

**SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT**

**ABSENTEEISM STUDY
AND
INCENTIVE PROGRAM**

Final Report

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prepared by

**MacDorman & Associates
in association with
Templar Associates, Ltd.**

May 31, 1986

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I. INTRODUCTION

This report presents the results of the Absenteeism Study and Incentive Program conducted for the Southern California Rapid Transit District (SCRTD) by MacDorman & Associates and Templar Associates, Ltd. The project, which was conducted between October 1985 and May 1986, involved a District-wide review and analysis of employee absence and the development of an incentive program to improve attendance.

OBJECTIVE, SCOPE AND APPROACH

SCRTD defined five objectives for the project.

- . collect and analyze attendance data from all departments in SCRTD. This included obtaining and, as appropriate, updating data on employee absence from prior absence data collection efforts for SCRTD's Transportation and Maintenance departments and collecting data for remaining SCRTD employees.
- . review prior SCRTD studies and projects on employee absence to identify recommendations that may be incorporated into a District-wide attendance improvement program. This included the Bus Operator Absenteeism Study and the TOPIF Maintenance Employee Absenteeism Study as well as other studies conducted by SCRTD.
- . review incentive programs used by other organizations within and outside the transit industry to improve attendance, identifying their advantages and disadvantages.
- . survey the salaried employees of SCRTD (i.e., employees other than vehicle operators and mechanics) to identify the types of incentives that are most valued. Analyze these survey results together with the results of similar prior surveys at SCRTD to identify incentive programs for possible implementation.
- . design a balanced incentive attendance program for SCRTD. This program should address needed elements for attendance data monitoring, employee communication, and training to complement and support the programs for attendance improvement.

The approach to this project included four phases and the preparation of four reports. The four phases are a logical sequence of activities that support the recommendation of an incentive program for improving employee attendance at SCRTD.

- . Phase I - Collect and Analyze Attendance Data
- . Phase II - Review Previous Absenteeism Studies and Incentive Programs
- . Phase III - Survey District Employees to Determine Valued Incentives
- . Phase IV - Design a Balanced Incentive Attendance Program

REPORT CONTENT

This is the final report for this project. It presents the results of Phase IV the Balanced Incentive Attendance Program, and summarizes the reports prepared documenting Phases I, II and III which are included as appendices. Following this introduction:

- Section II: SCRTD Employee Absence. This section summarizes the results of Phase I which involved an assessment of the nature and extent of employee absence at SCRTD in terms of the type and distribution of absence. This phase was the initial step intended to establish a foundation for understanding SCRTD's absence problem and developing strategies for improvement.
- Section III: Incentive Findings. This section summarizes the results of Phase II which included:
 - a general review of attendance improvement programs;
 - a review of prior assessments of SCRTD employee absence, attendance improvement incentives, policies, and benefits;
 - a summary of incentive programs used nationally by transit systems to improve attendance; and
 - a review of incentive attendance programs used outside the transit industry.
- Section IV: Valued Incentives Survey. This section summarizes the results of Phase III which involved an analysis of incentives valued by SCRTD employees that would be considered as the basis for an incentive program to improve attendance. The analysis was based on data and information obtained from SCRTD employees through a series of group meetings which utilized the Nominal Group Technique (NGT) and a survey of employees.
- Section V: Recommended Incentive Attendance Program. This section is the focus of this project and this report. It draws on the results of Phases I, II and III to present a recommended attendance incentive program for SCRTD. To be effective the program should be balanced with an effective attendance discipline policy and supported by data monitoring, employee communications, and training.

ACKNOWLEDGEMENTS

This project was conducted under the direction of Ms. Cassandra G. Langston, Senior Personnel Analyst, assisted by Ms. Luanna M. Urie. The project benefited from the attention of Mr. Alvin N. Rice, Assistant Director of Personnel; the participation of many SCRTD employees in the Nomininal Group Technique meetings, and the valued incentive survey; and the assistance of employees who supported the collection of attendance data for analysis by MacDorman & Associates.

II. SCRTD EMPLOYEE ABSENCE

This section summarizes the results of Phase I: Absenteeism Findings of the Absenteeism Study and Incentive Program. The phase was an assessment of the nature and extent of District-wide employee absence at SCRTD. More specifically, the objective of this phase was to identify the type and distribution of employee absence, as an initial step in the design, development, and implementation of incentive program(s) to improve attendance, leading to greater efficiency and productivity of SCRTD. Appendix A presents the results of Phase I in more detail.

OVERVIEW ABSENCE DATA ANALYSIS

SCRTD has conducted two prior studies that collected employee absence data. These studies are titled:

- . Operator Absenteeism: An SCRTD Management Services Section Report (dated January 1979)
- . Evaluation of Absenteeism for the Maintenance Department of the Southern California Rapid Transit District (dated February 1985, conducted by Friedland Psychological Associates, Inc.)

The reports provide absence information about the 4,527 SCRTD vehicle operators represented by the United Transportation Union (UTU) and the 1,752 maintenance employees represented by the Amalgamated Transit Union, Division 1277 (ATU).

This study includes a review of the findings and conclusions of these two studies, an updating of their absence data based on information provided by the respective departments, and the collection of absence data for the employees not included in these studies. Full-time employees not previously studied include 2,161 represented and non-represented employees. Employees who are not represented by a collective bargaining unit include 1,352 non-contract (NC) employees. The remaining 809 employees are represented as follows:

- . 701 employees represented by the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees, (BRAC);
- . 64 employees represented by the Transit Police Officers Association (TPOA); and
- . 44 employees represented by Teamsters' Union Local 911 (Teamsters).

In this study the four employee groups are referred to as NBTT which combines the first letters of non-contract, BRAC, TPOA and Teamsters.

Data Collection

Comprehensive absence information for NBTT employees is contained in individual work records manually maintained at decentralized department and division locations throughout the SCRTD. A sample of 774 attendance records representing approximately 36 percent of SCRTD's NBTT employees was selected for this analysis of absence rates. More specifically, random sampling procedures were employed, using an alphabetized list of the above employees to identify a

statistically reliable sample for data collection. The random selection avoids bias and the large sample size minimizes inferential errors. Each record was carefully reviewed and, when required, codes were clarified. Attendance information was recorded for the annual period of November 1, 1984 through October 31, 1985.

Types of Absences Surveyed

Information on employee absence for the surveyed employees was coded in eleven categories and then summarized into six, more general, absence groups. These absence groups, as they are related to the coded data, are as follows:

<u>Consolidated Absence Groups</u>	<u>Coded Absence Categories</u>
. Tardy	Tardy
. Sick	Sick
. Personal	Leave of Absence, Family Sick, Maternity
. IOD	Injury on Duty or Occupational Injury
. Contractual	Bereavement, Military Leave, Union Business, Jury Duty
. Management- Requested	Suspensions

Non-occupational injuries resulting, for example, from personal or vehicular accidents and absent without permission were not recorded separately but coded in the category designated as leave of absence. Time lost from work due to vacations, holidays, and non-scheduled work (e.g., training) was not recorded in the survey.

In addition to absence data, employee demographic information was collected and coded for use in the analysis of absence patterns. This included personal information about surveyed employees such as gender, age, and marital status and information related to employment such as tenure, department, and representation.

Measures of Absence

Two measures are used to analyze absence in the survey findings:

- . Absence incidents. This measures the number of occurrences of absence, by type and cumulatively, irrespective of the length of each absence.
- . Absence duration. This measures the total time an employee is absent, by type of absence and cumulatively, in terms of work hours lost.

Statistical analyses were conducted concerning potential differences in absence behavior among groups of employees defined by employment and demographic characteristics since it may be necessary to take such differences into account when identifying incentive strategies for improving attendance.

DISTRICT-WIDE ABSENCE

Since several data sources are used, the findings on SCRTD employee absence are divided into three parts:

- . updated absence information about vehicle operators represented by the UTU;
- . updated absence information about maintenance department employees represented by the ATU; and
- . absence information on NBTT employees collected in this study.

UTU Employees

Exhibit II.1 provides information about the absences of SCRTD vehicle operators. Assessment of the reported information tends to show that the absence rate of vehicle operators, since the 1977-78 survey, is on a downward trend. However, since the information contained in the exhibit is taken from several sources and absence is defined somewhat differently than for the NBTT employees surveyed in this project, caution should be exercised before making conclusions about the data.

ATU Employees

Exhibit II.2 shows the average maintenance employee lost annual work days due to absence. A general assessment of the information tends to show that the absence rate of SCRTD Maintenance Department employees has remained generally stable during the past six years. This information is also derived from several sources and similar caution is advised in drawing conclusions about the data.

NC, BRAC, TPOA and Teamster (NBTT) Employees

NBTT employee attendance records were categorized by representation and the average annual absence rate was calculated for each group. Exhibits II.3 and II.4 provide information in tabular form about the average annual absence incidents and work hours lost per employee by absence type. Since the distribution of absence among employees is positively skewed^{1/}, two values are shown for average values. The median value can be described as that value where 50 percent of the employees have less absence and 50 percent have greater absence. The mean, or arithmetic average, value is the sum of all absences divided by the number of employees.

The average number of annual absence incidents is shown in Exhibit II.3 as 4.0 (median) and 5.3 (mean) for the NBTT employees surveyed in this study. The average annual work hours lost due to absence is shown in Exhibit II.4 as 56.0 (median) and 120.2 (mean). On average BRAC employees have the highest absence rates of the four groups of NBTT employees that were examined.

Exhibits II.5 and II.6 provide information about the distribution of absence incidents and time lost by type of absence in graphic form. Reported sick leave

^{1/} Positively skewed distributions result from a small percentage of employees having a disproportionately large percentage of the absences.

EXHIBIT II.1

AVERAGE FULL-TIME EQUIVALENT OPERATOR
LOST ANNUAL WORK DAYS
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

<u>YEAR</u>	<u>SICK LEAVE</u>	<u>WEEKDAY SICK LEAVE</u>	<u>TOTAL ABSENCE (1)</u>	<u>TOTAL WEEKDAY ABSENCE (1)</u>	<u>ANNUAL WEEKDAY MISSOUTS</u>
1977-78	22.5 (2)				
1980	20.0 (3)		32.3 (3)		
1981	14.6 (3)		27.7 (3)		
1982	17.0 (3)	18.5 (4)	28.5 (3)	26.6 (4)	1.9 (4)
1983		17.3 (4)		24.4 (4)	2.2 (4)
1984		17.3 (4)		24.6 (4)	2.2 (4)
1985		16.8 (4)		24.2 (4)	2.1 (4)

-
- (1) Total absence includes sick leave, requested days off, suspensions, leaves of absence, but not industrial injuries.
 - (2) Source: Operator absenteeism, An SCRID Management Services Section Report, January 1979. Period: October 1, 1977 - September 30, 1978.
 - (3) Source: LACTIC Performance Audit Program Phase II, Task 1 Audit Report, SCRID, Booz, Allen & Hamilton, March 1983.
 - (4) Source: SCRID Report 3-5 and Weekly Manpower Survey/Performance Report, 1982 - 33-week sample, 1983 - 31-week sample, 1984 - 43-week sample, 1985 - 12-week sample.

EXHIBIT II.2

AVERAGE MAINTENANCE EMPLOYEE
 LOST ANNUAL WORK DAYS
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

<u>YEAR</u>	<u>SICK LEAVE</u>	<u>TOTAL ABSENCE</u>
1980	--	20.0 (1)
1981	--	19.7 (1)
1982	--	21.1 (1)
1983	15.8 (2)	21.3 (2)
1984	--	--
1985	15.6 (3)	20.6 (3)

-
- (1) SOURCE: LACIC Performance Audit Program Phase II, Task 1 Audit Report, SCRITD, Booz, Allen & Hamilton, March 1983.
- (2) SOURCE: Evaluation of Absenteeism for the Maintenance Department of the SCRITD, Friedland Psychological Associates, Inc., February 1985.
- (3) SOURCE: SCRITD Maintenance Department VMS Report for 6 months of 1985. Total absence includes occupational injury, non-occupational injury, leave of absence, sickness in family, AWOL, off with permission, sick, jury duty, bereavement, military leave, and union business for 1,158 mechanics and 395 service attendants.

EXHIBIT II.3

AVERAGE ANNUAL ABSENCE INCIDENTS PER EMPLOYEE BY TYPE OF ABSENCE
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Absence Type	NC		BRAC		TPOA		Teamsters		Total	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean
SICK	3.0	3.7	5.0	6.1	2.0	2.1	2.0	2.0	4.0	4.5
PERSONAL	0.0	0.1	0.0	1.2	0.0	0.1	0.0	0.1	0.0	0.5
Leave	0.0	0.1	0.0	1.1	0.0	0.1	0.0	0.1	0.0	0.5
Family Sick	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Maternity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
INDUSTRIAL INJURY	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.1	0.0	0.1
SUSPENSION	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.1	0.0	0.4	0.0	0.2	0.0	0.3	0.0	0.2
Bereavement	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Military Leave	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0
Union Business	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1
Jury Duty	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
TOTAL ABSENCE	3.0	3.9	7.0	8.0	2.0	2.5	2.0	2.5	4.0	5.3
TARDY	0.0	0.1	1.0	3.5	0.0	0.1	0.0	0.1	0.0	1.3

EXHIBIT II.4

AVERAGE ANNUAL WORK HOURS LOST PER EMPLOYEE BY TYPE OF ABSENCE
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Absence Type	NC		BRAC		TPOA		Teamsters		Total	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean
SICK	40.0	66.9	64.0	104.6	24.0	41.8	24.0	59.1	48.0	80.4
PERSONAL	0.0	3.2	0.0	35.3	0.0	9.6	0.0	0.2	0.0	14.9
Leave	0.0	1.7	0.0	32.3	0.0	0.5	0.0	0.2	0.0	12.9
Family Sick	0.0	0.1	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.4
Maternity	0.0	1.4	0.0	2.1	0.0	9.1	0.0	0.0	0.0	1.6
INDUSTRIAL INJURY	0.0	0.5	0.0	35.6	0.0	120.4	0.0	11.8	0.0	18.4
SUSPENSION	0.0	0.0	0.0	0.2	0.0	1.2	0.0	0.0	0.0	0.7
CONTRACTUAL	0.0	2.6	0.0	10.5	0.0	11.4	0.0	12.0	0.0	5.8
Bereavement	0.0	0.6	0.0	2.4	0.0	2.8	0.0	2.6	0.0	1.4
Military Leave	0.0	0.6	0.0	1.0	0.0	8.2	0.0	6.1	0.0	0.9
Union Business	0.0	0.0	0.0	4.5	0.0	0.4	0.0	0.0	0.0	1.7
Jury Duty	0.0	1.4	0.0	2.6	0.0	0.0	0.0	3.3	0.0	1.8
TOTAL ABSENCE	42.0	73.2	82.0	188.0	40.0	184.4	40.0	83.1	56.0	120.2
TARDY	0.0	0.1	0.0	1.6	0.0	0.1	0.0	0.3	0.0	0.6

EXHIBIT II.5

AVERAGE ANNUAL ABSENCE INCIDENTS PER EMPLOYEE
 BY EMPLOYEE REPRESENTATION AND TYPE OF ABSENCE
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

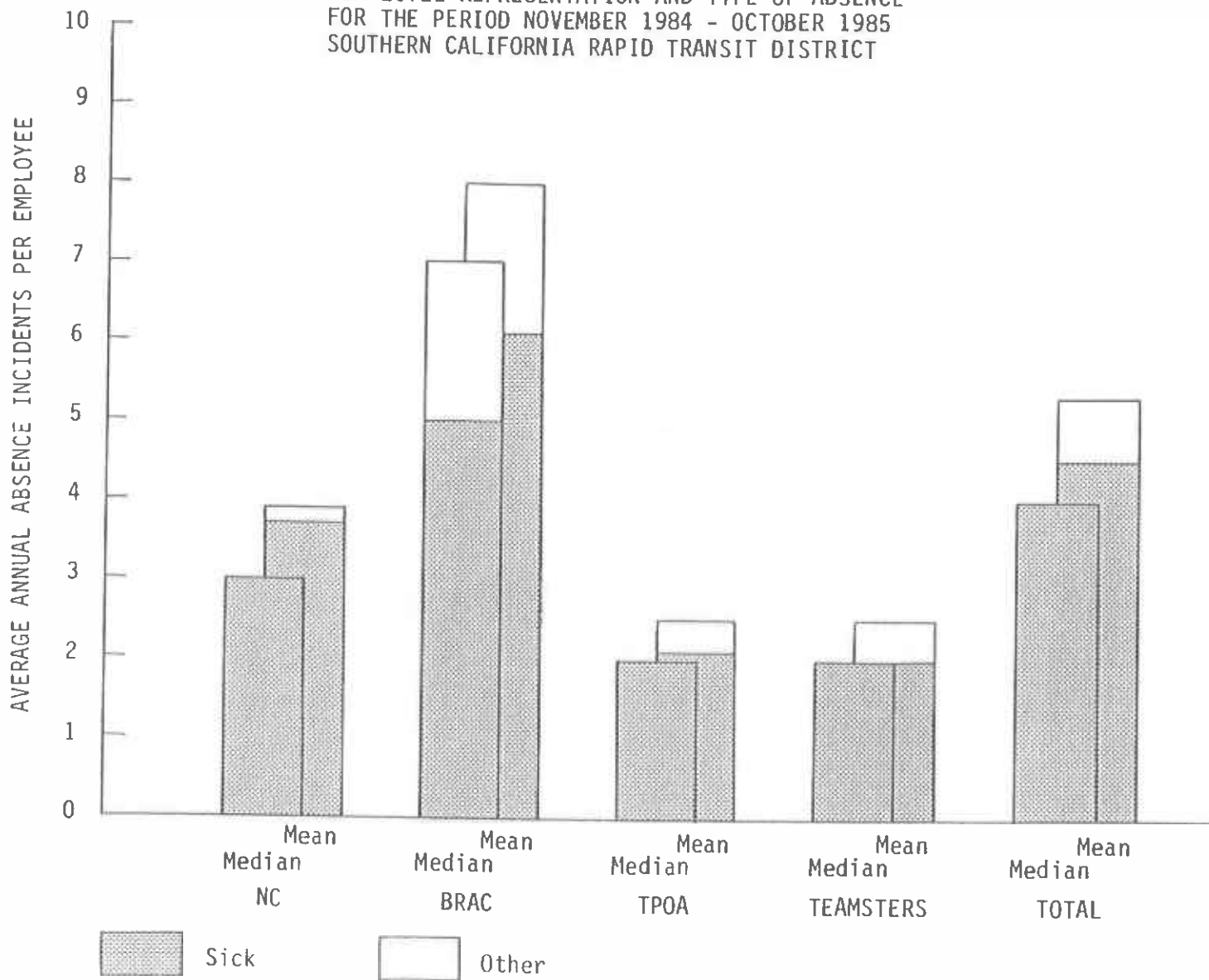
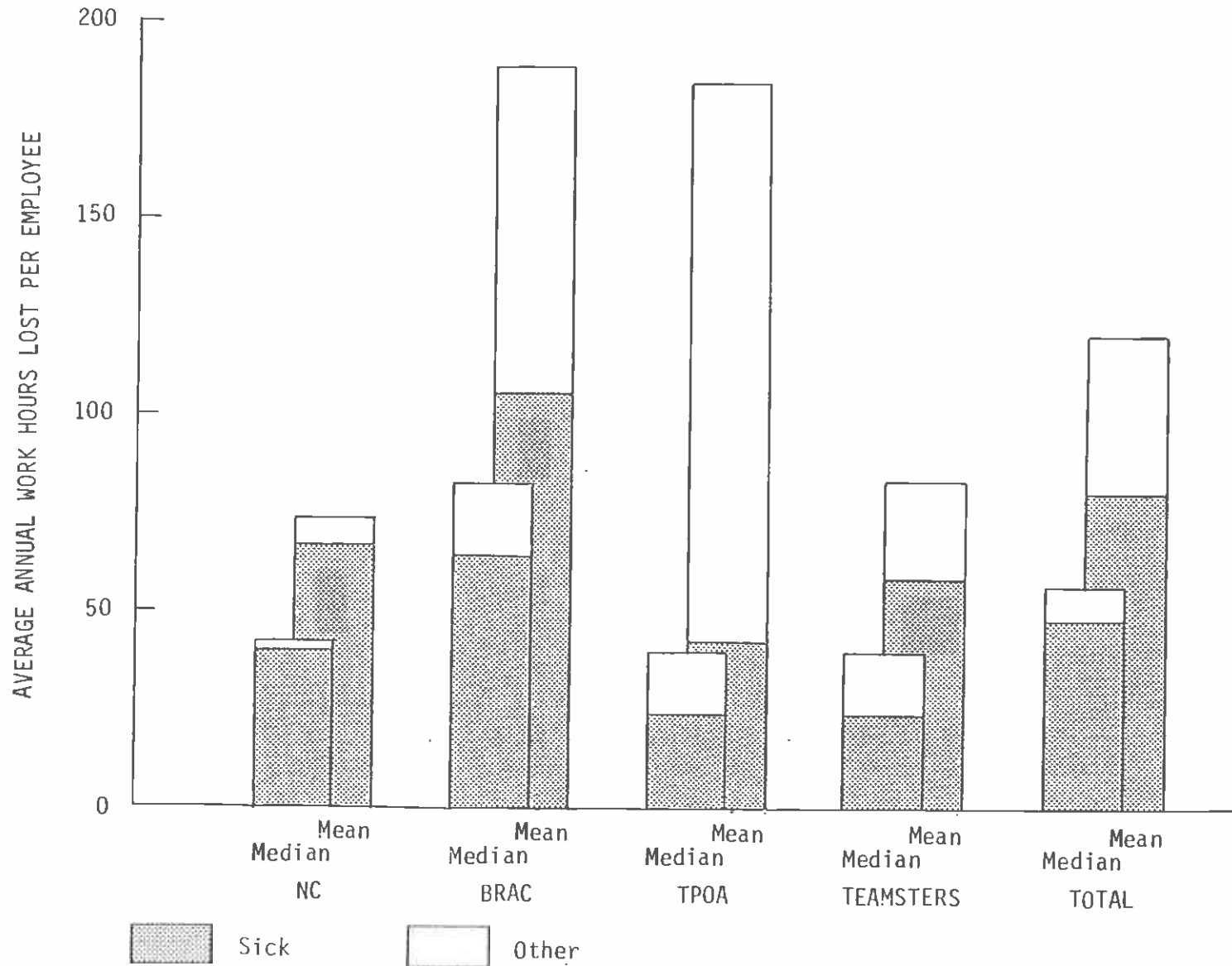


