

COMPARISON BETWEEN THE PERCEPTOINS OF SUPERVISORY AND  
NON-SUPERVISORY EMPLOYEES ON THE FACTORS CONTRIBUTING  
TO EMPLOYEE ABSENTEEISM IN THE HOTEL AND ELECTRONICS  
INDUSTRY

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## **ABSTRACT**

### **COMPARISON BETWEEN THE PERCEPTIONS OF NON-SUPERVISORY AND SUPERVISORY EMPLOYEES ON THE FACTORS CONTRIBUTING TO EMPLOYEE ABSENTEEISM IN THE HOTEL AND ELECTRONICS INDUSTRY**

Foo Mei Jee

Perceptions of non-supervisory and supervisory employees on the factors contributing to employee absenteeism are important as it determines employees' work behaviour in the workplace. Employees' perceptions can help determine the type of behaviour employee show in the workplace. Generally, this study aims to look into the various factors (job satisfaction, compensation, workplace environment, working relationship with colleagues, illness and family responsibility) and its relationship with employee absenteeism and its contribution to employee absenteeism. The objective of this study is to identify the relationship between the perception of supervisory and non-supervisory employees on the factors contributing to employee absenteeism. This study chose the survey method as the design uses simple random sampling with a sample of 73 respondents out of 136 supervisors and 162 respondents out of 1502 non-supervisory employees. The instruments used are questionnaires which is then analysed with Pearson correlation, One-Way ANOVA, T-Test for inferential statistics and frequencies for descriptive statistics using SPSS. Results of this study show that there is a significant relationship between some factors and employee absenteeism which further supports past research that have shown that these factors being studied does have significant relationship with employee absenteeism.

## **ABSTRAK**

### **PERBANDINGAN DI ANTARA PERSEPSI PENYELIA DAN PEKERJA BUKAN PENYELIA TERHADAP FAKTOR-FAKTOR YANG MENYUMBANG KEPADA KETIDAKHADIRAN PEKERJA DI INDUSTRI HOTEL DAN ELEKTRONIK.**

*Foo Mei Jee*

*Persepsi pekerja bukan penyelia dan penyelia terhadap faktor-faktor yang menyumbang kepada ketidakhadiran pekerja adalah penting kerana ia akan dapat membantu menentukan jenis tingkah laku pekerja di tempat kerja. Secara umum, kajian ini bertujuan untuk melihat beberapa faktor (kepuasan kerja, pampasan, persekitaran tempat kerja, perhubungan antara pekerja, sakit dan tanggungjawab keluarga) dan perhubungannya dengan ketidakhadiran pekerja. Objektif kajian ini adalah untuk menentukan perhubungan antara persepsi penyelia dan pekerja bukan penyelia terhadap faktor-faktor yang menyumbang kepada ketidakhadiran pekerja. Kajian ini telah memilih kaedah survey sebagai rekabentuk kajian dengan sampel sebanyak 73 responden daripada 136 penyelia dan 162 daripada 1502 pekerja bukan penyelia. Instrumen yang digunakan adalah boring soal selidik yang kemudiannya dianalisis menggunakan SPSS. Keputusan kajian ini menunjukkan bahawa terdapat perhubungan yang signifikan di antara beberapa faktor yang telah dikaji dengan ketidakhadiran pekerja yang kemudian menyokong beberapa kajian lepas.*

# CHAPTER 1

## INTRODUCTION

### 1.1 Introduction

Workplace attendance and absenteeism are of fundamental importance to industrialised society. (The Australasian Faculty of Occupational Medicine, 1999). Absenteeism is a human capital risk. (Kastuv Ray, undated). Employee absenteeism is a costly personnel problem attracting the attention of theoreticians and practitioners alike (Hackett, 1989). Absenteeism is widespread and costly to organisations. On any given workday in the United States, 16 to 20 percent of employees do not show up for work. Absenteeism accounts for more time lost from work than do strikes and lockouts, and it costs business up to \$30 billion a year (Schultz & Schultz, 1994). The most important resources of an organisation is its employees and in this new era, employees as well as employers are aware of the importance of employee resulting in many strategies being implemented to attract and retain employees. It is also essential to ensure that employees show good performance and attendance to maintain the quality of productivity of an organisation. Labour productivity is one of the major determinants of national prosperity in the long run (Chatterji and Tilley, 2002). When employees do not turn up for work, this may have an impact on their self-worth and has a

detrimental effect on the organisation. Workplace absenteeism is a complex multi-dimensional issue that involves the interaction and subtle interplay between the employee, employer, and workplace, social, societal and economic factors. Absenteeism most directly affects the industry as a cost of production as well as reduces the productivity of a particular organisation in the industry. It also adds to the organisation's costs or reduces the quality of public and private goods and services.

