CHAPTER 3

OVERVIEW OF PERFORMANCE MANAGEMENT AND ABSENTEEISM IN TEXTILE SPINNING MILLS IN TAMILNADU

3.1 INTRODUCTION

Textile Industry of Tamil Nadu is the forerunner in Industrial Development and in providing massive employment in the State. It is predominantly Spinning-oriented. The State Textile Industry has a significant presence in the National economy also. Out of 2049 large and medium textile mills in India, 893 mills are located in Tamil Nadu. Similarly, out of 996 small units in India, 792 are located in Tamil Nadu. The 893 large and medium textile mills include 18 Cooperative Spinning Mills, 17 National Textile Corporation Mills and 23 Composite Mills. The spinning capacity is 14.75 million spindles with a labour force of about 2.17 lakhs. The Textile Industry in the private sector has a very important role to play in the Industrial field, with regard to employment potential, overall economic and commercial activities. This industry enables the Central and State Government to earn revenue, besides foreign exchange through exports.

The history of hand loom and spinning mills dates back to pre-independence period in Tamil Nadu. Private handloom weaving started thriving in the region along with the large scale cooperative sector
handloom weaving and marketing units. Small scale hand dying units were started around the region to support the industry. Around 1980’s the textile industry saw a massive growth. Many major spinning mills and waste spinning units came up into existence. Many Handloom societies and dye houses were established. Garment export has established itself as one of the major business in the State, established market linkages by the small business units directly exporting the cloth materials and garments made the industry grow in a fast pace. Easy access to necessary inputs like yarns and dying units have led to the customisation of garments even at the small scale customized products.

3.1.1 Crisis Pressing the Textile Mills

Until last year, spinning mills in Tamilnadu were running round the clock, and were busy expanding their operational capacities. Now, with the export market hit the economic crisis, coupled with a few other factors, the declining foreign orders has pushed the textile industry of South India is centered into a crisis.

Textile mills in Coimbatore accounts for a predominant part of the industry in South India. Presently, a major part of the spinning mills which involves in manufacturing yarn remains idle. Several units are closing down, putting the jobs of thousands of the workers into jeopardy, and many others have not received their wages for months. 392 mills were closed during the previous year leaving more than 2 lakh workers jobless. Saddled with recession, the industry is tumbling down facing a steep fall in the export orders, especially from the South East Asian markets. The economic liberalization, which was believed to be the pivot of Coimbatore spinning mill's success, is now being blamed as a reason for the industrial turmoil.
The corresponding period during the previous year was a busy period for the spinning mills in South India. The spindle capacity was doubled with 40% additional capacity. All these efforts have gone with the wind, with the advent of global recession and power crisis. The fiscal year 2008-09 is one of the most difficult periods in the history of textile mills in South India. Cotton yarn production is already down by 20% during the last fiscal year. Production which was 4003.44 million kg during 2007-08 dropped to 3239.17 million kg during the last year.

3.1.2 Crippling Power Cuts

Mills in Andhra faced a power cut of 30%, while mills in Tamil Nadu are facing a power cut of 45%. This has literally pushed the manufacturing units in Coimbatore region to the brink. With very little electricity to run the machines, burdened with intermittent power cuts, the spinning mills operate with minimum capacity. Due to the ongoing power crisis, mills are running only on 55% of their production capacity resulting in drastic cuts in production and widespread lay-offs.

The Government's failure to take initiatives to provide relief to the industry has caused agitation among the mill owners. Despite the Government's announcement of three stimulus packages for the industry, it did not provide any succor to the ailing industry. The 5% tax incentive given to the cotton traders as a part of the stimulus package, only added to the woes of the spinning mills.

Like Scylla and Charybdis, global economic turmoil and acute power cuts are pressing down the performance of the textile units. Increasing prices of cotton and revision of minimum wages, and export sop for cotton have added fuel to the fire. Textile industry in Tamil Nadu which
accounts for 45% of the country’s spinning capacity is now facing incredible pressure with initiated proactive measures proving futile. Appropriate measures must be taken, with due support from the Government to revive the industry.

The textile sector in India, in crisis for the past few years, may now be on the cusp of revival. Experts are turning optimistic as some spinning mills could restart if they manage to upgrade themselves.

Last year was encouraging and the current one is also likely to fetch good business. Demand (export orders) is consistent and supply of crop good. Non-operative units, said millers, might restart operations with the revival of the Technology Upgradation Fund Scheme.

About 383 spinning mills are non-operational. Of these, 184 are in Tamil Nadu. The latter and Gujarat have 70 per cent of non-operating mills. Gujarat has the second-highest number of closed mills.

Tamil Nadu has the most mills (2,000 in the large, medium and small categories). It has a spindle capacity of 23 million.

A study by the Associated Chambers of Commerce and Industry of India (Assocham) said Tamil Nadu accounted for 54 per cent of the non-operative mills, followed by Gujarat (16 per cent), Maharashtra (10 per cent), Punjab (four per cent) and Uttar Pradesh (three per cent). The study was based on a comparative analysis between FY00-01 and FY10-11 and an annual survey by the statistics and programme implementation ministry.

K Selvaraj, General Secretary of the South India Textile Millers’ Association, said the sector had seen a tough phase during 2008-2012. The impact of the global slowdown had coincided with price
volatility of cotton. The crisis in Tamil Nadu was worsened with an acute power shortage that rendered many private mills unviable. The changing global environment in terms of higher demand for Indian cotton yarn and a surge in domestic demand has put this sector on a higher growth trajectory. He added the power situation in Tamil Nadu had drastically improved.

In the past few years, he said, no state had registered any new investment in the sector.

He added to remain more competitive in the global market, the sector needed to modernise. According to the Assocham study, low productivity, lack of advanced technologies and foreign investments, supply-chain bottlenecks, lack of economies of scale, labour challenges, a fragmented industry and weak brand positioning are the key reasons for the non-operation of mills. While the private millers said the bulk of the non-operational mills fell in the cooperative and government sector (National Textile Company), the loss to the private sector is not small. The last year was quite encouraging and the current year is also likely to fetch good business for spinning sector. The demand (export orders) is consistent and supply side (cotton crop) is firm. The non-operative units, said the millers may restart the operations as the funds are also available with the revival of TUF (Technology upgradation funds) and steady demand for yarn assures the return on investment.

3.2 OVERVIEW ON PERFORMANCE MANAGEMENT

3.2.1 Performance Management

Performance Management includes activities which ensure that goals are consistently being met in an effective and efficient manner.
Performance management can focus on the performance of an organization, a department, employee, or even the processes to build a product of service, as well as many other areas. PM is also known as a process by which organizations align their resources, systems and employees to strategic objectives and priorities. Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. It ends when an employee leaves your organization. Many writers and consultants are using the term “performance management” as a substitution for the traditional appraisal system. I encourage you to think of the term in this broader work system context.

This is used most often in the workplace, can apply wherever people interact schools, churches, community meetings, sports teams, health setting, governmental agencies, social events and even political settings - anywhere in the world people interact with their environments to produce desired effects. Armstrong & Baron (1998) defined it as a “strategic and integrated approach to increase the effectiveness of companies by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors”. It may be possible to get all employees to reconcile personal goals with organizational goals and increase productivity and profitability of an organization using this process. It can be applied by organizations or a single department or section inside an organization, as well as an individual person. The performance process is appropriately named the Self-Propelled Performance Process (SPPP).

First, a commitment analysis must be done where a job mission statement is drawn up for each job. The job mission statement is a job
definition in terms of purpose, customers, product and scope. The aim with this analysis is to determine the continuous key objectives and performance standards for each job position. Following the commitment analysis is the work analysis of a particular job in terms of the reporting structure and job description. If a job description is not available, then a systems analysis can be done to draw up a job description. The aim with this analysis is to determine the continuous critical objectives and performance standards for each job.

