control the problem, one thing is clear, employers cannot afford to ignore this phenomenon, called absenteeism. In the end absenteeism is about attitudes. Changing people's attitudes takes time, patience and perseverance. It is in the main, the duty of managers, and ultimately the front line managers/ supervisors, to bring about the necessary changes. If the problems are not tackled quickly, they *will* get worse.

Absenteeism is a serious problem for Irish retailers, and this company is no different. It is the duty of management at all levels to do something about this, to devise policies on the subject, produce an overall strategy, communicate this strategy with the workforce, get the administration area in order and operate it with consistency and fairness.

Above all, it is up to management to persevere with such a strategy. Absenteeism must be monitored and controlled week-in, week-out, month-in, month-out, year-in, year-out. All the evidence suggests that such an approach will yield positive results. After all managing attendance is a great deal easier than managing absence.

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APPENDIX

To:

I am currently writing my thesis on the topic of Absenteeism, which requires me to carry out some research on the topic.

Please find enclosed a questionnaire with which I would be grateful if you could complete.

I would be grateful if you would return it to me by post or e-mail (declannaughton@yahoo.co.uk) by Saturday 11th June 2005.

Yours truly,

Questionnaire

Please tick the appropriate box

- Q1 The number of permanent employees in your store?
- Q2 Is absenteeism monitored in your store?
Yes

No
- Q3 By what method is attendance / absence recorded in the store?
Manual System i.e. record card, time sheets
Mechanical system i.e. swipe card system
Computerised System
No formal system
- Q4 Who within the store records absence?
Supervisor / Department Manager
General Manager
Human Resources Manager
Wages Department
Other, please specify _____

Q5 Does your system allow you to examine absenteeism according to any of the following criteria? (tick the ones that apply)

Day of the week

Day before / after public holiday

Day before / after day off

Number of occasions

None of the above

Other, please specify _____

Q6 Under what circumstances is an absentee questioned on return to work?

Always

After uncertified absence

Certified short term absence (up to one week)

Certified medium term absence (one week to 3 months)

Certified long term absence (more than 6 months)

Only when absence is seen as a problem

Other, please specify _____

Q7 Who usually speaks to the employee upon their return to work?

Supervisor / Department Manager

General Manager

Human Resources Manager

Other, please specify _____

Q8 Has your store ever invoked the disciplinary procedure due to absenteeism?

Yes

No

Q9 Do you consider the absence rates in your store to be?

A serious problem

Unsatisfactory

Not a real cause concern

Satisfactory

Do not know

Q10 What do you consider to be the main cause(s) of absenteeism in your store?

Please read the list below and mark the ones you agree with in order of priority (e.g. if illness is the most important cause, mark it 1 followed by the second most important etc.)

Illness

Specific recurring illness

Accidents at work / occupational illness

Accidents outside work

Domestic / family reasons

Sick pay scheme

Social Welfare System

Work Environment

Nature of the work

Management / Employee Relations

Stress

Q11 Are there any specific measures taken within your store to discourage absenteeism?

Q12 Does your store have a target rate for absenteeism?

Yes

No

If yes, what is the figure based upon _____

Q13 Has your absence rate changed over the past 5 years?

Increased

Decreased

No change

Do not know

Q14 Have you ever estimated the direct cost of absenteeism to your store?

Yes

No

Q15 Do you have or ever had an attendance bonus scheme?

Yes

No

Q16 What type of scheme do you have or have you had?

% of basic pay

Inclusion in raffle / draw

Weekly / monthly / annual payment

Other, please specify _____

Q17 Is the scheme still in operation?

Yes

No

Q18 If yes, how long has it been in existence?

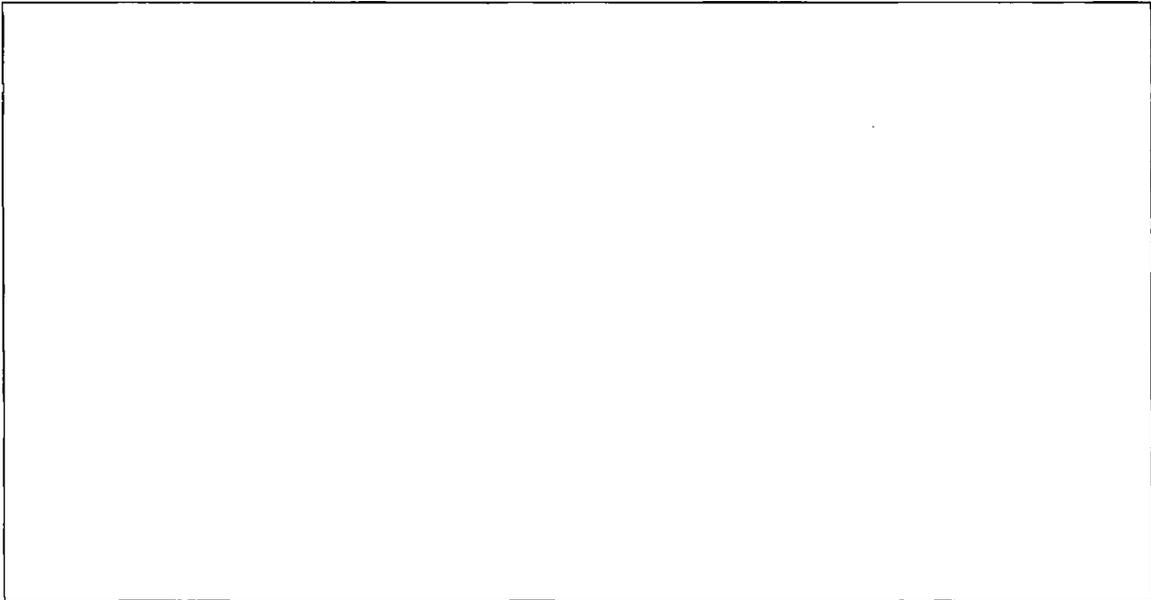
Q19 Has the scheme helped to reduce absenteeism?

