The Impact of Employee Engagement Program In Reducing Absenteeism At Workplace: A Case Of Government-Linked Company (Glc) In Malaysia

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A R T I C L E   I N F O

A B S T R A C T

Employee engagements program plays important roles in the employer and employees' relationship. The effective engagement programs will contribute to increase the attendance rates and reduce absenteeism in most organization. Furthermore, sense of belonging can drive employees to perform their daily routine tasks in conducive environment. In most cases, effective engagement programs will give indirect impact to the organization performance.

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INTRODUCTION

Recently, the concept of "employee engagement" offers a new way of thinking about managing human resources. Organizations understand that employee job satisfaction and engagement are important to their business sustainability. In today's uncertain economy, the best-performing employers know that taking their employees' pulse and linking it to their business goals will help companies succeed and put them at a competitive advantage. Few research shows that engaged employees need reasons to engage, are focused and have a sense of urgency in their work, therefore will present to work happily. Extensive researches were conducted across the world in service industries and it has shown that if a person is "engaged" in his or her job, he or she performs better, and the productivity of the organization improves significantly [1]. Organizations should take steps to discover the skill sets of their employees and use them, especially during time of uncertainty. The economic climate has changed the way employees look at their employers, their jobs and aspects important to their job satisfaction and engagement. Figuring out how to minimize the costs associated with absenteeism is important for organizations in today's hyper-competitive and demanding economic climate.

The drivers of absenteeism differ hugely between companies or even within companies and can be driven by a range of factors within a business. One division of a business may experience higher than average absenteeism rates because of a unique managerial issue whereas another department may not have a manager who struggles with staff relations and therefore does not have the same rate of absenteeism. Ericson [2] maintains that organisations should look at ways in which they can accommodate the needs of their diverse workforce in order to attract and retain the best employees. Ericson [2] further states, "if people were only absent from their jobs when they needed to be, such as for family commitments, or when they are truly ill, absenteeism would not be the major problem that it is today". However, it is highly unlikely that organisations will completely eradicate absenteeism.

Problem Statements:

In the US, Ramsey [3] found that work attendance was influenced by management style. Most studies demonstrate that feeling valued by management, two-way communication between management and employees, management's interest in employees' well-being and giving more opportunities for employees to grow are the top drivers of employee presenteeism at work. As early as 1978, Steers and Rhodes voiced concerns about the impact of attending work when sick, suggesting that some absenteeism can be good for an organisation while overreliance on absence figures as a measure of productivity can be counter-productive with unfavourable

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consequences for organisations and employees alike [4]. Dixon [5] mentioned that in a US survey, reported that 56 per cent of employers felt 'presenteeism' was a problem in their organisation; employee burnout and lost productivity were 7.5 times greater with 'presenteeism' than absenteeism.

Engagement plays important roles in encouraging employees to present to work. This study will look into the impact of employee engagement program towards reducing absenteeism in Government Linked Organization (GLC). The reason why the GLC is selected was due to the ignorance of some employees to present to work with the idea that no stern action will be taken that can lead to dismissal. Furthermore GLCs are managed using government's fund and applying some rules and regulations that similar to government agencies.

Research Objectives:

This study is done in a selected Government Linked Organization in Malaysia. The real names of the organisation and its divisions are not disclosed for reasons of confidentiality. Throughout the discussion this GLC will be named as Dragon. The objective of this study are;

1. To identify the relationship between employee engagement and absenteeism in Dragon's organization.
2. To determine the employee engagement factors that have high impact in reducing absenteeism within Dragon's organization.
3. To determine the root cause of absenteeism in Dragon's organization.

Literature Review:

Absenteeism:

Unplanned absence may result from sick leave, the illness or death of close family members, Or other reasons such as work place injury or absence due to industrial disputes or natural disasters. Absenteeism can firstly be defined in terms of causes, and secondly in terms of physical presence. In terms of causes, the most common theories proposed that absenteeism is largely a behavioural response to dissatisfaction with certain aspects of one's job [6]. Patton and Johns [7] define absenteeism as an individual's lack of physical presence at a given location and time when there is a social expectation for him or her to be there. Absenteeism can be defined as the failure of an employee to report for work as scheduled, regardless of the reason [8]. Meanwhile, Martochhio and Jimeno [9] define absenteeism as a single day of missed work. Absences occur whenever a person chooses to allocate time to activities that compete with scheduled work, either to satisfy the waxing or waning of underlying motivational rhythms or to maximise personal utility[10]. In attitudinal absence, the employee avoids coming to work, and in medical absence the employee is sufficiently ill that he or she is unable to come to work [11].

