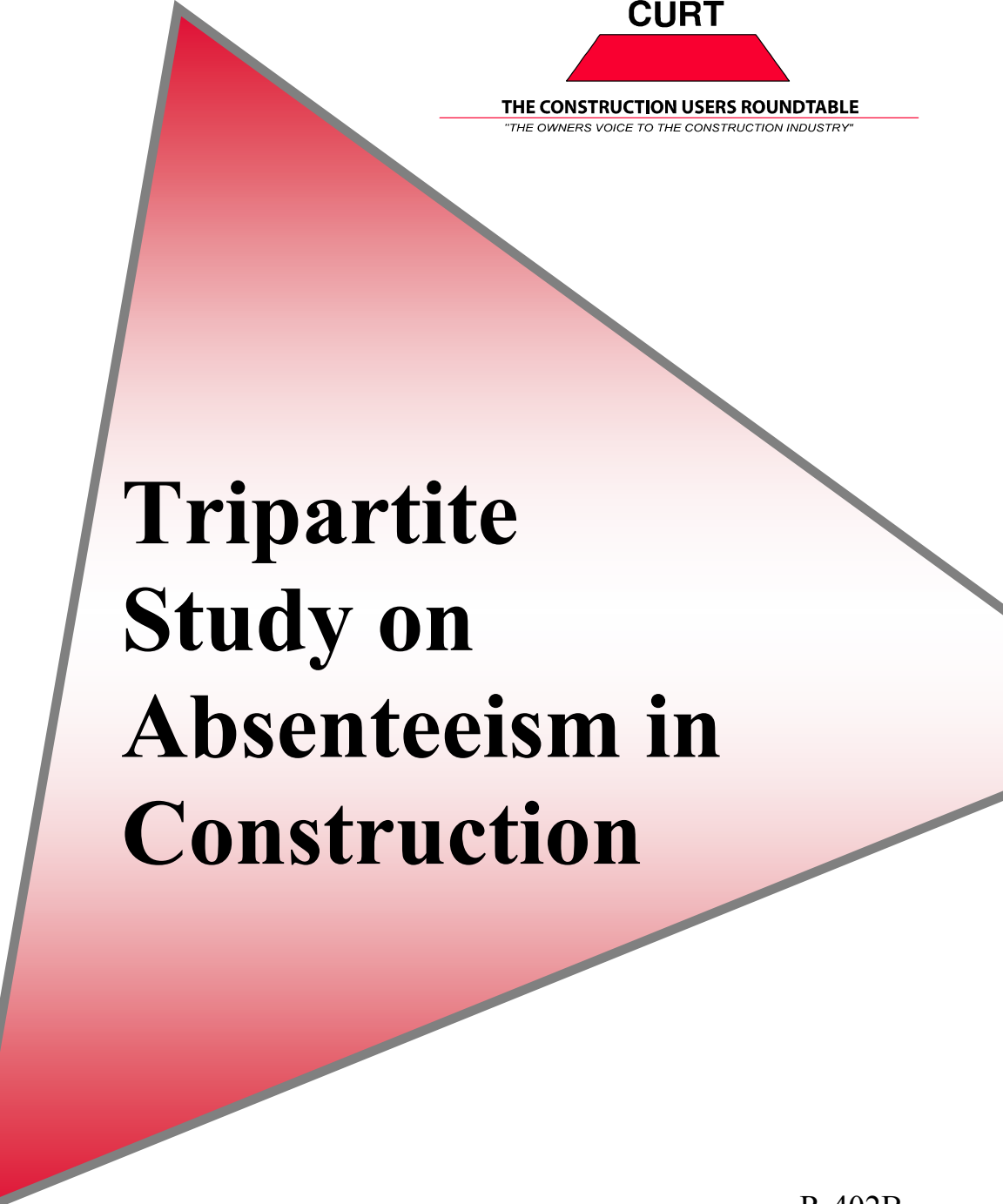




CURT

THE CONSTRUCTION USERS ROUNDTABLE

"THE OWNERS VOICE TO THE CONSTRUCTION INDUSTRY"



