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## **Policy measures regarding absenteeism in MSME's: Some reflections**

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### **Abstract**

One of the most common problems facing employers in today's workplace is employee absenteeism. It is not something that is unique to any particular industry as its costs impacts just about every workplace. There is no one single or a common policy followed by all the employers, yet, employers have to follow some policies which are stringent as well as friendly in some kind to the employers. Micro Small and Medium Enterprise (MSME's) today are facing a major threat of Absenteeism because of lack of policy measures framed by the government. This article tries to deal with the policies that have to be followed to reduce the Absenteeism.

**Keywords:** Policies, Absenteeism, MSME

### **Introduction**

Major Concern in today's Industry is Absenteeism and it's been a major factor in reduction of productivity. So the management should get active involvement in nurturing the mutual consensus of the employee problems, wage hikes, Personal Counselling, Employee association to address the grievance. In a recent Ipsos-Reid survey conducted with Warren Shepell, Human Resources Professionals Association of Ontario (HRPAO) conference participants – who were mostly managers - indicated that the top causes for and contributors towards absenteeism in the workplace are “depression/anxiety and other mental health disorders” (66%) and “stress” (60%). The other substantial causes included “relationship with supervisor/manager” (approx. 44%), “childcare” (approx. 35%), “conflicts in the workplace” (approx. 28%), “issues with parenting” (approx. 21%), “drug and alcohol abuse issues” (approx. 20%) and “elder care” (approx. 20%).

There is no one single or a common policy followed by all the employers yet, employers have to follow some policies which are stringent as well as friendly in some kind to the employees. There are certain laws for leaves which are followed by the central and state, but since the pattern of Absenteeism is different in every Enterprise, it has to be dealt accordingly.

There has been a lot of research to support the fact that one reason that employees leave organizations is because of their supervisor. This is why it is important for anyone managing employees, to have the proper training and support, to ensure they are dealing with employees appropriately and professionally

### **Common Policies for Leave Practiced**

Employment laws set the authority framework for deciding different dimensions of leave, like category or types, eligibility, duration etc. Many companies and organizations categorise leaves in different categories like casual leave, sick leave, earned leave, maternity leave, special leaves, loss of pay leave, compensatory leave etc.

### **Earned leaves encashed are now not liable for Provident Fund deductions**

March 12, 2008 onwards no Provident Fund deductions can be made from the amount received by an employee by encashing the earned leave.

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This is because earned leaves that are encashed do not constitute a part of 'basic wages' under Section 2(b) of the Employees' Provident fund and Miscellaneous Provisions Act, 1952.

The Employees' Provident Fund Organization has also directed through a circular directed to discontinue PF deductions on such earned leave encashments with immediate effect. Further, it has clarified that if any payment has been already made in respect of the same, it can be adjusted for future liabilities and no refund can be claimed from the same.

**Pension, paid leave and maternity benefits now extended to domestic workers**

With the passing of the Domestic workers (Registration, social security and welfare) Act 2008 every registered Domestic Worker is now scheduled to receive maternity benefits and paid leave that is a paid weekly off.

The benefits conferred here include constitution of a Domestic Workers Welfare Board consisting of representatives from middle class, domestic workers and the government. Also it provided for fixation of Minimum hourly wages by the board which may differ from city to city.

**The Supervisor has to look for the following**

**Reasons for Leave:** According to Factories Act, requiring covered employers to provide employees job-protected and unpaid leave for qualified medical and family reasons. Qualified medical and family reasons include: personal or family illness,

pregnancy. The government was intended "to balance the demands of the workplace with the needs of families.

**Duration of Leave:** Duration of leave depends on individual organisations in India, According to the Act a Employee can go for a Sick Leave for 30 days, scheduled in different way by the organisations. Employees may take medical leave occasionally or on a reduced-leave schedule when medically necessary without permission from the employer. But the employees should not cross the number of leaves mentioned by the organization or the Enterprise. The supervisor has to record the leaves availed and inform the employee regarding the same.

**Notice of Leave:** Employees have to intimate the immediate boss or the management if he/she is going on leave for more than two days. If it is a unskilled labour the supervisor has to help in this regard.

**Leaves in establishments covered under the shops and establishments act**

Shops and Establishments Act provides for provisions of leave for the employees. The said Act is framed by each State on its own and therefore would be different in its provisions. Therefore, a table has been designed to collate provisions of leave as applicable to each State separately.