The business environment has changed and become more competitive in every industry. Employee attendance and productivity is an important component of human resource performance. Technology has taken its toll in the business environment requiring change to take place in the workplace, training and restructuring to accommodate this era of information technology and to meet employer and employee needs. Technological changes not only have resulted in reduced work concentration and efficiency, they have also created several stress-producing factors: work overload, work pressure and job insecurity. (Ho, 1997).

Work attendance is linked to many factors, with the major, though not sole determinant, being disease-related incapacity. (The Australasian Faculty of Occupational Medicine, 1999). According to Quick (1987), US organisations continue to lead most European and Asian organisations in employee health promotion. In Singapore, the level of awareness or concern for employee health promotion is low. This is surprising in view of the high economic absenteeism rate arising from illness (averaging seven days of medical leave per worker in

1991) and the high corporate medical expenses (averaging \$316 of medical cost per worker and annual corporate health care cost of approximately \$416 million) (Malik, 1993). It has been estimated that poor health and injury account for nearly 60 percent of all lost hours from work (Conrad, 1987). This phenomenon is what is known as sickness absence. Sickness absence has become the most common kind of absenteeism. There are times when employees take medical leaves even when they are not ill. According to Julie Parkins (2002), Calling in sick for work is something many of us have done at one time or another. Perhaps we weren't actually sick, but just felt that we needed a 'mental health' day.

Besides sickness absences, there are also other factors that are associated with absenteeism. Factors associated with absenteeism have been documented as workplace size (Kriegler & Wooden, 1990), gender (Phillipson & Geddes, 1978), age ( Zanko, 1989 and Wooden, 1990), marital status (Redfern, 1978), position and qualifications (Taunton et al., 1989). Other sources of absenteeism are personal problems such as divorce, alcoholism, family responsibilities and relationship with colleagues. These are the individual factor contributing to absenteeism. There are also the institutional factors such as compensation system and workplace environment. Another factor would be the demographic factors that consist of gender, age and educational level.

Understanding the factors contributing to absenteeism is essential in allowing the organisation to take necessary steps to maintain, improve or prevent employee absenteeism. Employees of all levels in the organisation play an

important role in the operation and well-being of the organisation. Without employees, the organisation would not be able to function as a whole to meet its expectations and goals. Therefore, it is important for the organisation to ensure that its employee shows good attendance which in turn guarantees good productivity and quality of its goods and services enabling the organisation to compete in the industry.

## **1.2 Background of study**

Employee absence is an issue which has been the subject of much research and debate over a prolonged period of time (Chadwick-Jones *et al.*, 1982; Terborg *et al.*, 1982; Banham, 1992; Hodson *et al.*, 1993; Martocchio, 1994; Muir, 1994; Health and Safety Executive, 1995; Gellatly and Luchak, 1998; and CBI, 1999). A great deal has been written about absenteeism and its impact on an organization. (Leap and Crino, 1993). Absenteeism has become a common phenomenon plaguing the hotel and high-tech industry. The hospitality industry has been capitalized as having excessive levels of both absenteeism and turnover (Pizam and Thornburg, 2000). This issue has become of interest for researchers in the 21<sup>st</sup> century in the advent of the rapid development and changes occurring in the tourism and hospitality industry as well as in the technology or high-tech industry. The issue of employee absence has attracted much attention in recent years, and from a variety of perspectives (Bennett, 2002). Both these industry has working hours that follows a few different shifts that requires employees to work at odd times of the days sometimes.

In this 21<sup>st</sup> century, customers are important to all organizations be it in the hotel or the high-tech industry. In both these industries, quality and productivity is essential in maintaining the performance and competitive advantage of the organizations in the industry. Employees are important resources to the organization to perform, produce and provide the goods and services of the organization to customers. Without employees, the organization will not be able to function and meet its goals, vision and mission of ensuring customer satisfaction and high quality productivity.

Therefore, it is essential for organizations in the hotel and high-tech industry to manage their employee attendance and ensure that all employees are present to perform their tasks and duties as scheduled. In order to prevent absenteeism in the organization, the factors contributing to absenteeism need to be identified and steps should be taken to overcome the problems affecting employee attendance. Absenteeism is a cost to the organization as it means that other employees have to work more while their colleagues are absent from work. The economic impact of employee absenteeism derives mainly from the costs of decreased productivity because absence from work, less experienced replacements and the additional expense of hiring substitute labour (Ho, 1997). According to McHugh (2002), it is estimated that when indirect costs are included, absenteeism costs British employers around £1.092 per employee, per year.