Yes

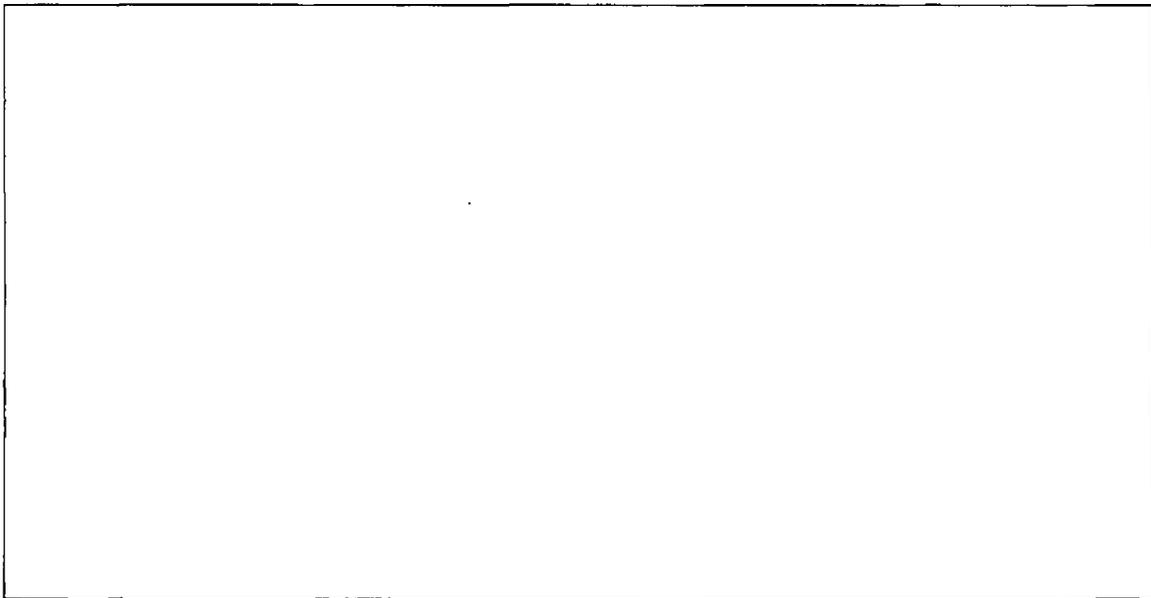
No

Don't know

Q20 What sort of problems does absenteeism cause in the day to day running of a store?



Q21 How are these problems dealt with?



COMPANY SICK PAY SCHEMES

The company sick pay schemes differ according to the trade union that the employees are represented by. There are two unions associated with Company X; SIPTU and MANDATE.

The sick pay schemes operated by the Company which applies to those employees represented by **SIPTU** operates as follows;

- Employees are entitled to sick pay until their entitlement runs out.
- Employees are entitled to fifteen sick days with benefit per year.
- Employees fail to report their absence are 'absent without leave' and receive disciplinary warnings.

The sick pay schemes operated by the Company which applies to those employees represented by **MANDATE** operates as follows;

- Employees become eligible when they have completed their probationary period, the duration of which is four months for full time staff and six months for part time staff.
- This sick pay scheme provides employees with benefits for up to 12 days per year, if an employee is absent for more than 12 days in any one year, then they do so at their own expense.
- Employees with a certain amount of continuous service may claim in respect of any one period of continuous illness the unused benefits of a previous amount of time.

Under both schemes;

- Employees must present a medical certificate after a third day of illness and they must not exceed two weeks at a time.
- Staff who are on long term illness must keep in touch with the Human Resources Manager on a regular basis.
- Under the sick pay scheme employees are entitled to basic pay less their social welfare benefits.
- Under the scheme, it is a condition that employees report their absence to the Human Resources Department by 9.30am and that they also state the anticipated duration of their absence.

- Management may use their discretion in referring staff to the company's doctor. Employees who are absent for less than three days may be requested to provide proof of illness or injury.
- Any employees who abuse the schemes face serve disciplinary action. Employees who exhibit excessive absence face a detailed review by management.