

AN HR MANAGER CONFRONTING CHALLENGE OF CHANGE (CASE STUDY ON EMPLOYEE ATTENDANCE MANAGEMENT)

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ABSTRACT

It is a widely held age old belief that attendance system plays a vital role in an organization as it defines its employee productivity. On the other hand the changing business landscape is posing multiple challenges to the modern day managers to confront. In order to boldly face the challenges and attain competitive edge many companies are on an innovation spree and hence challenging the stereotypes. The present case is related to a more than six decade old textile company's HR head's dilemma of whether to continue its struggle for a better attendance management system? or doing away with it, as has been done by a few other companies. Exhibits help corroborate and supplement the information presented in the case. End of the case poses certain questions, answers of which can be discussed in the classroom with the help of teaching notes.

Keywords: Attendance management, Biometric, Showcard, Human Resource Management.

INTRODUCTIONS

It was September 18, 2018 morning when Mr. Singh was going through 'The Economic

Times', and he got stuck on the headline 'In new world order, output counts, not attendance. The news item not only caught his attention but also drew the current Human Resource (HR) landscape in his mind marked by the new talent demographics being managed by a vast range of flexible HR practices. The companies like Ceat, Godrej, Cipla, Tata Motors, Mahindra and Mahindra and Pidiliteare bringing to the fore new age innovative HR practices. They are leaving no stone unturned to tap the available potential of its workforce and hence for the purpose breaking the stereotypes. In the new world order companies are attempting to make attendance system defunct while trying hands on a number of variants like flexi-timing and work@home practices.

Mr. Singh is heading Human Resource department of a worldwide renowned textile company ('ABC company' - pseudonym) headquartered in Punjab, India. Just recently ABC company has installed face recognition machines at two plant locations as a step forward not only to get rid of attendance management related complications that his team is facing

but also to better utilize the technological advancements. Since long the HR team at the company is finding it difficult to deal with low employee punctuality at the workplace.

ABOUT THE COMPANY

The company started its business as a tiny worsted spinning & hosiery unit in Ludhiana. In the year 1980, it got incorporated as private limited company. A few years after its incorporation it became a public limited company. Later, the company earned the status of an Export House enabled by the steady growth in manufacture & export of woolen /cotton hosiery, knitwears & woolen textiles. In a short span of even less than a decade the company was known as a Recognized Trading House by the Government of India. The company is the part of a reputed industrial conglomerate with a wide ranging portfolio from wool combing, spinning, knitting, fabric, hosiery garments etc. which was established in late 1940s'. The present study relates to one of the various units belonging to the group of companies with approximately 13000 employees.

WHY ATTENDANCE MATTERS?

The HR head believes that key element of any organization, that helps measuring its employee productivity is employee attendance system. It is important to keep track of employee in and out timings and their activities at the workplace. Primarily, even delays of few minutes everyday gets accumulated to hours of lost productive time. Secondly, employers usually desire to avoid potential claims of failure to properly pay compensation including overtime. Such employers look for better (in terms of accuracy

and reliability) ways to ensure that at any given time an employee was actually present (or perhaps was not present) in the workplace. Additionally, keeping a record of employee attendance is a legal requirement as per Factories Act, 1948 (see exhibit 1,2,3), for evaluating claims of ESI benefits, Gratuity, and Provident Fund etc. of employees.

MAINTAINING EMPLOYEE ATTENDANCE REGISTERS (MANUAL)