Absenteeism has been an ongoing phenomenon which has not been given much attention until recently. This is because of the lack of documentation and records on employee attendance and emphasis of keeping track of employee attendance as well as their absences. Most organizations do not study the factors contributing to absenteeism because they do not see it as a major problem affecting the organization. Absenteeism affects an organization indirectly especially to the cost of the organization.

In this study, factors contributing to absenteeism will be analyzed by studying the different factors that have been selected as the independent variables for this study and determining the dominant or major factors that are influencing employee absences in the organizations being studied. According to Steel & Rentsch (1995), current results indicated that job satisfaction and job involvement were significantly correlated with the absenteeism measures. Education level and gender were excellent predictors of long-term absenteeism. (Steel and Rentsch, 1995). Non-institutional and institutional factors are also studied to determine their relationship with absenteeism. The ways in which tasks or the work context are organised, the structure of the organisation and the management hierarchy, together with low levels of employee responsibility, morale, motivation and job satisfaction, have all been shown to be associated with employee absence (Dalton and Mesch, 1990; Rentsch and Steel, 1998). Therefore, the demographic factors, non-institutional and institutional factors can be safely used for determining the factors contributing to absenteeism.



### **1.3 Statement of Problem**

Every organisation faces absenteeism to some extent. The only difference is the seriousness of each organisation's absenteeism rate and its effects to the productivity and cost of the organisation. The factors and causes of absenteeism of each organisation may be different. With the high cost of replacing employees and the detrimental effects of absenteeism and turnover on service quality, it is imperative that these two phenomena are understood and their magnitude periodically estimated (Pizam and Thornburg, 2000). Absenteeism affects the efficiency and productivity of an organisation. According to Staw (1984), the effects of absenteeism are serious. Despite and empirical effort, absence and lateness remain widespread, frustrating and potentially costly problems in organizations (Goodman and Garber, 1988; Harrison and Martocchio, 1998; Johns, 1997). However, in some cases employees find that being absents from work helps them reduce work stress and pressure at the workplace. Absenteeism can provide stress-relief, making employees more efficient when they return to work (Bachler, 1995).

In Malaysia, the rapid development of technology has seen many projects and plans of developing better more advanced technology and change toward information technology. It can be seen with the opening of the Multimedia Super Corridor (MSC), opening of several smart schools at Cyberjaya, and introducing smart cards in the form of our identity cards as well as ATM cards whereby these cards have a microchip that allows more functions can be used with just one card.

This has resulted in the demand for skilled people in high-tech functions and in information technology.

The development of the tourism industry to increase the revenue of our country and encouraging our Malaysia citizens to travel within Malaysia is also an effort to improve the well-being and encourage Malaysians to get to know our own country better. This has result in the opening and setting up of new hotels which in turn increases the demand for hotelier.

There are certain implications that arise when absenteeism occurs. Firstly, employers have to cover the cost of paying employees especially those who are paid on a monthly basis even when they do not turn up to work. This result in employers having to provide some 'output' without less 'input' or paying without getting any work or production completed. However, employers are entitled to cut employee's salary based on the total absences of an employee as it is important to prevent the wastage of extra cost.

Although it seems that absenteeism is caused by non-institutional factors such as the demographic factors of an employee, personal problems, health and employee's intrinsic self, there are a lot of other factors besides those mentioned that are institutional factors such as training, management style, compensation and benefits that indirectly effects employees' behaviour, motivation and job satisfaction that results in absenteeism.

Cross-level absence research acknowledges the social context in which absence decisions are made. This approach argues that social norms and absence cultures affect an employee's attendance decisions (Johns & Nicholson, 1982; Mathieu & Kohler, 1990; Nicholson & Johns, 1985).

The view that absenteeism is merely caused by external and individual factors that cannot be controlled by an organisation has led to an abandonment of this issue by employers. Employees of most organisations do not view absenteeism as a serious problem and consequence of institutional factors and tend to overlook this problem and focus on other organisational problems. They do not view absenteeism as a significant disadvantage to the organisation as the consequences and effects of absenteeism is indirect and not obvious.

Absenteeism has been noted by nursing administrators to be a costly and disruptive problem (Williams and Slater, 1996). The total cost is hard to estimate because it consists of both direct costs, such as overtime and indirect costs, such as lost revenue from disgruntled customers (Pizam and Thornburg, 2000). There are certain negative implications of absenteeism to an organisation and it includes:

#### 1) Financial costs

The cost of absenteeism adds a huge amount of losses to a company's expenses. These costs include hiring costs, training costs, and cost of hiring temporary replacements as well as productivity losses. Payment of overtime may result. Absenteeism costs are difficult to be accurately calculated. Absenteeism costs

may be assessed on the basis of wages or salary paid to the absent employees, lost production or customer service, payroll costs for employing more employees than necessary because of anticipated absences, and supervisory effort required to document absenteeism and rearrange working schedules (Leap & Crino, 1993).