Adam [12] says that 70% of absenteeism is tied to stress-related illness. Some studies define presenteeism as a reduction in productivity because of health-related conditions [13]. Waddell and Burton [14] have similarly argued that the 'right' kind of work can be good for a person, but what is less frequently described is what the 'right' kind of working environment entails and how factors in the work environment, including policies, culture and perceptions of absence management impact on employee absence and presence (including presenteeism) at work. Monitoring absence and supporting health and well-being improves productivity and lowers absence levels, and may reduce the length of current and subsequent periods of absence [15]. A second stream of literature rejects the role of job satisfaction as a cause of absenteeism, focusing instead on the role of demographics as well as work- and non-work-related constraints in influencing absenteeism [6]. Multiple studies have identified financial issues as a leading cause of stress for employees[16]. For example, the 2010 American Psychological Association's (APA) study on Stress in America indicates that 76% of Americans are stressed about money. In a 2003 study, Garman and Kim's [17]research indicates that financial stress is one of the key contributors to absenteeism. According to Klachefsky [18]. Absenteeism costs organizations 6% of overall payroll and averages just over 5 days per employee per year of incidental unplanned absences.

Increase Productivity:

The most pervasive method according to Howard [19] is to select the most able and best fitting employees and dismiss less productive employees. This suggests that employers frequently cope with absenteeism employees, who might have a lower individual peak performance than those committed to present to work workers or who are on average less productive than their younger colleagues.

Customer Satisfaction:

Customer satisfaction is defined by Johnson and Fornell [20] as a customer's overall evaluation of the performance of an offering to date.As an overall evaluation that is built up over time, satisfaction typically mediates the effects of product quality, service quality, and price or payment equity on loyalty [21, 22, 23]. It also contains a significant affective component, which is created through repeated product or service usage [24].

Organization Performance:

In the '50s organizational performancewas defined as the extent to which organizations, viewed as a social system fulfilled their objectives [25]. Performance evaluation during this period was focused on work, people and organizational structure. Later in the 60s and 70s, organizations have begun to explore new ways to evaluate their performance so performance was defined as an organization's ability to exploit its environment for accessing and using the limited resources [26]. In the years 80s and 90s there were realization that the identification of organizational objectives is more complex than initially considered. Organization top management began to understand that an organization is successful if it accomplishes its goals effectively by using a minimum of resources. Thus, organizational theories that followed supported the idea of an organization that achieves its performance objectives based on the constraints imposed by the limited resources [27]. Which is in this context, profit became one of the many indicators of performance. Meanwhile, Swanson [28] indicated that organizational performance is the valued productive output of system in the form of goods service.

Engagement:

The Gallup Work Place Audit [29] defines engagement as "the individual's involvement and satisfaction with as well as enthusiasm for work."Extensive researches were conducted across the world in service industries and it has shown that if a person is "engaged" in his or her job, he or she performs better, and the productivity of the organization improves significantly [1]. In the health care industry, research conducted by Gallup [29] and other organizations in the US shows that increased engagement among nurses results in increased patient satisfaction, better nurse retention and higher morale, lower avoidable mortality and complication rates, improved clinical measures such as reduced infections and reducedmedication errors [30]. Another study has revealed a positive relationship between unit-level employee engagement and performance measures including customer loyalty, productivity, and patient safety incidents [31]. Engagement is also linked to improvement on measures of absenteeism and turnover (or turnover intentions), suggesting that enhancing engagement might help health care organizations to improve employee retention [1]. When exploring engagement and its relationship with performance, it is important to differentiate engagement from motivation and job satisfaction. Motivation can be defined as "the willingness to exert and maintain an effort towards organizational goals" [30]. Job satisfaction is often defined as "the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs" [32].

EE1 – Attendance Incentive (AI):

Reward and benefits management, according to Armstrong [33], is concerned with the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organisation and thus help the organisation to achieve its strategic goals. In Dragon's company attendance incentive is considered as one of the engagement element due to the motivational impact it contributes towards reducing absenteeism.

EE2 – Education Assistance Program (EAP):

Education contributes to each individual's development by facilitating the attainment of mental powers, character and socialisation, as well as specific knowledge and skills. Development is therefore, for the most part, long term in focus. Development, according to Noe, Hollenbeck, Gerhart & Wright [34], means learning that is not necessarily related to the employee's current job. Instead, development prepares employees for other positions in the organisation and increases their ability to move into jobs that may not yet exist. Development may also help employees prepare for changes in their current jobs, such as changes resulting from new technology, work designsor customers. Development therefore is about preparing for change in the form of new jobs, new responsibilities, or new requirements.

EE3 – Total Employee Suggestion System (TESS):

Waal [35], suggests that, an employee's ability to see the connection between his or her work and the organisation's strategic objective is a driver of positive behaviour. This clarity is achieved by formulating and using personal objectives derived from strategy. More importantly, employees should be encouraged to fix their own working problems [36]. They are encouraged to make suggestions and take relatively high degree of responsibility for overall performance [36]. Dragon's taking this as opportunity to engage the staff by allowing them to contribute to the organization by providing a medium for them to spill their ideas towards improving organization performance and achieving goals. TESS's committee will review and reply the suggestion accordingly with some honorarium indicated by Gold, Silver or Bronze level or just a thank you certificate with a small gift for all suggestion received by the committee.