EXHIBIT II.6

AVERAGE ANNUAL WORK HOURS LOST PER EMPLOYEE
 BY EMPLOYEE REPRESENTATION AND TYPE OF ABSENCE
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT



is the predominant form of absence among the employees sampled in the survey, with 84.8 percent of the absence incidents and 66.9 percent of the work time lost attributed to reported sick leave. Within the other absence category on these two exhibits personal absence, consisting primarily of leaves of absence (coded B on employee work attendance records), has the second highest incident rate of 9.2 percent and industrial injury absence has the second highest lost time rate at 15.3 percent.

Summary of District-wide Employee Absence

Although specific comparisons of absence rates between UTU, ATU, and NBTT employees are inappropriate, some general conclusions are possible. Absence among employees at SCRTD is relatively high compared to other industries and businesses. Compared to their peers in the transit industry, SCRTD absence rates are not abnormal, that is, they appear typical in an industry composed of employees with generally high absence rates.

Among the six groups of employees defined in this study by union representation, three generally have absence rates about twice as high as the other three. ATU, BRAC, and UTU employees have mean annual lost work days for 1985 in excess of 20 days per employee. Although TPOA employees have a mean annual lost work time rate for 1985 of 23.1 days, survey sample information from this study reveals that a few police officers (approximately 5 percent of sample) incurred industrial injuries which prevented them from working the entire period of the survey analysis. This study did not investigate whether or not the TPOA rate of long-term industrial injuries is typical over time. However, the median rate of 5.0 annual days per employee is a similar absence level to Teamster and NC employees.

Appendix A to this report presents more detailed results of the analysis of NBTT employee absence. Included are findings on:

- . the extent of employee absence which presents absence data in graphic form on the extent of absence by employee gender, age, tenure, marital status, and education; and
- . the distribution of employee absence by employee representation and absence type.

SUMMARY OF CONCLUSIONS ON SURVEYED EMPLOYEES

The findings of the NBTT employee survey and the conduct of statistical analysis of absence rates between various groups or categories of NBTT employees shows there is significant opportunity to improve employee attendance under a balanced program of discipline and incentives. While the focus of this study was directed toward the design and development of an incentive program, the findings of the employee survey reveal that as many as 20 percent of NBTT employees in the November 1984-October 1985 period may be considered excessively absent under the definition given in SCRTD's attendance policy dated October 22, 1985. Unless employees change their attendance performance SCRTD management will be faced, beginning January 1, 1986, with the onerous and time consuming task of administering discipline to policy violators.

The opportunity to reduce employee absence through incentive programs is evident in the absence distributions particularly among NC and BRAC employees. Widespread distribution of sick leave incidents and time lost is revealed by examination of the absence data and should offer the greatest potential for attendance improvement.

Furthermore, the analysis of data shows that careful attention should be paid to the following groups or types of employees in designing an incentive program for attendance improvement (see Appendix A):

- . BRAC and NC employees;
- . Female employees; and
- . Young, single employees.

Since there are significant differences in the absence rates of employees between divisions, consideration should be given to developing programs that meet specific needs of high absence divisions.

III. INCENTIVE FINDINGS

This section summarizes the results of Phase II of the Absenteeism Study and Incentive Program which focused on the use of incentives to improve attendance. This section begins by discussing the three categories of attendance behavior and five categories of attendance improvement programs. Next, SCRTD's efforts to improve attendance are reviewed. The balance of the section summarizes programs to assess absence and improve attendance in the U.S. transit industry and attendance programs used outside the transit industry. Appendix B of this report includes a more detailed review of these topics.

Employee absence has long been identified nationally as a costly and particularly aggravating problem. Estimates developed in 1978 rather conservatively established that absence cost the U.S. economy over \$26.4 billion.^{2/} In a 1985 survey conducted by the Bureau of National Affairs, Inc., 60 percent of all participating companies considered absenteeism one of their most serious problems. It is not surprising that numerous studies have been conducted on the subject and that numerous programs have been developed to improve employee attendance.

ATTENDANCE BEHAVIOR

There are three major categories of employee attendance behavior.

- . First, chronic absence is characteristic of those employees who, because of their health, life situation, or attitudes, are absent very frequently. This is a relatively small group of employees, typically ranging from five to 20 percent of the work force.
- . A second group of employees has good attendance behavior even though they are occasionally absent. The total amount of absence is large for the group because, even though individuals within it do not have high absence rates, this group contains the majority of employees.
- . Finally, there is a third group of employees who consistently have near-perfect attendance. Like the first group, this is generally a small percentage of the total work force.

ATTENDANCE IMPROVEMENT PROGRAMS

Attendance improvement programs can be grouped into the five categories discussed below.

Discipline Policies and Programs

Disciplinary policies and programs to address employee absence are the foundation of attendance improvement initiatives in both the public and private sectors. Few, if any, organizations introduce other programs to improve attendance without first having established and documented such policies. Many organizations have traditionally used only discipline or the management-by-exception principle

^{2/} Steers, R.M. and Rhodes, S.R. "Major Influences on Employee Attendance: A Process Model." Journal of Applied Psychology, 1978, 63(4):391-407.

to address attendance. This style of management is considered unsatisfying for many employees, since the policies focus on absent-prone employees with little or no reinforcement and feedback until a problem arises.

Employers can discipline absent employees for two reasons. One is violation of organization rules (misconduct) and the other is poor performance (excessive absence). Misconduct occurs when employees are absent for reasons not considered legitimate by the organization (violation of policy). An excessive absenteeism policy focuses on the amount of absence, regardless of reasons or establishment of fault. Since regular attendance is a requirement of employment, this policy may result in discharge.^{3/}

Attendance discipline policies are typically composed of written statements that define excused and unexcused absence; specific allowable limits of absence; and prescribe discipline, including suspension and dismissal, for employees that exceed these limits. A written attendance policy is intended to formalize management practices and encourage employees to conform to the guidelines of the organization. The issues of disciplinary action, progressive discipline, impartial investigation, and consistent application are central to an effective attendance discipline policy; rewarding improvement is a more recent addition to these policies that must be communicated to and understood by both management and employees.

Attendance Incentive Programs

Attendance incentive programs reinforce and recognize good attendance and encourage improved performance. Such programs generally affect the majority of employees, whose attendance is within the attendance limits stated by the organization. Attendance incentive programs help overcome the more negative features of attendance management since they recognize and reward employees for excellent or improving performance.

Incentive programs have a number of benefits: they encourage employees to improve otherwise acceptable absence records, they stress positive aspects of employee performance, and they establish a more balanced approach to attendance management. The criteria for receiving the incentive, the amount or number of incentives, and program administration vary from organization to organization. While a very wide variety of these programs has been developed and implemented, four general categories of attendance incentive programs are:

- . Formal Recognition Programs. Employee recognition for perfect, near-perfect, or improving attendance may be through an awards banquet, posting the employee's name on a bulletin board, a letter from management, acknowledgement in the organization's newsletter, certificates, small awards, etc.
- . Time-Off Incentive Programs. Many organizations reward good attendance by allowing employees to take time off in addition to scheduled vacations, holidays, and personal days. Time-off incentives are sometimes called trade-in programs since employees may trade accumulated unused sick leave for added scheduled time off.

^{3/} A more detailed treatment of this type of policy is provided by Frank E. Kuzmits, "Is Your Organization Ready for No-Fault Absenteeism?"

- . Financial Incentive Programs. There are many ways that organizations use monetary rewards to encourage good attendance including cash bonuses, savings bonds, or items of monetary value. Alternatively, an organization can buy back unused sick leave from employees at a rate that is from 100 percent of base pay to some fraction of an employee's pay rate. Other innovative types of financial incentive programs have been introduced to reduce employee absence.
- . Attendance Lottery Programs. Attendance lotteries are programs that reward employees with a chance of winning a major prize. Usually these programs are cost-effective because many employees are striving for comparatively few rewards. The size, frequency, and type of lottery award must be carefully considered to facilitate the effectiveness of this type of attendance incentive program.

These four types of attendance incentive programs are largely the focus of this project for SCRTD.

Improved Working Conditions

Recent research on employee attendance suggests that employee absence can be reduced by improving working conditions. A variety of these innovative programs have been implemented to improve organizational productivity and performance. Four methods of improving working conditions include:

- . Health-Related Programs: Various working conditions have been associated with absence caused by health problems, psychological stress, and morale problems. Such features as security, lighting, ventilation, and air quality affect employees' sense of well-being and ability to regularly attend.
- . Work Redesign. Research on work design has identified five elements that, if built into jobs, can increase most workers' job satisfaction. These job elements are skill variety, task identity, task significance, autonomy, and feedback. This concept has been termed job enrichment or enlargement.
- . Employee Participation/Involvement Increased employee participation allows employees to be more directly involved in their work unit or department and to use their knowledge and problem-solving skills to improve performance. Quality circles and Scanlon Plans are two examples of employee involvement programs.
- . Flexible Work Schedules. Flex-time involves the flexible scheduling of work hours around a core time when all employees must be at work. One of the major reasons organizations implement flexible work schedules is to provide their employees the opportunity to attend to personal business without incurring an absence.

Employee Support or Assistance Programs

Employee support or assistance programs (sometimes called EAP's) include efforts by the organization to address the causes of absence, which may include

personal, marital, or familial problems; substance abuse; or any problems that impede an employee's effectiveness at work or ability to attend. These programs have generally been developed out of a combination of concern for employee well-being and desire to reduce economic losses stemming from poor performance.

Numerous corporations and labor unions have encouraged the development of employee assistance and rehabilitation programs such that in 1980, more than 1,200 such programs were in existence in the United States. In 1985, the American Public Transit Association conducted a national survey that identified 59 transit systems that reported having a formal employee support or assistance program. The role of the employer is considered significant since next to family and intimates, their employer may be in closest contact with troubled employees.

Personnel Programs which Support Attendance Improvement

Personnel programs which support attendance improvement include numerous programs which support efforts to improve employee attendance including:

- Accurate record-keeping and data monitoring may be the most critical program in this category, since it substantiates the reward or discipline of employees based on attendance records and allows regular feedback on attendance performance to employees, supervisors, and management.
- New employee selection can help transit systems screen employees with attendance problems.
- Employee orientation should inform new employees that good attendance is expected and describe the actions that will be taken for poor attendance.
- Periodic training of new and existing employees is critical to attendance program effectiveness.
- Compensation practices should reinforce organizational objectives since pay practices have a major impact on employee behavior.
- Sick leave call-in and return-to-work requirements provide important information, and discourage employees from being absent.
- Information feedback provides employees with accurate information about their attendance record. Research has shown that employees who know their absence rates have lower levels of absence than employees who estimate their absence rates.

Many of the activities included in the above personnel programs are not immediately associated with attendance improvement. Because of the different categories of attendance behavior, most organizations need several types of attendance improvement programs.

ASSESSMENTS OF EMPLOYEE ABSENCE, ATTENDANCE IMPROVEMENT INITIATIVES, AND POLICIES AND BENEFITS OF SCRTD

This section is divided into three parts. The first part identifies SCRTD's efforts, to date, to assess the problem of employee absence. The second part identifies a number of policies and programs implemented by SCRTD to address poor attendance. These include discipline, incentive, and support programs. The final part briefly summarizes SCRTD's use of employee fringe benefits which may affect employee attendance.

Studies to Assess and Improve Employee Attendance at SCRTD

Several studies have been conducted by SCRTD or independent contractors to assess and improve employee attendance at SCRTD. The discussion which follows briefly summarizes key aspects of four such studies:

- . Operator Absenteeism, an SCRTD Management Services Section Report, January 1979. This study was conducted by SCRTD to analyze the nature and extent of absenteeism among SCRTD's bus operators and develop recommendations to improve employee attendance. The study's recommendations were divided into three major areas: management prerogatives (improvements that would reduce absence with little cost); items for negotiation that could not be addressed under the existing contract; and items requiring further study. This final area includes significant changes from current policies and practices, including contract changes. Almost twenty specific recommendations were made.
- . Performance Audit of SCRTD, Phase II, Task 1 Audit Report. The triennial performance audit of SCRTD for 1980 through 1982 addressed both vehicle operator and maintenance employee absence.
 - Vehicle Operators - The overall conclusion with respect to vehicle operator absence was that, although attendance among SCRTD vehicle operators had generally improved, lost time continued to be a costly problem. While the performance audit report indicated that SCRTD's Transportation Department was aware of these attendance problems and was actively engaged in addressing them, it cautioned SCRTD against concentrating on sick leave, at the expense of opportunities for improving manpower availability in general.
 - Maintenance Employees - The performance audit addressed the overall growth in maintenance staffing, indicating that staffing growth had exceeded revenue equipment growth in recent years. Maintenance employee absenteeism remained high over the audit period and was considered a costly problem since the rate was on average more than 21 days per employee in FY82. Industrial injuries were also high among SCRTD maintenance employees, far exceeding established goals.
- . A Study of Overtime in The Southern California Rapid Transit District Maintenance Department The study's four objectives focused largely on overtime but considered employee absence. Two of the study's recommendations that related to absence stated:

- SCRTD should conduct an analysis of accidents and injuries in relation to maintenance job characteristics; and
- SCRTD should investigate the overtime authorization practices and policies to address such issues as employees working on their day off at premium rates when they have not worked a full week because of vacation, holiday, sickness, or unexcused absence.
- Evaluation of Absenteeism for the Maintenance Department of the Southern California Rapid Transit District. The study, based on absence data collected on a random sample of SCRTD maintenance employees, discussed the pervasiveness and costliness of employee absence and commended SCRTD for examining the issues underlying absence in more detail. The key conclusions of the study addressed:
 - Use. A high rate of absenteeism was found, with the average number of sick-leave hours exceeding the maximum annual sick-leave allowance.
 - Correlation with demographic variables and job satisfaction. Absenteeism was found to be significantly correlated with the following variables: age, tenure, travel time to work, marital status, cigarette smoking, alcohol consumption, number of children living at home and job satisfaction.
 - Overall level of job satisfaction. Overall job satisfaction seemed low relative to norms suggesting that increased job satisfaction could result in some reduction of absence.
 - Rewards. Employees in the sample seemed to favor rewards which would pay them more money or give them additional time off in exchange for lower absence.
 - Penalties. The responses suggested that penalties, such as suspension or discharge, would reduce absenteeism the most and that counseling by the immediate supervisor can be an effective tool for reducing absenteeism.

SCRTD Attendance Policies and Programs

The design and development of an incentive attendance improvement program require an understanding of any policies and programs that now exist at SCRTD that may influence the effectiveness of the new attendance incentive program. This section of the report discusses the employee discipline, incentive, and support programs that exist at SCRTD.

Policies for Disciplining Employees for Absence

There are two types of discipline policies addressing employee attendance at SCRTD. The first type is administered under the collective bargaining agreement between the SCRTD and the employees (operators) represented by the UTU. The second type is outlined by SCRTD's Personnel Department and covers all employees except those represented by the UTU. Both policies include progressive discipline for excessive absence and both address misconduct.

UTU Agreement. Article 27, Discipline Rule, of the SCRTD-UTU labor agreement describes the basis for employee discipline. Specifically related to attendance, the article defines absences that are excluded or excused from disciplinary procedures, the type of discipline or punitive action to be taken through a progressive discipline process, and actions employees can take to expunge previous absences from their attendance records. The existing policy prescribes progressive discipline including suspension and discharge for excessive absence. Entries concerning an employee's absence recorded one year or more ago are not considered in any disciplinary action. Tardiness of operators is not counted as absence. Rather, tardiness, like absent with out permission (AWOP), is considered independently with a separate schedule of progressive discipline.