3.2.2 Benefits of Performance Management

Managing employee or system performance and aligning their objectives facilitates the effective delivery of strategic and operational goals. Some proponents argue that there is a clear and immediate correlation between using performance management programs or software and improved business and organizational results. In the public sector, the effects of performance management systems have differed from positive to negative, suggesting that differences in the characteristics of performance management systems and the contexts into which they are implemented play an important role to the success or failure of performance management. For employee performance management, using integrated software, rather than a spreadsheet based recording system, may deliver a significant return on investment through a range of direct and indirect sales benefits, operational efficiency benefits and by unlocking the latent potential in every employee's workday (i.e. the time they spend not actually doing their job). Benefits may include:

- **Direct Financial Gain**
  - Grow sales
- Reduce costs in the organization
- Stop project overruns
- Aligns the organization directly behind the CEO's goals
- Decreases the time it takes to create strategic or operational changes by communicating the changes through a new set of goals

➤ **Motivated Workforce**

- Optimizes incentive plans to specific goals for over achievement, not just business as usual
- Improves employee engagement because everyone understands how they are directly contributing to the organizations high level goals
- Create transparency in achievement of goals
- High confidence in bonus payment process
- Professional development programs are better aligned directly to achieving business level goals

➤ **Improved Management Control**

- Flexible, responsive to management needs
- Displays data relationships
- Helps audit / comply with legislative requirement
- Simplifies communication of strategic goals scenario planning
- Provides well documented and communicated process documentation

3.2.3 Organizational Development

In Organizational Development (OD), *performance* can be thought of as Actual Results vs Desired Results. Any discrepancy, where Actual is less than Desired, could constitute the performance improvement zone. Performance management and improvement can be thought of as a cycle:

1. **Performance planning** where goals and objectives are established
2. **Performance coaching** where a manager intervenes to give feedback and adjust performance
3. **Performance appraisal** where individual performance is formally documented and feedback delivered

A performance problem is any gap between Desired Results and Actual Results. Performance improvement is any effort targeted at closing the gap between Actual Results and Desired Results.

Other organizational development definitions are slightly different. The U.S. Office of Personnel Management (OPM) indicates that Performance Management consists of a system or process whereby:

1. Work is planned and expectations are set.
2. Performance of work is monitored.

3. Staff ability to perform is developed and enhanced.

4. Performance is rated or measured and the ratings summarized.

5. Top performance is rewarded.

### 3.2.4 Implementation

Erica Olsen notes that "Many businesses, even those with well-made plans, fail to implement their strategy. Their problem lies in ineffectively managing their employees once their plan is in place. Sure, they have conducted surveys, collected data, gone on management retreats to decide on their organization's direction even purchased expensive software to manage their process but somewhere their plan fails". Performance management and performance appraisals have a significant overlap. In general, there are three type of performance management: long-cycle, short-cycle, and micro.

#### 3.2.4.1 Long-cycle performance management

Long-cycle performance management is usually done on an annual, every 6 months, or quarterly basis. From implementations standpoint, this area is the one that has traditionally received the most attention. This is so for historical reasons, as most performance management techniques/styles predate use of computers.

#### 3.2.4.2 Short-cycle performance management

Short-cycle performance management (which overlaps with principles of Agile Software Development) is usually done on a weekly,
bi-weekly, or monthly basis. From the implementation standpoint, this sort of management is industry-specific.

3.2.4.3 Micro performance management

Micro performance management is generally done on a by-minute/hour/day basis.

3.2.5 Actions of Performance Management System

A performance management system includes the following actions.

- Develop clear job descriptions
- Select appropriate people with an appropriate selection process
- Negotiate requirements and accomplishment-based performance standards, outcomes and measures
- Provide effective orientation, education and training
- Provide on-going coaching and feedback
- Conduct quarterly performance development discussions
- Design effective compensation and recognition systems that reward people for their contributions
- Provide promotional / career development opportunities for staff
- Assist with exit interviews to understand why valued employees leave the organization
Figure 3.1  Performance management cycle

Setting and clearly communicating performance standards and expectations, observing and providing feedback and conducting appraisals enables the organisation to achieve the best results through managing employee performance. Figure 3.1 summarises performance management cycle. To begin the process, the organisation and the employee will collaborate on the development of performance standards. The organisation will develop a performance plan that directs the employee's efforts toward achieving specific results, to support organizational growth as well as the employee's professional growth. It also discusses goals and objectives throughout the year, providing a framework to ensure employees to achieve results through coaching and mutual feedback. At the end of the rating period, the organisation will appraise the employee's performance against existing standards, and establish new goals together for the next rating period. The immediate supervisor plays an important role; his closest interaction with the employee occurs at this level.

- Observation and Feedback (Coaching)
3.2.6 Observation and Feedback (Coaching)

Once performance objectives and standards are established and clearly communicated, the organisation should observe employees' performance and provide feedback. It has a responsibility to recognize and reinforce strong performance by an employee, and identify and encourage improvement where it is needed. It provides informal feedback almost every day. By observing and providing detailed feedback, the organisation plays a critical role in the employee's continued success and motivation to meet its performance expectations. Coaching is a method of strengthening communication between the organisation and the employee. It helps to shape performance and increase the likelihood that the employee's results will meet its expectations. Coaching sessions provide the organisation and the employee the opportunity to discuss progress toward meeting mutually-established standards and goals. A coaching session focuses on one or two aspects of performance, rather than the total review that takes place in a performance evaluation.

3.2.6.1 Guiding principles

Effective coaching can

- Strengthen communication between organisation and the employee
• Help the employee attain performance objectives
• Increase employee motivation and commitment
• Maintain and increase the employee's self-esteem
• Provide support

3.2.6.2 Key elements of coaching

To make coaching session effective, the organisation must understand the key elements of coaching:

• Coach when it wants to focus attention on any specific aspect of the employee's performance
• Observe the employee's work and solicit feedback from others
• When performance is successful, take the time to understand why?
• Advise the employee ahead of time on issues to be discussed
• Discuss alternative solutions
• Agree on action to be taken
• Schedule follow-up meeting(s) to measure results
• Recognize successes and improvements
• Document key elements of coaching session
3.2.6.3 Questions to consider when coaching

To provide effective feedback the organisation must understand the elements of performance and analyze marginal performance. It should keep these questions in mind:

- How is the employee expected to perform?
- Does the employee understand these expectations? If not, why not?
- Does the employee know what successful results look like? How do the organisation know?
- Does the employee know the performance is marginal? How do the organisation know?
- Are there obstacles beyond the employee's control? How can the organisation remove them?
- Has the employee ever performed this task satisfactorily?
- Is the employee willing and able to learn?
- Does satisfactory performance result in excessive work being assigned?
- Does unsatisfactory performance result in positive consequences such as an undesirable task being reassigned?
3.2.6.4 Coaching behaviors

To make the most of coaching the employee, the organisation should remember to practice these coaching behaviors:

- Focus on behavior, not personality
- Ask the employee for help in problem identification and resolution. Use active listening to show you understand
- Set specific goals and maintain communication
- Use reinforcement techniques to shape behavior

3.2.6.5 During the coaching session

If the organisation conducts a coaching session to provide positive feedback to the employee, it should keep the following ideas in mind:

- Describe the positive performance result or work habit using specific details
- Solicit its employee's opinion of the same product or behavior
- Ask the employee to identify elements that contributed to success (adequate time or resources, support from management or other employees, the employee's talent and interest in the project)
- Discuss ways in which the organisation and the employee can support continued positive results
• Reinforce for the employee the value of the work and how it fits in with the mission, vision, values and goals of the work unit or department

• Show the organisation’s appreciation of the positive results and its confidence that the employee will continue to perform satisfactorily

• Document its discussion for the employee's file, as it would for all coaching and counseling sessions, noting day, date, time and key elements

When the organisation conducts a coaching session to improve performance, it may want to use the following format:

• Describe the issue or problem, referring to specific behaviors

• Involve the employee in the problem-solving process

• Discuss causes of the problem

• Identify and write down possible solutions

• Decide on specific actions to be taken by each of you

• Agree on a follow-up date

• Document key elements of the session

If the coaching session is conducted to address poor work habits such as continued tardiness, it should keep these steps in mind:
• Describe in detail the poor work habit observed

• Say why it concerns the organisation and tie it to the performance standards and goals

• Ask why it occurred and listen non-judgmentally to the explanation. Describe the need for change and ask for ideas

• Discuss each idea and offer its help

• Agree on specific actions to be taken and set a specific follow-up date

• Document results from the session

3.2.6.6 Follow-up discussion

To conduct a follow-up discussion, the organisation should consider the following steps:

• Review the previous discussion(s)

• Discuss insufficient improvement and ask for reasons why?

• Indicate consequence of continued lack of improvement. (No threats! This is not an oral warning)

• Agree on action to be taken and set a follow-up date, if appropriate

• Convey its confidence in the employee

• Document the discussion
3.3 OVERVIEW ON PERFORMANCE APPRAISAL

The organisation carries out its mission through the individual and collective contributions of its employees. To do their best, staff members need to know that those contributions will be recognized and acknowledged. Overseeing performance and providing feedback is not an isolated event, but rather an ongoing process that takes place throughout the year. The performance appraisal is part of that process, and provides an excellent opportunity for it to communicate with the employee about past performance, evaluate the employee's job satisfaction, and make plans for the employee's future performance.

