

# management focus

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# Welcome to Management Focus

... and welcome to the March/April issue.

To what extent do absolute wage levels, relative wages compared with those of colleagues, and their position in a firm's hierarchy affect workers' absenteeism behaviour? A recent study used the personnel data from a large German company from January 1999 to December 2005 and analysed the attendance patterns of over 1,100 full-time white-collar workers.

The study found that absenteeism negatively correlates with absolute wages, relative wages, and hierarchical levels, and that a positive relative wage has a stronger impact on absenteeism than a negative relative wage, giving rise to the issue of an unequal wage structure. A shortened version of that study and its findings is published here in this latest issue of *Management Focus*, devoted to two aspects of working life – getting a job, and absenting yourself from it.

This issue's interviewee is Jenny Rogers – one of the UK's most experienced executive coaches with over 18 years of successful experience. Her clients include the Chief Executives and Directors of some of the UK's best-known organizations. She is noted as an author of several bestselling books on coaching and adult learning.

In our interview with her, she talks about her latest book, *Job Interview Success*.

Finally, our latest issue of *Management Matters* discusses the subject of absenteeism and presenteeism: life events and health events. Are employees replacing absenteeism with presenteeism, and at what cost?

Remember, log on to our website at: <http://first.emeraldinsight.com> to expand on the topics highlighted in this issue of *Management Focus*.

Best wishes,

Giles Metcalfe

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# The wages of absenteeism are low status

**T**o what extent do absolute wage levels, relative wages, compared with those of colleagues, and their position in a firm's hierarchy, affect workers' absenteeism behaviour? A recent study used the personnel data from a large German company from January 1999 to December 2005 and analysed the attendance patterns of over 1,100 full-time white-collar workers.

The study found that absenteeism negatively correlates with absolute wages, relative wages, and hierarchical levels, and that a positive relative wage has a stronger impact than a negative relative wage, giving rise to the issue of unequal wage structure. Status-related factors such as relative wage and hierarchical level affect employees' work effort,

and so unequal wage structures can be efficient to some degree.

Workers with higher absolute and relative wages and at higher hierarchical levels are less often absent, which points to the importance of individual interdependent preferences and status. Higher-paid workers may have a stronger work ethic and motivation to come into work despite receiving sick pay. This may be down to not wanting to let colleagues or management down or time pressures. The factors vary from person to person.

Positive relative wage positions have a greater effect than negative relative wage positions, which gives rise to the issue of the efficiency of unequal wage structures.

## Absolute wages

Going by the static neo-classical labour supply model, absenteeism can be interpreted as a worker's adjustment-to-equilibrium strategy. If a worker has taken on a job role with a larger than sustainable number of working hours, he/she might use absenteeism to decrease his/her working time and maintain his/her equilibrium.

A higher wage can be interpreted as compensation for working more hours and for being less often absent. In Germany, workers who are absent due to sickness still receive their daily pay and firms cannot verify with certainty the true health status of absent workers. A so-called "lazy" or "greedy" worker therefore has an incentive to enjoy absenteeism as a

free holiday and to pretend sickness as much as possible. However, workers might not be that “lazy” or “greedy” and choose the initial utility maximizing level (the total overall value derived from the income) as a reference point, even if they receive wage replacement sick pay. In a dynamic context, workers might also consider that absenteeism today might negatively affect their career advancement tomorrow.

Another explanation lies in the gift-exchange model. If the firm pays a high wage, workers might interpret the firm’s behaviour as a gift and react with positive reciprocity, i.e. they provide more work effort and are less absent. Conversely, workers react with negative reciprocity and more absenteeism to low wages. Non-shirking efficiency wage models also predict reduced absenteeism. In contrast with the gift-exchange model, the worker gets no gift but is punished (i.e. is warned, and then fired). The worker’s loss if caught shirking positively correlates with his wage level.

### Relative wages

In contrast with absolute wages, the impact of relative wages is largely related to comparisons with co-workers. Happiness studies have found that satisfaction depends not only on actual income but also on relative income, i.e. job satisfaction. Since job satisfaction negatively correlates with absenteeism, a higher relative wage is likely to be associated with less absenteeism.

Equity theory concentrates on a fair proportion between outcomes and inputs. Equity theory follows that a worker who feels overpaid or underpaid will adjust his or her work effort accordingly. A relatively higher wage should be associated with relatively larger effort and, consequently, with less absenteeism.