SCRTD Attendance Policy. Bulletin No. 85-16 issued by the Personnel Department on October 22, 1985, provides an attendance policy covering all SCRTD employees except those represented by the UTU. The policy states that employees with excessive absences shall be subject to progressive discipline including suspension and discharge. Excessive absence is defined by the policy as six or more incidents of absence in a rolling six-month period or three or more absence incidents with a total lost work time of 60 or more hours in a floating six-month period. Two incidents of tardiness, defined as less than one hour at the beginning of a work shift, are counted as one absence incident.

Incentive Policies and Programs for Employee Attendance

The incentive policies and programs of SCRTD that may affect employee attendance can be divided into five areas. These are as follows:

- . Employee of the Month and/or of the Year. Different divisions and departments have awards earned and presented to employees with outstanding performance records. They include Operator of the Month/Year, Maintenance Employee of the Month, and Telephone Information Operator of the Month. In addition, a number of other departments, such as Transit Police and Personnel, have implemented Employee of the Quarter programs to reward exceptional performance.
- . Operator Recognition (In Pursuit of Excellence). The Transportation Department provides for four separate awards to bus operators. These include Annual Outstanding Operator Award, Annual Meritorious Operator Award, Monthly Manager's Award, and Monthly Operator Recognition Sweepstakes.
- . Equipment Maintenance Recognition Program (Achieving Superiority Through Quality and Productivity). The Equipment and Maintenance Department provides for various awards to maintenance personnel employed, by divisions and sections. Programs have been tailored to Operating Divisions, Central Maintenance Facility, Maintenance General, Division 4, Equipment Engineering.
- . Safety Award. All permanent, full-time maintenance employees, transportation employees, supervisors and instructors, transit police, and telecommunications employees are eligible for this award. The award is given for safe work performance, that is for accumulated (not consecutive) accident-free years with no preventable accidents or

injuries, measured in one-year increments. The award emphasizes milestone years in five-year increments.

- . Other Policies and Agreements. Other SCRTD policies and labor agreement provisions provide incentives for reducing employee absence. For example, BRAC employees may annually "cash in" all but 80 hours of their accrued sick leave at the rate of 75 percent of face value.

Employee Assistance Program

SCRTD offers a self-help employee assistance program for its employees who may desire advice and guidance to resolve personal problems affecting work performance. Limited counseling sessions are free but financial assistance is available under certain benefit plans.

SCRTD Employee Benefits that Affect Employee Attendance

SCRTD employees receive numerous fringe benefits that are generally described in labor agreements or policy documents. These benefits, which are described in Appendix B, include sick leave, leaves of absence, holiday, and vacation benefits. Specific benefits vary by employee representation. The differences in benefits among employee groups affects such matters as:

- . when sick leave payment is initiated
- . how many hours of sick leave can be accumulated
- . whether unused sick leave is paid upon retirement
- . whether leaves without pay are available and for what duration
- . how many paid holidays are provided
- . how much vacation is provided
- . whether payment can be received for unused vacation.

SCRTD employees receive benefits from long-term injury and illness including:

- . State Disability Insurance. All SCRTD employees, when sick or injured off the job, are eligible for benefits under the State of California Disability Insurance Program.
- . Workers' Compensation. All SCRTD employees, regardless of tenure, are eligible for benefits under the California Workers' Compensation Law when injuries are caused by their job.
- . Long-Term Disability. Full-time non-contract employees, regardless of tenure, are eligible to receive long-term disability benefits after six continuous months from the date total disability commenced.

These benefits generally provide payment to off-set loss of wages and obtain medical treatment during the course of a long term illness, injury, or disability.

INCENTIVE PROGRAMS USED BY TRANSIT SYSTEMS TO IMPROVE EMPLOYEE ATTENDANCE

This section focuses on U.S. transit systems' use of incentive programs to improve employee attendance. The first part of the section identifies several key national studies. Each of the five studies was initiated out of a general concern for improved productivity and performance in the U.S. transit industry. These studies not only addressed various attendance incentives but considered other efforts to improve employee attendance and performance overall. The second part of this section reviews the attendance incentive programs in use in 1985 that were described to the American Public Transit Association (APTA) in APTA's annual survey of efficiency incentive plans.

National Studies on Attendance Improvement and the Use of Incentives

Between 1980 and 1985, at least five significant national studies were conducted that addressed the need to improve productivity and performance in the U.S. transit industry. Each of these studies, to a greater or lesser extent, addressed the problems resulting from employee absence and each considered the use of incentives to improve performance.

- . Study of Operator Absenteeism and Workers' Compensation Trends in the Urban Mass Transportation Industry, conducted by the Port Authority of Allegheny County (Pittsburgh), for the Urban Mass Transportation Administration of the U.S. Department of Transportation, March 1980.
- . Operator Absence in the Transit Industry, prepared by the Pennsylvania Transportation Institute for the Urban Mass Transportation Administration of the U.S. Department of Transportation, October 1983.
- . Assessment of Quality-of-Work-Life Programs for the Transit Industry, prepared by Susan G. Clark, Kathleen D. Warren, and George Greisinger for the Transportation Research Board of the National Research Council, December 1983.
- . The Influence of Financial Incentive Programs on Employee Performance and Organizational Productivity Within the Mass Transit Industry, prepared by Virginia Polytechnic Institute and State University for the Urban Mass Transportation Administration of the U.S. Department of Transportation, November 1984.
- . Cooperative Initiatives in Transit Labor-Management Relationships, prepared by Jay A. Smith, Jr., Kenneth M. Jennings, and Earle C. Traynham for the Urban Mass Transportation Administration of the U.S. Department of Transportation, June 1985.

Appendix B to this report includes abstracts of these five reports focusing on employee absence and the use of incentives to improve attendance and performance.

APTA Comparative Labor Practices on Attendance Incentive Programs

This section reviews attendance incentive programs currently used by U.S. transit systems. Over two hundred transit systems have incentive programs reported in the American Public Transit Association's (APTA) Comparative Labor Practices Report No. 6--Efficiency Incentive Plans, June 14, 1985. In some cases a transit system's program used a single incentive, in other cases it combined several different approaches; an average of two attendance incentives had been implemented at each transit system.

Almost four hundred separate attendance incentive programs are listed, although upon close examination many of the incentives listed in the APTA report are actually disincentives. For example, 38 transit systems reported "no sick leave," and many others indicated accrual or deprivation of sick leave as attendance incentives. The attendance incentive programs reported to APTA have been grouped into four categories:

- . Eligibility for Day-Off Overtime
- . Financial Incentives
- . Time-Off Incentives
- . Administrative Actions

Unfortunately, programs providing recognition as the only incentive were excluded from the APTA report. Also excluded were programs that require the employee to terminate employment to receive the reward, reductions in vacation, and accrual of unused time off.

The number of transit systems reporting the use of attendance incentive programs is presented in Exhibit III.1, by type of incentive. The most common approach was to use attendance performance as the major criterion for receiving a day-off overtime assignment and commensurate pay. More than half the transit systems reported using this approach. The second most frequently used incentive was financial; attendance performance affected an employee's eligibility to cash in accrued sick leave or to receive a cash reward or other financial benefit. Approximately one-third of the transit systems offered financial incentives for good attendance.

Time-off incentives were used by 20 percent of transit systems reporting. Attendance criteria were used to determine an employee's eligibility to convert unused sick leave to vacation or other paid time off or to receive extra time off above normally accrued sick leave and vacation. Attendance could also affect the rate at which sick leave and vacation time were accrued. About 34 percent of transit systems used various administrative actions, about half of which are genuine incentives and the other half disincentives. The most frequently used administrative actions affected an employee's payment during the sick leave waiting period and in some cases required employees to obtain a doctor's statement concerning their illness. Also, missout and tardy incidents were removed from an employee's record for good attendance. Availability of paid sick leave could also be affected by attendance performance.

EXHIBIT III.1

TRANSIT SYSTEM ATTENDANCE INCENTIVE PROGRAMS

	<u>NO. OF SYSTEMS</u>
Transit Systems with Attendance Incentives	
Transit systems reporting use of attendance incentive programs	202
Transit systems reporting <u>only</u> no sick leave	10
Total transit systems reporting no sick leave	38
Types of Attendance Incentives	
1. Day off overtime assignments	111
2. Financial incentives	66
. Cash in accrued sick leave	43
. Cash awards	23
. Other financial incentives	6
3. Time-off incentives	38
. Conversion of accrued sick leave to paid time off	18
. Extra paid time off	14
. Accrual of sick leave and vacation time	18
. Unpaid time off	2
4. Administrative actions	68
. Elimination of sick leave waiting period	20
. Imposition of sick leave waiting period	20
. Requirement for doctor's statement	12
. Waiver of doctor's statement	3
. Removal of missouts or tardy incidents from record	12
. Sick leave accrual	6
. Accrual of sick leave and vacation to same account	4
. Weekly guarantee for extra operators	4

SOURCE: Comparative Practices Report No. 6--Efficiency Incentive Plans. American Public Transit Association, June 14, 1985.

Appendix B of this report describes how the four types of attendance incentive programs operated, what the range of the incentives was, what were the eligibility requirements, and how frequently incentives were given. The employee groups covered by an incentive plan are identified, where the information was available. Exhibit III.2 summarizes key findings on the use of incentives by U.S. transit systems.

INCENTIVE ATTENDANCE PROGRAMS OUTSIDE THE TRANSIT INDUSTRY

The purpose of this section is to summarize efforts made outside the transit industry to improve attendance through the use of incentives. The information included in this section is based on:

- . a review of literature on absenteeism
- . survey conducted in 1982 of 1,000 organizations, in which personnel managers were asked to evaluate their attendance control programs^{4/}
- . seminar discussions with over 200 personnel managers
- . several case studies involving incentive attendance programs

The information in this section summarizes the use and reported effectiveness of a range of attendance improvement programs. Special attention is given to incentive programs.

Literature Review.

The literature review identified over 60 studies documenting the results of efforts outside the transit industry to implement a wide range of attendance improvement programs. Almost half the attendance improvement programs included in the literature review are incentive programs that include rewards or recognition for attendance. These programs were generally implemented at private-sector companies as demonstration programs and were examined as research projects.

The literature suggests that employees can generally benefit from the implementation of attendance incentive programs, regardless of the particular approach. The four primary possible benefits are:

- . additional earnings for the same hours worked per year
- . additional time off for the same earnings per year
- . improved personnel record
- . fewer requirements for paid sick leave

Any reward offered, however, must be of sufficient magnitude to alter an employee's decision to miss a day of work. It must convince him or her that the future benefits of good attendance are worth the current sacrifice of one or more days off.

^{4/} The American Society for Personnel Administration, Personnel Administration, June 1982.

EXHIBIT III.2

USE OF ATTENDANCE INCENTIVES BY U.S. TRANSIT SYSTEMS

Eligibility For Day Off Overtime

This incentive program applies most frequently to vehicle operator and maintenance employee groups. The most frequently mentioned eligibility criterion was over 40 hours worked in the week.

Financial Incentives

Financial incentives increase total take home pay of an employee with a good attendance record with no increase in working hours. The incentives differed significantly in amount awarded, stringency of attendance criteria, and frequency of award, and the types of absences that were excusable (and therefore did not affect eligibility for a financial reward).

- Cash-In Accrued Sick Leave. The most frequently used financial incentive allowed employees to cash in all or a part of accrued sick leave (ASL) on a yearly basis. Limitations are used in cash-in programs to affect the amount of time that must be accumulated prior to cash in; the amount of time that can be converted to pay; and the rate of pay for each hour of accumulated sick leave.
- Cash Awards. Most cash incentives were single annual cash or bond award for a perfect or near perfect attendance record. The amounts ranged from \$50 to \$200 per year. Several transit systems rewarded their employees with eight hours pay quarterly or semiannually for good attendance.
- Pay Differential. One system reported using an hourly pay differential based on attendance performance. An employee receives an extra 10% per hour for a month without any unexcused absences; an extra 15% per hour for 3 months without such an absence; and 20% per hour for a year without any unexcused absences.
- Other Financial Incentives. This category includes an assortment of financial incentive programs that do not fit into the three previous classifications. They include:
 - Employer payment for work clothing and tools
 - Employer contributions to health, life, and/or disability insurance premiums
 - Employees may convert accrued sick leave and vacation to wages to increase their wage base for retirement benefits
 - Employees need not work the day before and the day after a holiday
 - Employees receive spread penalty pay only if 40 hours are worked in the week

Time-Off Incentives

Time-off incentives do not increase a worker's income, but generally provide additional paid time off. There were four basic approaches: First, a qualifying employee may convert unused accrued sick leave to vacation or other paid time off. Second, qualifying employees may take extra time off without affecting their accrued sick leave or vacation. Third, employee's attendance records affect their accrual of sick leave and vacation time. Fourth, a qualifying employee is allowed unpaid time off without penalty. As with the financial incentives, the time-off incentives differed significantly in the amount of time awarded or allowed for trade-in, the stringency of the attendance criteria, and the frequency of the award.

EXHIBIT III.2

USE OF ATTENDANCE INCENTIVES BY U.S. TRANSIT SYSTEMS (CONT.)

Administrative Actions

The remaining attendance incentives do not fit neatly into the preceding three categories. For ease of presentation they have been grouped into four subcategories:

- . Sick-Leave Waiting Periods. Transit systems often require a one to three day sick leave waiting period, i.e., for the first one to three days of illness, employees are not paid. If an employee is absent for a longer time period, payment for sick leave is begun and often then includes payment from the first day of the illness. Some transit systems waive the waiting period as a reward for good attendance (incentive programs); the other half imposed an unpaid waiting period as a response to an employee's absenteeism problem (disincentive programs).
- . Doctors' Medical Statements. As demonstrated by waiting period actions, a requirement that employees provide a medical statement verifying employee illness can be used in either incentive or disincentive programs. Most transit systems used this requirement as a disincentive to absence.
- . Removal of Missouts and Tardy Incidents from Record. The incentive for a clear record is that other benefits, in terms of cash or time-off, may then become available. Most programs of this type permitted the removal of 1 tardy or missout incident if no additional incidents occurred in a period of between 30 days to 4 months.
- . Accrual and Availability of Sick Leave. Transit systems used different techniques to affect sick-leave accrual. For example, some systems allow no sick leave accrual if there were any unexcused absences while other limit accrual if an employee had been absent for, in one case, less than five days, and in the other case, more than three days. Some transit systems allowed vacation and sick leave to accrue in the same account. Thus, the health of the employees determined how their paid time off could be exercised.

The types of incentive programs reported on in the literature review are quite diverse. Each program combined the amount of financial reward provided, timing, and requirements for eligibility differently. The overall intent of each research effort was to assess attendance improvement in an experimental or quasi-experimental setting. Some of the research compared the performance of control and experimental groups. Other research efforts considered the effects of discontinuation over time and in some cases reinstatement of the attendance improvement program.

Although the material presented in the literature review is not intended to compare the effectiveness of different types of attendance improvement programs, a review of the results suggests that, with few exceptions, reductions in absence were reported for all of the programs and in each case improvement was experienced.

Survey of Organizations and Personnel Managers

The results of a 1982 survey concerning attendance improvement methods in which 1,000 organizations were surveyed and 200 personnel managers were interviewed were reviewed and are summarized for this project. In the personnel manager survey, managers were asked to identify the methods used by their organizations to reduce absence; to evaluate the effectiveness of these techniques; and to provide their organization's current absence rate and other basic background information. The basic concerns of the survey were:

- . How prevalent were various attendance programs?
- . How effective were these methods, according to the personnel managers?
- . Was there a relationship between the set of attendance programs used by an organization and its absence rate?

The survey included a list of 34 attendance improvement programs, identified in Exhibit III.3. The first column in the exhibit, which lists the average effectiveness score for each of the 34 attendance improvement programs, ranks the scores in descending order based on perceived effectiveness. Some of the key findings include:

- . The methods rated most effective in reducing absence were discipline and attendance monitoring, both traditional approaches for addressing employee absence.
- . Some of the most frequently used attendance programs were not evaluated as being very effective. Despite the perception that these programs are not effective, organizations continue to apply them. Possibly these programs are not well maintained but are nevertheless still part of company policy.
- . Programs that reward attendance in a variety of ways have been highly praised in attendance management literature. However, the survey results indicate that such programs are used infrequently and for the most part, they were rated as less effective than discipline programs by personnel managers.

As part of the survey analysis, a comparison was made of the absence rates of users and non-users of the various attendance programs. The absence rates for users and non-users of each program were computed and then compared with each other. The results of this comparison are shown in the last two columns of Exhibit III.3. After eliminating from consideration all programs where apparent differences between the absence rate of users and non-users were not reliable, a number of attendance programs were associated with lower absenteeism. For example:

- . Organizations with a consistently applied attendance policy (Item 1) had significantly lower absenteeism rates than organizations without such a policy.
- . Firms that screened recruits' past attendance records before making a selection decision (Item 16) had a lower absenteeism rate than firms that did not use this method.
- . Organizations which provided public recognition techniques for good attendance (e.g., in-house bulletin boards and newsletters) had an absence rate a full percentage point below those that did not provide such recognition.
- . Finally, flex-time (Item 12), although rated highly in perceived effectiveness was not associated with lower absence rates.

Selected Case Studies

In addition to this manager's survey, Appendix B presents the results of several recent efforts by private-sector organizations to improve employee attendance through incentive programs. They include a formal recognition program, lottery programs, and financial incentives.