Mr. Singh recalled the situation some where in 1980's when everyday morning an employee register with a single column for signatures used to be kept at the factory gate till 9.10 am later it was placed in time office. In the morning workers had to come one by one to put their signatures on the register before going to their respective departments. Those who came late had then to mark attendance in the time office under observation of an authorized person who would then report such cases to higher authorities for further counselling. Those were the days when manual attendance registers were used in most of the Indian companies. The practise of putting up only signatures on the attendance register and late coming followed by mere verbal counselling made it difficult to undertake a detailed analysis of attendance timings due to absence of such record. In order to have such record in writing and curb workers' habit of arriving late. The need was felt to keep record of time of entry of employees and hence the one columnar register was replaced with a two columnar register, where employees had to enter time of arrival and put signatures in a corresponding column. But cases were reported where workers when arrived late

did not mark attendance on the registers. If the employee was questioned s/he used to make an excuse that s/he forgot to mark the attendance in a hurry. Later it was also noticed that certain workers left the workplace early without even intimating the supervisor. Another addition was then made to enter the time and put signatures twice that is at the time of arrival and departure but of little respite. Manual attendance system could not stop fake attendance (including employee marking his/her own attendance later or marking fake attendance of a colleague), wrong reporting of time in and out and then a lot of manual work was required for calculating days/hours worked, leaves availed by workers and then calculation of salaries/wages that could again involve errors to be rectified.

ATTENDANCE BY SHOW-CARD

Apart from the ongoing struggle, in the late 1990s when the company started exporting goods to foreign destinations, they again had to transform their attendance system. The Company has to name a few GAP, Tommy Hilfiger and ESPRIT among its international clientele. These international buyers expect the vendor companies to abide by its 'Vendor Code of Conduct'. Apart from other contents of the said document, it clearly prohibits its business partners from acting unlawfully as an employer (e.g. by adhering to legally defined employee working hours) (see exhibit 4,5). They clearly prohibit their business partners to request overtime regularly. Moreover they expect overtime to be paid at a premium rate. Foreign buyers did not accept employee attendance registers as authentic source of information and expected computerized attendance to be in

place. The company was then forced to adopt computerised attendance system. Though there was a cost to be incurred for the same yet it was believed to be promising multiple benefits in terms of more reliable punching of time in and out, reduced manual data entry related errors and easy payroll maintenance etc. Earlier the time office of the company had to maintain attendance register and leave register manually with a high possibility of fake attendance and errors. Then a number of man hours used to get lost in manually feeding the data and calculating payroll. So the company worked out to adopt the showcard system of attendance keeping and installed showcard machines at the factory premises (see exhibit 6). Showcard is a contactless proximity card which uses Radio Frequency reading technology. Clocking in and out is quiet simple as a workers just need to hold show card in front of the reader, where it is scanned automatically in just fraction of a second. This results into the attendance logs getting stored in the standalone attendance machine itself. Those logs can be manually or automatically downloaded to computer and generate the reports. Showcard attendance system was adopted for all the employees irrespective of their position or nature of job. Both blue collar as well as white collar employees had to mark attendance using showcard issued to them. But the new system also brought with it the challenges for the HR manager to confront. The employees could not resist the possible misuse of the system and certain flaws continued to exist. Some employees were reported to repetitively come late in the morning and few others would leave the office in the lunch break which was much before the scheduled leaving time in the evening while handing over their showcard to

one of their coworker who would leave late to punch his attendance then (buddy punching). Not only this but a number of more issues were there in front of HR department to resolve. The company had to bear the cost of the cards and the cost of registers (comparatively less than cards) was not even done away with completely as employees used to forget bringing cards to the workplace. In order to resolve such issues an alternate arrangement of marking attendance in a register named 'Card Not Punched (CNP) register' had to be kept. It was also noticed that employees used to handle cards carelessly like always keeping it in back pocket which led to quite a large number of cards getting damaged and required replacement (see exhibit 7). This caused the need to maintain inventory of cards for replacement further adding-up to the cost. And the department received a jolt when a tragic and shocking incident occurred. One of the workers who met with an accident outside the factory premises was found to be present at the factory as per the attendance records. The situation called for an urgent attention and immediate action.