The organisation should remember that the performance appraisal summarizes the employee's contributions over the entire appraisal period (usually one year). It is not a step in the disciplinary process. It may occur as often as it believes and is necessary to acknowledge the employee for accomplishments and to plan together for improved performance.

3.3.1 Guiding Principles

The goal of the performance appraisal process is to help the employee feel:

- Positive about the job
- Motivated to do well and to develop
- Benefited by specific, constructive feedback
- Appreciated for specific contributions
- Informed about current and future performance objectives
Involved as a participant in the process

3.3.2 Preparing for the Appraisal

Both the organisation and the employee play an important role in creating a productive performance appraisal process. The following are some suggestions to get the employee involved:

- Schedule a mutually convenient time and place for the performance appraisal discussion. Allow enough time and ensure privacy.

- Explain that the organisation would like the discussion to be a dialog, with input from both included in the final written document.

- Give the employee some options about how to prepare for the discussion. For example:

  - Ask the employee to prepare a self-evaluation using the same form the organisation will use for its draft. The employee can address accomplishments and things that could be done better. Explain that the organisation will be doing the same and that it may exchange these documents a few hours before the meeting.

  - Give the employee a list of questions to consider to evaluate his own performance. Sample questions might be:

    - What has been his major accomplishments?
    - How could he have done better?
What could the organisation do to help him to do his job better?

Would he like to see his responsibilities change? If so, how?

The organisation should prepare a draft appraisal, making sure it has as much information as possible, including:

- Job description
- Performance standards
- Previous appraisals
- Letters of commendation and/or criticism
- Samples of work
- Records of disciplinary action
- The organisation should consider the question, What can it do to help the employee do the job better and achieve developmental goals?

3.3.3 Conducting the Appraisal Discussion

The organisation should continue the momentum it has established throughout the year with its ongoing dialog about performance. It should set the tone for an open and productive discussion. Here are some steps the organisation can take to make it as successful as possible:
• Create a supportive environment by stating clearly the purpose of the discussion. Be as non-threatening and open as possible since the employee may be tense or uncomfortable.

• Discuss key areas of responsibility and give examples of specific results. Have the employee go first, based on the self-appraisal or the questions it provided in advance. Ask lots of questions and get clarification to make sure it understands the employee's point of view.

• Discuss what could have been done better. Identify its concerns and listen to the employee's explanations.

• Ask its employee for help in resolving problems. Focus on future performance and be sure the employee takes responsibility for improvement.

• Make sure that the organisation and the employee have the same understanding of future expectations regarding performance.

• Give positive recognition for performance that reinforces the goals of the work unit.

• Discuss the employee's interests and potential new responsibilities. Discuss both of their roles in achieving new objectives while maintaining ongoing responsibilities.

• Conclude on a positive note, emphasizing the benefits of the dialog.
3.3.4 The Final Appraisal Document

Record the results of the discussion on the performance appraisal form. Ask the employee to sign the form, and explain that this signature acknowledges discussion of the contents, not necessarily agreement with them. Route to the manager for final signatures and placement in the employee's departmental personnel file. Give a copy of the signed appraisal to the employee.

3.4 PERFORMANCE STANDARDS

Performance expectations are the basis for appraising employee performance. Written performance standards let the organisation to compare the employee's performance with mutually understood expectations and minimize ambiguity in providing feedback. Having performance standards is not a new concept; standards exist whether or not they are discussed or put in writing. When the organisation observes an employee's performance, it usually makes a judgment about whether that performance is acceptable. How to decide what is acceptable and what is unacceptable performance? The answer to this question is the first step in establishing written standards. Standards identify a baseline for measuring performance. From performance standards, supervisors can provide specific feedback describing the gap between expected and actual performance.

3.4.1 Guiding Principles

Effective performance standards:

- Serve as an objective basis for communicating about performance
• Enable the employee to differentiate between acceptable and unacceptable results

• Increase job satisfaction because employees know when tasks are performed well

• Inform new employees of its expectations about job performance

• Encourage an open and trusting relationship with employees

3.4.2 **Key Areas of Responsibility**

Write performance standards for each key area of responsibility on the employee's job description. The employee should participate actively in their development. Standards are usually established when an assignment is made, and they should be reviewed if the employee's job description is updated. The discussion of standards should include the criteria for achieving satisfactory performance and the proof of performance (methods the organisation will use to gather information about work performance).

3.4.3 **Characteristics of Performance Standards**

Standards describe the conditions that must exist before the performance can be rated satisfactory. A performance standard should:

• Be realistic, in other words, attainable by any qualified, competent, and fully trained person who has the authority and resources to achieve the desired result
• Describe the conditions that exist when performance meets expectations

• Be expressed in terms of quantity, quality, time, cost, effect, manner of performance, or method of doing

• Be measurable, with specified method(s) of gathering performance data and measuring performance against standards

3.4.4 Expressing Standards

The terms for expressing performance standards are outlined below:

• **Quantity** specifies how much work must be completed within a certain period of time, e.g., enters 30 enrollments per day

• **Quality** describes how well the work must be accomplished. Specifies accuracy, precision, appearance, or effectiveness, e.g., 95% of documents submitted are accepted without revision

• **Timeliness** answers the questions, By when ?, How soon ?, or Within what period ?, e.g., all work orders completed within five working days of receipt

• **Effective Use of Resources** used when performance can be assessed in terms of utilization of resources: money saved, waste reduced, energy or water saved, etc., e.g., the project to ensure all computers, lights, and equipment are turned off daily and weekends saved Rs.XXX in energy
• **Effects of Effort** addresses the ultimate effect to be obtained; expands statements of effectiveness by using phrases such as: so that, in order to, or as shown by, e.g., establish inventory levels for storeroom so that supplies are maintained 100% of the time

• **Manner of Performance** describes conditions in which an individual's personal behavior has an effect on performance, e.g., assists other employees in the work unit in accomplishing assignments

• **Method of Performing Assignments** describes requirements; used when only the officially-prescribed policy, procedure, or rule for accomplishing the work is acceptable, e.g., 100A Forms are completed in accordance with established office procedures

### 3.5 PERFORMANCE MEASUREMENTS

Since one of the characteristics of a performance standard is that it can be measured, the organisation should identify how and where evidence about the employee's performance will be gathered. Specifying the performance measurements when the responsibility is assigned will help the employee keep track of his progress, as well as helping the organisation in the future performance discussions.

There are many effective ways to monitor and verify performance, the most common of which are:

• Direct observation

• Specific work results (tangible evidence that can be reviewed without the employee being present)
• Reports and records, such as attendance, safety, inventory, financial records, etc.

• Commendations or constructive or critical comments received about the employee's work

3.6 DEVELOPING A PERFORMANCE MANAGEMENT SYSTEM

Performance management involves more than simply providing an annual review for each employee. It is about working together with that employee to identify strengths and weaknesses in their performance and how to help them be a more productive and effective worker. Learn how to develop a performance management system so that the organisation can help everyone work to their full potential.

3.6.1 Evaluate the Current Performance Appraisal Process

Look at what type of feedback the organisation is providing to its employees. Determine if there is anything to be changed or added to the evaluation itself. The organisation may decide to build on what it already has got or to develop a new system altogether.

3.6.2 Identify Organizational Goals

Performance management systems help rally staff members around the organization's goals because they help staff know how they are to be involved in reaching that goal. The organisation should take time to clarify what its goals are for the next year.
• Identify processes or procedures that could be simplified or done more effectively

• Declare its sales goals for the next year or new products it would like to develop

• Share its hope for better communication between departments and staff members

3.6.3 Set Performance Expectations

As the supervisor sits down with each employee, he should clearly lay out his expectations for them.

• Acknowledge what they are already doing well. Use this to encourage them

• Share some weaknesses that he has observed in them and in their work habits, and how overcoming those would help their performance in the company

• Identify specific things he would like them to accomplish over the next year, or whatever time frame works best for him. Prioritize these so the staff member knows which is most important and make sure to give them a deadline for each task

3.6.4 Monitor and Develop their Performance Throughout the Year

As employees begin to work on their performance, keep an eye on how they are doing. If they appear to be struggling to meet performance
expectations, talk with them and see if the organisation can offer any support or coaching.