EXHIBIT III.3

34 ATTENDANCE PROGRAMS RANKED BY RATED EFFECTIVENESS

Control Method	Average Rated Effectiveness	% in Use	Absence Rate: Non-Users	Absence Rate: Users
1. A consistently applied attendance policy	3.47	79%	4.8%	4.2% [*]
2. Termination based on excessive absenteeism	3.47	96%	4.4%	4.3%
3. Progressive discipline for excessive absenteeism	3.43	91%	4.8%	4.3% [^]
4. Identification and discipline of employees abusing attendance policies	3.39	88%	4.8%	4.3%
5. At least monthly analysis of daily attendance information	3.38	57%	4.7%	4.1% [*]
6. Daily attendance records maintained by personnel department	3.36	48%	4.6%	4.1%
7. Employee call-in to give notice of absence	3.35	99%	7.3%	4.3% [^]
8. A clearly-written attendance policy	3.33	76%	4.2%	4.4%
9. Daily attendance records maintained by supervisors	3.31	68%	3.8%	4.6% ^{**}
10. Allow employees to build a paid "absence bank" to be cashed in at a percentage at a later date, or added to next year's vacation time	3.28	10%	4.3%	4.2%
11. Employee interviewed after an absence	3.26	35%	4.4%	4.2%
12. Flexible work schedules	3.25	21%	4.3%	4.5%
13. Inclusion of absenteeism rate on employee job performance appraisal	3.19	66%	4.5%	4.2%
14. Perfect/good attendance banquet and award ceremony	3.19	9%	4.4%	3.8% [^]
15. Formal work safety training program	3.17	42%	4.2%	4.4%
16. Screen recruits' past attendance records before making a selection decision	3.16	67%	4.7%	4.2% [*]

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EXHIBIT III.3

34 ATTENDANCE PROGRAMS RANKED BY RATED EFFECTIVENESS (CONT.)

Control Method	Average Rated Effectiveness	% in Use	Absence Rate: Non-Users	Absence Rate: Users
17. Supervisory training in attendance control	3.15	39%	4.4%	4.2%
18. Inclusion of work unit absenteeism on supervisor's performance appraisal	3.15	18%	4.4%	4.2%
19. Wiping clean a problem employee's record by subsequent good attendance	3.14	47%	4.3%	4.3%
20. Improvements of safety on the job	3.13	57%	4.2%	4.4%
21. Public recognition of employee good attendance (i.e. in-house bulletin boards or news letters, etc.)	3.10	25%	4.6%	3.6% **
22. Job enrichment/enlargement/or rotation implemented to reduce absenteeism	3.09	12%	4.3%	4.2%
23. A component on attendance in a formal employee orientation program for new hires	3.07	71%	4.5%	4.3%
24. Require written doctor's excuse for illness/accidents	3.05	77%	4.0%	4.4%
25. Spot visitation (or phone call) to check-up at employee residence by doctor/nurse/detective/other employee	3.00	21%	4.3%	4.3%
26. Operation of day care for employee's department	3.00	<1%	4.3%	3.6% ^
27. Substance abuse program (drugs, alcohol, etc.)	2.99	28%	4.4%	4.2%
28. The absenteeism control policy has been negotiated in the union contract	2.98	32%	4.3%	4.9% B
29. Employee bonus (monetary) for perfect attendance	2.96	15%	4.4%	4.1%
30. Education programs in health diet/home safety	2.81	13%	4.4%	3.9% ^
31. Attendance lottery or poker system (random reward)	2.77	<1%	4.3%	4.8% ^
32. Peer pressure encouraged by requiring peers to fill in for absent employee	2.62	43%	4.3%	4.4%
33. Chart biorhythms for accident prone day	2.50	<1%	4.3%	5.3% ^
34. Letter to spouse indicating lost earnings of employee due to absenteeism	2.50	<1%	4.4%	1.8% ^

A: Due to greatly imbalanced cells sizes, this difference should not be interpreted.

** Statistically significant $p < .05$

* Statistically significant $p < .10$

B This applies only to unionized firms.

IV. VALUED INCENTIVES

This section describes a survey, administered by the consultant team in February 1986, to determine what attendance improvement incentives are valued by employees at SCRTD. The survey included all SCRTD employees who are not represented by the Amalgamated Transit Union or the United Transportation Union (referred to as NBTT in Section II of this report). This section summarizes the data gathering methods, survey findings, and analysis results on incentives valued by SCRTD survey respondents. Appendix C discusses this information in more detail.

NOMINAL GROUP TECHNIQUE

An important first step in this phase of the project was to customize a survey instrument for SCRTD. There are a variety of methods of eliciting information; the most expensive method is the one-to-one interview. A suitable alternative, which has major advantages over individual interviews, is the Nominal Group Technique (NGT).

NGT is a structured interview session that can be attended by any number of people. Individuals respond to specific questions by filling out ballots, questionnaires, etc. The information is collected, displayed on a flip chart or an overhead transparency, and discussed. NGT group members usually express their opinions and freely evaluate the opinions of their peers.

In January of 1986, five NGT groups were held at SCRTD. Groups were composed of approximately 10 to 14 employees selected by division heads from throughout SCRTD. Attendance records were not a criterion for participation; the participants represented a diverse cross-section of SCRTD employees. The purposes of the NGT meetings were to better understand employee absence at SCRTD and to support the design of the survey on incentives valued. To reach these objectives, the NGT sessions were divided into three parts. The first part included the introduction of the facilitator and the participants during which the meeting objectives were discussed. The remainder of the session was equally divided between discussions of the causes of absence at SCRTD and discussions of alternative methods for addressing absence at SCRTD.

SURVEY DESIGN AND FINDINGS ON ABSENCE

Based on the information collected through the NGT sessions, a four-page questionnaire relating to employee absence was developed. The questionnaire included sections on attitudes about absence and attendance policies and incentives for improved performance. During February 1986, the survey on valued incentives was mailed to the homes of the approximately 2,000 NBTT^{1/} employees. The cover letter attached to the survey explained that ten respondents would each receive a prize of \$50 through a lottery.

About 620 usable surveys were returned, for a response rate of about 30 percent. The employee profile of respondents included:

^{1/} NBTT is used in this project to refer to SCRTD's non-contract, BRAC, TPOA and Teamsters employees, as discussed in Section II of this report.

- . about 31 percent of the respondents were female and 69 percent were male;
- . about 18 percent were single, 66 percent were married, 1 percent were widowed; and 16 percent were divorced or separated;
- . the average number of dependents was 2 with only 22 percent of the respondents indicating that they had no dependents;
- . a clear majority, about 73 percent, were non-represented employees;
- . the average respondent had been with SCRTD about 9.8 years;
- . the average age was 43 years, ranging from 21 to 69;
- . more than half of the respondents (about 56 percent) regularly worked overtime in 1985; and
- . more than half (55 percent) had no direct subordinates.

Overall, in comparison to the total surveyed work force, the survey respondents were relatively older, non-represented employees, with a fair amount of work experience, and with dependents.

SCRTD Employee Absence

Overall, the average number of hours absent for 1985 was estimated by respondents to be 37.6 hours (or 4.7 days). At one extreme a respondent reported 800 hours of absence. At the other extreme, 22 percent of the respondents indicated that they had perfect attendance in 1985. Compared to the attendance records collected and reported in Phase I of this project, there was an underestimation by employees of their absence rate, an underrepresentation of chronically absence employees in this survey, or both. Therefore, the results of the survey may be biased because the employees with extremely high levels of absence may be underrepresented.

Key findings about employee absence at SCRTD from surveyed employees include:

- . Although 25 percent of the respondents believed that there was no clear attendance goal, 70 percent agreed, to some extent, that management's standards for attendance were high.
- . The respondents agreed, to some extent, that employee absence was a problem.
- . There was no consensus concerning sick pay rules. About an equal number of respondents believed that the rules were too liberal as believed that the rules were not too liberal.
- . A majority of respondents did not believe that being absent occasionally was one of the benefits of their job.
- . The responses indicated that attendance rules need to be re-examined and enforcement of rules across departments checked.

- . A majority of respondents were satisfied with their job and found their supervisor a good person for whom to work.
- . Reactions to the physical conditions were less positive, with a significant minority responding negatively about the physical working environment.
- . 54 percent of the respondents strongly indicated that good attendance was not rewarded at SCRTD.
- . A very large majority of respondents (85 percent) indicated that recognition for good attendance was important to employees.
- . Excluding the perfect attenders, only 38 percent agreed somewhat with the notion that they could improve their attendance and 43 percent believed they could not improve.

Summary of Findings

The survey data appear to describe an environment at SCRTD in which:

- . there is little agreement about the standards for attendance
- . there is both a lack of reward for good attendance and a strong desire for recognition of good attendance
- . there is uncertainty as whether employees can improve their attendance behavior.

Some contradictions exist in these perceptions. For example, although employee absence is perceived as a problem, most respondents (not counting the perfect attenders) do not believe they can improve. Thus, there is a need to examine the data in the following section and recognize that employee attitudes are only one element that should be considered in designing an attendance improvement program.

INCENTIVES VALUED BY SCRTD EMPLOYEES

This section presents the results of the investigation of which incentives are valued by SCRTD employees as a means of improving attendance. The survey considered employee preferences for incentives and addressed considerations in the design of an incentive program for attendance: administrative actions, recognition, training, and communication. The final section of the survey asked respondents to make choices or trade-offs in response to a series of questions.

Employee Preferences for Incentives

Employees were asked to imagine that absence had been reduced enough to pay all employees \$1,000 or the equivalent. Employees were then asked to distribute the \$1,000 in any way they wished among the programs listed below. They could distribute all \$1,000 to one program or part to each program as long as the total number of dollars distributed added up to \$1,000. Based on these instructions employees, on average, distributed the \$1,000 as shown below:

- . \$500 should be given as a direct cash bonus at the end of the year.
- . \$167 should be converted into additional vacation days.
- . \$137 should be used to buy back unused sick days.
- . \$95 should go directly into an account to be accessible at retirement.
- . \$51 should be added directly to hourly wage rate or salary.
- . \$21 should be used to improve employee benefits.
- . \$39 should be used for another purpose (filled in by employees).

The cash bonus is very clearly the first choice given the above list of alternatives. Subsequent analyses initially considered the responses of men versus women and perfect attenders versus high absence employees. Later the analysis distinguished responses by the three employee groups (non-contract, BRAC, and TOPA and Teamsters combined).

- . Although cash remained the most preferred option, there were two important differences noted between the men and women respondents. The men allocated significantly less money to the cash bonus and allocated a much higher amount to a retirement account.
- . The perfect attenders and high absence employees both rated cash first. Once again, there are two important differences between these groups. High absence employees seem to prefer more cash while perfect attenders preferred buying back unused sick days.
- . Cash was the first choice of each of the three employee groups, with BRAC employees valuing a cash bonus somewhat more than the TPOA and Teamsters, and the non-contract employees.

Administrative Actions

There are a number of administrative actions to reduce absence that were identified in the NGT groups. Survey respondents were asked to consider some of these actions. Their responses are ranked below from most to least perceived likely to improve attendance.

- . Good attendance should be a requirement for raises in pay.
- . Excessive absence should result in progressive discipline (and possible termination).
- . For an extended sick absence, an employee should obtain a doctor's statement before returning to work.
- . For any absence, employees should be required to call in to their supervisor to report their absence.

- . Good attendance should be a requirement for working overtime.
- . Supervisors should give one-to-one counseling to employees with poor attendance.
- . When excessive absences occur a formal warning should be written and filed in the employee's personnel folder.

Male respondents favored progressive discipline/termination for excess absence and a requirement that doctor's statements be submitted following extended illness more than women.

Perfect attenders felt more strongly than high absence employees that good attendance should be a requirement for raises; excessive absence should result in progressive discipline/termination; employees should not be required to call-in when absent; and supervisors should not give one-to-one counseling. The high absence employees seem to feel just the opposite, seeking administrative actions which are less punitive.

Non-contract and BRAC employees favored good attendance as a requirement for raises in pay, and progressive discipline; BRAC employees indicated more than the other two groups that good attendance should be a requirement for working overtime; and the TPOA and Teamsters groups favored the requirement that employees obtain a doctor's statement before returning to work after an extended illness.

These data suggest that there are some differences among employees, and that, regardless of which administrative actions are selected, some individuals will perceive the programs as unfair.

Recognition Program

The next set of questions refers to the alternatives for recognizing good attendance. Participants were asked how, if they qualified for an award for good attendance, they would most like to be recognized. The responses are presented below ranked from most to least preferred by all survey respondents.

- . a small cash award
- . name entered in a lottery with a chance to win a prize
- . a framed certificate of merit
- . a personalized item to wear (i.e. inscribed jewelry, clothing) or use at work (i.e. desk accessories)
- . a formal luncheon with other excellent attenders
- . a formal luncheon with your boss paid for by SCRTD

The small cash award was the predominant first preference. A comparison of men with women, perfect attenders vs high absence employees, and employee group presentation revealed that these groups agreed on the importance of the small cash award. BRAC employees indicated somewhat greater preference for a certificate or merit than did the TPOA and Teamster or non-contract employees.

Communication Program

An important element of a successful attendance improvement program is communication. Since awards for good attendance can be communicated in many different ways, survey respondents were asked to rate various communication methods. Most to least preferred were as follows:

- . personal congratulations and a letter from the general manager
- . personal congratulations and a letter from your supervisor
- . a formal awards ceremony
- . employee name and/or picture in the SCRTD newspaper
- . a notice posted where other employees could see it
- . a letter of congratulations sent to employee home
- . a notice in employee local newspaper

The first two items were clearly the highest rated, which is consistent with the statements gathered from the NGT sessions. The lowest items were rated so low that it is questionable whether they should be considered further by SCRTD, given their complexity and cost.

The comparisons of the responses for men and women, perfect attenders and high absence employees, and among employee groups suggests that:

- . Recognition by the employee's supervisor and general manager received the highest ranking by both men and women. However, it appears that women are more interested in recognition from their supervisor for good attendance when compared to the men while men prefer receiving personal congratulations from the general manager.
- . Perfect attenders prefer receiving personal congratulations from the general manager while the high absence employees prefer recognition, through public notices listing perfect attenders.
- . Non-contract employees most prefer congratulations from the general manager, BRAC employees most prefer recognition from their supervisor, and TPOA and Teamsters prefer a formal awards ceremony.

TRADE-OFFS AMONG ATTENDANCE PROGRAM FEATURES

This section addresses attendance incentive program design characteristics. There are important restrictions that must be taken into account since organizations have limited resources and trade-offs must be made. Consequently, employees were asked what types of trade-offs they would find most desirable for specific attendance incentive programs described by the following questions:

- . If a lottery is used as an incentive for attendance, do employees prefer smaller prizes with a higher chance of winning or fewer prizes of higher value?

- . In terms of rewarding attendance, do employees prefer larger awards associated with longer time intervals of perfect or near-perfect attendance or smaller awards given more frequently?
- . In terms of commitment to attendance improvement, do employees prefer larger awards for perfect attendance or smaller awards for less-than-perfect attendance?
- . In terms of possibly cashing-in unused sick leave for payment, do employees prefer to receive a higher rate or percentage of pay for a perfect record or a lower percentage for a less-than-perfect attendance record?

Lottery Trade-offs

A series of questions was posed to assess whether employees prefer smaller prizes with a higher chance of winning or fewer chances of winning but much larger prizes. Respondents were asked to assume that they had qualified for a lottery by having an excellent attendance record and could face two situations:

- . A. A 20 to 1 chance to win a prize of \$100.
- . B. A 200 to 1 chance to win a prize of \$1,500.

Option A was slightly preferred over Option B: 54 percent of the respondents ranking Option A as their first choice, suggesting that just over half the respondents preferred a smaller prize with a higher chance of winning.

Subsequently, respondents were asked to rank the three options below in which more money was at stake.

- . A. A guaranteed \$100 for qualifying for the lottery.
- . B. A 20 to 1 chance to win a prize of \$1,500.
- . C. A 200 to 1 chance to win a prize of \$10,000.

In response to these three questions, 59 percent of the respondents selected Option A.

Respondents were then asked to select between the final two choices in this series:

- . A. A guaranteed \$500 bonus for qualifying for the lottery.
- . B. A 20 to 1 chance to win a prize of \$10,000.

In this case employees were much clearer; about 70 percent of the respondents selected Option A.

The general conclusion is that the lottery or other incentive should maximize the probability of winning even though the actual size of the prize is small.

Incentive Size/Interval Trade-offs

An important concern of attendance incentive programs is the timing or frequency of the incentive. If incentives are given for shorter intervals of good attendance, then the size of the incentive must be smaller, given budgetary constraints. Consequently, respondents were asked if they preferred larger incentives associated with longer time intervals or the reverse. Respondents were initially provided with Option A and B below.

- . A. For each 3 months of perfect attendance a \$10 bonus.
- . B. For each year of perfect attendance a \$50 bonus.

There was no clear preference--about 51 percent of the respondents chose Option B and some of those surveyed failed to respond to this question.

The following three options were then presented:

- . A. For each month of perfect attendance a \$10 bonus.
- . B. For each 3 months of perfect attendance a \$50 bonus.
- . C. For each year of perfect attendance a \$300 bonus.

The first option was clearly the least preferred with Options B and C ranked about the same.

Two final options were presented in this series:

- . A. For each month of perfect attendance a \$50 bonus.
- . B. For each 3 months of perfect attendance a \$300 bonus.

About 83 percent, a clear majority, selected Option B with the longer time period and higher payoff. In this case, a year of perfect attendance would result in more money (\$1200 vs. \$600), but it would also mean that each absence would be costly. However, employees seemed willing to maintain perfect attendance for the longer period of time for a higher bonus.

Commitment Trade-offs

Respondents were asked a series of questions regarding commitment to attendance. More specifically these questions addressed whether employees preferred larger awards for perfect attendance, or smaller awards for less-than-perfect attendance. The first two choices were:

- . A. A perfect attendance record for \$300 of cash, time, or the equivalent.
- . B. An excellent attendance record (1 absence) for \$100 of cash, time, or the equivalent.

As in all the previous sets of trade-offs, the first two options did not distinguish employees' preferences; employees were split 51 percent to 49 percent (Option A was somewhat more preferred).

Next, the following three options with higher values were presented. In this case the results were clearer.

- . A. A perfect attendance record for \$500 of cash, time or the equivalent.
- . B. An excellent attendance record (1 absence) for \$300 of cash, time, or the equivalent.
- . C. A good attendance record (2 absences) for \$100 of cash, time or the equivalent.

Option C was clearly ruled out. Option B appears to be most popular.

Finally the last two options in this series were presented.

- . A. An excellent attendance record (1 absence) for \$500 of cash, time, or the equivalent.
- . B. A good attendance record (2 absences) for \$300 of cash, time, or the equivalent.

About 68 percent of the respondents chose Option A. These responses again suggest an interest in higher rewards with a requirement of near-perfect (i.e. not perfect) attendance.

Cash-back Trade-offs

The last set of questions addressed options pertaining to the cashing-in of accumulated sick leave for pay. Respondents were to choose between higher percentage returned for a perfect record or a lower percentage for a less-than-perfect record. Respondents were to assume they were permitted to cash in all but 80 hours of their accumulated sick leave. The first two options were:

- . A. Never be absent and receive 100 percent of the value of remaining sick days.
- . B. Be absent only once and receive 80 percent of the value of remaining sick days.

There was no striking preference for either choice, only a slight preference for Option A.

Next the following three options were presented:

- . A. Never be absent and receive 120 percent of the value of remaining sick days.
- . B. Be absent once and receive 100 percent of the value of remaining sick days
- . C. Be absent twice and receive 80 percent of the value of remaining sick days

In this case, Option C was selected as a first choice by 80 percent of the respondents. Perhaps this is seen as the most realistic trade-off.

Finally, two more options were presented. This time employees responded most favorably to Option A.

- . A. Be absent once and receive 120 percent of the value of remaining sick days.
- . B. Be absent twice and receive 100 percent of the value of remaining sick days.

Respondents preferred the more difficult task (to be absent once) and the higher reward.

SUMMARY AND CONCLUSIONS

This examination of preferences within the context of attendance improvement provides insight into the design of an attendance incentive program. First, the valued incentives survey indicates that employees overwhelmingly prefer cash bonuses to other types of incentives, i.e. improved employee benefits, additional time off. More specifically, it appears that less frequent awards of higher value are most preferred as an incentive for good attendance. Other valued incentives and employee preferences were identified in the survey including:

- . Respondents believe that employees should have good attendance to qualify for pay increases.
- . Excessive absence should result in progressive discipline and possible termination.
- . Administrative practices that employees generally perceive as having less impact on absence include written warnings, supervisor counseling, requirements for doctor's excuses, and attendance as a criteria for overtime work.
- . Employees with good attendance are likely to suggest stronger punishments for employee absence than those with poor attendance records.
- . A small cash award was clearly found to be most desirable form of recognition.
- . Survey respondents clearly preferred personal congratulations and a letter from their supervisor or general manager. The finding that a notice in the local newspaper was not popular at all, suggests that for an attendance reward to be meaningful, it must be communicated within the context of work.
- . Finally, employees generally preferred to have a one-to-one communication as opposed to publicly announcing that they have good attendance.