Tripartite Study on Absenteeism in Construction

R-402B
June 2004

CURT Owner Member Companies

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(AIA)
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America (AGC)
Mechanical Contractors Association
of America (MCAA)
National Electrical Contractors
Association (NECA)
NEA – The Association of Union
Constructors
North American Contractors
Association (NACA)
Sheet Metal & Air Conditioning
Contractors' National
Association (SMACNA)

Note: Membership listing current at time of publication

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Notice:

The purpose of this publication is to make available to industry the results of research and common owner practices. The information is provided solely for the individual consideration and education of CURT members and the industry. The publication does not necessarily represent the views of every CURT member company on this topic. The booklet is offered as an informational publication only. CURT intends only to synthesize current thought and trends concerning the topic. Neither CURT nor its committees make any warranty as to the completeness regarding the materials. Readers are encouraged to further research the topic before relying exclusively on these materials. Each CURT member and other readers of these materials are free, acting in its own discretion and its own perception of business self-interest, to reject or adopt the recommendations in whole or in part. Adoption and/or reliance upon these recommendations is strictly voluntary.

The Mission of The Construction Users Roundtable (CURT) is to promote cost effectiveness for owners doing business in the United States by providing aggressive leadership on issues that will significantly improve project engineering, maintenance and construction processes, thereby creating value for the owners.

1. Executive Summary

According to a recent survey, which was the basis for this report, absenteeism in construction continues at the same or higher levels.

And while individual efforts are being made to curb it, there exists no widespread, systematic approach to prevention and/or minimization of absenteeism in construction.

This report summarizes the impact of absenteeism on projects, and it delineates recommendations for all stakeholders who can influence absenteeism; e.g., owners, contractors, unions, and individual crafts workers.

The report is intended to address the root causes that allow troublesome absenteeism to continue, and to stress to the industry that absenteeism is manageable if all four parties take responsibility for managing it.

***Definition of Absenteeism:
chronic, unexcused, excessive,
and adversely affecting the project***

2. Introduction

Confronting absenteeism on construction sites is a subject the industry has examined for years. The Business Roundtable (BRT), Construction Industry Institute (CII), and contractor groups and unions have all researched practices and trends, and each has offered recommendations.

Yet, absenteeism persists, and a group of owners affiliated with CURT; representatives from the National Electrical Contractor Association, Mechanical Contractors Association of America, The Associated General Contractors of America, The Sheet Metal and Air Conditioning National Association, and the North American Contractor Association; and General Presidents from the Building and Construction Trades Unions decided greater emphasis must be placed on fixing the root causes of the troublesome aspects of absenteeism.

For purposes of this study, absenteeism is defined as: “Chronic, unexcused, and excessive absences that adversely affect a construction project.” The definition does not include the legitimate reasons for health and family well-being that are recognized as unavoidable and excused.

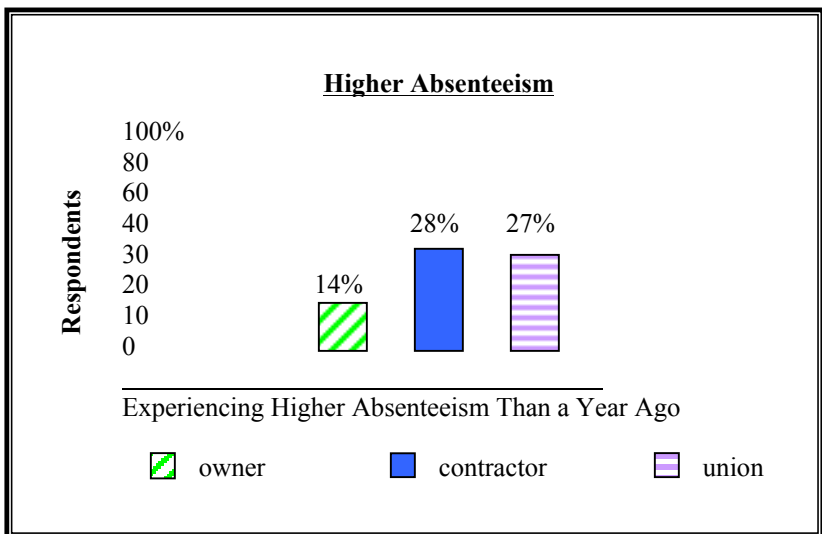
Absenteeism fluctuates from site to site, and contractor to contractor, and is influenced by many variables: volume of work, overtime, location, proximity to weekend or holiday, attitude of craft worker, job conditions, and health and family needs.

