UNIT-6 Managing Attendance and Rewards

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Describe how to deal with attendance management
- ✓ Describe how Maintain healthy employee relations.

Unit 6

Managing Attendance and Rewards

The Cost of Absenteeism

Any company's successful operation relies on the attendance of its employees. Unnecessary or unexcused absences affect company operations. Some absences are unavoidable. Others are worth taking steps to control.

Have you ever taken the opportunity to see what absenteeism costs your company in any given month? Can you multiply that by 12 to see what it costs in a year? If you are counting sick days, that will provide you with a way to calculate what you are paying in terms of sick pay, or lost production. Can you also calculate the cost of replacing the worker, lost productivity, and the impact on morale to the remainder of the team?

We normally speak of absenteeism in terms of culpability. Non-culpable absences are related to illness or injury over which an employee does not have a choice: they break a bone and are in the hospital, need surgery for cancer, or have a contagious cold or influenza, and so they need to be away from work in order to recover. These absences are not really their fault (hence the non-culpable term), and so as an employer we may demand a doctor's note that says they are not able to fulfill their job duties, and we may require more documentation to help with a modified or gradual return to work, but there is little that we can do to eliminate the absence entirely.

Culpable absences are different. Culpable absences are ones over which employees appear to make the choice to be away from work. They may result from many reasons:

- Low levels of employee engagement (leads to an "I don't want to go to work today" attitude)
- Persistent tardiness with no real reason
- A sick child at home, and a parent needs to stay with them
- A more mobile workforce with greater distances to travel
- Older, aging parents that sometimes need someone to stay with them
- Weather events that interfere with getting to work
- Hangover (due to drugs or alcohol)*

* A hangover can be a tricky absence to manage. When the employee is away due to being hungover (and they may not tell you that in order to save face), it may be an occasional thing, or it may be become a chronic problem. In many jurisdictions, addiction to alcohol or drugs may be considered a disease, and is therefore managed as a non-culpable absence during the period that the employee is undergoing active, daily treatment in a detoxification or addiction center.

If employees seem to be calling in sick or missing work due to engagement issues they probably will not tell you that either. Lack of leadership, poor management, bullying or harassment, and a lack of challenging work can all lead to disengaged employees. How does your workplace measure up?

If absenteeism is a problem in your business, it pays to take some time and discover the causes of the problem. For example, if winter absences are mainly due to influenza, it is probably a good idea to arrange an immunization clinic at your workplace. If a lot of your staff are struggling to quit smoking, and you realize that smoking will drive up your incidents of illness and absence, consider a supportive smoking cessation program. If people are struggling with obesity, help them with lifestyle changes, nutrition, and exercise. If people are late to work because of traffic challenges related to dropping children off at daycare, perhaps your company can consider space for an employee daycare. Many of these programs can also be set up proactively to head off problems before they occur.

Dealing with Attendance Management

Having a policy on attendance will not solve a problem with unscheduled absences, but it is an important way to ensure that employees know you are concerned about absences and it will serve as a clear indication of your expectations.

You should:

- Clearly outline the policy in your employee handbook.
- Discuss expectations during the orientation so that employees know about the policy.
- Indicate you take the policy seriously.
- Your policy should include specific disciplinary action for failure to properly notify the company of an absence.

As an employer, your organization has the right to:

- Require that an employee be examined by a doctor to determine whether the employee is able to work. Make sure that the doctor is also provided with the requirements of the job.
- Expect that employees who accept a job are available for work.
- Expect the employee to take responsibility for making you aware of health conditions that interfere with work, if applicable.

Some additional suggestions:

- Be consistent.
- Consider establishing a paid leave bank.
- Address problem situations immediately.
- People who are adjusting to new health concerns or a chronic health condition can benefit from some flexibility on your part, and usually reply with increased levels of engagement. Flex time, paid leave banks, working from home part of the time (or full time) can all be reasonable accommodations to make.

Test Your Knowledge

How can your organization help combat unscheduled absenteeism?

Managing a Diverse Workforce

Dealing with Diversity

Diversity is a significant issue for many organizations today. While many organizations have come a long way in terms of hiring and promoting diverse populations, there is still a lot of work to be done in terms of workplace equity. While many of the more obvious diversity issues have been dealt with in some organizations, we are faced with more subtle challenges, such as stereotypes, hidden attitudes and assumptions, and reverse discrimination.