Assuming budget constraints, employees were given choices concerning the frequency and amount of awards to be given, i.e., the more frequently rewards were given the smaller the rewards would be or vice versa. The survey respondents

tended to select the option in which they received more rather than less pay for near perfect rather than perfect attendance. More specifically:

- . First, in terms of the lottery programs, respondents preferred having a chance at a larger number of small rewards as opposed to a few large rewards. This may suggest that the respondents generally do not prefer the higher risks of lotteries, preferring instead greater certainty of some reward.
- . Second, respondents preferred programs where good attendance (could be absent one or two days) was required as opposed to programs that had higher payoffs but demanded perfect attendance.
- . Finally, respondents preferred programs that had higher payoffs even though they had to maintain higher levels of attendance for longer periods of time.

These employee preferences should be considered when designing a comprehensive attendance improvement program. This should certainly increase the likelihood that employees will respond with improved attendance.

V. RECOMMENDATIONS FOR THE IMPROVEMENT OF SCRTD EMPLOYEE ATTENDANCE

The objectives of this project were to collect and analyze District-wide attendance data, review absenteeism and incentive programs conducted at SCRTD and in other organizations, survey District employees to determine incentives valued, and design a balanced discipline/incentive attendance program for all SCRTD employees. This section of the report begins with a review of the major conclusions and recommendations from this study and discusses each recommendation in more detail.

SUMMARY OF CONCLUSIONS

This study resulted in several major conclusions concerning the extent of employee absence; the influence of current SCRTD policies, procedures, and practices on employee attendance; the experience of other organizations, within and outside the transit industry, with attendance improvement programs; and the attitude of SCRTD employees toward attendance improvement incentives. The conclusions are summarized in Exhibit V.1.

An important conclusion of this project is that the attendance improvement programs for vehicle operators and mechanics should not be affected by the recommendations of this project. A number of factors led to this conclusion, including:

- . Vehicle operators and mechanics currently have a number of attendance improvement programs, most of which were initiated recently.
- . Vehicle operators and mechanics are distinct from the other SCRTD employees in many respects:
 - they are the largest employee groups
 - they are represented by a different union
 - their attendance performance is monitored and managed differently, in particular with respect to tardiness and missouts
- . Eliminating the existing attendance improvement programs cannot be justified.
- . Instituting the new programs recommended for NBTT^{1/} employees for vehicle operators and mechanics cannot be justified.

The recommendations made here therefore focus on NBTT employees, although some of the recommendations presented below may benefit SCRTD's vehicle operators and mechanics. Therefore, SCRTD should consider their potential usefulness for all District employees.

^{1/} As in other sections of this report, NBTT is an abbreviation for the non-contract, BRAC, Teamster and TPOA employees.

EXHIBIT V.1
SUMMARY OF CONCLUSIONS

Nature and Extent of SCRTD Employee Absence

- . Employee absence is a pervasive problem for SCRTD.
- . Among the six groups of employees defined in this study by union representation, three generally have absence rates about twice as high as the other three. ATU, BRAC and UTU employees have the higher absence rate with an annual mean lost work days in 1985 in excess of 20 days per employee.

As many as 20 percent of the NBTT employees may be considered excessively absent during the November 1984 - October 1985 period under SCRTD's attendance policy date October 25, 1985. Unless changes in attendance occur these employees may be subject to discipline.
- . The absence distributions particularly among NC and BRAC employees for sick leave indicate that there is a significant opportunity to reduce absence through a balanced attendance program.
- . The design of an attendance program for SCRTD should consider the interests and needs of BRAC and NC employees; female employees; and young, single employees as well as the differences in absence rates among divisions.
- . SCRTD has conducted several prior studies to assess and improve employee attendance. These studies, which focused on vehicle operators and mechanics, generally concluded that absence is high. They have considered the causes of and possible remedies for SCRTD's absence problem and suggested rewards as well as discipline to improve attendance.

SCRTD Policies and Programs that Affect Attendance

- . SCRTD's existing attendance policies include discipline, incentive and support programs.
 - discipline. SCRTD employees represented by UTU (vehicle operators) have a discipline policy administered under their collective bargaining agreement;. All other employees are included in a discipline policy outlined by the SCRTD Personnel Department. Both policies prescribe levels of excessive absence and include progressive discipline.
 - incentives. SCRTD has a number of incentive programs including recognition, awards and cash-in of accumulated sick leave. These programs largely benefit vehicle operators and maintenance employees with NBTT employees included in selected programs.
 - employee assistance program. SCRTD offers a self-help employee assistance program for employees with personal problems affecting work performance.
- . SCRTD employees receive numerous benefits, many of which pertain to compensation during absence. These policies, including sick leave, leaves of absence, holiday, vacation and long term injury or illness, may affect attendance performance.

Attendance Programs of Other Organizations

- . A wide variety of programs are used within and outside the transit industry to improve employee attendance. They include discipline policies and programs, incentive programs, improved working conditions, employee support and assistance programs, and personnel programs to support attendance improvement.
- . The incentive programs, which are a major focus of this study, include recognition, time-off, financial incentives, lottery programs and administrative actions. While many of these are considered effective no program has been identified as most effective.

EXHIBIT V.1

SUMMARY OF CONCLUSIONS (CONT.)

Attendance Incentives Valued by SCRTD Employees

- . SCRTD employees indicate that there is a lack of reward for good attendance and a strong desire for recognition for good attendance.
- . SCRTD employees indicated a strong preference for cash bonuses to all other types of incentives for good attendance included in the survey of NBTT employees, i.e., time off, improved benefits, etc. More specifically, the respondents preferred less frequent bonuses of higher value as an incentive for good attendance.
- . Other valued incentives and employee preferences identified in the survey included
 - employee should have good attendance to qualify for pay increases
 - excessive absence should result in progressive discipline and possible termination
 - small cash awards was selected as the most desirable form of recognition
 - written warnings, supervisor counseling, requirements for doctors excuses, and attendance as a criteria for overtime were generally perceived as having little impact on absence.
- . Survey respondents clearly preferred personal congratulations and a letter from their supervisor or general manager to recognize good attendance rather than a public announcement or notice in the local newspaper. This suggests that attendance rewards should be communicated personally within the context of work to be effective.
- . Finally, in considering the frequency and amount of awards and recognizing that budget constraints, the following preferences were stated by SCRTD employees
 - First, in terms of the lottery programs, respondents preferred having a chance at a larger number of small rewards as opposed to a few large rewards. This may suggest that the respondents generally do not prefer the higher risks of lotteries, preferring instead greater certainty of some reward.
 - Second, respondents preferred programs where good attendance (could be absent one or two days) was required as opposed to programs that had higher payoffs but demanded perfect attendance.
 - Finally, respondents preferred programs that had higher payoffs even though they had to maintain higher levels of attendance for longer periods of time.

SUMMARY OF RECOMMENDATIONS

Four recommendations, listed below, were developed which, if implemented, should reduce employee absence; improve overall management of employee attendance; and result in cost savings for SCRTD.

- . SCRTD should establish management structure responsible for:
 - recommending policies and programs to improve attendance; and
 - monitoring attendance performance and employee attitudes toward attendance programs.
- . SCRTD should develop a balanced, comprehensive attendance program that includes discipline and incentives to discourage poor performance, reward excellent performance, and encourage improvement.
- . SCRTD should improve its attendance management support programs, including monitoring attendance performance, communication with employees about the attendance policies and programs, and training, in particular training for effective attendance program administration.
- . SCRTD should prepare a plan to implement these recommendations, to insure their orderly and timely initiation and administration.

ATTENDANCE MANAGEMENT STRUCTURE

The presence of a structure specifically for attendance management is often the critical feature that distinguishes a successful attendance improvement program. Important activities in developing such a structure include designating responsibility for the development and administration of attendance improvement programs; establishing the necessary and appropriate policies for improving attendance; and developing near- and long-term goals and objectives for improving attendance performance. These three activities will provide a structure for SCRTD's effort to improve employee attendance.

Designate Responsibility for the Development and Administration of Attendance Improvement Programs

SCRTD should define responsibility for attendance management in three locations:

- . Personnel Department - the central responsibility for employee attendance
- . division and department managers - day-to-day direct responsibility for the attendance performance of their employees
- . attendance improvement committees - advisory responsibility for reviewing and monitoring attendance programs' effectiveness and recommending improvements over time, as appropriate. Should include representatives of labor and management from each division.

Personnel Department

SCRTD's Personnel Department should continue to have the central responsibility for NBTT employee attendance. More specifically, this department should have the following responsibilities:

- . coordinate the development and refinement of attendance policies;
- . assist with the development and implementation of specific attendance programs throughout the organization or within departments, as appropriate;
- . assist in insuring that attendance programs are properly and consistently administered;
- . attend discipline hearings and award ceremonies;
- . conduct training on attendance policies for:
 - new employees;
 - existing employees, when policies and programs change;
 - supervisors and managers who administer policies and programs, in particular those that include discipline;
- . regularly distribute information on the attendance performance of the organization and major employee groups; and
- . conduct evaluations of the effectiveness of existing attendance programs and develop and coordinate recommendations for improving and refining the programs.

Given these responsibilities, the Personnel Department is the center for SCRTD attendance management efforts.

Division and Department Managers

Division and Department managers are responsible for day-to-day supervision and management of their employees. Attendance management is one of their many responsibilities. They are employees' first point of contact with organizational policies and programs and must represent management decision-making to employees.

It is particularly important that managers and supervisors emphasize the importance of attendance policies, within their groups and organization-wide, and that they apply prescribed policies and procedures for attendance consistently. Consistency, which is crucial for successful attendance management, is as important in disciplining employees as it is in recognizing and rewarding them. Effective training in new attendance policies and programs and periodic retraining will be important for consistent administration of SCRTD's attendance program. Training and other support programs are discussed later in this section.

Attendance Improvement Committee

SCRTD should form an Attendance Improvement Committee (AIC) to support its attendance management program for NBTT employees. The advisory committee would recommend modifications and improvements to attendance policies and programs over time, review and monitor attendance program effectiveness, and periodically assess employee attitudes toward attendance programs.

The composition of the AIC may change with time and may include permanent and temporary or rotating members. All departments and divisions, as appropriate, should be represented, as should the perspective and interests of both labor and management. Committees, such as the recommended AIC, are forums in which labor and management can exchange concerns and develop solutions to common problems. Committee meetings are intended to be non-adversarial, with members pursuing the same goals. The mission of the committee would be to make proposals to management that incorporate the suggestions of union officials and for management on improving attendance.

Common characteristics of effective labor/management committees are:

- . They are composed of equal numbers of management and labor representatives, to ensure balance and a sense of shared participation and responsibility.
- . They avoid involvement in contractual matters (including grievance proceedings that consider contract enforcement or interpretation) and labor negotiations.
- . They address subject areas like production opportunities, cost savings, quality of work life, employee morale, and absenteeism.
- . They are formed with the support and commitment of top managers and labor officials.

Other characteristics vary. Exhibit V.2 summarizes some of the characteristics of these committees and suggests that they may be unique in those aspects that relate to specific needs of an organization.

Establish Policies for Improving Attendance

Policies regarding employee attendance and absence are those broad statements prepared by management that define attendance programs, stress the importance of good attendance, and specify the effect that good and poor performance has on employees within the organization. This study indicates that SCRTD should implement the policies described below:

- . SCRTD should retain and strengthen its policy, included in Bulletin 85016 issued by the Personnel Department on October 22, 1985, of disciplining non-UTU employees for absenteeism. Specifically, the policy should be strengthened by specifying the progressive discipline steps, including the criteria for disciplinary actions, since at present only excessive discipline is prescribed by the policy.

EXHIBIT V.2

LABOR-MANAGEMENT COMMITTEE CHARACTERISTICS

CHARACTERISTICS

ALTERNATIVES

Committee Size and Composition

- . Equal number of labor and management representatives with comparable levels of seniority
- . Uneven number of representatives with one more management representative to avoid tie votes
- . Vertical composition - i.e., committee members are from several levels of the organization
- . Horizontal composition - i.e., committee members are from one level in the organization
- . Small committee: 4 to 6 members
- . Large committee: more than 20 members

Committee Selection Methods

- . Appointment by the transit system's general manager
- . Appointment by the transit system's general manager and local union official
- . Self selection, (i.e., volunteer) with top transit system management and/or labor approval
- . Lottery of volunteers
- . Election by peers

Duration of Committee Membership

- . All members stay on committee until committee is dissolved
- . Some members are permanent while others are rotating members
- . No committee members are permanent; some of the members rotate each meeting, each month or each quarter

Committee Leadership

- . One permanent leader from management appointed by the transit system's general manager
- . Two permanent leaders, one from labor and one from management, who are appointed by transit system top management alone or together with local labor officials
- . One or two leaders elected at large by the members of the AIC
- . Rotating leadership with new leader(s) each meeting

EXHIBIT V.2

LABOR-MANAGEMENT COMMITTEE CHARACTERISTICS (CONT.)

- Scope of Committee Responsibilities
- . Based on formal memorandum of understanding of top management and labor officials following review of labor contract provisions
 - . Mutually agreed upon without a formal memorandum of understanding
 - . Scope limited to attendance improvement
 - . Broad scope including transit system performance, cost saving, employee morale, productivity, etc.
- Role of Third Party Participants
- . Neutral third party included in initial meetings or all meetings to serve as facilitator to problem solving and decision making
 - . Neutral third party hired as staff to conduct analyses on nature of problem and alternative solutions
 - . No third party included
- Decision Making Approach
- . Consensus based on committee discussion
 - . Vote of the majority
 - . Vote of two-thirds of committee members
- Communication
- . Regular written memos to top management and other transit system employees not on the labor-management committee
 - . Periodic meetings with top management to discuss committee progress
 - . Management is responsible for informing other employees about the committee at its initiation and for communicating the results of the committee's efforts
 - . Committee members may discuss progress informally with non-committee members and may solicit their input

- . SCRTD should introduce a policy to forgive excessively absent employees who have good past attendance performance. To carry out this policy, SCRTD must insure that the necessary historic data are maintained whether or not this is required for other policies.
- . SCRTD should introduce a policy to recognize and reward NBTT employees for outstanding and improving attendance. As stated in Section IV of this report, SCRTD employees have indicated that rewards and recognition for good attendance are not currently provided and are important to employees. Opportunities to reduce absence by encouraging good or improved performance exist.
- . SCRTD should introduce a policy requiring regular review and monitoring of attendance performance of all employees and groups of employees. This policy would assist SCRTD in managing attendance by providing a more complete understanding of existing attendance performance and change in performance over time.

SCRTD management and the AIC, discussed above, should consider instituting additional policies to define and direct the attendance management practices and programs of the District.

Develop Near- and Long-term Goals and Objectives for Improved Attendance Performance

SCRTD should establish an overall goal: to minimize employee absence, its associated costs, and its disruption of service. This goal should be pursued by setting objectives or performance targets at regular intervals (i.e annually, biannually) for each department based on current and past attendance performance. Departments with high absence rates will have greater opportunity for improvement than those with good attendance records. Consequently, more improvement should be expected.

Performance objectives for attendance should be reasonable and not overly ambitious, particularly initially. If targets are set that cannot be achieved, they will not be taken seriously and may become a source of discord. Performance targets and expectations for improvement should change over time as managers become more effective in reducing absence and as the opportunities for improvement decrease.

SCRTD should evaluate managers on the attendance of their employees. Holding managers directly accountable for the achievement of attendance performance objectives reinforces the importance of good attendance within the organization.

BALANCED AND COMPREHENSIVE ATTENDANCE PROGRAM

Developing, implementing, and administering an effective program to improve employee attendance is a challenging and demanding process that requires considerable effort. However, the benefits are substantial. Too often organizations employ isolated methods to reduce employee absence, which results in an ineffective, piecemeal approach to attendance management.

This study indicates that SCRTD should develop, implement, and consistently administer a balanced and comprehensive attendance program. To carry out this recommendation, SCRTD should include in its attendance program the following elements, at a minimum:

- . discipline - a uniform and consistent employee discipline program for excessive absence; and
- . incentives - an incentive program that rewards and recognizes employees for outstanding and improving attendance.

Exhibit V.3 provides a model of the program recommended. The preparation of a strategic plan for attendance improvement was discussed above under the recommendation to establish an attendance management structure. The management support elements of the model program are addressed subsequently.

Attendance Discipline Program

Building on its October 22, 1985, discipline policy for non-UTU employee absence, SCRTD should develop, implement, and administer, consistently, an employee discipline program for both short- and long-term absence. The discipline program should prescribe progressive discipline and finally termination for excessive absence and tardiness and for excessive time lost. Absences for sickness, injury-on-duty, and personal reasons should be included in measuring absence rates. All other reasons for absence, including contractual, non-scheduled work and management-requested absence, should not be counted.

The discipline code should be administered and enforced consistently. SCRTD managers should not be permitted to waive discipline prescribed in the discipline program. Strict and consistent enforcement of the discipline code is essential to the credibility of the program in the eyes of SCRTD employees and its ultimate enforceability.

Forgiveness Provision

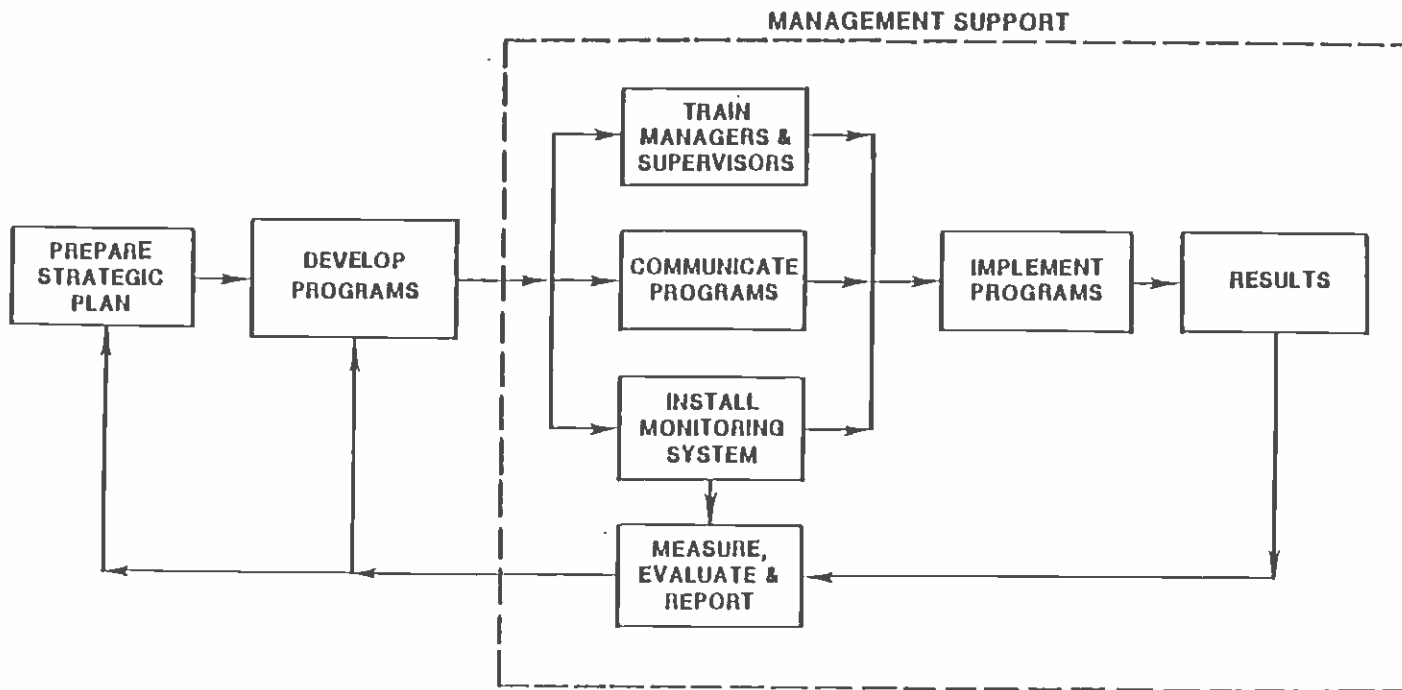
The attendance discipline program should include established procedures to forgive excessively absent employees who have good past attendance performance. The forgiveness provision is intended to demonstrate fairness and consideration, particularly for employees in good standing who may suffer a long-term illness or be involved in an accident. The procedures for granting forgiveness should require formal review, possibly through a hearing. As stated above, under attendance policies, SCRTD's historic attendance records must be maintained to insure that past attendance information is available.