3.6.5 **Evaluate their Performance**

At each performance review, let the employee know how they are doing. It is often helpful to assign a numeric value on a scale, rating the employee from "not meeting expectations" to "meets expectations" to "exceeds expectations".

- Provide feedback on their performance. Be as specific as possible, noting key examples of when they demonstrated a certain quality
- Talk about the consequences or rewards of their performance. Let them know if they are on probation, are getting a raise in pay, changes in vacation days, or any other relevant action
- Discuss any problems they may be having. Listen to their concerns or worries while talking through potential solutions

3.6.6 **Set New Performance Expectations for the Next Year**

Some items may be the same. However, since these are also based on organizational goals, the organisation will need to re-examine its goals for the upcoming year.

3.7 **MANAGING EMPLOYEE PERFORMANCE – THE CYCLE**

An effective performance management process sets the foundation aligning the individual's efforts with the organization’s goals.
By linking individual employee work efforts with the organization’s mission and objectives, the employee and the organization understand how that job contributes to the organization.

By focusing attention on setting clear performance expectations (results + actions & behaviors), it helps the employee know what needs to be done to be successful on the job.

Through the use of objectives, standards, performance dimensions, and other measures it focuses effort. This helps the department get done what needs to be done and provides a solid rationale for eliminating work that is no longer useful.

Through regular check-in discussions, which include status updates, coaching, and feedback, it promotes flexibility, allowing the organisation and the employee to identify problems early and change the course of a project or work assignment.

By emphasizing that an annual review should simply be a summary of the conversations held between the organisation and the employee during the entire cycle, it shifts the focus away from performance as an “annual event” to performance as an on-going process.

An effective performance management process, while requiring time to plan and implement, can save the organisation and the employee time and energy. Most importantly, it can be a very effective motivator, since it can help them both to achieve organizational success.
Overseeing performance and providing feedback is not an isolated event, focused in an annual performance review. It is an ongoing process that takes place throughout the year. The Performance Management process is a cycle, with discussions varying year-to-year based on changing objectives.

The cycle includes Planning, Checking-In and Review.

- To begin the planning process, the organisation and its employee review overall expectations, which include collaborating on the development of performance objectives. Individual development goals are also updated. It then develops a performance plan that directs the employee's efforts towards achieving specific results to support organizational excellence and employee success.

- Goals and objectives are discussed throughout the year, during check-in meetings. This provides a framework to ensure employees achieve results through coaching and mutual feedback.

- At the end of the performance period, the organisation reviews the employee's performance against expected objectives, as well as the means used and behaviors demonstrated in achieving those objectives. Together, they establish new objectives for the next performance period.
3.8 PERFORMANCE EXPECTATIONS = RESULTS + ACTIONS & BEHAVIORS

- Results are often measured through the use of objectives and standards

- Actions and Behaviors can be measured through the use of performance dimensions

3.8.1 Written, Verifiable Mutually Understood Performance Expectations

- Serve as an objective basis for communicating about performance

- Enable the employee to differentiate between acceptable and unacceptable results

- Increase job satisfaction because employees know when tasks are performed well

- Inform new employees of the organisation’s expectations about job performance

- Encourage an open and trusting relationship with employees

3.8.2 Put Expectations in Writing

A written summary of the discussions during the planning process serves as a record of the mutually understood expectations. Putting expected results (objectives and standards) and expected actions/behaviors (performance dimensions) in writing is useful when
• Allocating resources

• Discussing budgets

• Prioritizing programs

Mutually developed written expectations also help focus feedback and minimize ambiguity when it is time to assess results.

3.8.3 Verify Expectations

Performance expectations should be verifiable. Early in the performance management cycle, the organisation, with input from the employee, should identify how and where evidence about the employee's performance will be gathered.

Measurable (quantitative) expectations are the easiest ones to verify. Frequently, however, expectations cannot be put into measurable terms easily or accurately. At this point, consider developing qualitative expectations, which can generally be made verifiable by spelling out the criteria to be fulfilled, behaviors to be demonstrated, and/or target dates to be met.

Specifying how performance expectations will be verified at the time the responsibility is assigned helps employees keep track of their progress and makes check-in meetings and performance status updates much more focused and efficient.

There are many ways to verify performance; some of the most common are:
• Specific work products (tangible evidence that can be reviewed without the employee being present)

• Reports and records, such as attendance, safety, inventory, financial records, etc.

• Checklists that can be completed by a client or supervisor listing specific, observable criteria that need to be met in order for an expectation to be considered complete. Criteria usually require a “yes” or “no” answer, such as: “implement a new program by [x] date”

• Direct observation

• Rating scales that define, as precisely as possible, behaviors at different levels of performance (behaviorally anchored rating scales)

• Commendations or constructive or critical comments received about the employee's work

3.9 CREATING DEVELOPMENT GOALS

Managers and employees should work together to create development plans as part of the annual performance management process. The plan can focus on skills aimed at job mastery or combine job mastery with professional development skills.

• Job mastery skills are those that are necessary to successfully perform one's job
Professional development skills are the skills and knowledge that go beyond the scope of the employee's job description, although they may indirectly improve job performance.

Development plans commonly include classes, but can also include elements such as cross-training and special project participation.

3.10 PERFORMANCE MANAGEMENT PROCESS

Cornell is striving to standardize administrative processes and tools across campus to create efficiencies and to increase effectiveness. Consistent performance management processes, assessment tools, ratings, and development plans help increase the effectiveness of supervisors and employees within and across units.

3.10.1 An Effective Performance Management Process (PMP)

- Maximizes staff engagement, development, and performance
- Is consistent across units to enhance full development and utilization of talent
- Remains flexible, efficient, measurable, fair, transparent
- Provides better alignment of staff roles and goals with the university’s mission
- Is a key component to Cornell's inclusion efforts
- Promotes on-going and proactive succession management
Cornell’s Performance Management Philosophy

- Addresses the relationship of employees to the institution, from the time they are recruited, through their growth and development, to the time they depart
- Engages and develops employees throughout the year
- Establishes goals and measures performance to those goals
- Depends on the supervisor giving clear, developmental feedback
- Includes a review of past performance and goals and focuses on future development opportunities that are aligned to individual, unit and university goals

Performance Management (PM) process provides a framework that creates a high performing organization and supports professional development. The PM process helps the organisation to receive performance recognition and feedback.

As shown in the Figure 3.2, the Performance Management process engages the organisation actively in a way that positions it for growth and is based on:

- Encouraging a culture of ongoing coaching, feedback and recognition
- Setting goals and expectations that motivate
- Planning for professional development
- Advocating for recognition and growth through balanced self-assessment
- Evaluating past performance and clarifying expectations for the future
- Creating an ongoing dialogue between employees and their supervisors by revisiting goals and performance expectations frequently throughout the year

Make the most of the process by exploring each of the major process components and using the associated resources.

Figure 3.2  The performance management process model
3.10.2 Importance of Performance Management Process & Best Practices to Optimize Monitoring Performance Work Reviews/Feedback and Goal Management

In today's workplace, performance improvement and the role of performance management is an increasingly popular topic. Why the intense focus on performance management now? Business pressures are ever-increasing and organizations are now required to become even more effective and efficient, execute better on business strategy, and do more with less in order to remain competitive. While human resources professionals clearly understand the importance of optimal performance management, they often face significant internal obstacles. When someone mentions performance management or reviews at the organization, what is the typical response? Do employees and managers alike cringe? Do they avoid performance management related tasks? Do visions of tracking down incomplete appraisal forms come to mind? This can be changed. Forward thinking companies are taking steps to successfully address this negative view of performance management. They are implementing innovative solutions that ensure processes deliver real results and improve performance. The purpose of this guide is to provide concrete guidelines and practical steps that can be used to improve the performance management processes at the organization. In addition, a new class of automated performance management solutions has emerged to specifically address small- and medium-sized businesses. This guide is concluded with a few tips for selecting an automated performance management system to implement best practices across the organisation.
3.10.3 The Performance Review - Only Part of an Ongoing Process

Frequently when performance management is mentioned, people think of the employee performance appraisal or review. Performance management, however, involves so much more. Properly constructed appraisals should represent a summary of an ongoing, year-round dialogue. Focusing only on an annual appraisal form leads to misunderstanding and under appreciation of the benefits of performance management.