The tripartite group responsible for this study felt it was necessary to look at the characteristics of absenteeism on multiple projects and get feedback from a broad cross-section of owners, contractors, and unions on recommendations to deal with the root causes. Separate questionnaires were sent out to the three groups, and 43 owners, 76 contractors, and 278 unions provided feedback and recommendations.

The study has two sections: (1) impact on construction sites; and (2) substantive recommendations for owners, contractors, unions, and individual craft workers.

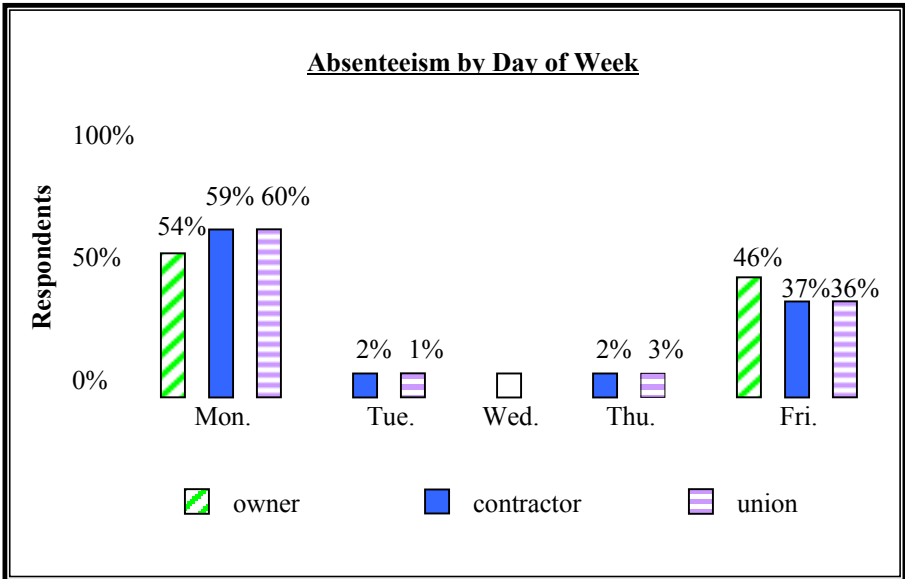
3. Impact of Absenteeism

A number of respondents to the questionnaires said absenteeism has remained the same or increased over the past year. The survey validates absenteeism is not improving. There was also a theme throughout the responses that reinforces a BRT finding 20 years ago: “The results show that a comparatively small fraction of the workforce is apparently responsible for most absenteeism . . .”