BIOMETRIC ATTENDANCE USING FINGER IMPRESSION

Reacting to the shocking incident the company officials found a solution in adopting biometric attendance system. Under the biometric attendance management system the identification of a specific person is done using his/her distinctive physical or behavioral characteristics. These systems are based on the identification of a person using their unique inherited attribute. As compared with passwords or identification cards biometric

attendance management system offers a high level of security. Such systems are based on pattern recognition which consists of two parts: enrollment and recognition. In the first step, biometric traits are obtained from the individual, only distinctive features of the data collected are stored in the database. In the latter part, biometric data is collected from the individual and compared with the data stored at the enrollment step in order to recognize and authenticate the person identity. In order to monitor staff, fingerprint recognition devices are mainly used for recording employees' time. These devices have built-in software that calculates accurately the time-in and out, working hours, breaks, leaves, over time and payroll. Workers can clock in and out just by using their fingerprints in a faster way than traditional methods such as passwords or magnetic cards. Moreover, biometric technologies offer an accurate verification where just an authorized person gets access to the information or place that is secured. In the year 2015 one finger scanner (see exhibit 8) was installed in the factory premises on a trial basis as the company started SAP- HCM module. Then as per the requirement of SAP-HCM module the company installed required number of machines for Time-In and equal number of machines for Time-Out (see exhibit 9). The problem then was faced with regard to attendance marking by employees/workers whose finger impressions were lost due to their nature of work like those in spinning units. For such cases the show card system was retained with all its limitations. But...attendance related issues kept on springing up and then Mr. Singh thought of floating an office circular (see exhibit 10).

Questions

1. What are the various legal requirements with regard to keeping attendance as per various Legal enactments in India?
2. 'The benefits of Biometric attendance system outweigh the associated risks'. How far do you agree with the statement, discuss.
3. Do you think biometric attendance system is significantly better than the traditional manual attendance registers? Workout a comparison between the manual attendance and Biometric attendance systems in order to support your answer.
4. How will you define punctuality at the workplace? Can punctuality ensure high performance.
5. What is the problem being faced by Mr. Singh? Assume yourself in place of Mr. Singh and enlist the possible drivers and inhibitors of the decision to bring more flexibility in the current attendance management system. Suggest some possible future course/s of action.

EXHIBITS**Exhibit 1: Excerpts from form21: annual return of the factory****NUMBER OF WORKERS AND PARTICULARS OF EMPLOYMENT****9. Number of mandays worked (i.e.) aggregate number of attendance during the year
(See explanatory note 'C')**

- | | |
|------------------|---------------|
| (a) Adults | (i) Men : |
| | (ii) Women : |
| (b) Young person | (i) Male : |
| | (ii) Female : |
| (c) Children | (i) Boys : |
| | (ii) Girls : |
| | Total : |

10. Average Number of workers employed daily i.e. Mandays worked divided by Number of days worked (See Explanatory Note 'D')

- | | |
|----------------|---------------|
| (a) Adults | (i) Men : |
| | (ii) Women : |
| (b) Adolescent | (i) Male : |
| | (ii) Female : |
| (c) Children | (i) Boys : |
| | (ii) Girls : |
| | Total : |

**11. Total Number of man-hours worked including overtime But excluding rest interval
(See Explanatory Note 'E')**

- | | |
|----------------|---------------|
| (b) Adults | (i) Men : |
| | (ii) Women : |
| (b) Adolescent | (i) Male : |
| | (ii) Female : |
| (c) Children | (i) Boys : |
| | (ii) Girls : |
| | Total : |

Exhibit 2: Attendance card form 28

FORM NO. 28
[Prescribed under Rule 115 (3)]

Name of factory.....
 Serial No.....Department.....
 Name of Worker.....
 Father's or Mother'sname.....
 Permanent address.....
 Local address.....

**Date of commencement of
 Employment**

**Signature or thumb impression
 of worker**

***Date of termination of
 Employment**

***Note:- To be entered only when employee is terminated.**

ENTRIES ON THE REVERSE SIDE

Month of19.....

1	2	3	4	5	6	7	8
9	10	11	12	13	14	15	16
17	18	19	20	21	22	23	24
25	26	27	28	29	30	31	

**Signature of initials of
 Manager or Time keeper**

Exhibit 4: An excerpt from Gap Vendor Code of Conduct**H. Working Hours**

Factories shall set working hours in compliance with all applicable laws. While it is understood that overtime is often required in garment production, factories shall carry out operations in ways that limit overtime to a level that ensures humane and productive working conditions.