An effective performance management process enables managers to evaluate and measure individual performance and optimize productivity by:

- Aligning individual employee's day-to-day actions with strategic business objectives
- Providing visibility and clarifying accountability related to performance expectations
- Documenting individual performance to support compensation and career planning decisions
- Establishing focus for skill development and learning activity choices
- Creating documentation for legal purposes, to support decisions and reduce disputes
Many of the practices that support performance also positively impact job satisfaction, employee retention and loyalty. Recommended practices include:

- Delivering regular relevant job feedback
- Setting and communicating clear performance expectations
- Linking performance to compensation clearly
- Identifying organizational career paths for employees
- Evaluating performance and delivering incentives in a fair and consistent manner
- Providing appropriate learning and development opportunities
- Recognizing and rewarding top performers

3.10.4 Consequences of a Poorly Structured Process

What is the impact of a poorly structured performance management process? If individual goals are not aligned with business strategy, then time and resources are wasted. Low employee engagement levels may mean that individuals are not performing at their best. Inconsistent evaluation criteria and rewards can lead to mistrust, lower productivity and higher attrition. If top performers see no differentiation in performance ratings, opportunities and compensation from underperformers, morale can suffer. Lack of documentation, visibility and accountability can negatively affect stakeholders who are demanding more and more transparency. If accurate performance information is unavailable or difficult to access, training and development decisions along with
project assignment decisions may not be made in the company's or the individual's best interests. An annual process will not adequately alert managers to problems in a timely manner. Last, but not least, a lack of proper documentation related to performance may result in legal issues. Management "buy-in" is equally important to the performance management process. If management does not understand the importance and value of the process, it can lead to consistently late or incomplete appraisals, mistrust, avoidance of performance discussions, and a lack of honest performance-related discussions. Often managers may feel unprepared to deliver quality feedback and oversee effective performance discussions.

3.10.5 A Closer Look at the Importance of Performance Management

The primary reason to make sure performance management processes are functioning properly is to tighten the link between strategic business objectives and day-to-day actions. Effective goal setting (including timelines), combined with a method to track progress and identify obstacles, contributes to success and bottom line results. Regularly tracking progress against performance goals and objectives also provides the opportunity to recognize and reward employees for performance and exceptional effort, contributing to job satisfaction and productivity. Employees want to feel successful, to do well at their job and feel they are making a valuable contribution. In order to ensure this happens, employees need a clear understanding of individual goals and how they fit into the larger organization. New technology-based solutions offered can provide goal visibility across entire organizations, offer extensive reporting options and can reduce paperwork by as much as 90%. Clear visibility, regular individual analysis, and company-wide employee appraisals help identify
corporate competencies and skill gaps. With this valuable data in hand, companies can identify training and development plans.

3.11 METHODS TO OPTIMIZE THE PERFORMANCE REVIEW PROCESS

3.11.1 Set Goals Effectively

Goals are the basis of an effective process. There are two key elements to consider when developing goals. First, are goals written clearly and objectively? Second, are they directly contributing to the achievement of business strategy?

Clearly communicating strategic business objectives is the first step to creating alignment. Providing visibility to goals set by departments across the organization furthers alignment. Typically the process begins with departmental managers setting goals for their departments, based upon organization-wide goals, which support the general business strategy. Making departmental goals accessible to all managers ensures there is no overlap, reduces conflict, and allows members of different departments to see where they support each other and ensure they are not working at cross purposes. Each manager in turn shares the overall goals with his/her department and meets with employees to identify individual performance goals and plans.

When setting goals, key job expectations and responsibilities should act as the main guide and reference. Goals should be set that not only address what is expected, but also how it will be achieved. For example, the "what" covers quality or quantity expected, deadlines to be met, cost to deliver, etc. The "how" refers to the behavior demonstrated
to achieve outcomes, for example, focus on customer service. In addition, some organizations choose to include competencies within performance expectations, to reinforce the link to business strategy, vision and mission.

An accepted framework to use to help write effective goals is the "SMART" goal:

S - Specific

M - Measurable

A - Achievable/Attainable

R - Results oriented/Realistic/Relevant

T - Time bound

The inclusion of the above criteria results in a goal that is understandable and easily visualized and evaluated. Making a goal specific, measurable, and time bound contributes to the ability to make progress on the goal and track that progress. Some managers choose to further define goals with a start and finish date with milestones in between. As we have mentioned, goals must be achievable and realistic. An unachievable goal is just that an employee knows when he/she does not stand a chance of reaching it, and their effort to achieve the goal will be affected. In addition, goals must reflect conditions that are under the employee's control and the R's (results oriented, realistic and relevant) should definitely consider these conditions. Sometimes the focus on the outcome of the goals can overshadow the necessary steps to achieve them. Action plans to support each goal can include documentation of the steps necessary to achieve a goal. By keeping goals relevant, a manager
reinforces the importance of linking to strategic objectives and communicating why the goal is important. Some organizations have suggested the use of SMARTA, or SMARTR with the additional A standing for aligned and the R standing for reward. A focus on objective, behavioral-based, and observable outcomes that are job-related helps ensure fairness of the process and reduces discrepancy. Although sometimes difficult to hear, objective feedback supported with regular documentation is difficult to dispute. This is also where an understanding of the organization's overall objectives and goals and how individual efforts contribute becomes essential. If for example, an individual understands that their actions support an area of the business then it is easier to understand the impact when deadlines are not met. Using the SMART framework provides clarity up front to employees who will be evaluated against these goals.

### 3.11.2 Begin with Performance Planning

Using established goals as a basis, performance planning sets the stage for the year by communicating objectives, and setting an actionable plan to guide the employee to successfully achieve goals. Performance planning, as with all other steps, is a collaborative process between the manager and employee, although there will always be some elements that are non-negotiable. Begin with the job description and identify major job expectations; expectations then can be clarified for each major area. Under each key contribution area, it is important to identify long-term and short-term goals, along with an action plan around how they will be achieved. Goals can be weighted to identify priorities. Discuss specific details related to how progress against goals will be evaluated. Next steps include determining any obstacles that would stand in the way of these goals being achieved. If an obstacle is knowledge, skills or
behaviour - a plan should be developed to overcome, i.e., training, mentoring, etc. Using the performance planning document as a reference document, the employee and manager then should regularly monitor progress against goals, problem solve road blocks, re-assess goals, change goals as business direction changes, and re-evaluate training and resource needs. This is where the conversation is critical and often where the follow through sometimes falls down. Performance planning and ongoing performance feedback are critical because they facilitate continuous improvement and aid open communication.

3.11.3 Ensure an Ongoing Process

Goal setting, performance planning, performance monitoring, feedback and coaching is ongoing and supports the creation of the performance appraisal, which in turn supports processes related to rewards, learning and development. Performance monitoring, feedback and coaching creates a separate feedback loop within the larger loop which should take place more often, allowing for necessary adjustments to performance planning as conditions dictate.

3.11.4 Improve Productivity Through Better Goal Management

Regular goal tracking allows for the opportunity to provide feedback as needed, make adjustments to performance plans, tackle obstacles and prepare contingencies for missed deadlines. Without a mechanism to regularly track progress against goals, the ongoing, cyclical nature of the process falls apart. Goal progress discussions, along with all performance feedback, should be delivered with respect and should be objective and supportive. Specific examples provide clarity and help the employee focus on future improvements. It is crucial that the manager
listens to the employee's perspective and incorporates the employee's observations into future plans - the employee often experiences roadblocks the manager may not see.

3.11.5 Gather Information from a Number of Sources

Gathering performance information from a variety of sources increases objectivity and ensures all factors impacting performance are considered. This information should include objective data like sales reports, call records or deadline reports. Other valuable information includes: feedback from others, results of personal observation, documentation of ongoing dialogue, records of any external or environmental factors impacting performance. Many reviews also include an employee self-evaluation. Other documents that help define performance objectives include: past performance appraisals, current departmental and organizational objectives and documented standards related to career goals. In order to gather feedback from other employees, organizations will often use a 360° feedback process. Along with the completion of a self-assessment, selected peers, subordinates, and manager(s) are asked to contribute feedback around pre-identified areas. The feedback is based upon specifically identified skills or competencies and the final results are compared against the employee's self-assessment. This type of feedback increases self-awareness and in some cases is used to support the performance evaluation process.

Objectivity is essential when evaluating performance and it begins with clarity about job expectations and evaluation methods. Certain checks and balances can be built in to ensure objectivity. Managers commonly make mistakes when they conduct evaluations and the first step to minimizing those errors is to acknowledge they exist. Consistent
processes organization-wide contribute to fairness and objectivity. Access to information allows others to check the validity of the process. Obviously, not all employees need access to other employees' performance appraisal results, but processes like calibration meetings will help ensure consistency. In the calibration process, managers with employees in similar positions meet and discuss the appraisals before they are finalized and shared with the employees. A calibration meeting helps establish the reasons individuals are awarded various performance rankings, educates managers about the process across the organization and promotes consistency. It also provides validation for manager's decisions, if appropriate. Reporting is very valuable to assess the fairness/consistency of the process - for example, to compare ratings in one division to the next or for one manager to the next.