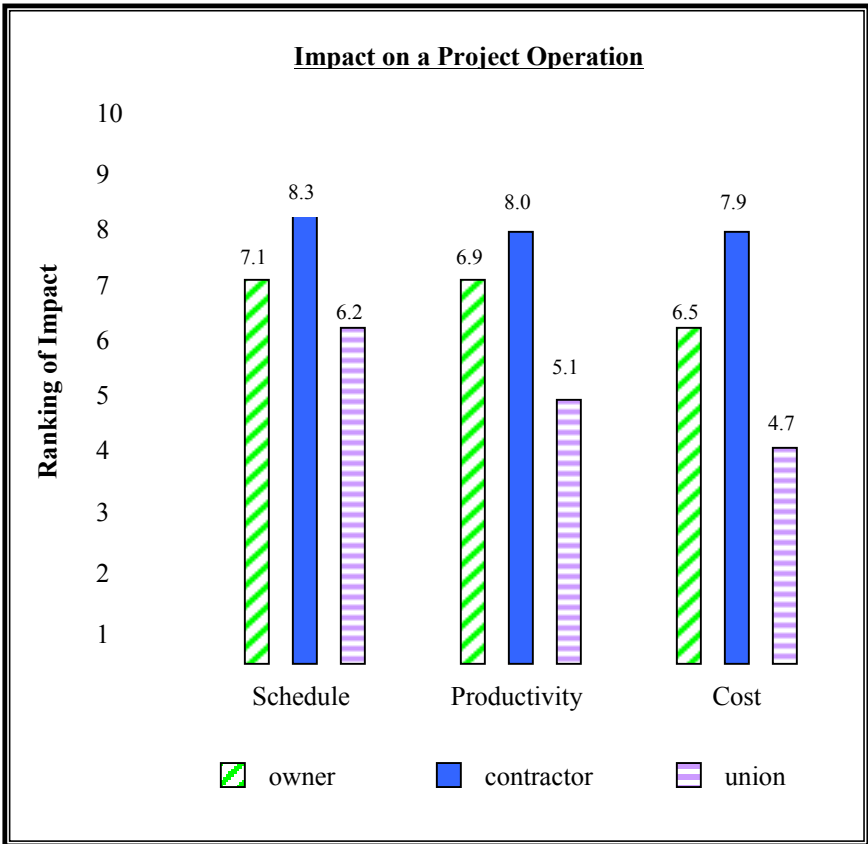


Demographically, apprentices and younger workers have higher absenteeism on most projects; local residents are absent significantly more than “travelers”; those working day shift are absent slightly more than fellow workers on swing shift; and projects in urban areas and on overtime have greater absenteeism.

Not surprising, owners, contractors, and unions all agreed that absenteeism correlates to taking long weekends or long holiday breaks.



Absenteeism has multiple effects on projects, and the questionnaires asked the three groups to rate these criteria: safety performance, cost, productivity, schedule, turnover, employee morale, performance of critical work tasks and work area density. Owners, contractors, and unions had a consensus on which criteria were affected the most by absenteeism.



Unlike previous studies on absenteeism, this report includes adverse effects on **unions** and **craft workers**. Unions must deal with negative fallout on two fronts. When a craft is absent, there are no health and welfare contributions made on his or her behalf while off work. Conversely, the craft worker can still make claims for medical coverage while absent from work. This dilemma is particularly troublesome for health and welfare funds under financial strain. The second negative impact is loss of credibility with owners and contractors and a union's ability to maintain or expand its market share when its members have a record of chronic and excessive absenteeism.

Negative effect on health and welfare contributions and market share.

The following hypothetical health and welfare illustration underscores the significance of lost contributions. The illustration is based on eight actual health and welfare benefit rates, from three building trade unions, in eight locations throughout the U.S. The average of the 24 rates is \$4.93 an hour.

Loss of Health and Welfare Contributions

- Average contribution of \$4.93 an hour
100-person crew for one month = 16,000 hours
- Monthly contribution with no absenteeism:
\$4.93 x 16,000 hours = \$78,880
- Monthly contribution with 10% absenteeism:
\$4.93 x 14,400 hours = \$70,992
- Monthly contribution with 15% absenteeism:
\$4.93 x 13,600 hours = \$67,048
- Monthly contribution with 20% absenteeism:
\$4.93 x 12,800 hours = \$63,104

This loss of fund contributions is compounded when multiple projects experience high absenteeism.

For individual craft workers, absenteeism jeopardizes his or her continued employment on existing and future construction projects. Absenteeism can result in discharge from employers, trigger sanctions from unions, and restrict long-term employment opportunities in construction. It has direct impact on the worker and on the well-being of his or her family.

The Business Roundtable report on Absenteeism contained a formula for assessing labor cost impact of absenteeism. The CURT Tripartite group felt the BRT formula was still applicable today, and has included it in this report.

The BRT formula showed a movement in average absenteeism from 5% to 10% on a hypothetical 100-person project adds 7.5% to labor costs.

The method of calculation is for each 1% increase in daily absenteeism, there is a corresponding 1.5% increase in labor costs.

