



ABSENTEEISM: A PERSISTING PROBLEM

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INTRODUCTION

Mr. S R Francis, HR Head of PRF Ltd, a technical textiles company located at Indore (MP) has spent eight years with the company and is working towards dealing with the shop-floor absenteeism. During his tenure, he has applied several alternatives and has been able to yield lower absenteeism but still finds scope to reduce the percentage of absenteeism by approaching the problem at a more organic level. On 2nd of april at 2.00 P.M he has called a meeting to discuss the ways to curb the problem of absenteeism.

PRF began as in 1970 by its parent company as a separate entity to manufacture nylon tyre cord fibres. It was established with the foresight that nylon was the future material for tyre cord fibres

The company established its first plant near Chennai in early 70's of 20th century. With an initial annual capacity of 2000 tonnes of nylon cords, the plant at Indore started operations in 1974. PRF thus became one of the first companies in India to start manufacturing nylon tyre cords. Over the years, the company expanded its product line in technical textiles and also diversified into other businesses like Chemicals, Packaging Films, Engineering Plastics, Financial solutions and in education sector also. The organization was having 10 plants out of which 2 plants were out of India and 8 plants were in India. The organization has been awarded 2nd all over the world for manufacturing belting fiber and Deming award for maintaining particular quality maintained in the organization.

Indore plant was established in 1990, manufacturers and exporters of Industrial Synthetics, Chemicals, Belting Fabrics, Coated Fabrics, Procurement Solutions & Services. The turnover in 2014 of the company was Rs. 550 Cr with the employment of 800 employees out of which 250 employees were on contract

PRF Ltd. has units across India and absenteeism problem among shop-floor workers is a common problem in these units. When Mr. Francis joined the company, shop-floor absenteeism was hovering at around 5-6% on average and as high as 8-9% in some specific work areas. Absenteeism particularly during night shifts was high. This had impact on the productivity and loss of hands at work stations.

MR.FRANCIS, "gentlemen, as you know we are fighting with the problem of absenteeism in our plant and I called

this meeting to discuss the same. I want suggestions from you all as you are in direct touch with all the workers and dealing directly with all the problems.

Supervisor 1, "sir what I observed is that the absenteeism is more in night shift as compared to day shift, though we are giving them rs. 10/- per night as night shift incentive but workers had not keen to get this benefit now."

Supervisor 2, "In present scenario rs.10/- is not a big amount, I have a suggestion that if we can increase this allowance for night shift it may work"

Mr. Francis, "I was thinking in the same direction, and I wanted to do that."

Supervisor 3, "sir we can also give them some extra PL in case if there is no unauthorised absence from duty by these people.

Supervisor 4, "some extra sick leave also can help in this matter"

Mr. Francis, "these are good suggestions, we will work on this.

After this meeting The management incentivized workers by offering four bonus privileged leaves plus three bonus sick leaves for zero absenteeism and the night shift incentive was increased from Rs 10 to Rs 30 per night.

This incentive system did not yield desired results and that left HR Head curious as to why the incentive system is not working. He learnt that while many workers were regular to factory and had low absenteeism record, few cases were history sheet(s) in absenteeism and still others has moderate to high absenteeism record. He identified cases of absenteeism among workers and initiated one to one counseling sessions to understand where does the real problem of absenteeism lie. A detailed analysis on workforce gave him some new insights. He found many local workers took to occupations other than factory work viz. farming that gave them more than enough returns. He observed seasonality in absenteeism and event-driven absenteeism. Also, absenteeism was high in work areas where fatigue level of worker is high. He also noticed that workers of senior age group are reluctant to work on other work stations.

Embracing the practice from other companies in the area, the company had already begun Long Term Settlement process with the labour unions. It was very well understood by management that absenteeism is one critical area that should be negotiated in the Long Term

Settlement. In June 2014 management entered into third Long Term Settlement with the Union and subsequently a new incentive scheme was introduced to curb absenteeism. It was decided that “Group Attendance Incentive Scheme” be introduced. In this scheme, workers were divided into many small groups of twenty each. Quarterly incentives were offered wherein slabs were created on the basis of percentage of absenteeism. See Table I

Qualifier	Amount (INR)
Below 1% absenteeism	3% Basic + DA
Below 2% absenteeism	2% Basic +DA

Along with Group Attendance Incentive Scheme, another scheme was introduced to induce workers at individual level. The scheme is given in the table II.

Qualifier	Amount (INR)
If 0 loss of paid day in a month	550
If 1 day loss of paid day in a month	225
If more than 1 day loss of paid day in a month	0

The group incentive scheme, the workers were divided in group of 20 workers in each group with a vision that it will put peer pressure on the workers in a group to maintain low absenteeism. This also didn’t work well but created interpersonal dispute among workers in group as few sincere workers are losing incentive because of other careless workers.

The HR Head also took the following steps other than incentive schemes, to resolve the problem:

- Started employee – engagement and welfare programs such as more cultural activities like sports and festive offerings. The office HR female staff started regular visits to the homes of workers facing health problems etc., more family gatherings and interactions.
- Reduced the intake of number of local workers in the workforce to 20% and more workers were recruited from Maharashtra and Rajasthan.
- Focus groups were organized to bring down number of chronic cases from 30 to 15.
- Took disciplinary action on chronic cases of absenteeism.
- Behavioural Training sessions named “Art of living” were organized to boost morale, develop positive attitude and sense of ownership among workers.
- More engagement with workers on human side with operation executives and managers.
- Quality circles, kaizen etc were strengthened so that improve sense of belonging in workers as well as to solve the problems related to workers at their end.

The HR Head compared his charts to other units in the company and found that though results are impressive relatively, there is a room for further improvement. He pondered if job rotation might be another solution.

Questions

1. Why do you think the management believed that Group Incentive Scheme should be effective? How can it be helpful in curbing absenteeism?
2. Do you think steps taken by HR Head other than incentive schemes were helpful in reducing absenteeism? How?
3. What problems do you think the HR Head might have to face if he introduces job rotation?

Teaching Notes

1. **Summary:** the problem of absenteeism is an unsolved mystery in organizations and a problem which is solved on continuous basis by the HR people. The problem of absenteeism results into decrease in production and productivity of organization. The present case highlights the problem of absenteeism and the different strategies adopted by management to solve the problem.

2. **Teaching Objectives and Target Audience:** The case has covered number of issues related to HR and IR issues as well as organizational behaviour. It is intended to develop critical thinking and managing activities inside the organization. This case can be used for different class of students such as Human Resource Management, Industrial Relations, Power & Politics, change management, sociology and psychology.

3. **Teaching Approach and Strategy:** The case can be discussed with in the class and students should be asked to analyse the case from their view point. Before discussing the case students must be taught industrial relations, organizational behaviour and Strategic HRM etc. so that the applicability of these concepts can be understood properly. The case can also be discussed in the groups and their outcomes can be discussed again to reach at final conclusion.

4. **Analysis:** The case is suitable for written assessment, oral presentations and group discussions.

5. **Feedback:** The case was tested among post graduate students of management. Students discussed and were able to identify issues correctly after a thorough discussion among themselves. Many suggestions were received from the students. The intra-group and inter-group analyses were also lively and added a number of new ideas.

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