EE4 – Employee Profit Sharing (EPS):

Brown and Sessions [37] report that employees in performance-related pay plans have more positive views about management-employee relations and how the workplace is run. The sharing system as defined by Handel and Levine [38] would be a key component of a mutual-gains or high-commitment system where both workers and the firms come out ahead. Shared capitalist systems could operate in part as a "gift exchange" between the worker and the firm, in which the higher pay increases worker effort, decreases turnover, and increases worker loyalty [39]. But in the Dragon's organization, present to work is a key factor contributing to the organization's profit sharing incentives pay to the employees.

Methodology:

The most common method of generating primary data is through survey [40]. Zikmund [40] defines a survey as a research technique in which information is gathered from a sample of people through a questionnaire. Thus, because of the need to generate primary data to achieve the objectives of this study, survey research was adopted.In this cross-sectional survey, the data will be collected from all of Dragon's employees through the distribution of questionnaires and the data will be analyzed and interpreted through Statistical Package for Social Sciences (SPSS), version 21.0 to determine the relationship involved. In the context of this study using Proportionate Stratified Random Sampling to identify each of the employees at every management hierarchy which had lower level management, middle level management and top level management.

Based on Krejcie and Morgan[41], a total of 381 employees will be the respondents in this study to answer the given questionnaires. This study is going to identify the relationship between variables by using Pearson correlation. Besides that, the most influential transformational engagement styles effectiveness criteria to organization job performance will be analyzed based on the Multiple Regression Analysis. In addition, this study also aims to identify the level of employees job performance based on descriptive analysis.

Conclusion:

Engagement plays important roles in ensuring the presenteeism of employees to work. Organization should consider long term benefits in providing engagement program to their employees to be able to sustain in the current competitive business environment. Building bridge between employees and employer is crucial towards achieving organization performance and objectives.
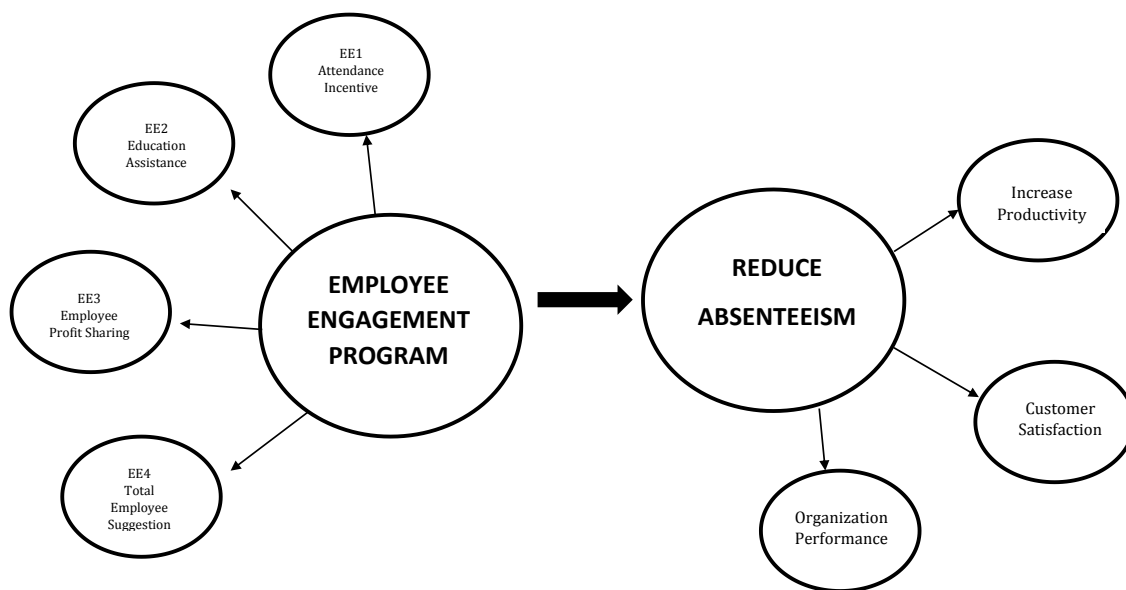

Diagram. 1: Proposed Framework

Diagram 1 above shows the relationship between employee engagement program towards reducing absenteeism. In this diagram it consists of four factors (i.e. Attendance incentive, education assistance, employee profit sharing and total employee suggestion system). Thus, this model will describe the relationship of two variables and this proposed model will give better understanding either the relationship will affect directly on the relationship between the benchmarks of engagement program on reducing absenteeism. In order to understand the effect of engagement program towards absenteeism amongst Dragon's staff, this conceptual framework provides the factors of engagement program that able to advance the organization to achieve employees presenteeism. From the conceptual framework, the independent variables comprise the transformational engagement program.

The dependable variable in this study is about the Dragon's staff absenteeism. The conceptual framework highlight that absenteeism reducing based on implementation of engagement program that can increase productivity, customer satisfaction and organization performance as a whole.

Notes

1. The real names of the organisation and its divisions are not disclosed for reasons of confidentiality. The actual names of the programmes have also been replaced with fictitiousnames.

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