

# Earned Time Off Incentives – Are They Effective?

By Tess Taylor, PayScale Blogger, 01/17/14

One of the many ways that employers incentivize the workplace is by offering earned time off for hours worked. This can be an effective way to motivate and reward employees at the same time as creating access to greater work life balance. For most, it's a win-win situation. Employers have access to a reliable workforce, while employees have the chance to earn much needed time off. It seems like a good compromise to the growing issue of faltering attendance and performance in many organizations.

However, the question is whether or not the earned time off incentive strategy is as good as many employers think it is? Does the idea of being able to earn more time off for personal needs or vacation plans with the family actually boost employee performance and attendance—enough to make a difference?

## How Employees View Earned Time Off Benefits

A New York Times article reported on a six-month study called *Profit at the Bottom of the Ladder* conducted by Institute for Health and Social Policy at McGill University and published by Harvard Business Review that illustrated how companies around the world use incentives in the workplace. The report advised, “that investing in employees’ well-being yielded dividends for companies.” Therefore, offering employees the opportunity to earn extra time off with pay is a good option because it helps to restore their minds and bodies from the arduous tasks most face on the job.

## How Earned Time Off Can Be Good for Business

Along with corporate wellness incentives that boost employee lifestyle balance, such as flextime and remote work, the ability to earn more time off can be an attractive incentive for many workers. This benefit can help retain a productive workforce for the long-term – a factor that helps any organization move forward with a strong team. A 2008 survey, *Examining Paid Leave in the Workplace*, published by the Society of Human Resource Management (SHRM) advised that, “Leave and other employee benefits are important tools in the retention efforts for the current and future workplace.” However, paid time off costs employers if not managed correctly, right behind the cost of providing health insurance.

## Managing an Earned Time Off Program - Some Important Considerations

The key to offering a well-rounded benefit program that includes earned time off is to have a system for tracking employees’ worked time and time off requests. The SHRM report also offered other things to ponder when creating a reasonable earned time off program, such as:

- Consider the demographics of your employees to determine if an earned time off strategy is a useful benefit.

- Determine how any unscheduled time off earned could possibly affect the dynamics of your workplace and your business operation.
- Decide if a paid time off program will reduce human capital costs, as an alternative to offering a set amount of vacation or sick days.

Overall, employees enjoy having the freedom to choose when and if they want to take some much-deserved time off. The option to work for a company that appreciates and honors the personal lives of their staff can be an attractive incentive to most.



in partnership with



Amy Polefrone  
HR Strategy Group, LLC  
410-505-8723  
[amy@hrstrategygroup.com](mailto:amy@hrstrategygroup.com)