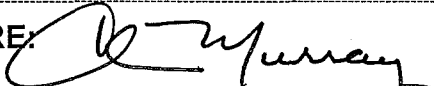


Hamilton

INFORMATION REPORT

TO: Mayor and Members, General Issues Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: June 20, 2012	
SUBJECT/REPORT NO: Employee Attendance Incentives (HUR12012) - (Outstanding Business Item)	
SUBMITTED BY: Chris Murray, City Manager	PREPARED BY: Helen Hale Tomasik Ext. 4155 Lora Fontana Ext 4091 David Lindeman Ext. 5657
SIGNATURE: 	

Council Direction:

(a) Incentive Program to Mitigate Absenteeism (January 30)

On a motion, staff was directed to assess means of formulating an incentive program to mitigate absenteeism in the City, and report back to the General Issues Committee.

Executive Summary:

Human Resources examined the potential use and effectiveness of individual employee incentives as positive re-enforcement for good attendance. As a result of this investigation, staff concluded that these programs are not effective in lowering sick absence rates on a sustained basis. In fact, the review identified concerns about the discriminatory nature of these programs, particularly with respect to employees whose disabilities are protected and preserved through human rights legislation.

Human Resources staff has concluded that incentive programs designed to improve overall attendance rates are not recommended.

Background:

The City of Hamilton expects regular attendance at work from all employees. Having said that, the City also recognizes that, on occasion, employees need to be absent from work to aid with recovery from illness and injury or to prevent the spread of communicable disease. Employers, like the City of Hamilton, are entitled to manage attendance.

Effective disability management allows the employees to continue making a valuable contribution to the organization while increasing overall worker morale and reducing costs. A well designed disability management program can shorten or even prevent employee absences and maintain productivity.

Disability management programs are enhanced by workplace wellness, employee and family assistance and health and safety programs. Together, they provide an integrated approach to preventing and controlling occupational and non-occupational disabilities.

As part of an overall disability management strategy, some employers have considered the use of incentives and rewards to promote and achieve better employee attendance at work.

Incentives to Promote Improved Attendance at Work

Incentive programs attempt to reinforce and reward positive behaviours and attendance outcomes with financial or other monetary awards. Employer considerations when developing incentive programs include:

- whether rewards are for “perfect” attendance or improved attendance that meets a target
- the need for clear definitions of “good attendance” and associated rewards
- the monitoring regime, i.e., will attendance be monitored, assessed and rewarded on a monthly, quarterly, semi-annual or annual basis
- the reward offered: cash, paid days off work, payment for unused sick credits, extended service recognition for retirement purposes, etc.
- that financial awards need to be significant and meaningful to be effective
- the fairness of the program and effectiveness to get the right behaviours
- the impact of sick employees attending work in order to gain the incentive
- any human rights and collective bargaining implications

City of Hamilton Experience with Incentive Programs

The City had an Attendance Excellence Recognition program that ended a number of years ago. Employees with a year of “perfect attendance” were sent a certificate of recognition from the City Manager. The program ran for about ten years but ultimately encountered difficulty in defining perfect attendance, was seen as achieving little

measurable success in relation to the effort expended to monitor absences, was not valued by many employees who had perfect attendance, and was seen as discriminatory for those employees who had the misfortune of illness and injuries. The program was thus abandoned. In general, best practices indicate that financial and other incentives do not result in sustained improvements in attendance and may not treat all employees fairly.

Analysis

Human Resources examined the use and effectiveness of individual employee incentives as positive re-enforcement for good attendance. We did not find evidence that these programs are effective in sustaining lower sick absence rates. Our examination did identify concerns about the discriminatory nature of these programs against employees whose disabilities are protected against discrimination by human rights related legislation.

Introducing incentive programs under the auspices of supporting attendance further marginalizes the disabled employee. For example, Canada Post's "Bravo Perfect Attendance Program" marginalized their disabled employees through their exclusion from the reward program, which was designed to reward employees who are capable of achieving perfect attendance. The program was grieved by the union and the arbitrator found that Canada Post had discriminated against employees who, due to no fault of their own, were unable to achieve six months of perfect attendance. Research and jurisprudence highlight the following issues arising from such incentive programs:

- Encourages sick employees to come to work whom if contagious, will result in creating a sick workforce, thereby increasing absenteeism
- Sick employees are less productive in the workplace thereby adversely affecting overall employer productivity
- Employees eventually demand higher incentives and if not provided, the extrinsic reward is no longer attractive and absenteeism will eventually rise again.

Generally speaking, the most effective attendance support programs must ensure that no employee is either penalized or disadvantaged for taking authorized leaves under a leave policy, the collective agreement or non-culpable (innocent) absences. Incentives that modify any term of employment (such as additional compensation for perfect attendance) have not been upheld in the jurisprudence. As well, any employee with a chronic or permanent disability may not be able to meet a standard of perfect attendance. Ultimately, such programs are considered discriminatory.

The City's current income protection plans encourage good attendance through non-paid days or reduced payment such as 66 2/3% of full pay, depending on an employee's service with the City. The income protection plans do not provide for payment until the second day of the fourth sick absence, third day of the fifth absence and fourth day of the sixth and subsequent absences.

Pros of Incentive Programs

- may result in short term behaviour improvement in some employees
- sets out minimum attendance expectations for all employees

Cons of Incentive Programs

- Rewards employees for what is a minimum expectation, i.e., regular attendance is an essential duty of the job
- Encourages people to come in sick just to be "present" and the employee's presence may make others sick in some cases
- Encourages employees to access other types of paid and unpaid leave to cover sick absences
- Discriminates against employees with disabilities by not recognizing their disability as a factor in their inability to maintain perfect attendance
- Penalizes employees for circumstances beyond their control including illness outbreaks, automobile accidents, slips and falls, third-party actions that lead to illness and injury
- May not assist in resolving complex or long-standing absenteeism issues

Conclusions

In light of the current jurisprudence and potential for adverse responses to such initiatives, the implementation of incentive programs is not being recommended at this time.

The City continues to strive to create an attendance-oriented culture that ensures the City has mechanisms for absence control and attendance management where required, and at the same time, shifts the focus to attendance improvement and absence prevention strategies. A comprehensive approach to managing all types of employee absences requires:

- senior management accountability for management of all employee absences
- allocation of sufficient resources for effective management of employee absences
- a clear policy describing attendance management in a positive, constructive and non-disciplinary manner
- compliance with all legislation and regulations
- realistic and achievable goal setting
- communication of attendance expectations and supports during employee orientation and as required throughout employment

- an information system that provides timely and meaningful statistics so that management can have the necessary oversight and take action as appropriate
- progressive discipline for culpable absences
- disability management involving all levels of the organization
- multi-stakeholder return to work planning
- consistent workplace accommodation
- flexible work arrangements
- occupational health resources
- healthy workplace programming including employee engagement strategies
- training for supervisors and managers on disability management, attendance support management, other types of employee leave available to employees, flexible work arrangements, and discipline for culpable absences
- prevention of workplace injury and illness

The 2012 – 2015 Management Action Plan to Improve Employee Attendance is detailed in report HUR12008 on *Employee Attendance Performance Measures*.