**Karnataka Shops and Commercial Establishments Act, 1961**

Type of Leave	Privileged Leave/ Earned Leave	Casual Leave	Sick Leave	Maternity Leave
Quantum per year	20 days (1 leave for every 20 days) on working 240 days in a year	-	12 days on Medical grounds	Provisions of Maternity Benefits Act, 1961 to apply
Entitlement	On working 240 days in a year. On joining mid year, he will be entitled to 2/3 <sup>rd</sup> of the remaining period during the year	-	-	
Accumulation	Maximum of 30 days	Not allowed	Not allowed	

\*Source: Paycheck.in

Other provisions which the supervisor has to take care:

- If the Employee has quit or has been terminated, his earned leave balance should be paid to the employee and in case of death, to the nominee, within 2 days.
- Any worker who has applied for leave and has not been granted the same, such refused leave shall be carried forward without any limit.
- Leave can be calculated on Basic wages and DA.
- Leave book & Leave Register to be maintained for each worker

**How can an employer reduce absenteeism?**



**Tips for Managing and Reducing Employee Absenteeism**

Beyond legal compliance, there are steps employers can take to better manage or reduce employee absenteeism. Here are a few tips:

**Be sure attendance expectations are clearly set:** Some absences and tardiness can be attributed to simple misunderstandings about the time work should begin. The solution may be as simple as creating a clear attendance policy if one does not already exist. Setting expectations also requires clear communications about the policy and the repercussions of absences.

It's also important to decide the level of tracking the organization deems necessary regarding absences. For example, will every absence be tracked and the reason noted? Will tardiness count against the employee's allowed absences, or will tardiness be handled separately?

**Enforce the attendance policy consistently:** This is more difficult than it sounds. It can be tempting to allow more absences than the attendance policy outlines when employees are facing difficult situations. While an employer is, of course, free to do so, it's better to have a policy that has flexibility built into it so that it can be implemented consistently and not incite claims of favoritism or discrimination when it's applied differently for different individuals.

This issue is especially hard to control across different managers or different divisions. One manager may be more lenient on recording tardiness and absences, for example, while another may be "by the book" on all matters, which can lead to resentment if employees see this inconsistent behavior. All supervisors and managers should be trained on how to implement the attendance policy consistently.

**Ensure all employees know what to do when they need to be late or miss a day:** Workers should know when and who to call and what information needs to be provided. They should also understand what documentation, if any, they will be required to provide to the employer upon return (e.g., a doctor's note).

**Assess the amount of paid time off that is allowed:** Is it enough for most employees to handle all of their nonwork obligations and stay physically and mentally healthy? If not, a first step in reducing unplanned absences may be to allow more planned absences. While this may not reduce the total time away from work, it can reduce the unplanned nature of employee call-outs when employees feel empowered and able to schedule enough absences without penalty (i.e., they don't have to call in sick for something that is not an illness).

**Consider implementing programs designed to improve employee wellness:** For example, in addition to standard employee wellness programs, a business might include employee assistance programs (EAPs) or other initiatives aimed at reducing stress or helping employees in some other capacity.

**Ensure managers understand that absences often come at times that employees are experiencing hardships:** Concern can go a long way.

**Remember that employees may need assistance getting back to work:** This might include light-duty options or the option to work from home during the transition, for example. Work to keep employees motivated and engaged. Satisfied employees are less likely to abuse an absence policy.

**Consider rewarding good attendance:** Be sure not to penalize those who have taken protected leave, but consider implementing rewards that encourage good attendance practices, as these can be good motivators. This can even be as simple as providing positive feedback and encouragement to employees with good attendance.

**Consider changing schedules when appropriate to accommodate differing employee needs:** Sometimes a small schedule change can eliminate problems.

There are many other strategies that an employer can initiate which will help them to reduce absenteeism in their business:

- Promote a high performance work culture and emphasise the importance of the employee fitting into this culture.
- Provide flexible work practices which meet the needs of your business and your employees.
- Promote the use of carer's or domestic leave.
- Try to eliminate or decrease "boring" or repetitive jobs.
- Widen job responsibilities.
- Increase promotional opportunities.
- Recognise and reward your employees' contribution.

- Improve the skills of supervisors.
- Provide training and development.
- Work with employees to develop strategies to reduce absenteeism.
- Implement preventative occupational health and safety strategies in order to minimise worker's compensation absences.
- Monitor annual leave and long service leave data to ensure your employees are taking adequate recreational breaks.

### Conclusion

MSMEs play a major role in the economic development of Indian economy and have become a principal source of employment generation. These MSME's usually face a wide variety of challenges obstructing their day to day business it hampers long term success and survival also.

Our Policies must encourage employee detainment and employee turnover of Enterprises. Let it be understood that big businesses evolve from small business only and go on to become several large companies. Employees are the backbone for this success.

Measures have been taken by government regarding the MSME's finance, raw materials, credit, technology and training but there no stringent policies framed for the welfare of the employees like US and other countries have for Absenteeism. There is still a Dilemma regarding what measures have to be taken for Absenteeism, MNC companies in our country have framed HR policies and they act accordingly. But since MSME's lack in this, they face a major problem of Absenteeism because treating Absenteeism is more important than measuring it.

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