



GENDER-SMART BUSINESS SOLUTIONS

CASE STUDY: GENDER- SMART SOLUTIONS REDUCE EMPLOYEE ABSENTEEISM AND TURNOVER IN SOLOMON ISLANDS



IFC

International
Finance Corporation
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Project Overview

SolTuna is the only tuna-processing facility in Solomon Islands, a country where the tuna industry accounts for 18 percent of gross domestic product.¹ SolTuna's remote location presents the company with significant operational and cost-management challenges. In particular, the costs of labor, shipping, and supporting infrastructure in Solomon Islands—compared with competitors in Thailand and the Philippines—are higher, meaning SolTuna needs to reduce those expenses to remain financially viable.

One of the costs that SolTuna can address is associated with its high employee absenteeism and turnover, particularly among production staff—the majority of whom are women. To address this, IFC is working with SolTuna to implement a series of gender-smart initiatives, which are expected to help the company earn an additional \$1.58 million through increased productivity and save \$166,000 a year in reduced staffing and overtime costs.

Challenges

SolTuna employs over 1,800 workers, 64 percent of whom are women. Controllable absenteeism—employee leave not accounted for by approved holiday, sick, or maternity days—averaged an exceptionally high 18 percent across SolTuna production workers. As a result, the company had to overstaff each shift and run overtime to complete orders, thereby increasing costs and reducing productivity. However, IFC's analysis found that just 20 percent of employees accounted

for 50 percent of controllable absence. IFC identified four factors that specifically affected women and were major contributors to the high rates of absenteeism and turnover.

- *Financial literacy and cash flow:* Only 14 percent of staff reported that they had money left the day before payday, with the rest of the workers often foregoing a significant attendance bonus by selling their own goods, such as local fish, in the market instead of working their shift at SolTuna in the final days before their fortnightly paycheck. Since women hold primary responsibility for meeting household costs, they faced particular pressure to take work that would provide immediate payment.
- *Poor worker and family health:* Thirty-eight percent of all absences at SolTuna are due to sick leave, and a further 10 percent are due to “family problems” or gender-based violence (GBV). GBV affects 42 percent of income-earning women in the Solomon Islands.²
- *Limited career prospects:* While women make up the majority of SolTuna employees, they are concentrated in low-paying roles, holding 67 percent of operational staff positions but only 14 percent of middle manager posts. Almost half of the women workers do not believe they have fair opportunities to be promoted, which contributes to low morale and absenteeism.

- *Care responsibilities:* Caring for family is a key responsibility for female workers at SolTuna. Fifteen percent of absenteeism is associated with caring for sick children or family members, and 44 percent of resignation letters cited child or elder care as the reason for leaving SolTuna.

Gender-Smart Solutions

SolTuna did not start with a blank slate on gender. When the IFC partnership commenced, the company already had active non-discrimination policies and procedures in place. However, following a detailed analysis, IFC and SolTuna were able to design and implement a series of gender-smart solutions to address the root causes of controllable absenteeism and turnover, particularly among female production staff.

- *Financial literacy training:* Training on financial literacy, household budgeting, and understanding pay slips contributed to significant improvements in financial attitudes and behavior, as well as increased attendance by trainees. The number of workers who reported they consistently had available funds

For a more detailed review of the IFC-SolTuna partnership, see *Investing in Women's Employment in Agribusiness: Making the Business Case* at ifc.org/gender.

¹ Harorimana, D. (2012). “Job Creation in the Tuna Industry of the Solomon Islands—A Tentative Strategic analysis.” Available at: <https://works.bepress.com/knowledgeispower/23/>

² Secretariat of the Pacific Community (2009). “Solomon Islands Family Health and Safety Study: A study on violence against women and children.” Available at: <http://countryoffice.unfpa.org/pacific/drive/SolomonIslandsFamilyHealthandSafetyStudy.pdf>

immediately before payday increased to 31 percent from 14 percent, a 120 percent change.

- *Increased wages of lowest earners:* In early 2016, the SolTuna Employees Consultative Committee reached an agreement to spend the entire 5 percent wage-bill increase approved by the Board of Directors on raises for the lowest earning four grades, positions mostly held by women.
- *New job opportunities:* In addition, SolTuna targeted women for recruitment in nontraditional but better-paying roles, such as forklift drivers. When their efforts at recruiting female apprentices or fully credentialed drivers failed, they selected 10 women from the production line and brought in their own trainer. To date, two have been appointed to full-time roles as forklift drivers and a third serves as a back-up. This not only motivated the female workforce, but also allowed SolTuna to fill skills gaps in-house, a cheaper and more effective means than identifying new talent outside of the company.

While SolTuna is initially focused on gender-smart solutions within the company's direct influence, with IFC support the company also plans to explore other ways to support employees in their homes and communities, including through health interventions, care services, and enhanced support on GBV.

The Business Case

As part of its engagement with SolTuna, IFC calculated the financial gains associated with reducing controllable absenteeism. These benefits included both the reduced cost associated with overstaffing and the increased productivity associated with a present and productive workforce. In total, the potential financial rewards for applying gender-smart solutions at SolTuna are significant. By reducing controllable absenteeism and bringing down overall absenteeism from an average of 18 percent to 15 percent, the level considered most realistic, the company stands to earn an additional \$1.58 million and to save \$166,000 a year. Benefits accrue to the company in three ways:

- *Reduced staffing:* covering benefits such as housing and school subsidies for workers hired for overstaffing purposes cost the company over \$45,000 a year.

THE RESULTS

By reducing controllable absenteeism and bringing down overall absenteeism from an average of 18 percent to 15 percent, the company stands to earn an additional \$1.58 million through increased productivity and to save \$166,000 a year in reduced staffing and overtime.

PUTTING THE BUSINESS CASE INTO ACTION WITH IFC

Recognizing that equality of economic opportunity between women and men drives productivity, profitability, and performance, IFC's Gender Secretariat helps clients realize gender-smart solutions to their business challenges. We work with clients to better manage talent in their workforce and supply chains and to design products that tap the earning potential of the women's market. Our motivating force is the knowledge that when companies and people—no matter their gender—can reach their full potential, families, communities, and economies can achieve sustainable growth and prosperity.

- *Reduced overtime:* overtime resulting from unanticipated employee absences costs the company \$121,000 a year.
- *Increased productivity:* Increased attendance would also increase the amount of fish SolTuna could process each day to 125 metric tons. Given current tuna prices and assuming full production, this change could produce an additional \$1.58 million in revenue a year.

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What the company says

(Gender-smart solutions ensure SolTuna) becomes a long-term sustainable business supporting the local community and provincial economy, significantly boosting job opportunities in our community.

Jim Alexander
General Manager, SolTuna

What workers say

I am very proud as a lady to be doing this job, never (having) experienced any other women doing this job. My family supports me and is really happy about what I'm doing.

Salome Batir
First Female Forklift Operator, SolTuna

What IFC says

Rigorous gender analysis helped SolTuna and IFC identify a diverse array of solutions to absenteeism and turnover challenges that otherwise would not have been apparent.

Vsevolod Payevskiy
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