Added cost due to 1% absenteeism	=	$\frac{\text{Non-productive manhours}}{\text{Productive manhours if no absences}}$	=
$\frac{1 \text{ man absent (1\% x 100 men) x 12 manhours}}{100 \text{ men x 8 hours}} = \frac{12}{800} = 0.015 = 1\text{-}1/2\%$			

Attendance-based incentives are not broad based. About 20% of owners/contractors have experience with them, compared to only 10% of the union respondents. While attendance-based incentives are limited, where used, the majority of respondents were of the opinion they worked. The most frequent incentive was cash, paid monthly.

Three out of four respondents from owners, contractors, and unions said discipline is used for dealing with absenteeism, and most of them said it works when applied. Unfortunately, many discipline policies are not consistently enforced.

4. Recommendations

There is a consensus that chronic, unexcused, and excessive absenteeism is a manageable problem, but much of the industry allows it to continue for various reasons. The following recommendations are based on a “zero tolerance” for this behavior.

Recommendations for Owners

- ▲ Demonstrate serious commitment to the recommendations in this report.
- ▲ Put the absentee report on a CD for widespread distribution throughout the owner community.
- ▲ Insist that contractors, unions, and craft workers adhere to the recommendations in this report.
- ▲ Let the contractors and unions know their position on absenteeism issues.
- ▲ Treat absenteeism with the same regard as safety violations.
- ▲ Promote standard absenteeism language with the contractors in Project Labor Agreements and collective bargaining agreements.
- ▲ Insist that contractors minimize the use of excessive overtime, one of the many causes of chronic absenteeism.

Recommendations for Contractors

- ▲ Exhibit an unwavering commitment to the enforcement of absenteeism policies and programs.
- ▲ Develop standard language in project labor agreements and collective bargaining agreements for dealing with absenteeism. This should be done especially where no current local provisions prevail. (See Exhibit “A” for an example of draft language).

-
- ▲ Establish a project policy on absenteeism and consistently enforce it from the start of the project. **The most common disciplinary policy among respondents contains three steps: (1) verbal warning, (2) written warning, and (3) discharge.**
 - ▲ If a craftsperson is discharged for absenteeism, the contractor should state the reason for discharge is absenteeism and not use another reason, such as layoff.
 - ▲ State the project absenteeism policy at multiple opportunities: craft employment orientation, pre-job conference, craft tool box meetings, and other craft briefings. Ensure that each craft has signed an acknowledgement of the site absentee policy.
 - ▲ Train the craft supervision (superintendents, general foremen, and foremen) on the policy and on the company's expectation of consistent enforcement.
 - ▲ Hold the craft foremen responsible for enforcing the absentee policy with the crew(s) under his or her purview, and for motivating his or her crew with regard to fulfilling their employment and safety obligations to their fellow workers and to the contractor. The foreman is the key influencer.
 - ▲ If incentives are used, tailor them for crew recognition as opposed to individual employee recognition. Utilize the positive impact of group reinforcement.
 - ▲ Have an overtime policy tied to absenteeism: if crafts have unexcused absences during normal working hours, they will not be allowed to work overtime.
 - ▲ Ensure that the unions are thoroughly involved in the enforcement of a contractor's absentee policies.
 - ▲ Contractor associations encourage member companies to adapt the recommendations in this report.

Recommendations for Unions

- ▲ Do not condone nor support members who habitually violate absentee policies and negatively affect their union.
- ▲ When recruiting candidates for apprenticeship and journeyperson openings, stress the importance of professionalism, taking responsibility for their actions, and how an individual's action impacts a union's competitiveness.
- ▲ Develop training modules on work ethics, professionalism and attendance at work, for use in apprenticeship training and union leadership training.
- ▲ Adapt a "three strikes, you're out" policy union-wide. A three-strikes policy would severely sanction a union member after the third violation, up to and including removal from the referral procedure pending action by the Appeals Committee.
- ▲ Support the position that absenteeism violates the collective bargaining agreement (CBA). If a craft is expected to work eight hours a day, 40 hours a week, and does not due to chronic, unexcused absenteeism, then he or she has violated the CBA and is subject to internal union discipline.
- ▲ Educate union membership on adverse effects of absenteeism on health and welfare funds and a union's ability to maintain or increase market share.
- ▲ Discuss absenteeism problems at union membership meetings and with individual members and share with them messages of concern from owners and/or contractors.