Termination for Excessive Absence

The fact that the attendance program includes a provision for forgiveness of employees does not mean that employees with excessive absence, including those who have long-term absences for sickness or injury, may not be terminated. A review of national arbitration cases on employee dismissal for absence reveals that it is not impermissible, as part of an overall absenteeism policy, to dismiss employees who are regularly unavailable for work and therefore not functioning as full-time employees.

EXHIBIT V.3

ATTENDANCE IMPROVEMENT PROGRAM ELEMENTS



In all cases, the reason for discipline or discharge must be fairly and consistently demonstrated to be unavailability for work rather than employees receipt of compensation payments or claim for compensation.^{2/} All employees with similar periods of unavailability for work must be subject to equivalent discipline.

Arbitration cases clearly support management's right to terminate employees for excessive absence so long as termination policies are well structured, applied consistently, and properly executed. Specifically, Arbitrator Edwin C. Teple stated:

"At some point the employer must be able to terminate the services of an employee who is unable to work more than part time, for whatever reason. Efficiency and the ability to compete can hardly be maintained if employees cannot be depended upon to report to work with reasonable regularity."^{3/}

In addition, Arbitrator Whitely P. McCoy explained:

"However, while genuine illness justifies occasional absences, where an employee is so habitually ill or suffering from injury as to make his services of no value to the company, the company is under no obligation to retain him. No plant can operate profitably unless it can count upon fairly regular attendance by employees. Any situation which results in or tends toward unprofitable operations is against the best interest not only of the company but of the employees themselves. Employees who attend regularly have prospects of profitable employment jeopardized by such conditions."^{4/}

Discipline Program Development

The transit industry does not have a widely used model attendance discipline program or code that could be adopted by SCRTD. Therefore, the specific levels of absence associated with steps of progressive discipline should be established by SCRTD and be based largely on what is fair and reasonable. SCRTD's attendance discipline code may be established so that it is initially more tolerant of higher absence levels and, over time, is adjusted to decrease the amount or frequency of absence allowed before discipline is administered. The AIC, discussed above, may serve an important support role in preparing the attendance discipline program.

Attendance Incentive Program

An important focus of the research for this project was the development of an attendance incentive program for SCRTD's NBTT employees. The use of attendance incentives throughout the U.S. transit industry was reviewed based on 1985 national

^{2/} Section 39A of the Maryland Workmen's Compensation Statute, Article 101, makes it a misdemeanor punishable by fine or imprisonment to discharge an individual from employment solely because he or she files a claim for compensation under Article 101.

^{3/} 48 LA 615, 618.

^{4/} 9 LA 143.

survey conducted by APTA. This survey included over 200 transit systems and almost 400 separate attendance incentive programs. The characteristics of the different incentives were identified and presented in the Phase II Incentives Findings Report, which is summarized in Section III of this report, and included as an appendix.

The use of incentives to improve employee attendance outside the transit industry was also researched, and is presented in Section III. This research considered the perceived effectiveness of the attendance programs, based on the judgment of personnel department managers from almost 1,000 organizations. These organizations represented every region of the country and every sector of the economy.

SCRTD's NBTT employees were interviewed and surveyed through a Nominal Group Technique (NGT) process and mailback survey on incentives valued. Each of the five NGT sessions included ten to fourteen employees selected by division heads. The surveys were sent to all NBTT employees. Both of these efforts, summarized in Section IV of this report and presented in an appendix, addressed factors influencing absence at SCRTD, policy considerations, and use of incentives to improve attendance.

Incentive Programs Considered

The recommendations presented in this section are the culmination of this research. Four types of incentives were considered:

- . recognition - including public and personal recognition
- . time-off - including both trade-in of accumulated sick leave and additional bonus time-off
- . financial awards - including cash-in of accumulated sick leave, bonuses, and lotteries
- . prizes - items of monetary value (which might be partially donated by the community): entertainment, travel, restaurants, goods and services.

Evaluation of Options

Exhibit V.4 is a matrix summarizing the preliminary evaluation of these types of incentive programs. This evaluation was a first step toward identifying incentive programs that are likely to be effective in improving attendance and affordable for SCRTD. The criteria for evaluation, each structured such that high means good, included:

- . beneficial financial impact for SCRTD. Three aspects of the possible financial impact were considered:
 - cash outlay--low rather than high outlays of cash were considered preferable
 - predictability--in terms of SCRTD's ability to anticipate and plan for the amounts to be expended

EXHIBIT V.4

EVALUATION OF INCENTIVE PROGRAM OPTIONS

TYPE OF INCENTIVE PROGRAM	BENEFICIAL FINANCIAL IMPACT TO SCRTD			EASE OF ADMIN REQUIREMENTS	EMPLOYEE BENEFIT			EMPLOYEE BENEFIT		VALUED INCENTIVE		
	CASH OUTLAY	PREDICT- ABILITY	LONG TERM LIABILITY		PERFECT ATTENDER	GOOD ATTENDER	IMPROVING ATTENDER	SHORT TENURE	LONG TENURE	PERFECT ATTENDER	POOR ATTENDER	
RECOGNITION												
+ LOW FREQUENCY	HIGH	MED	HIGH	HIGH	HIGH	MED	MED	HIGH	HIGH	HIGH	MED	
+ HIGH FREQUENCY	HIGH	MED	HIGH	MED	HIGH	MED	MED	HIGH	HIGH	HIGH	MED	
TIME OFF												
* ANNUAL TRADE-IN ASL	MED	LOW	LOW	LOW	HIGH	MED	LOW	LOW	HIGH	MED	LOW	
* BONUS												
+ LOW FREQUENCY	MED	MED	HIGH	HIGH	HIGH	MED	LOW	MED	LOW	MED	MED	
+ HIGH FREQUENCY	LOW	MED	HIGH	MED	HIGH	MED	MED	MED	LOW	MED	MED	
FINANCIAL												
* ANNUAL CASH-IN ASL	LOW	LOW	LOW	LOW	HIGH	MED	LOW	LOW	HIGH	HIGH	LOW	
* BONUS												
+ LOW FREQUENCY	MED	MED	HIGH	HIGH	HIGH	MED	LOW	HIGH	MED	HIGH	HIGH	
+ HIGH FREQUENCY	LOW	MED	HIGH	MED	HIGH	MED	MED	MED	LOW	MED	MED	
* LOTTERY												
+ LOW FREQUENCY	HIGH	HIGH	HIGH	HIGH	MED	MED	LOW	MED	MED	LOW	LOW	
+ HIGH FREQUENCY	MED	HIGH	HIGH	MED	MED	MED	MED	MED	MED	MED	MED	
PRIZES												
+ LOW FREQUENCY	HIGH	MED	HIGH	MED	HIGH	MED	LOW	MED	MED	MED	MED	
+ HIGH FREQUENCY	MED	MED	HIGH	LOW	HIGH	MED	MED	MED	MED	LOW	LOW	

- long-term liability--ability to readily discontinue a commitment being preferable to a long-term obligation.
- . ease of administration. Programs requiring more frequent and/or more complex administration were rated lower than those with a lighter administrative burden.
- . employee benefit. The first grouping of this criteria considered how employees would benefit based on their attendance performance. In general, employees with perfect attendance are likely to benefit from any program that assures recognition or reward for excellent attendance.
- . employee benefit. The second grouping of this criteria considered how employees would benefit based on their current tenure or seniority. The basic assumption in this case is that employees with low seniority will not benefit from programs dependent on accumulated sick leave but will benefit from bonuses of either time or money. Employees with long tenure are more likely to benefit from trade-in and cash-in programs. Lotteries are based on chance and are likely to affect both groups similarly.
- . incentive valued. This summarizes the responses of respondents to the incentive valued survey, focusing on perfect and poor attenders.

Evaluation Results

Our overall conclusion is that the best attendance incentive programs for SCRTD combine recognition and low-frequency financial bonuses. This is based on employee preferences for recognition and cash and:

- . financial impact. Recognition programs are comparatively low cost, with predictable expenditures and no long-term liability. Similarly, bonus programs that are infrequent, (i.e. annual rather than quarterly or monthly) are not prohibitively expensive. Although the amount paid out each year is not precisely predictable, the costs can be estimated, based not on current employee performance but on historic experience. The program can be discontinued since there is no long-term commitment as with programs based on accumulated sick leave cash-in or trade-in.
- . ease of administration. Both recognition and bonus programs require accurate attendance records, as do the other incentive programs. In general, the administrative requirements for annual recognition and bonus programs should not be excessive.
- . employee benefit. Perfect attenders will always benefit from both recognition and bonus program. Good and improving attenders can also benefit, although at somewhat lower rates. Both long and short-tenure employees can benefit from these programs.

This evaluation concluded that the time off and financial cash-in and trade-in programs are probably least desirable since:

- . They involve long-term high-level financial commitments from SCRTD that cannot be predicted accurately since the expenditure is based on employee performance and depends on employees decision to use the benefit.

- . Record-keeping is complex, requiring ready access to historic data on accumulated sick leave and potentially on historical wage rates.
- . The employees who benefit are by-and-large long-tenured employees with perfect attendance. While this group is important, and their excellent attendance records should be rewarded and sustained, it is the other employees who should be encouraged to change their attendance behaviors if the program is to be effective in improving District-wide attendance.
- . SCRTD employees did not, by and large, express an interest in these programs except possibly some of the longer tenured employees with perfect attendance.

The programs that include time-off bonuses, lotteries, and prizes rank in between the other programs discussed above.

- . time-off bonuses - These programs are sometimes criticized for rewarding people by taking them away from work, potentially adding cost for substitute labor. These programs were not highly rated by SCRTD employees, although they are likely to benefit employees with low tenure and little vacation time available. They are generally no more difficult to administer than a financial bonus program and have similar financial impacts, although possibly less marginal cost.
- . lotteries - In general, the valued incentive survey suggested that SCRTD employees did not prefer the risk associated with lotteries. These programs have highly predictable and relatively low cash outlays with no long-term commitment. They are easy to administer if not held too frequently. Generally, all employees that have qualified have a similar chance to win (all employees have fairly low odds).
- . prizes - These programs may serve as a substitute for cash bonuses and are similar in many respects. Soliciting prizes from the community makes these programs more complex administratively. As in most of the other programs, perfect attenders are likely to benefit most but the prize may be valued less than cash by employees.

Recommended Incentive Program

Exhibit V.5 summarizes the recommended incentive program for SCRTD's NBTT employees. The program includes recognition and cash bonuses for employees with perfect, good, and improving attendance records. This includes a broad spectrum of the work force, excepting department and division heads, and should potentially benefit most employees who are not candidates for discipline for poor attendance.

The program is structured such that:

- . employees with perfect attendance are consistently recognized and reinforced to sustain their excellent performance
- . good but not perfect attenders benefit since SCRTD employees stated a preference for cash bonus programs allowing some absence

EXHIBIT V.5

RECOMMENDED ANNUAL ATTENDANCE INCENTIVE PROGRAM^{1/}

Perfect Attenders (Employees qualify for the award with perfect attendance)

- . Recognition. - Certificate of Outstanding Attendance Achievement
 - "Club" Pin modified for each year of perfect attendance
- . Bonus. - \$150 cash award.

Good Attenders (Employees qualify for the award with 2 or fewer absence incidents^{2/} and less than 25 hours lost scheduled work time)

- . Recognition. - Certificate of Meritorious Attendance Achievement
- . Bonus. \$100 cash award

Improving Attenders^{3/} (Two categories of qualification)

- . Excellent Achievement (Employees qualify for award with 50% or more improvement in both absence incidents and time lost over previous year. Improvement must be greater than 4 incidents and 48 hours of time lost due to absence.)
 - Recognition - Certificate of Excellent Attendance Improvement
 - Bonus - \$100 cash award
- . Distinguished Achievement (Employees qualify for award with 25% but less than 50% improvement in both absence incidents^{2/} and time lost over previous year. Improvement must be greater than 2 incidents and 24 hours of time lost due to absence.)
 - Recognition - Certificate of Distinguished Attendance Improvement
 - Bonus - \$50 cash award

^{1/} Department and Division heads are not eligible

^{2/} Two incidents of tardiness equals one incident of absence

^{3/} Candidates would also be eligible for Outstanding and Meritorious Attendance Achievement Awards

EXHIBIT V.5

RECOMMENDED ANNUAL ATTENDANCE INCENTIVE PROGRAM (CONT.)

Sustained Attendance Achievement (Employees qualify for award as a prior year recipient of Excellent or Distinguished Attendance Improvement award and who were not previous recipients or who does not qualify this year for Outstanding or Meritorious Attendance Achievement awards and whose current year attendance has not fallen below the previous year's absence incidents and hours.)

- . Recognition - Certificate of Sustained Attendance Achievement
- . Bonus - \$25 cash award

Department/Division Attendance Awards^{4/}

- . Highest Percent Attendance
 - Recognition - An inscribed plaque for Outstanding Attendance Achievement suitable for ten or more years to be rotated between departments/divisions as necessary.
- . Most Improved Attendance
 - Recognition - An inscribed trophy or cup for Attendance Improvement Excellence suitable for ten or more years to be rotated between departments/divisions as necessary.

^{4/} Small departments or division comprising less than 10 employees are not eligible

- . improving performance is reinforced--employees potentially although infrequently can receive two bonuses for improved performance that achieves the good or perfect attendance levels
- . sustained improved attendance performance provides employees with bonuses, encouraging long-term attendance improvement at SCRTD
- . divisions and their managers are recognized for excellent and improving attendance

The clearest benefit of the proposed attendance incentive program is that it will reduce absence at SCRTD through a relatively cost-effective incentive program that is not overly cumbersome to administer. Employees are encouraged to attain and sustain excellent, good, and improved attendance.

ATTENDANCE MANAGEMENT AND SUPPORT PROGRAMS

SCRTD should improve its attendance management support programs, including programs which address monitoring of attendance performance and communication with employees about the attendance policies and programs and training. These concepts are identified and related to the overall attendance management effort on Exhibit V.3

The opportunities for programs to support attendance improvement are numerous. They include programs that support the organization to improve its effectiveness in managing employee attendance and those which deal directly with employees to discourage poor or encourage good attendance. Exhibit V.6 provides a list of programs considered support programs for improving attendance. Based on the results of this study, three attendance support programs identified above are recommended to SCRTD as part of its balanced and comprehensive attendance program. Over time other programs may be added to enhance SCRTD's efforts to improve employee attendance. The three recommended attendance support programs require:

- . attendance management information system
- . communication with employees on attendance policies and programs
- . training for attendance program administration.

Attendance Information System

An organization's ability to manage employee attendance depends on its attendance information system. Attendance data must be accurate, understandable, and available on a timely basis. The information system should compile individual attendance data to provide information on individual and group performance to employees, supervisors, and management. Automation of attendance data is increasingly necessary to meet legal requirements for information accuracy and timeliness.

SCRTD has designed and is currently implementing a computerized Attendance Monitoring system that is part of the Human Resources MIS of the TRANSMIS project. The purpose of the system is to provide management with a tool to monitor attendance policy, the system is designed to automate the manual attendance recording process (along with the 3IR) at the operating division and department work level. Individual employee records will be automatically maintained and available for

EXHIBIT V.6

PROGRAMS SUPPORTING ATTENDANCE IMPROVEMENT EFFORTS

Attendance Management Information Systems

- . Manual
- . Automated

Applicant Screening

- . Attendance
- . Employment Tenure
- . Probation

Recruiting

Sick Leave Surveillance

- . Doctor Certification
- . Telephone Calls
- . Home Visits

Sick Leave Restrictions

- . Vacation Time
- . Hospital Stays Only
- . Minimum Time Requirement
- . Lower Accrual for New Employees

Compensation Programs

- . Overtime
- . Partial Pay for Sick Leave
- . No Paid Sick Leave
- . Workers' Compensation Limitations
- . Fringe Benefit Termination
- . Friday Payday

Employee Support Programs

- . Counseling/Performance Appraisals
- . Alcohol and Drug Rehabilitation Programs
- . Police Protection
- . Transportation Services
- . Day Care Centers

Improved Supervision

- . Increased Ratios
- . Supervisory Training
- . Occupational Safety Programs

Improved Labor Utilization

- . Reduced Overtime Use
- . Reduced Extraboard

Employee Communications

Worker Teams

Quality of Life Program

In-House Newspapers

Social Events/Competitions

Suggestion Programs

inquiry and update. The system is intended to produce management reports by employee and summarize absenteeism by division and department.

Our review of SCRTD's Attendance Monitoring report descriptions lead us to conclude that certain modifications and enhancements may be necessary to produce useful and accurate management information. The following discussions are presented to provide direction for possible changes to the current attendance monitoring system.

- . The effectiveness of attendance policies and programs can best be measured by changes in absence rates. The current reporting system provides no displays for management to monitor absence trends over time or to compare current period absence with past period absence. Exhibits V.7 and V.8 are examples of reports that allow for such monitoring.
- . Reports should be presented in formats that are easily read and understood by management. We believe the matrix of instances per employee by hours per employee, e.g., item 301 - Summary of Instances and Hours, may be too complex for supervisors and managers to effectively use in managing attendance. An example of a more simplified report of absence distribution is shown in Exhibit V.9.
- . If the theoretical measure of absence rate (in terms of hours) is determined by the amount of work time missed divided by the amount of work time scheduled, then the use of average number of absence hours per employee shown in current SCRTD Attendance Monitoring report formats may not be an accurate representation of the actual absence rate. The use of employees in the rate denominator assumes that all employees are scheduled for the same amount of work hours (i.e., employees should all have the same amount of time off, for vacations for example) and careful attention must be paid to hiring, transferring, and terminating employees so as to present an accurate number of "equivalent" employees by group, division, or department. To present an accurate estimate of absence, the number of scheduled work hours, by employee, should be captured by the attendance monitoring system and used in the calculation.