A higher relative wage can also be a status symbol. Social status theory suggests that the relative wage within a group is one determinant of the local social status within this group. If status increases a worker’s job utility, it should reduce absenteeism for three reasons:

1. In the static labour supply model, the utility maximizing number of working hours does not depend anymore solely on the absolute wage, which is used for consumption, but also on status in the form of the relative wage position. For example, a lower absolute wage can be compensated by higher status.

2. The worker enjoys his status primarily if he is at work.

3. If absenteeism is interpreted as shirking and the firm fires detected shirkers, the worker could lose his status.

### Hierarchical levels

Higher hierarchical levels are associated with higher status, comprising features like autonomy, authority, responsibility, access to centres of power, and titles. Contrary to relative wages, status in the form of hierarchical levels does not imply that a gain in status by one person is at the expense of a status loss for other persons by the same amount.

### Firms’ role

After considering workers’ behaviour, firms’ behaviour in the form of screening has to be taken into account, too. A firm is likely to select and to promote workers with less absenteeism to higher hierarchical positions because absenteeism is more costly at higher levels. Moreover, if a worker is absent, the firm cannot learn about the worker’s productivity and, hence, the probability to assign him to a higher level declines.

Due to a self-enhancement motive, workers make downward comparisons in order to make themselves feel better. Consequently, workers with a lower wage rank do not feel underpaid and do not react with more absenteeism.

Contrary to this is the motive of self-improvement. Workers make upward comparisons and choose higher reference standards to improve their own performance, which would also lead to less absenteeism (or, at least, not to more absenteeism).

Since the analysed company pays wages above the level agreed with the industry union, workers might be worse off if they have to move elsewhere. Workers therefore have incentives not to shirk and not to be absent even if they obtain a lower

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rank in the wage hierarchy in their current company.

Another status-related explanation follows a different model. Workers are not paid according to their marginal product because they have different preferences concerning their relative wage positions. Workers at the lower end of the wage scale get paid above their marginal product, and workers at the upper end of the wage scale are paid less than their marginal product. The line of reasoning for this kind of wage structure is that workers at the upper end gain utility from their higher relative wage position, while workers at the lower end get compensated for their loss in status. Workers at the lower end of the wage distribution have lower preferences towards status because they could have moved to another firm with a different wage structure, in which they are at the upper end. Therefore, they have no incentive to be more often absent than workers at the upper end. Conversely, workers at the upper end of the wage distribution might provide more work effort because they could lose their status if they have to move to a different wage structure.

### Implications

It follows that an unequal wage structure has the benefit of relatively better-paid workers being absent less often, while the costs of higher absenteeism for workers at the lower end of the wage scale are lower. However, since the returns on higher wages and, consequently, the gains from a steeper and more unequal wage structure are diminishing, the application of efficient wage inequality as a strategy is contentious.

**This is a shortened version of “Impact of wages and job levels on worker absenteeism”, which originally appeared in *International Journal of Manpower*, Volume 31 Number 1, 2010.**

**The author is Christian Pfeifer.**



# Job Interview Success: an interview with

**Jenny Rogers**

Interview by Giles Metcalfe

**Giles Metcalfe:** Can you share some of your interview coaching success stories with us?

**Jenny Rogers:** A client came to see me in despair because he had consistently been short listed and consistently failed to get the job. This always tells me that it is the interview technique that is amiss. I'd never met him but asked him to come to the session in what he was going to wear for the interview for the very senior job to which he was going the following week. He appeared wearing a jet-black suit with a blindingly white shirt and grey silk tie. All that would have looked great on a man with dark hair, dark eyes and a different kind of complexion, but it made him look like an undertaker: ghastly! That was his first shock. Then we worked on how he was answering questions. This was typically by making assertions about how good he was. I taught him how to use storytelling technique to offer evidence of his skills. He got the job – worth a big six-figure salary plus a large bonus.

**GM:** What are the top five interview faux pas?

**Jenny Rogers:**

1. Not researching the company and the interview panel.
2. Not researching the job and assessing whether or not it's a good fit for you.
3. Failing to realize that it's a social event not an intellectual exercise.
4. Not anticipating all the obvious questions and failing to rehearse them with a friend.
5. Wearing the wrong thing.

**GM:** I was once asked the question at interview "If you were a cheese, what cheese would you be?" What is the strangest interview question you have ever been asked?

**Jenny Rogers:** No strange questions, as my own interviewers have all been rather staid individuals, but the strangest *setting* I experienced was being interviewed during an extended power cut in a very cold room on a late winter's afternoon where everyone, including me, was wrapped up in many layers of clothing while we sat in near-darkness. I didn't get the job!