The human mind thinks in categories, and we need these categories to help us organize all that we experience as we go through daily life. Without categories, our brains would be filled with a jumble of disconnected facts, impressions, sights, sounds, thoughts, ideas, and sensations. The categories help us make sense of the world we live in and give us a shorthand way to respond to people and events.

The categories in our minds contain not just facts and data; they also contain meaning and evaluation. Our categories are not neutral. We usually have feelings about categories. These feelings may be positive or negative. Mention of a category often triggers an instant reaction, almost a reflex.

For instance, how do you feel when the following words are mentioned to you?

- Vegetables
- Americans
- Newspapers
- Blondes or brunettes
- Athletes
- Mercedes

As you can see, your reactions are rarely neutral. Most of us have judgments, opinions, and feelings about most categories of things.

While categories are not a problem in and of themselves, they become a problem when we cannot distinguish between the characteristics of a category, and the characteristics of an individual item, or individual person, within that category. Put another way, the category turns into a stereotype when we can no longer see an individual tree, but only see the forest. When we assume that all trees within a forest are identical, and cannot see that each individual tree has some characteristics in common with the others, that is when our category turns into a stereotype.

Diversity in the workplace must be accepted if a company is to establish itself as fair and just, and if it is going to be competitive. Today, it would be socially irresponsible (and illegal in most jurisdictions) to proclaim in an advertising brochure that "none but white women and girls are employed," as did Levi Strauss & Company in 1908. Nowadays, however, executives at Levi Strauss know that being successful in business means taking a much different approach. Although there is still a lot of work to be done in the business arena, we do see companies consistently challenging "glass ceiling," the unwritten and sometimes unconscious reluctance to promote qualified minorities and women into a company's top ranks.

The challenge for managers in the coming decades will be to recognize that people all have something of value to offer, and that the principles of multiculturalism and diversity respects the richness of ideas, thoughts, and culture that come from any group. Since each culture, each business situation, and each person is unique, there are no simple rules. Experts in managing diversity suggest that both employees and employers need to develop patience, open-mindedness, acceptance, and cultural awareness. Managers must have an acute awareness of characteristics common to a culture, race, gender, age, and ability level, while at the same time managing each employee as an individual.

Privacy Issues

The privacy of personal information is becoming a bigger and bigger concern with the amount of private information that we store electronically, and with people's demands that information be protected.

Let's take a quick look at ten principles of personal information protection.

- Accountability: An individual or group within the organization should be appointed to be responsible for compliance with the Privacy Act.
- Identifying purposes: Reasons for collecting personal data must be defined before it is collected.
- Consent: Agreement, preferably in writing, is required for collection, use, and disclosure of information.
- Limiting collection: Information gathering is restricted to only what is necessary for the purposes identified by the organization.
- Limiting use, disclosure, and retention: Information may be used only as defined in the consent agreement and must be destroyed when its purpose is complete.
- Accuracy: Data is correct, complete, and up-to-date.
- Security: Safeguards are in place appropriate to the sensitivity of the material.

- Openness: Individuals can get complete information about how their personal data are managed and used.
- Individual access: Individuals can see all files and can challenge their completeness as well as correct inaccuracies.
- Challenging compliance: An individual can challenge an organization's practices and file complaints for misuse of personal information.

Compensation and Benefits

The Role of Compensation and Benefits

We all recognize that organizations could make changes more easily if employees would take personal initiative. The trouble is that we can't force or bribe people to take initiative. Instead, we have to create the right climate, one in which people will feel comfortable taking action.

There is always the danger that you will do a good job in training, developing, and motivating employees, only to have them walk out the door to the competition. However, if employees like their working environment, they are less apt to leave.

Most employees will stay at their present jobs unless lured away by an offer of more responsibility and more money, or turned away by the wrong kind of supervisory management and work environment. There's nothing you can do to dissuade an employee from a real chance for advancement, but there are many things you can do to keep a talented employee from looking in the first place.

Compensation and Benefits

Compensation refers to all rewards that individuals receive in return for the work that they do. Direct financial compensation includes pay received in the form of wages, salaries, bonuses, and commissions. Indirect financial compensation (benefits) includes all financial rewards that are not included in direct compensation. Indirect benefits include a wide variety of options.