3.11.6 Documentation

Note taking must be consistent and include all significant occurrences, positive or negative. Documentation is important to support performance decisions, and notes should be written with the intent to share. In addition to documenting the details of an occurrence, any subsequent follow up should be detailed. The performance log is a record that the manager keeps for each employee and is a record of performance "events". The maintenance of a performance log serves a number of purposes. The manager can record successes or performance that requires improvement. When it comes time to complete the appraisal, the manager has a historical record of events and will not have to rely on recent memory. In addition, this documentation can be used to support performance decisions or ratings. But it also can be used as a reminder for the manager - if the log has no recordings for a period of time, perhaps it is time to check in. If an employee does exceptionally well, or meets
deadlines consistently, the log can be used as a reminder to provide recognition for a job well done. In addition, if a manager notices an area of deficiency, the log can serve as a reminder and a record of circumstances. The performance log can also act as a reminder for coaching i.e.: record of upcoming tasks, manager can make note to discuss with the employee to ensure he/she is prepared for the individual for a task ahead, and then follow up discussion can promote learning and continuous improvement. This log should be created using the same principles of performance management and should be objective, based on observable, job-related behaviors, including successes, achievements and if applicable, any documentation related to disciplinary actions taken.

### 3.11.7 Adequately Prepare and Train the Managers

Managing the performance of another individual is not an easy task and requires many skills. Training may be required to ensure managers feel adequately prepared to effectively complete all the tasks related to performance management. This is especially the case for newly promoted supervisors. Managers need to understand human behavior, how to motivate, how to develop, provide coaching and deal with conflict. To a great extent, managers must be observers and able to assess a situation, provide motivation and identify problems that interfere with performance. In addition, managers must understand that individuals at different levels of comfort, ability and experience with their jobs will require different levels of input, support and supervision. A manager who feels adequately prepared to provide and receive feedback, deliver a performance evaluation and conduct a performance evaluation meeting will be a major contributor to a successfully functioning process.
3.11.8 The Review

The employee performance appraisal or review should be a summary of all that has been discussed. Based upon job expectations and key areas of contribution, and previously discussed goals and evaluation methods, the appraisal should be a written confirmation of what has already been discussed with the employee. The form should include key job responsibilities, current project work, relevant competencies, goals and achievements. Previously completed performance appraisals should be used as reference documents. It should also contain an area to allow employees to record their comment and input. All comments included on the appraisal form need to be job-related and based upon observable behaviors. For the appraisal meeting, it is imperative to prepare ahead of time. Schedule an appropriate place and time with no interruptions. Ensure the employee has the information necessary to allow them to prepare adequately. Begin the discussion with job requirements and strengths/ accomplishments. The focus, as pointed out previously, should be forward looking. The way the manager approaches this meeting conveys a message related to its importance and should be approached with the appropriate level of seriousness and an open mind. The manager must be prepared in regard to what he/she wants to discuss, but just as importantly must be prepared to listen. Many suggest that it is important to first define the purpose of the meeting and provide an agenda. A factual discussion with a focus on job-related behaviors will keep the discussion objective. At the end of the meeting, key points should be summarized. It is important to note that the employee will be asked to sign the appraisal, whether or not there is agreement.
3.11.9 Link Performance Management with Rewards and Recognition

More and more, organizations are linking performance to compensation. This link, however, cannot effectively be established without the existence of sound performance management processes that are seen as fair and equitable. Clear documentation of progress against performance expectations also allows proper recognition for a job well done. This can be provided a number of ways, i.e. formal recognition events, informal public recognition or privately delivered feedback. It is important also to note the benefits of a consistent process across the organization. A consistent process creates a sense of fairness and significantly increases job satisfaction. This is even more critical if compensation is linked to performance. Employees need to know that if an individual in one department is identified as a top performer and compensated accordingly, then an employee performing at the same level in another department will receive similar rewards.

3.11.10 Evaluate and Encourage Full Participation and Success

There is widespread recognition that an annual meeting to evaluate progress does not have the same benefits as ongoing dialogue and feedback. Feedback that is delivered when it is most relevant enhances learning and provides the opportunity to make necessary accommodations in order to meet objectives. Some organizations are moving towards conducting performance reviews twice a year, while a small portion is trying to conduct them more frequently. Regardless of frequency, the attitude towards ongoing feedback is crucial. If there is organizational recognition and support for the need to build constructive feedback into the fabric of day-to-day interactions combined with increased visibility into
goals, then the environment will encourage development and drive goal-directed performance improvement.

Design the process right. The performance management process must add value, otherwise problems with resistance and non-participation will surface. In addition, the process itself must be efficient and as simple as possible, while still providing the necessary value. Automated reminders and scheduling tools can help keep the process on track. Another element to consider that contributes to success is upper level management support. This support needs to take not only the form of verbal support, but also through participation in the same performance management process for evaluations. In addition, consider the current culture of the organization when it comes to performance appraisals and performance management. Is the "atmosphere" supportive of an effective process? Is there a culture of open honest communication or are employees fearful when they make a mistake? Employees must be able to honestly discuss performance and consider how to make improvements in order to move forward. Another thing to consider is the provision of a mechanism to evaluate the process itself, whether it consists of an annual survey, focus groups, manager feedback, reporting, or a combination of these and other methods.

3.12 THE NEXT STEP: AUTOMATING BEST PRACTICES WITH TECHNOLOGY

More and more organizations are relying on innovative technology solutions to implement performance management best practices and automate painful manual processes. A move to web-based, on-demand technology is making these systems affordable, regardless of the size of an organization, with quick implementation schedules, no IT support requirements and automatic upgrades. An automated system can ensure
that the performance management process is built around world-class best practices, easy to complete, efficient and consistent across an organization. Necessary visibility into organizational and departmental goals is simplified, as is access to necessary data to support accountability, consistent standards, (by viewing manager average ratings) and identification of top performers. In addition, technology enables companies, managers and employees to address many of the issues discussed. When selecting an automated performance management solution make sure to do a research. Some solutions offer nothing more than an electronic appraisal form while others offer complete best-of-breed goal management solutions. The best solutions offer:

- instant form routing and paperless processes
- goal tracking and cascading functionality for complete visibility and alignment
- automated goal management and performance review reminders
- legal scan wizards to ensure appropriate/legal use of language
- writing assistants to help managers prepare appraisal forms
- support tools providing coaching support to managers when they need it most
- dashboards to deliver company-wide, aggregated or individual reporting

It is especially important that technology provides us access to performance data and the ability to evaluate progress against goals,
compare average manager ratings, easily access performance levels of individuals and use this data to support decision making. Aggregating and analyzing data in traditional paper-based forms is often too time-consuming and costly.

3.13 MANAGING ABSENTEEISM

When an employee is hired, it is expected that the employee will be regularly available for work as scheduled in return for payment for those days of work. Absenteeism, which refers to frequent, short, unscheduled or unexpected absences due to sickness or other types of leaves, can negatively affect team productivity and morale. Supervisors with concerns about an employee's absenteeism may work with an HR Advisor to identify the specific issues and next steps.

3.14 PROCESS OF MANAGING ABSENTEEISM

3.14.1 Contact HR Department

Once a supervisor contacts HR department, they will be asked to provide specific information regarding:

- The nature and extent of the absenteeism
- Concerns about impact to the workplace
- Dates of absences
- Be prepared to provide supporting documents
The HR Advisor will determine whether it's necessary to consult with specialists from Occupational Health, Early Intervention & Return to Work or Employee Relations, and provide guidance regarding next steps.

3.14.2 Communication

Communication is important and the HR Advisor is available to provide guidance. It is recommended that the Ministry meet with the employee to:

- Notify the employee about the concerns and impact on the work unit
- Ask if there is anything that may explain the attendance issue
- Give the employee an opportunity to share information about their situation
- Provide information regarding support through Homewood Human Solutions
- Ask if there is something the employer can do to facilitate improved attendance
- Clarify the purpose of any requests for changes to the employee’s job or work
- Clearly state the employer’s expectation regarding attendance
- Work with the employee to plan attendance goals and timelines
After this meeting, it is recommended that the supervisor consult with MyHR regarding the discussions. The supervisor would then provide the employee with a letter that recaps the discussion and communicates support to be provided which would help the employee to maintain an appropriate level of attendance.