To support an incentive program designed to encourage improved attendance, an attendance monitoring system should present information about good attenders as well as problem attenders. Exhibit V.10 is an example of a report which is designed to list both the best and worst attenders. This report maybe prepared as frequently as desired, but certainly as often as necessary to match program periods of performance.

Finally, the attendance monitoring system should support analysis and evaluation of the absence problem. Exhibit V.11 presents a sample report format designed to identify worse-day patterns of absence and changes that may be occurring in the patterns. The development of this report requires that software be available to determine statistically significant differences in various groupings of absence data.

Communication with Employees

Communication with employees about attendance policies and programs will be critical to the success of the program. The communication should describe

EXHIBIT V.7

GROUP SUPERVISOR
POLICY ABSENCE REPORT

GROUP #: 0485
GROUP NAME: MAIN STREET GARAGE
SUPERVISOR NAME: BROWN, THOMAS J.

REPORT PERIOD: 093085
PAGE: 1
DATE PREPARED: 100285
FILE SOURCE: 43YAB32

EMPLOYEE NAME	EMPLOYEE NUMBER	MOVING ABSENCE PERIOD						ABSENCE YTD			TARDINESS INCIDENTS			MANAGEMENT ACTION PENDING?
		ABSENCE THIS PERIOD		HOURS				HOURS			THIS PERIOD	MOVING PERIOD	YTD	
		INCIDENTS	HOURS	INCIDENTS	#	%	INCIDENTS	#	%					
ABRAMS, GEORGE M	06135	0	0.0	2	16.0	0.1	1	8.0	1.7	0	0	0	N	
CARSON, JOHN H	01129	1	16.3	6	74.3	4.1	4	49.8	10.9	0	1	0	N	
DOWNES, THOMAS B	10055	0	0.0	3	24.3	1.3	2	16.2	3.5	0	0	0	N	
JONES, WILLIAM C	03241	0	0.0	1	8.1	0.0	0	0.0	0.0	1	3	1	N	
LOPEZ, JOSEPH S	07183	0	0.0	2	16.4	0.1	0	0.0	0.0	0	0	0	N	
MCCARTHY, SALLY K	11391	0	0.0	4	42.6	2.3	1	8.1	1.7	0	0	0	N	
SMITH, JAMES Y	02387	1	24.6	6	88.3	4.8	3	56.9	12.4	0	0	0	Y	
YOUNG, SCOTT R	05892	0	0.0	2	20.5	1.1	1	8.2	1.8	0	0	0	N	
TOTAL		2	40.9	26	290.5	2.0	12	147.2	4.0	1	4	1		

MOVING ABSENCE PERIOD

EMPLOYEE NAME	EMPLOYEE NUMBER	CONTRACTUAL			SICK			IOP			PERSONAL			MGMT REQUESTED			NON-SCHEDULED			TOTAL		
		INC	HRS	%	INC	HRS	%	INC	HRS	%	INC	HRS	%	INC	HRS	%	INC	HRS	%	INC	HRS	%
		ABRAMS, GEORGE M	06135				2	16.0	0.1													2
CARSON, JOHN H	01129				5	66.1	3.6				1	8.2	0.0							6	74.3	4.1
DOWNES, THOMAS B	10055				3	24.3	1.3													3	24.3	1.3
JONES, WILLIAM C	03241										1	8.1	0.0							1	8.1	0.0
LOPEZ, JOSEPH S	07183				2	16.4	0.1													2	16.4	0.1
MCCARTHY, SALLY K	11391				2	36.8	2.0				2	5.8	0.0							4	42.6	2.3
SMITH, JAMES Y	02387				5	64.3	3.5	1	24.0	1.3										6	88.3	4.8
YOUNG, SCOTT R	05892				2	20.5	1.1													2	20.5	1.1
TOTAL					21	244.4	1.7	1	24.0	1.3	4	22.1	0.0							26	290.5	2.0

EXHIBIT V.8

ABSENCE TREND REPORT

SPECIAL REPORT

ON GROUPS, DIVISIONS,
DEARTMENTS, AND SYSTEM-
WIDE BY ABSENCE TYPE

DATE PREPARED: 071785
FILE SOURCE: ABS9935

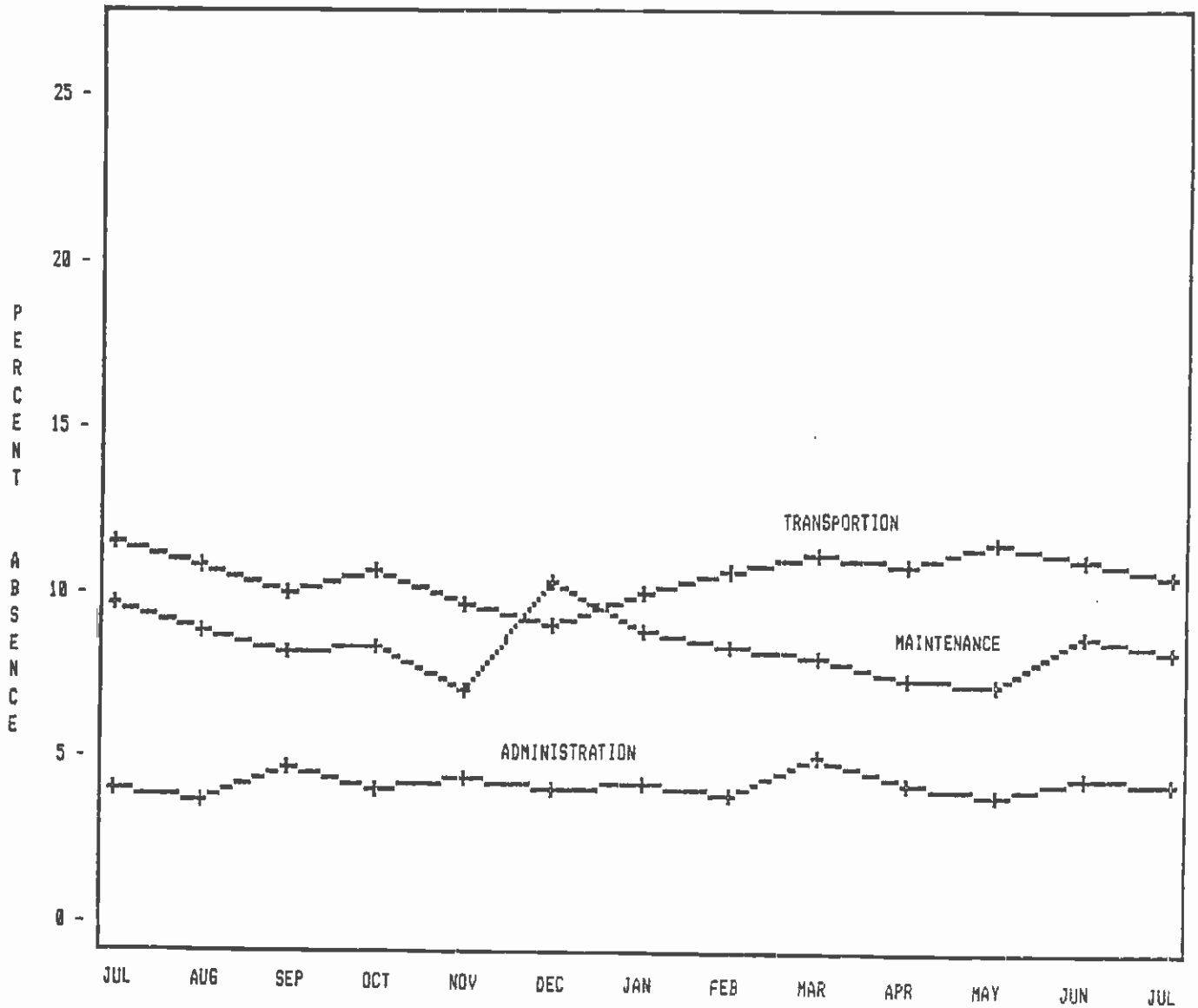


EXHIBIT V.9

ABSENCE DISTRIBUTION REPORT

SPECIAL REPORT

ON GROUPS, DIVISIONS,
DEPARTMENTS, AND SYSTEM-
WIDE BY ABSENCE TYPE

REPORT PERIOD: 033185
PAGE: 1
DATE PREPARED: 040985
FILE SOURCE: ABS385

TARDY INCIDENTS	% EMPLOYEES		ABSENCE INCIDENTS	% EMPLOYEES		CUMULATIVE % EMPLOYEES		ABSENCE TIME (HOURS)	% EMPLOYEES		CUMULATIVE % EMPLOYEES	
	THIS PERIOD	LAST PERIOD		THIS PERIOD	LAST PERIOD	THIS PERIOD	LAST PERIOD		THIS PERIOD	LAST PERIOD	THIS PERIOD	LAST PERIOD
0	85.6	86.2	0	17.8	16.3	17.8	16.3	0	17.8	16.3	17.3	16.3
1	7.7	7.4	1	14.3	15.4	32.1	31.7	0-16	8.4	9.2	26.2	25.5
2	3.4	4.5	2	13.3	12.2	45.4	43.9	16-32	14.3	13.3	40.5	38.8
3	2.1	1.9	3	10.3	8.6	55.7	52.5	32-48	12.7	13.0	53.2	51.8
4	0.8	0.0	4	9.3	8.3	65.0	60.8	48-64	11.4	12.2	64.6	64.0
5	0.4	0.0	5	9.0	9.5	74.0	70.3	64-80	5.0	8.7	69.6	72.7
6	0.0	0.0	6	8.8	7.2	82.8	77.5	80-96	7.7	6.3	77.3	79.0
7	0.0	0.0	7	4.8	4.2	87.6	81.7	96-112	4.0	3.1	81.3	82.1
8	0.0	0.0	8	2.4	3.0	90.0	84.7	112-128	2.9	4.6	84.2	86.7
9	0.0	0.0	9	2.1	2.6	92.1	87.3	128-144	2.9	2.0	87.1	88.7
10+			10+	7.9	12.7	100.0	100.0	144-160	0.8	1.1	87.9	89.8
								160+	12.1	10.2	100.0	100.0
TOTAL	100.0	100.0		100.0	100.0				100.0	100.0		

AVERAGE INCIDENTS AND WORK TIME LOST PER EMPLOYEE

MEAN	0.2	0.2	3.9	4.2	73.2	76.3
MEDIAN	0	0	3	3	42	44

EXHIBIT V.10

BEST / WORST ATTENDERS REPORT

SPECIAL REPORT

ON GROUPS, DIVISIONS,
DEPARTMENTS, AND SYSTEM-
WIDE PREPARED ALPHABETICALLY

REPORT PERIOD: 063085
PAGE: 1
DATE PREPARED: 070585
FILE SOURCE: AA30593

PERFECT ATTENDERS		EXCELLENT ATTENDERS (E.G., BASED ON 1-2 ABSENCE INCIDENTS & LESS THAN 25 HOURS LOST TIME)		POOR ATTENDERS (E.G., GREATER THAN 10% ABSENCE)		
EMPLOYEE NUMBER	EMPLOYEE NAME	EMPLOYEE NUMBER	EMPLOYEE NAME	EMPLOYEE NUMBER	EMPLOYEE NAME	PERCENT ABSENCE
04938	AARON, DANIEL J	07493	ADAMS, GEORORY T	03945	ALLEN, NORMA J	23.3
10349	BAKER, JOHN S	02948	BAYLOR, JAMES M	06976	BOYD, ANTHONY D	21.6
04837	CARTER, CLARA W	05093	CLARK, DIANE S	09568	DANIELS, TERRY L	20.0
11365	DIAZ, RICAREDD E	04749	EDWARDS, FRANK E	04859	EVANS, ROBERT A	16.4
08593	FOSTER, MARY R	08967	GARCIA, JOSE	11486	GIBSON, SHIRLEY R	15.7
04396	HALL, CHARLES B	02436	HILL, DONALD W	12957	HOWARD, ROSE J	12.9
07250	KING, DOUGLAS M	12830	JOHNSON, GERALD F	10429	KELLY, BEVERLY P	12.1
02948	LEE, STEPHEN E	04958	LOPEZ, RICHARD L	08573	MARTIN, STEVEN R	12.0
09947	MCCOY, CARL L	06285	MILLER, CATHERINE D	09582	MOORE, WILLARD C	11.8
07398	NELSON, RAYMOND T	09812	OWENS, FLOYD S	09952	PATTERSON, JANE D	11.3
03287	PHILLIPS, MARIA K	03945	REED, ELEANOR B	06583	ROBERTSON, GENE A	11.1
06294	SCOTT, MELVIN E	05832	SMITH, ANN M	04573	SMITH, MARIA A	10.4
06423	STEWART, SUSAN W	05759	SWEENEY, TERESA J	02649	TAYLOR, PATRICIA G	10.2
06303	THOMAS, ROBIN S	10306	TURNER, LARRY D	05985	WALKER, JAMES E	10.0
11345	WONG, CHEN C	04965	WARD, PETER V	05343	WARNER, JULIE L	10.0
.	.	02392	WASHINGTON, JOHN R			
.	.	01223	WILLIAMS, DONNA J			
.	.	10045	YOUNG, SAMUEL H			
.	.	.	.			
.	.	.	.			
.	.	.	.			
.	.	.	.			

EXHIBIT V.11

WORST DAY ABSENCE REPORT

SPECIAL REPORT

ON INDIVIDUAL EMPLOYEES,
GROUPS, DIVISIONS, DEPARTMENTS,
AND SYSTEMWIDE BY ABSENCE TYPE

REPORT PERIOD:
PAGE:
DATE PREPARED:
FILE SOURCE:

	PERCENT ABSENCE TIME					PERCENT ABSENCE TIME				
	THIS PERIOD	LAST PERIOD	THIS YTD	LAST YTD		THIS YTD	SIGNI-FICANT DIFF?	LAST YTD	SIGNI-FICANT DIFF?	SIGNI-FICANT DIFF BTW YRS
MONDAY	9.9	9.4	9.8	10.1						
TUESDAY	8.4	8.1	8.3	9.0	BEFORE & AFTER DAYS OFF	10.4		10.5	NO	
WEDNESDAY	8.2	8.1	8.0	8.2	OTHER DAYS	9.9	NO	10.0	NO	
THURSDAY	8.6	8.9	8.7	8.5						
FRIDAY	10.4	9.6	11.2	10.5						
SATURDAY	12.5	10.2	13.1	11.8	BEFORE & AFTER HOLIDAYS	10.4		10.3	NO	
SUNDAY	14.1	12.8	13.5	15.2	OTHER DAYS	10.1	NO	10.2	NO	
MEAN	10.0	9.3	10.1	10.2						
SIGNI-FICANT DIFF?	YES	YES	YES	YES						

policies and programs, their administration, their importance to the organization, and how they may affect employees by imposing sanctions/punitive actions and by offering rewards.

In at least three situations SCRTD employees must be provided with information on attendance programs:

- . New Employees. As part of employee orientation, the attendance policies and programs should be introduced, reviewed, and discussed. Employees should clearly understand the different types of absence and how each is treated in personnel records. They should be told how their attendance record impacts their probationary period, compensation, bonuses, overtime availability, the receipt of benefits, promotion opportunities, and disciplinary actions, including suspension and termination.
- . New Policies and Programs. When new attendance policies and programs are being introduced or changes are being made to existing attendance policies and programs, all employees must be informed. This communication should ideally take place in group meetings and be summarized in writing ideally in brochure format. The group meeting provides an opportunity to discuss and review the policies and programs, and their implications. The written summary provides documentation and a reference for employees.
- . Reinforcement. Periodically, employees should be reminded of the attendance policies and programs in order to emphasize the importance of these policies to SCRTD and to all employees. This communication may be carried out in a variety of ways: meetings with employees by department, division, or work group; distribution of attendance information as status reports; a poster campaign. The means of communication and the information communicated may be less important than the reinforcement of the message that good attendance performance is valued by management.

Training SCRTD Supervisors and Managers

Training should be provided to SCRTD supervisors and managers to ensure effective administration of the attendance policies and programs. As stated earlier in this section, SCRTD supervisors and managers are responsible for the day-to-day employee management with attendance management being one of their many responsibilities.

Consistent application of policies which discipline, recognize, and reward employees for attendance performance is very important. Without consistent administration, management credibility will be weakened and the overall enforceability of the programs will be doubted, particularly in cases involving litigation and arbitration. Training is essential to assuring that all supervisors and managers understand the attendance policies and programs, associated administrative procedures, and the importance of their being executed exactly as specified.

All supervisors and managers responsible for attendance matters should be trained whenever a new attendance policy or program is introduced or when existing policies and programs are changed. Employees who are promoted to supervisory and

managerial positions should be trained in attendance management before taking on the new responsibilities.

IMPLEMENTATION PLAN

SCRTD should prepare a plan for the implementation of these recommendations to ensure their timely and orderly initiation and administration. The implementation plan should address the formation of an attendance management structure, development of a balanced and comprehensive attendance improvement program, and development of suggested support programs.

The implementation plan should include a timeline of activities with key milestones; designate responsibility for the various activities; fully develop all programs; and consider the financial requirements so that funding can be budgeted. The attendance program infrastructure: attendance data, communication, and training, should be planned for and in place before initiating the attendance program.

Finally, SCRTD should evaluate and measure program results as the basis for assessing attendance program effectiveness and identifying the need to refine the attendance program. Good management requires both a clear goal and confirmation that the goal is, in fact, achieved. Evaluation and measurement ensures program effectiveness and provides information necessary to fine-tune the attendance program. Periodically, individual employee attendance records should be reviewed, and the elements of the attendance program examined with respect to overall employee attendance. This process should ensure that the best possible results are achieved.

APPENDIX A
PHASE I REPORT: ABSENTEEISM FINDINGS

**SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT**

**ABSENTEEISM STUDY
AND
INCENTIVE PROGRAM**

**Phase I Report
Absenteeism Findings**

Prepared by

**MacDorman & Associates
in association with
Templar Associates, Ltd.**

January 31, 1986

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I. INTRODUCTION

This report presents the results of Phase I: Absenteeism Findings of the Absenteeism Study and Incentive Program for the Southern California Rapid Transit District (RTD). The report is an assessment of the nature and extent of absenteeism among SCRTD employees. More specifically, the objective of this report is to identify the type and distribution of employee absence, as an initial step in the design, development, and implementation of incentive programs to improve attendance, leading to greater efficiency and productivity of RTD.

APPROACH AND SCOPE OF WORK

The approach to this study is based on a four-phase work program as follows:

- . Phase I - Collect and Analyze Attendance Data
- . Phase II - Review Previous Absenteeism Studies and Incentive Programs
- . Phase III - Survey District Employees to Determine Valued Incentives
- . Phase IV - Design a Balanced Discipline/Incentive Attendance Program

This report, Absenteeism Findings, completes the requirements of Phase I of the study, Collect and Analyze Attendance Data.