1. The factory complies with all applicable laws, regulations and industry standards on working hours. Except in extraordinary business circumstances, the maximum allowable working hours in any week shall be the lesser of **a) what is permitted by national law, or b) a regular work week of 48 hours plus overtime hours not in excess of 12 hours.**
2. Workers may refuse overtime without any threat of penalty, punishment or dismissal.
3. Workers shall have at least one day off in seven.

Exhibit 5: An excerpt from Tommy Hilfiger Vendor Code of Conduct**PVH****A Shared Commitment****Hours of work**

Our business partners are prohibited from requiring their employees to work more than the regular and overtime hours permitted under the law of the country where they are employed. In no circumstance may regular hours exceed 48 hours in a week and, other than in exceptional circumstances, the sum of regular and overtime hours in a week cannot exceed 60 hours. Employees must have at least 24 consecutive hours of rest in every seven day period.

Our business partners are not permitted to request overtime on a regular basis. All overtime must be consensual and compensated at a premium rate.

Exhibit 6:



Source: Company Premises

Exhibit 7:

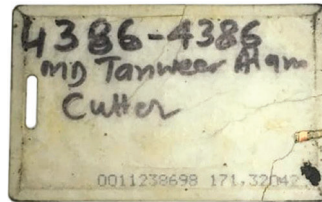
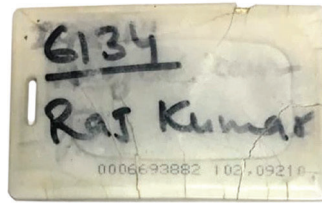


Exhibit 8:



Source: Company Premises

Exhibit 9:



Source: Company Premises

Exhibit 10: Office Circular**Circular**

- Office timings are 9.00am to 6.00pm
- Grace Timings Office staff - 15 minutes HODs- 30 minutes
- 2 Late Comings and 2 Short Leaves are allowed in a month. Plz. Note short leave is not an individual's right but facility given by the Management which can be refused also by the HOD and you have to abide by it.
- Any employee coming late for more than 2 times -1/2 day (Half day) will be deducted for every late coming.
- Any employee taking more than 2 short leaves -1/2 day (Half day) will be deducted.
- With half day leave, Short leave is not allowed and if someone do so, full day leave/ absent will be marked.
- In one day two short leaves cannot be taken (1 in the morning and 1 in the evening) if so it will be marked full day leave/Absent.
- Lunch timings are 1pm to 2pm follow the lunch timings accordingly staff and officer going out for lunch should ensure that they are back in office on or before 2 pm.
- Attendance marking is your right/duty, Mark your attendance regularly and carefully
- Mis-Punch attendance not marked is not good practise, Habitual cases will not be entertained and marked absent. In special case CNP (Card Not Punched) form duly approved by HOD should be submitted next day only.(After week-10 days time nobody remembers and is difficult to be sure of that days status.)
- If you have any problems in marking your attendance report to Personnel department we will look into the it and help you to resolve your problem.
- Mark your attendance even when you are going on 1/2 day (half day) leave or Short Leave Morning or Evening.
- Leave C/L or E/L is your right but submit it with Personnel Department duly approved from your respective HOD before going on leave or immediately after coming back from leave, if not it will be marked absent.
- In case of Out Station Duty/ Local Duty leave submit O/D slip with Personnel Department before going or immediately after coming back duly approved by your respective HOD.

Your co-operation and support in this regard will be highly appreciated.

Source: Company Records

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Notes:

1. The case study is based on real company (name not revealed for anonymity) and situation. Interviewee names mentioned in this case are pseudonyms. The case is meant for class discussion and hence, not intended to show effective or ineffective handling of situation. It was reviewed and approved by the company before it was sent for publication.
2. Published reports and website of the company not being revealed upon request for anonymity.
3. Source of images in exhibits 6, 7, 8 and 9 have been taken from Company Premises.

References

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