3.14.3 Ongoing Management

Once the employee has been notified of the issue, the supervisor will work with the employee to establish attendance goals, timelines and regular communication. Supervisors may encourage the employee to work with their physician to fully explore diagnoses and identify a treatment program that enables the employee to improve attendance. The supervisor would work with the employee to establish attendance goals and timelines with the employee. The supervisor would then monitor achievement of the established attendance goals over a period of time and contact MYHR if there isn't a marked improvement. The HR Advisor will determine if the situation is best addressed from a labour relations perspective. Ultimately, the purpose of addressing absenteeism is to obtain regular attendance by all employees in order to fulfill their employment obligations and to ensure a productive and positive work environment.

3.14.4 The Role of the Supervisor in Managing Absenteeism

According to a recent CCH Unscheduled Absence Survey, employers are losing ground when it comes to keeping workers on the job. Unscheduled absenteeism rates have risen to their highest level since 1999. What continues to be of most concern is that almost two out of three employees who don’t show up for work are not physically ill. For most companies, the responsibility for managing absenteeism has fallen
primarily on immediate supervisors. These supervisors are often the only people who are aware that a certain employee is absent. They are in the best position to understand the circumstances surrounding an individual’s absence and to notice a problem at an early stage. Therefore, their active involvement in the company’s absence procedures is pivotal to the overall effectiveness and future success of an absence policy or program.

Sadly, however, most supervisors have not received any guidance or training in managing absenteeism. They have been left on their own to carry out the often unpopular task of identifying, confronting and resolving absence abuse. To ensure that supervisors are comfortable and competent in their role of managing absenteeism, they need to have the full support of senior management. All parties must be aware of the aim of absence policies and procedures. Should there be discrepancies between departments; a policy can lose its effectiveness. To provide more consistency, supervisors should be trained in their responsibilities about managing absenteeism, advised how to conduct effective return-to-work interviews, and educated in the use of disciplinary procedures when necessary.

3.14.5 The Responsibilities of the Supervisor

In addition to ensuring that work is appropriately covered during the employee’s absence, there are a number of other critical actions that supervisors need to take to manage absenteeism. They should:

- ensure that all employees are fully aware of the organization’s policies and procedures for dealing with absence
- be the first point of contact when an employee phones in sick
• maintain appropriately detailed, accurate, and up-to-date absence records for their staff, (e.g., date, nature of illness/reason for absence, expected return to work date, doctor’s certification if necessary)

• identify any patterns or trends of absences which cause concern

• conduct return-to-work interviews

• implement disciplinary procedures where necessary

3.14.6 The Return-to-Work Interview

The training of supervisors in how to best manage absenteeism should include instruction on how to conduct effective and fair return-to-work interviews. Recent national surveys indicate that these interviews are regarded as one of the most effective tools for managing short-term absenteeism. The return-to-work discussion will enable the supervisor to welcome the employee back to work, in addition to demonstrating management’s strong commitment to controlling and managing absenteeism in the workplace. The interview will enable a check to be made that the employee is well enough to return to work. The necessary paperwork can be completed, so that the absence and its conclusion are properly recorded. The fact that an established procedure is in place to investigate and discuss absence with an employee may, on its own, act as a deterrent for non-attendance for disingenuous reasons.

Interviews need to be carried out as promptly as possible following the absentee’s return to work (no later than one day after his or her return). The employee should be given ample opportunity to outline the reasons for his or her absence. The supervisor should use the interview as a
time to explore any issues that the employee may have which are leading to absence. The goal is to foster an open and supportive culture. The procedures are in place to make sure that help and advice is offered when needed and to ensure that the employee is fit to return to work. Employees will usually appreciate the opportunity to explain genuine reasons for absence within a formalized structure. Should the supervisor doubt the authenticity of the reasons given for absence, he/she should use this opportunity to express any doubts or concerns.

At all times, the employee must be aware that the interview is not merely part of company procedures, but a significant meeting during which the absence has been noted and may have implications for future employment. The company’s disciplinary procedure, in the event of unacceptable levels of absence, should be explained to the employee. The manager may choose to outline how the absence affected the department. The message should be that the employee was missed and that productivity suffered. The manner in which the department was required to reorganize staffing arrangements might also be explained. This would demonstrate that the efficiency of the work unit was adversely affected by the absence.

The supervisor should then brief the returning employee about the current situation (i.e., what tasks are now priorities, what work has already been carried out and where the employee should now focus his/her efforts). At no point during the meeting should the interview become a form of “punishment,” but should be seen as an occasion to highlight and explain the repercussions of absence within the department. The vast majority of employees derive a sense of pride and achievement from their work and management should be encouraged to treat these individuals as responsible adults. Most employees understand reasonable rules and do not
want to be threatened into compliance. The small percentage of employees who indeed have an absence problem will require close supervision and possibly even punitive measures for excessive absenteeism. These few employees who are irresponsible should be handled individually and firmly.

3.15 METHODS FOR CONTROLLING AND PREVENTING EMPLOYEE ABSENTEEISM

Absenteeism in the workplace is a problem all managers encounter, and although absences are often due to legitimate reasons, they can get out of control if they are not managed carefully. Persistent unexcused absenteeism, particularly when it involves just a few individuals, not only lowers productivity and increases everyone else’s workload, but it can precipitate a sour atmosphere in the workplace. It is something that needs to be nipped in the bud. Statistics vary on the monetary impact of absenteeism, but the U.S. Bureau of Labor Statistics says it tends to be highest among service occupations, such as healthcare, food service, cleaning, and so forth, and administrative staff.

Absences occur for many reasons – burnout, stress, low morale, job hunting, etc. – and need to be addressed quickly. The following tips may help:

3.15.1 Is the Absence for Genuine Reasons?

Whether there was a good reason behind that call the supervisor just got from an absent employee excusing himself from work for the day? Often there is a genuine reason and his gut instinct can guide him on this one. However, if he is noticing an excessive pattern and finding it hard to
take your employee’s word for it, then it is time to take action. If an employee is simply not bothering to show up or give the organisation advance notice, then an intervention is essential. Start keeping a paper trail and records of absences.

3.15.2 Give Absent Employees an Opportunity to Explain Themselves

The first thing the organisation can do is to give employees an opportunity to explain themselves. When they return to work, have a one-on-one discussion about their absence and express its concern. This is not a disciplinary discussion, but more of a fact-finding mission. The goal is to understand what is happening and try to solve the issue. For example, if stress is a factor, then it may need to discuss strategies that can help, such as shifting workloads, reducing responsibilities, etc.

Very often, employees are pleased that they have been given an opportunity to air their problems or grievances. But be warned, the organisation may learn things that it does not want to hear, particularly if it turns out that the management style is the problem. Try to remain objective during the discussion and use it as a platform to change things.

3.15.3 Put a Performance Improvement Plan in Place

If the tactic above does not work, then the organisation need to put a performance review plan in place that sets specific goals for improvement, attendance being one of them. Put the plan in writing and clearly explain the timeframe of the plan and the consequences of not fulfilling its requirements.
3.15.4 Develop and Communicate a Clear Leave / Sick Leave Policy

A written policy will not stop absenteeism, but it will help the organisation to deal with it more effectively. It will also demonstrate to all employees that it does not tolerate absenteeism. Use the document to clearly explain paid and unpaid leave policies and the consequences of unexcused absences. If the organisation has a newsletter or intranet, it shall use these to promote the policy.

3.15.5 Assess the Management Style

It is hard to acknowledge, but one of the more common reasons for employee dissatisfaction is management style. Could its style be encouraging employees to harbor grudges or lose morale? Step back and assess what the organisation can do differently. Is its open door policy really that open? Do employees really feel valued? Plan on setting side more management time for its team, discuss their professional goals, and share its vision for the continued growth of the business and their role in it.

3.15.6 Consider Introducing Incentive Plans

While there are no guarantees that the organisation can control absenteeism, initiatives such as incentive plans and programs such as flex-time, wellness programs, and project completion perks, are proven to increase morale and productivity. They also send a clear message to its employees that they have a recognized and valuable role to play in the business as a whole. The following are the tips on how to recognize, nurture and incentivize employees:
Get More from Your Team - 5 Employee Incentive Program Ideas That Pay Off

Recognizing Performance in a Tough Economy: How to Best Reward Stand-Out Employees

3.15.7 Terminating Repeat Offenders

If the organisation has exhausted all these intervention measures are not seeing improvement, then termination may be the only option. The organisation should follow HR policy to the letter on this one and refer to the law as it pertains to terminating employees, final pay checks and more.