To remain competitive with companies in the same industry or geographic location, compensation systems must be developed toward performance that reflects key business goals. In addition, the uniqueness of each employee must also be considered to some degree. People have different needs or reasons for working. The companies with highly desirable compensation packages will meet as many of those needs as possible. When people are having difficulty providing food, shelter, and clothing for their families, for example, money may be the most important reward. Yet, some people receive little pay, and still love their work. To a large degree, then, adequate compensation meets some level or standard of living, and beyond that is of varying importance to different employees.

One role of management is to create work environments that attract, motivate, and maintain competent employees. Since achieving these goals is accomplished largely through a firm's compensation system, managers must foster an environment that provides for challenging, engaging work, and where there is compensation equity. Equity refers to the perception that one is being treated fairly. When chief executives are paid millions of dollars in one year and receive huge bonuses along with other benefits but middle managers and front-line employees are forced to accept cutbacks, for example, serious questions arise within organizations as to what constitutes fairness.

A condition of external equity exists when a firm's employees are paid comparably to those who perform similar jobs in other firms. Compensation surveys enable organizations to determine the level of external equity. Internal equity exists when employees are paid according to the relative value of their jobs within an organization, and an effective job evaluation is the means for describing whether that internal equity exists. Employee equity can be defined as a process of ensuring that individuals performing similar jobs for the same firm are rewarded according to factors unique to the employee, such as performance level or seniority. Equity concerns might include salary equity, promotion equity, recognition equity, and raise equity. Team equity is achieved when more productive teams receive greater rewards than less productive groups. Performance levels are generally determined through appraisal systems.

Inequity in any category can result in severe morale problems. If employees feel they are being compensated unfairly, they may restrict their efforts or leave the company, leading to poor overall performance for the organization. If two accountants in the same firm are performing similar jobs and one is acknowledged to be superior to the other, while both receive equal pay increases, employee equity is denied and the more productive employee is likely to be unhappy.

Most workers are concerned with pay equity, both internal and external. Employees are likely to have access to information about pay issues within their own organization, and use available data to form their perceptions of equity. To maintain viability, the organization has to be competitive within the labor market, and so external equity must always be a prominent consideration. The difficulty in maintaining equity on all fronts has long been an organizational challenge.

Compensation theory has never been able to provide a completely satisfactory answer to the question of how to determine what an individual is worth on the job market. Since this is a human business, no scientific approach is available but a number of relevant factors are typically used to determine salary including the strategic direction of the organization, the labor market, the jobs within the organization, and the employees.

To managers, the whole area of compensation is considered as both an expense and an asset. As an expense, compensation is a reflection of the cost of hiring labor. As an asset, wages and benefits encourage employees to do their work and remain in their jobs. As a natural result, compensation programs have a lot of influence on employee’s attitudes and behavior where morale is higher when compensation is considered fair and morale is lower when compensation is considered to favor the employer, demonstrates unfair practices, or does not reflect the local labor market.

Martin Evans managed a large but financially struggling computer networking company. Although no formal policies had been established, Martin had a practice of paying the lowest wage possible. For example, one of his interns, Greg Masterson, was paid minimum wage. During a period of three weeks, Greg had shorted out a server, lost an entire role of cable from the back of his truck because it was not securely tethered, and he had burned out the clutch in a new pickup truck. Melvin grumbled, "Greg is the most expensive darned employee I've ever had."

As Martin discovered, paying the lowest possible wage didn't save money; instead, the practice was extremely expensive. In addition to relatively unproductive workers, he had a high turnover rate, as his more qualified employees quickly left to join better paying organizations. In addition, poorly trained or disgruntled employees can have particularly disastrous consequences for the company if their role involves customer contact. No firm can tolerate continued poor customer service in today's competitive business environment.

The organizational level at which compensation decisions are made can also affect pay. To ensure consistency, pay decisions are often made by senior managers, albeit they often consult resources within the human resources department. There are advantages, however, to making pay decisions at lower levels, where there is better information about employee performance and levels of competence demonstrated.

Test Your Knowledge

Do you agree with the definition of compensation? Why or why not?

How do you think Martin could compensate his employees in non-financial ways?

How would you define effective rewards?

Further Reading:

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