## 2) Total hours lost

Absenteeism results in a huge amount of hours or work lost when an aggregate of the total number of hours are calculated accurately. These total hours lost affects the productivity and performance of an organisation as well as the implications of costs to an organisation based on the calculations of cost on the basis of hours of work lost. Absenteeism accounts for more time lost from work than do strikes and lockouts, and it costs businesses up to \$30 billion a year (Schultz & Schultz, 1994).

## 3) Decrease productivity

When employees are absent from work, the productivity of the organisation is effected as there would be lack of manpower in carrying out all the tasks and duties. Other employees have to carry extra workload because of absent colleagues. This tends to increase the pressures on services and staff. Employees' motivation is reduced as well and negative work attitudes are developed as result of absenteeism. Employees may also have to train and orientate new or replacement employees. Staff morale and employee service may suffer from absenteeism.

#### 4) Disruption in Customer Service/Loyalty

In a business, customers and clients are involved in part because of the people they are working with in the business relationship. Relationships encourage the continued patronage of the business. When an organisation have a high absenteeism rate, productivity and quality of performance of the organisation may be affected which would then affect the relationship of the organisation with its customers or clients due to the problem of not being able to provide a good quality service or products. Therefore, their loyalty to the organisation would be affected as well.

#### 5) Absenteeism leading to more absenteeism

Absenteeism is misbehaviour and may become a culture developed over time. Employees who are often absent would cause other employees to work over time or do more work for the absentees. Other employees would feel discouraged and may tend to be absent from work just to escape from having to do extra work. This is also because these employees may feel that it is unfair that they have to do the absentee's part of the job but still be paid the same salary.

#### 6) Administrative costs

Staff time may be required to secure replacement employees or to re-assign the remaining employees when some employees are absent from work therefore, causing some disruptions to the work schedule. Staff time is also required to control and maintain absenteeism in the organisation.

These negative implications of employee absenteeism are impeding the organisation from achieving its goals and expectations. The economic impact of employee absenteeism derives mainly from the costs of decreased productivity because of absence from work, less experienced replacements and additional expenses of hiring substitute labour (Ho, 1997). Organisations cannot afford these negative implications in the long-run. Therefore, a study in the hotel and high-tech industry to determine the factors contributing to employee absenteeism is crucial to allow the organisation to seek ways to improve employee attendance in the organisation. This study intends to study on the institutional factors that can be controlled by an employer and also can be manipulated to decrease absenteeism and increase employee attendance.

## **1.4 Objectives**

### 1.3.1 General Objectives

The main purpose of this study is to identify the factors contributing to absenteeism in the hotel industry and the high-tech industry by doing a survey on employee absenteeism in Penview Inn, Kuching Park Hotel and Komag (M) Sdn. Bhd., which are located in Kuching, Sarawak.

### 1.3.2 Specific Objectives

- a. Determine the relationship between job satisfaction and employee absenteeism.
- b. Determine the relationship between compensation and employee absenteeism.

- c. Determine the relationship between workplace environment and employee absenteeism.
- d. Determine the relationship between working relationship with colleagues and employee absenteeism.
- e. Determine the relationship between illness and employee absenteeism.
- f. Determine the relationship family responsibility and employee absenteeism.
- g. Determine the differences between demographic factors and employee absenteeism.

### **1.5 Conceptual Framework**

A conceptual framework has been developed for this study as shown in the figure below. This framework is developed based on the objectives of this study together with the knowledge and information that has been obtained from literature review. The institutional factors, non-institutional factors and the demographic factors would be studied.

The conceptual framework developed includes all the factors below. The institutional factors being studied are satisfaction towards working conditions, compensation, workplace environment and working relationships with colleagues. Non-institutional factors i.e. illness, transportation problem and family responsibility and demographic factors i.e. gender, age and marital status. These three main factors would be independent variables that would influence employee absenteeism which is the dependent variable. The conceptual framework is as below.

$$Y = X1 + X2 + X3 + X4 + X5 + X6 + X7 + X8 + X9 + X10 + U$$

Whereby,

Y = Employee absenteeism

X1 = Gender

X2 = Age

X3 = Marital status

X4 = Job characteristics

X5 = Job satisfaction

X6 = Compensation

X7 = Working conditions

X8 = Working relationships with colleagues

X9 = Illness

X10 = Family responsibility

U = Sarcastic error

(Y is the dependent variable and X are the independent variables)