Recently, there has been a great deal of attention given to the problem of workplace absenteeism. According to the most recent information from Statistics Canada, the average Canadian worker was away from work for the equivalent of almost two weeks in a year. Those 9.3 days lost translate to 2.4% of gross annual payroll, or $16.6 billion for Canadian employers in 2012. Casual absences account for 80% of lost days for most businesses, and in most cases, these absences are not supported by any sort of medical note or certificate. Absenteeism drives significant cost for the economy. In addition to lost productivity, companies may have to bring in a temporary worker or pay other workers overtime in order to attempt to recoup lost output. Product or project delivery may be delayed, customer satisfaction may lag, sales may be lost, employee morale may flag, key employees may get frustrated and leave, the indirect costs of absenteeism can be significant and long lasting.

Although some progress is being made in absence management, there is still significant opportunity in this area. Fifty-two percent of
employers responding to the 2013 *Sanofi Canada Healthcare Survey* indicated that they have programs in place to formally track absences, an increase from 38% in the previous year’s survey results. However, only 32% of those respondents with absence tracking programs work with their insurance carrier or consultant to analyze their absenteeism drivers, and only one third of those use the results of this analysis to develop targeted improvements to better assist employees.

3.16 ADDRESSING ABSENTEEISM AT WORK PLACE

There are a number of things organizations can do to better address absenteeism in their workplace.

3.16.1 Have a Clearly Defined Attendance Policy

Ensure that employees have a clear understanding of the expectation of attendance and understand what is expected from them when they have to be away from work. Who do they need to call in to and how soon? When do they need to supply a doctor’s note? What happens if they do not comply with the policy?

3.16.2 Identify Roles and Responsibilities

Absence management strategies work best when there are designated champions who own the process. When an employee is away, who is responsible for letting human resources or payroll know and at what point do they need to be informed? If an employee is absent several days in a row, who is responsible for contacting them? If the absence progresses to a short-term disability claim, what is the process?
3.16.3 Track Absences and Look for Trends

Take a look at absence data in aggregate and in subsets, for example, by location, or by business unit or department. Examine whether there are specific days of the week like Mondays or Fridays or during particular times of the year where absences are a particular issue.

3.16.4 Have a Plan

If and when the times comes that the organisation must take steps to address excessive absenteeism, have a plan and a process for doing so that is applied consistently at a pre-determined threshold. Make sure that the employee is aware of resources available to them to assist them in improving their attendance, like counseling or work-life services through the organization’s EAP, or the availability of a flextime program. Make a plan of action and a time frame for improvement, and follow up on the employee’s progress.

Similarly, have a plan in place for how to deal with non-compliance to the absence policy, with the associated disciplinary action. Include information about the consequences of non-compliance in the attendance policy, so that everyone’s expectations are managed.

3.16.5 Integrate the Absence Management with Disability Management

Review the sick leave and absence policies against the short-term disability contract and the organization’s disability management policy to ensure that there are no gaps or duplication.
3.16.6 Use the Data to Build a Strategy

If trends have been identified in the absenteeism data, like spikes on specific days or in specific departments for example, dig deeper for the drivers behind these absences and develop a strategy for improvement. Collaborate with the insurance carrier, EAP provider and/or advisor for solutions and support. The organization should also consider having strategies in place to support employees who require accommodation or flexibility while they are in treatment for a chronic or acute health condition through which they are trying to continue to work as best they can. Absences in situations like these may meet the thresholds for action set out in the absence policy, but are explainable, medically supportable, and may stop a progression to disability.

Many workplaces still have significant opportunity for improvement in the way absenteeism is managed. A strong communication effort to improve everyone’s understanding of roles and expectations, a mechanism to track absences and gather valuable data, and consistently applied processes will collectively go a long way in reducing lost productivity.

3.17 MANAGEMENT TIPS TO SOLVE EMPLOYEE ABSENTEEISM

Absenteeism causes migraines for a lot of organisations. Obviously, the organisation will make healthier profits, if they do not have an absenteeism problem. Check the attendance records. It will show Monday as the most-abused day of the week and January is the worst month for absenteeism. For good reason, employers often cringe because they distrust the reasons some employees call in sick. But it is crucial to be
open-minded and to consider the perspectives of the employees. Absenteeism is a red flag that the employees are not fully engaged in their work. They often feel a lack of support from management, and are frustrated with a lack of tools and resources that limit their performance. This typically results in inefficiency or minimal productivity, high turnover, increased costs in sick pay and replacement employees, and customer dissatisfaction. Further, high absenteeism is one of the five prime indicators that your workplace environment is toxic.

The other four indicators:

- The employees are not recommending the organisation to their friends as a great place to work
- Employees with the highest absenteeism usually lack friends among their co-workers
- Workers do not actively support the customer-service initiatives - usually because they do not love their jobs
- The organisation’s customers are not fans of it, and customer feedback doesn’t meet the expectations

The following are 13 tips to manage absenteeism.

1. Start by making sure the organisations efforts do not lead to legal problems. In this litigious society, it’s important to avoid legal suits.

2. Train the managers. True, they need to know the legal obligations. But train them in employee engagement, and how to deal with disgruntled workers.
3. Remember the phrase, “Let it begin with me”. It’s important to make certain that the supervisors are perceived as an effective leader, not just a supervisor. Lead by a disciplined example. Be a leader, not a caretaking manager. Remember leaders continuously upgrade recruitment procedures.

4. Evaluate the culture. It is not easy to develop a culture in which everyone is on the same page. If profits are at stake, a cultural change is in order.

5. Understand the root causes and the gravity of the problem. Is it with just one employee or is it widespread among the workers? Try to be patient with individuals. Personal problems are often factors, as are long commutes to work. Carefully recruit workers who live fairly close to the workplace.

6. Incentivize fewer days off. It is not always necessary to pay higher wages. Strangely, less-efficient workers take fewer breaks. So encourage them to take breaks and socialize with one another.

7. Everyone needs a vacation to avoid stress and health problems. Create an annual leave policy and enforce it. That includes not allowing employees to cash out their vacations.

8. Clearly indicate a policy that complies with law. Take steps to make certain it is not abused, for example, require a doctor’s confirmation for any leave.

9. Double-down on efforts for employee engagement. Listen to the staff. Let employees know the organisation cares about their
welfare, and that it appreciates their dedication to the organization. The organisation will generate more profits if it partner’s with its employees.

10. Discuss operational costs – the link between their attendance and productivity. Explain how their roles affect the success of the organization – from teamwork and morale to customer satisfaction.

11. Make work fun. Reduce boredom with job enrichment, rotation and cross training.

12. Be flexible. Try to accommodate special requests or scheduling.

13. Celebrate business successes with the team. It is great for team-building.

### 3.18 CHECKLIST FOR MANAGING ABSENTEEISM

1. Set a policy requiring employees to call in and **notify** the company of any absences. Ask employees to speak to their supervisor, if possible, rather than leaving a message.

2. Meet with employees on their **return to work**: make sure they are fully recovered, bring them up to date and, if necessary, clarify the reason for the absence.

3. Check whether it can implement any changes to **working practices** or working environment to reduce further illness, for example, ergonomic seating or longer breaks.
4. Clarify what evidence the organisation requires for claims of illness (e.g. self-certification or a doctor's 'Fit Note'); ensure this is covered in employment contracts.

5. Include illegitimate absenteeism as a disciplinary offence.

6. Treat employees with genuine reasons sympathetically; respect the legal rights of employees suffering from long-term illness or disability.

7. Monitor individual absenteeism.

8. Monitor overall absence levels, for example as a percentage of total working time.

9. Analyse any significant correlations, for example, high levels of absenteeism on Mondays or among a particular group of employees.

10. Do not check potential new recruits’ sickness and attendance records until the organisation has made a job offer.

11. Motivate employees so that they want to work; aim to provide fulfilling work and development opportunities.

12. Create a climate of open communication and trust so that employees approach supervisors with problems rather than just calling in sick.

13. Check that the organisation is providing healthy working conditions: ensure good lighting, ventilation, and safe working practices.
14. Consider providing an employee health scheme or offering training in healthy lifestyles and stress management.

15. Draw up family-friendly policies to allow employees to legitimately take personal time off when they need it. All employees with at least 26 weeks’ service are entitled to request flexible working.

16. Ensure that managers lead by example.