

Improving Retention and Reducing Absenteeism: A Case of Electronic Products' Company in Sargodha

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Introduction and Background

XYZ Traders is renowned for producing several electronic goods including LED lights, fan dimmers, china fitting sheets, volt meters, and volt protectors. They have been producing excellent electronic products in the Sargodha division since 1995. They supply their products all over Pakistan and their products are well received and appreciated in the country, especially in the areas surrounding the Sargodha division.

XYZ heavily depends on labourers who work at low hourly wage rates. The main manufacturing unit has approximately 70 employees working in the production department. The number of managerial staff is minimal. The skills level of most labourers ranges from good to excellent however there is a major issue lurking under the surface: turnover and absenteeism. The production levels can be improved as well—given the right level of motivation.

Taking Consultancy from a Human Resource Professional

In order to resolve this matter Mr. Aizaz Sheikh, the proprietor of XYZ Traders decided to call a Human Resource expert from a university located in the city. The expert Mr. Waqas visited and examined the situation of HR of the company. He observed the situation and conducted meetings with the owner, line manager, and staff. Mr. Aizaz was of the view: “Truth be told, I’ve always felt that the cost associated with keeping an HR department is wasted. Of course, it’s fashionable... but we conduct business the ‘old-school’ way. However, if what you’re saying is true, why don’t you diagnose issues with XYZ labour... and fix them? I’ve never had the time to analyze the situation... since we majorly work with daily wagers; I never thought that a high turnover and absenteeism rate could be that detrimental. Besides, there isn’t much work around. There are not a lot of jobs available, so I don’t see why employees are resorting to absenteeism” explained Mr. Aizaz.

Mr. Waqas viewed the company stats and found that the profitability of XYZ hadn't been affected adversely, but the matter of fact remains that the company could have done better had these micro issues been taken more seriously. Historical data showed causes for concern because turnover rate and absenteeism have risen to 40% and 25% respectively, compared to the years before 2023. From 2018 to 2023, both rates were much more stable. There is plenty of labour available in the surrounding areas of XYZ; however, 'skilled labour' is a completely different proposition.

Mr. Waqas said, "In your line of work, finesse matters. If you seek lasting competitive advantage you have to start investing in your employees said one of the recommendations". He further probed the line manager Mr. Naveed and the labourers. "We do not want to lose our jobs. But the fact of the matter is that we don't get paid enough. We understand that the cost of conducting business has increased but inflation has also increased. It's difficult for everyone. In such times, skilled labourers need to be retained" revealed Naveed. He further said, "We work under pressing circumstances. It is getting hard to maintain the family expenses. It is hard to stay focused" explained one of the labourers. Another labour said, "One thing is that we have low wages, another thing is that we don't feel appreciated and recognized for our work. Finding the motivation to put in required hours effectively is very difficult when we don't have task autonomy." In addition, it was the concern of labourers that they did not have adequate safety measures and knowledge of safe work practices. Due to this a lot of workers prefer moving to other workplaces.

The final Report

The writing was on the wall: the employees were dejected and seriously needed motivation and workplace safety. "Monetary rewards aren't the only thing you need to look into" said Mr. Waqas's report "You also need to motivate the employees by formally recognizing their efforts and motivating them." "At some point in time you will have to bite the bullet!" said Mr. Waqas while handing over the reports and recommendations.

In the final meeting with Mr. Aizaz, he asserted, "Human Resource Management is a subtle discipline because human beings are hard to understand... therefore, you got to be patient with my recommendation" ... after submitting his detailed review of XYZ Company's Human Resource situation. On receiving the final report and list of recommendations, Mr. Aizaz seemed intrigued by the findings.

Being an HR professional, Mr. Waqas knew that it would be difficult for the owners of XYZ to recognize the gravity of the issue. He also knew that making recommendations was the easy part. Implementing them was the real challenge. The formation and implementation of a viable HR policy needed the consent of the owners. They needed to raise the wages. They also needed to spend more on training.

Days after handing over the recommendations, Mr. Waqas held another meeting with Mr. Aizaz. They both spent an hour mulling over the situation trying to find a strategy that would be easy on the company's finances as well as the employees.

"Two things need to be done immediately: increased wages and introduction of a real training and safety measures program. But even that won't work entirely, because, we need to have a good mix of intrinsic and extrinsic rewards. We also need to record our progress and see if our strategy is working as planned" suggested Mr. Waqas.

The consultancy outcome

In the following week, a training program about safety measures was held at XYZ's training auditorium, which was rarely used before. A local trainer spent two hours explaining work-related precautionary measures. Later in the week when Mr. Waqas met the employees, he received generally positive feedback from the employees.

"Most of us thought that we knew almost everything about our work ... but we were surprised that we almost knew nothing about workplace safety", said one of the more experienced employees.

In the days to come, the employees had more good news to cheer about. Grapevine had it that the administration had decided to raise the wages of the workers. The administration also recorded a minor improvement in production levels.

"It took a lot of effort to convince Mr. Aizaz to raise the salaries... I hope that I'm proven right and absenteeism and turnover is reduced" thought Mr. Waqas while making his way out of XYZ after having a busy day.

Note: In order to ensure confidentiality, the names of the real company and owners of the company are kept disguised for this case study.