Recommendations for Craft Workers

- ▲ Take ownership of their behavior and positively influence the behavior of fellow workers.
- ▲ Take responsibility for their individual actions.
- ▲ Bring professionalism and a work-ready attitude to the work site.
- ▲ Understand and acknowledge if they violate the working hours proviso in the CBA or the project policies on absenteeism, there are consequences.
- ▲ Take pride in contributions to the owner and the contractor's project, in contributing to the financial stability of the union's health and welfare fund and the union's market share, and in his or her employment record and the opportunity for future employment.
- ▲ Take a "zero tolerance" attitude toward fellow workers' negative behavior.

5. Exhibit “A”

NOTE: The following policy and work rules are provided solely as an example of what a policy containing the provisions of this report may look like. This exhibit is in no way prescriptive. Contractors, owners, and labor organizations are encouraged to draft their own policies based on their own personal business interests.

**SAMPLE ABSENTEEISM AND TARDINESS
POLICY AND WORK RULES**

Time period to monitor:	Rolling thirty-day window.
Infractions are:	Absent; late ins; early outs; long breaks; and long lunch periods.
Exceptions are:	Pre-approved time off and doctor's slips.
First infraction:	Verbal warning shall be given and contractor will document.
Second infraction:	During any thirty-day window will result in a written warning by the company representative with documentation in the employee's personnel file.
Third infraction:	During any thirty-day window will be grounds for immediate dismissal.

Absent for two consecutive days without proper notification will be considered a second infraction.

Absent for three consecutive days without proper notification will be grounds for immediate discharge.

Absentee Notification Procedure:

It is understood that absenteeism or irregular attendance is not in the best interest of the project. In the event an employee is going to be absent from work for whatever reason, the employee is required to notify his or her immediate supervisor as soon as possible at the job site by calling him or her. The employee shall state the reason for the absence.

Owner requirements on individual projects may exceed these requirements; however, employees must be notified as to what the requirement's are.

Construction User Roundtable Publications

The purpose of developing Construction User Roundtable (CURT) publications is to disseminate recommendations, guidelines, and reports developed by the Construction Users Roundtable. CURT is focused on improving the cost effectiveness of the U.S. construction industry. These publications have been developed from the point of view of owners or users of construction services. Efforts by all segments of the industry, however, are vital if major improvement is to be the result.

This publication is one of a series from committees or study teams addressing a problem area.

Findings and recommendations of The Construction Users Roundtable are included in publication series classified as White Papers (WP), Reports (R), or User Practices (UP). In addition to these classifications, CURT publications are numbered based on the category of the topic:

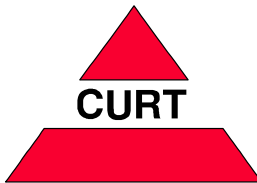
Category	Number Code
Constructability	001 to 099
Contractor Management	101 to 199
Cost	201 to 299
Interface Management	301 to 399
Workforce/Industrial Relations	401 to 499
Material Control	501 to 599
Purchasing	601 to 699
Quality	701 to 799
Safety	801 to 899
Security	901 to 999
Strategy	1001 to 1009
Work Planning and Scheduling	1101 to 1199
Technology/E-Sourcing	1201 to 1299
Special Projects	2001 to 2099

Examples:

WP-1201: A CURT White Paper on Reverse Auction

R-402: A CURT Report on Tripartite Initiatives

UP-801: A CURT User Practice on Construction Safety in Contractor Prequalification



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"THE OWNERS VOICE TO THE CONSTRUCTION INDUSTRY"

4100 Executive Park Drive, Suite 210
Cincinnati, OH 45241-4023
Phone (513) 563-4131
Fax (513) 733-9551
www.CURT.org