**GM:** What is your advice on dealing with combative interviewers and/or unorthodox questions like the one above?

**Jenny Rogers:** Stay calm and answer as best you can. The cheese question is a clumsy attempt to get at the real "personal brand" of the candidate, so I would answer that I would be Gruyère – a European cheese of distinction with a wonderful flavour and very versatile in cooking and eating. Alternatively, answer and then ask the interviewer very courteously if they could explain the thinking behind the question.

**GM:** What about the "tricky" questions interviewers can ask – about your CV, redundancy, future plans etc.? Is it a case of accentuating the positive, even if it means being somewhat economical with the truth?

**Jenny Rogers:** This is an example of how you can and should anticipate all the obvious questions. If there is some problem in your CV and you

have declared it, then expect to be probed. Never, ever, whatever the temptation, rubbish a previous employer because the potential employer will think you have an axe to grind. No one wants an angry, bitter employee. Redundancy isn't really a problem if you remember that it was the job that was terminated, not you. Find a way of saying it calmly, e.g. "the organization had to cut the headcount by 25 per cent and my job was one of those that was cut" – and leave it at that.

**GM:** What effect have Social Media sites such as Facebook and Twitter had on the interview process? Should candidates be prepared to be screened by and questioned on their Facebook profile, status updates and photos, and recent Tweets?

**Jenny Rogers:** Yes, yes and yes. The more interesting you are as a candidate, the more likely it is that the employer will search for you on the web. You need to be extremely circumspect. Privacy barriers are flimsy and easily got around. If your web presence suggests that you are a party animal, or someone wildly at odds with the persona that you present at interview, then the chances are that you won't get the job. However, you should make sure that you have a presence on LinkedIn, and delete anything on Facebook that could give the wrong impression. As for Twitter, why anyone Tweets is beyond me...

**This is a shortened version of "Job Interview Success: an interview with Jenny Rogers." To read a longer version visit <http://first.emeraldinsight.com>**

# Management Matters

## Incisive commentary on topical business issues

### Absenteeism and presenteeism: life events and health events

The costs of absenteeism to organizations and society are substantial, but recently the attention of managers and researchers alike has spread to the related phenomenon of presenteeism, where employees attend work at times when a sickness absence is justified and perform their work under sub-optimal conditions. High as the costs of sickness absenteeism are, the costs of sickness presenteeism may be even greater. If presenteeism is even costlier than absenteeism, policies and programmes designed to reduce absenteeism could result in a net loss, if they reduce absenteeism at the cost of increasing presenteeism. Efforts to mitigate the costs of absenteeism should take into account this potential offsetting cost of increasing presenteeism.

Presenteeism may be on the rise because employees are substituting sickness presence for sickness absence. A recent study used a single measure of presenteeism, which

asked, "During the past 12 months, how many days did you work despite an illness or injury because you felt you had to?"

Life events and health events were also used in the study, with respondents asked to indicate whether they had experienced an event in the last year.

In the study, the number one reason for coming to work instead of being absent was that employees knew they had no back-up for the work for which they were responsible. When they returned to work, they would have even more to do. In addition to the perceived personal costs of having more to do, employees felt that they could not find replacement personnel, had meetings to attend and work they had to handle personally. Coming to work while ill was a better option than being absent.

Stressful life events are related to presenteeism to the same degree as to absenteeism. The odds of reporting presenteeism are significantly higher for people who reported higher stress. Such employees might be more

willing to tolerate stress than take time off, especially when employees know that no one will take on their work responsibilities when they are away. When they return, there will be more work to do and the possibility of greater stress. It is also possible that stress and other emotional issues are not something that fellow workers accept as legitimate reasons for being absent.

There is a large body of research that links migraines and emotional problems such as depression with absenteeism, and these conditions also give rise to presenteeism, with affected employees substituting presenteeism for absenteeism.

Whilst the recent study indicated that physical and psychological health measures have a different impact on absenteeism from presenteeism, there was no difference in the impact of life events. People experiencing life events had a small but significant impact on presenteeism as well as absenteeism. Such events are obviously psychologically stressful, but they also require that a person be absent from work for a period of time.

Given that stressful life events relate to presenteeism as much as to sickness absenteeism, this adds to the evidence that the factors that predict absenteeism also predict presenteeism, and that employees are replacing sickness absence with sickness presence. Employers should be aware of this, and should properly evaluate the effects of policies and programmes relating to health and productivity, and militate against reducing absenteeism at the cost of increasing presenteeism.

Adapted from *Management Research News*, Volume 31 Number 8.





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**Final thought ...**

“ The only work I've done the last two years is interviews. I'm very good at it. ”  
Syd Barrett

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