This phase is primarily fact-finding. It is intended to provide an enhanced understanding of District-wide employee absence at RTD, which will support the additional fact-finding efforts of Phases II and III of this study. Phase I included three tasks: initiate project, collect and analyze absence data, and prepare absenteeism findings. The work was initiated on November 4, 1985, by a meeting between the RTD and consultant project managers.

During the two-week period that followed the meeting, the consultant received RTD documents and materials pertinent to the study including data necessary to complete a comprehensive review of employee attendance policies, procedures, and programs and initiated the collection of employee absence data. The data collection process was divided into two areas: updating of absence data for vehicle operators and maintenance employees from two prior studies, and the collection of absence data for the balance of the RTD employees. The collection of employee attendance data was preceded by development of sampling procedures to insure an accurate and efficient estimate of the nature and extent of RTD employee absenteeism. Data analysis was performed using computer-based statistical procedures. The findings and conclusions in this report are the result of this analysis.

ORGANIZATION OF REPORT

This report is organized into the following four sections:

- . Section I: INTRODUCTION. This section reviews the study objectives, approach, scope of work, and report organization.
- . Section II: OVERVIEW OF SURVEY AND EMPLOYEE ABSENCE. This section reviews the data collection procedures used to develop estimates of

employee absence and provides an overall estimate of the magnitude and distribution of RTD absenteeism.

- Section III: NATURE AND EXTENT OF EMPLOYEE ABSENTEEISM. This section provides more detailed findings concerning the nature and extent of employee absence among various employee groups as defined by demographic and organizational factors.
- Section IV: CONCLUSIONS. This section of the report discusses the survey findings and provides some conclusions about employee absenteeism at RTD.

II. OVERVIEW OF SURVEY AND EMPLOYEE ABSENCE

This section of the report reviews the data collection procedures used to develop estimates of RTD employee absence and presents overall estimates of the magnitude and distribution of absenteeism at RTD.

OVERVIEW OF SURVEY

An important objective of this project was to prepare District-wide estimates of employee absenteeism. RTD has conducted two prior studies that collected absenteeism data for the vehicle operators and the maintenance department. These studies are titled:

- . Operator Absenteeism: An SCRTD Management Services Section Report (dated January 1979)
- . Evaluation of Absenteeism for the Maintenance Department of the Southern California Rapid Transit District (dated February 1985, conducted by Friedland Psychological Associates, Inc.)

The reports provide absenteeism information about the 4,527 RTD vehicle operators represented by the United Transportation Union (UTU) and the 1,752 maintenance employees represented by the Amalgamated Transit Union, Division 1277 (ATU).

This study includes a review of the findings and conclusions of the two previous studies and an updating of their absence data based on information provided by the respective departments and on the collection of absence data for the employees not included in the previous studies. Those full-time employees not previously studied (2,161) include both represented and non-represented employees. Those who are not represented by a collective bargaining unit include 1,352 employees referred to as non-contract (NC) employees. The remaining 809 employees are represented as follows:

- . 701 employees represented by the Brotherhood of Railway, Airline and Steamship Clerks, Freight Handlers, Express and Station Employees, (BRAC);
- . 64 employees represented by the Transit Police Officers Association (TPOA); and
- . 44 employees represented by Teamsters' Union Local 911 (Teamsters).

Comprehensive absence information for the above employees is contained in individual work records manually maintained at decentralized department and division locations throughout the RTD.

As part of this study, data collection procedures were developed. These procedures were divided into two parts. The first part focused on the update of absence information for RTD vehicle operators and equipment maintenance employees. The second part of the procedures concentrated on the collection of absence data for NC, BRAC, TPOA and Teamster employees.

Vehicle Operators and Equipment Maintenance Employees Absence Data

The Transportation Department maintains a computerized weekly manpower survey/performance report which lists the average number of weekday absences, by type, for each division. Until November 1984 this report, titled Report No. 3-5 Statement of Operating Personnel, was maintained manually. Information from these reports was received by the consultant for the period January 1, 1982 through November 30, 1985 with several gaps where data were not available. The results of the analysis of this information are presented later in this section.

The Equipment Maintenance Department utilizes their (VMS) management information system to maintain employee hourly time lost attendance information from absence information about mechanics and service attendants. These data were received by the consultant for the period April 1, 1985 through October 31, 1985 by month, division, and absence type. This information is summarized and presented later in this section.

NC, BRAC, TPOA and Teamster (NBTT) Employee Absence Data

A sample of 774 attendance records representing approximately 36 percent of RTD's NBTT employees was selected for this absenteeism survey. More specifically, random sampling procedures were employed, using an alphabetized list of the above employees to identify a statistically reliable sample for data collection. About one third of NC and BRAC employees and 100 percent of TPOA and Teamster employees were included in the sample by recording each third NC and BRAC employee record and all TPOA and Teamster employee records from RTD's payroll listings.^{1/} The random selection avoids bias and the large sample size minimizes statistical errors. Each record was carefully reviewed and, when required, codes were clarified.^{2/} Absence information was then recorded together with certain demographic information for all sampled employees. Attendance information was recorded for the most recent annual period of November 1, 1984 through October 31, 1985.

Types of Absences Surveyed

Information on employee absence for the surveyed employees was coded in one of the following eleven categories:

- . tardy^{3/}
- . sick leave

^{1/} 6.8 percent of the selected records were not used because attendance records could not be located, employee tenure periods did not fall within the survey period, or records were not kept for temporary or "as-needed" employees.

^{2/} Attendance information was contained in at least five different types of forms throughout RTD and different codes were used for recording the same type of absence.

^{3/} Only in rare instances was tardiness information found recorded for non-contract (NC) employees.

- . leave of absence
- . family sick
- . maternity
- . injury-on-duty or occupational injury
- . suspensions
- . bereavement
- . military leave
- . union business
- . jury duty

Non-occupational injuries resulting, for example, from personnel or vehicular accidents and absent without permission were not recorded separately but coded in the category designated as leave of absence. Time lost from work due to vacations, holidays, and non-scheduled work (e.g., training) was not recorded in the survey.

In the analysis and summary tables that follow in this report, the eleven categories of absence used by RTD have sometimes been consolidated into six, more general, absence groups. These absence groups, as they are related to the coded data, are as follows:

<u>Consolidated Absence Groups</u>	<u>Coded Absence Categories</u>
. Tardy	Tardy
. Sick	Sick
. Personal	Leave of Absence, Family Sick, Maternity
. IOD	Injury-on-Duty or Occupational Injury
. Contractual	Bereavement, Military Leave, Union Business, Jury Duty
. Management- Requested	Suspensions

Measures of Absence

Two measures are used to analyze absence in the survey findings:

- . Absence incidents. This measures the number of occurrences of absence, by type and cumulatively, irrespective of the length of each absence.

- . Absence duration. This measures the total time an employee is absent, by type and cumulatively, in terms of work hours lost.

Demographic Information

Demographic information from employee work records was collected and coded for use in the study analysis. More specifically, where available, the following information was recorded:

- . employee representation
- . employee department
- . position or job classification
- . gender
- . date of birth
- . date of RTD employment
- . marital status
- . education level

The employee identification or badge number was also recorded but was used only as necessary to validate data.

Exhibit II.1 provides a demographic profile of the employees whose attendance records are contained in the sample. Statistical analyses were conducted concerning potential differences in absence behavior among groups of employees defined by their demographic characteristics because it may be necessary to take such differences into account when identifying incentive strategies for improving attendance.

OVERALL EMPLOYEE ABSENTEEISM

This section of the report provides an assessment of overall employee absenteeism at RTD. The information discussed is taken from several sources, since this study only provided for a detailed survey of NBTT employees. Comparison of absence information between these sources requires that terminology and sampling procedures be understood. Consequently, the discussion is divided into three parts:

- . The first part provides absence information about vehicle operators represented by the UTU.
- . The second part contains absence information about maintenance department employees represented by the ATU.
- . The last part summarizes the data collection conducted in this study on NC, BRAC, TPOA, and Teamster (NBTT) employee absence. More detailed results of this survey are contained in Sections III and IV of this report.

EXHIBIT II.1

DEMOGRAPHICS OF SAMPLE EMPLOYEES
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

	NC	BRAC	TPDA	TEAMSTERS	TOTAL
<u>Gender</u>					
% Male	78.1	40.4	82.3	89.7	64.4
% Female	21.9	59.6	17.7	10.3	35.6
<u>Average Age (as of 10/31/85)</u>					
Male	44.4	35.7	39.9	42.5	41.7
Female	39.3	36.4	33.9	43.2	37.4
Total	43.2	36.1	38.9	42.6	40.1
<u>Average Tenure (as of 10/31/85)</u>					
Male	11.3	5.6	8.9	7.1	9.7
Female	7.6	7.2	3.3	6.3	7.3
Total	10.4	6.5	7.9	7.0	8.8
<u>Marital Status</u>					
% Single (1)	26.0	48.8	29.0	44.7	35.2
% Married	74.0	51.22	71.0	55.3	64.8
<u>Education</u>					
% Non-High School Graduate	1.7	5.8	1.6	2.6	3.2
% High School Graduate	55.6	79.7	74.2	76.3	66.1
% Some College	12.1	9.2	16.1	13.2	10.7
% College Degree	30.6	5.3	8.1	7.9	20.0

(1) Includes divorced and widowed employees.

UTU Employees

Exhibit II.2 provides information about the absences of RTD vehicle operators. Since the information contained in the exhibit is taken from several sources and absence is defined somewhat differently than for the employees surveyed in this project, caution should be exercised before making comparisons. Assessment of the differences in the reported information tends to show, however that the absence rate of operators, since the 1977-78 survey, is on a downward trend.

ATU Employees

Exhibit II.3 shows the average maintenance employee lost annual work days due to absenteeism. The information is also derived from several sources and similar caution is advised in drawing conclusions about trends. However, a general assessment of the information tends to show that the absence rate of maintenance department employees has remained generally stable during the past six years.

NC, BRAC, TPOA and Teamster (NBTT) Employees

NBTT employees were categorized by union or non-union representation. The average annual absence rate was calculated for each group. Exhibits II.4 and II.5 provide information in tabular form about the average annual absence incidents and work hours lost per employee by absence type. Since the distribution of absence among employees is positively skewed^{4/}, two values are shown for average values. The median average value can be described as that value where 50 percent of the employees have less absence and 50 percent have greater absence. The mean average value is the sum of all absences divided by the number of employees.

The overall average number of annual absence incidents is shown in Exhibit II.4 as 4.0 (median) and 5.3 (mean) for the NBTT employees surveyed in this study. The overall average annual work hours lost due to absence is shown in Exhibit II.5 as 56.0 (median) and 120.2 (mean). On average, BRAC employees have the highest absence rates of the four groups of NBTT employees that were examined.

Exhibits II.6 and II.7 provide information about the distribution of absence incidents and time lost by type of absence. Reported sick leave is the predominant form of absence among the employees sampled in the survey, with 84.8 percent of the absence incidents and 66.9 percent of the work time lost attributed to reported sick leave. Personal absence, consisting primarily of leaves of absence (coded B on employee work attendance records), has the second highest incident rate of 9.2 percent. However, industrial injury absence has the second highest lost time rate at 15.3 percent.

Summary of Overall Employee Absenteeism

Although specific comparisons of absence rates between UTU, ATU, and NBTT employees are inappropriate, some general conclusion are possible. Absence among

^{4/} Positively skewed distributions result from a small percentage of employees having a disproportionately large percentage of the absences.

EXHIBIT II.2

AVERAGE FULL-TIME EQUIVALENT OPERATOR
LOST ANNUAL WORK DAYS
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

<u>YEAR</u>	<u>SICK LEAVE</u>	<u>WEEKDAY SICK LEAVE</u>	<u>TOTAL ABSENCE (1)</u>	<u>TOTAL WEEKDAY ABSENCE (1)</u>	<u>ANNUAL WEEKDAY MISSQUIS</u>
1977-78	22.5 (2)		32.3 (3)		
1980	20.0 (3)		27.7 (3)		
1981	14.6 (3)		28.5 (3)	26.6 (4)	1.9 (4)
1982	17.0 (3)	18.5 (4)		24.4 (4)	2.2 (4)
1983		17.3 (4)		24.6 (4)	2.2 (4)
1984		17.3 (4)		24.2 (4)	2.1 (4)
1985		16.8 (4)			

-
- (1) Total absence includes sick leave, requested days off, suspensions, leaves of absence, but not industrial injuries.
 - (2) Source: Operator absenteeism, An SCRFD Management Services Section Report, January 1979.
Period: October 1, 1977 - September 30, 1978.
 - (3) Source: IACIC Performance Audit Program Phase II, Task I Audit Report, SCRFD, Booz, Allen & Hamilton, March 1983.
 - (4) Source: SCRFD Report 3-5 and Weekly Manpower Survey/Performance Report, 1982 - 33-week sample, 1983 - 31-week sample, 1984 - 43-week sample, 1985 - 12-week sample.

EXHIBIT 11.3

AVERAGE MAINTENANCE EMPLOYEE
LOST ANNUAL WORK DAYS
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

<u>YEAR</u>	<u>SICK LEAVE</u>	<u>TOTAL ABSENCE</u>
1980	--	20.0 (1)
1981	--	19.7 (1)
1982	--	21.1 (1)
1983	15.8 (2)	21.3 (2)
1984	--	--
1985	15.6 (3)	20.6 (3)

-
- (1) SOURCE: LATIC Performance Audit Program Phase II, Task 1 Audit Report, SCRID, Booz, Allen & Hamilton, March 1983.
- (2) SOURCE: Evaluation of Absenteeism for the Maintenance Department of the SCRID, Friedland Psychological Associates, Inc., February 1985.
- (3) SOURCE: SCRID Maintenance Department VMS Report for 6 months of 1985. Total absence includes occupational injury, non-occupational injury, leave of absence, sickness in family, AWOL, off with permission, sick, jury duty, bereavement, military leave, and union business for 1,158 mechanics and 395 service attendants.

EXHIBIT II.4

AVERAGE ANNUAL ABSENCE INCIDENTS PER EMPLOYEE BY TYPE OF ABSENCE
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Absence Type	NC		BRAC		TPOA		Teamsters		Total	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean
SICK	3.0	3.7	5.0	6.1	2.0	2.1	2.0	2.0	4.0	4.5
PERSONAL	0.0	0.1	0.0	1.2	0.0	0.1	0.0	0.1	0.0	0.5
Leave	0.0	0.1	0.0	1.1	0.0	0.1	0.0	0.1	0.0	0.5
Family Sick	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Maternity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
INDUSTRIAL INJURY	0.0	0.0	0.0	0.2	0.0	0.1	0.0	0.1	0.0	0.1
SUSPENSION	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.1	0.0	0.4	0.0	0.2	0.0	0.3	0.0	0.2
Bereavement	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Military Leave	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0
Union Business	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.1
Jury Duty	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0
TOTAL ABSENCE	3.0	3.9	7.0	8.0	2.0	2.5	2.0	2.5	4.0	5.3
TARDY	0.0	0.1	1.0	3.5	0.0	0.1	0.0	0.1	0.0	1.3

A.11

EXHIBIT II.5

AVERAGE ANNUAL WORK HOURS LOST PER EMPLOYEE BY TYPE OF ABSENCE
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Absence Type	NC		BRAC		TPOA		Teamsters		Total	
	Median	Mean	Median	Mean	Median	Mean	Median	Mean	Median	Mean
SICK	40.0	66.9	64.0	104.6	24.0	41.8	24.0	59.1	48.0	80.4
PERSONAL	0.0	3.2	0.0	35.3	0.0	9.6	0.0	0.2	0.0	14.9
Leave	0.0	1.7	0.0	32.3	0.0	0.5	0.0	0.2	0.0	12.9
Family Sick	0.0	0.1	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.4
Maternity	0.0	1.4	0.0	2.1	0.0	9.1	0.0	0.0	0.0	1.6
INDUSTRIAL INJURY	0.0	0.5	0.0	35.6	0.0	120.4	0.0	11.8	0.0	18.4
SUSPENSION	0.0	0.0	0.0	0.2	0.0	1.2	0.0	0.0	0.0	0.7
CONTRACTUAL	0.0	2.6	0.0	10.5	0.0	11.4	0.0	12.0	0.0	5.8
Bereavement	0.0	0.6	0.0	2.4	0.0	2.8	0.0	2.6	0.0	1.4
Military Leave	0.0	0.6	0.0	1.0	0.0	8.2	0.0	6.1	0.0	0.9
Union Business	0.0	0.0	0.0	4.5	0.0	0.4	0.0	0.0	0.0	1.7
Jury Duty	0.0	1.4	0.0	2.6	0.0	0.0	0.0	3.3	0.0	1.8
TOTAL ABSENCE	42.0	73.2	82.0	188.0	40.0	184.4	40.0	83.1	56.0	120.2
TARDY	0.0	0.1	0.0	1.6	0.0	0.1	0.0	0.3	0.0	0.6

EXHIBIT 11.6

DISTRIBUTION OF ANNUAL ABSENCE INCIDENTS PER EMPLOYEE BY TYPE OF ABSENCE
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Absence Type	NC	BRAC	TPDA	Teamsters	Total
SICK	95.8	76.2	83.7	83.4	84.8
PERSONAL	2.5	14.7	2.6	2.2	9.2
Leave	2.1	13.9	1.9	2.2	8.6
Family Sick	0.3	0.8	0.0	0.0	0.6
Maternity	0.1	0.0	0.7	0.0	0.0
INDUSTRIAL INJURY	0.2	2.9	3.9	4.4	1.8
SUSPENSION	0.0	0.7	1.3	0.0	0.4
CONTRACTUAL	1.5	5.5	8.5	10.0	3.8
Bereavement	0.7	1.1	5.2	4.4	1.0
Military Leave	0.2	1.0	2.6	3.4	0.7
Union Business	0.0	2.9	0.7	0.0	1.6
Jury Duty	0.6	0.5	0.0	2.2	0.5
TOTAL ABSENCE	100.0	100.0	100.0	100.0	100.0

A.13

EXHIBIT II.7

DISTRIBUTION OF ANNUAL WORK HOURS LOST BY TYPE OF ABSENCE
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Absence Type	NC	BRAC	TPDA	Teamsters	Total
SICK	91.4	55.5	22.7	71.1	66.9
PERSONAL	4.4	18.8	5.2	0.3	12.4
Leave	2.4	17.2	0.3	0.3	10.8
Family Sick	0.1	0.5	0.0	0.0	0.3
Maternity	1.9	1.1	4.9	0.0	1.3
INDUSTRIAL INJURY	0.6	19.0	65.3	14.2	15.3
SUSPENSION	0.0	1.1	0.6	0.0	0.6
CONTRACTUAL	3.6	5.6	6.2	14.4	4.8
Bereavement	0.8	1.3	1.5	3.1	1.1
Military Leave	0.9	0.5	4.5	7.4	0.8
Union Business	0.0	2.4	0.2	0.0	1.4
Jury Duty	1.9	1.4	0.0	3.9	1.5
TOTAL ABSENCE	100.0	100.0	100.0	100.0	100.0

A.14

employees at RTD is relatively high compared to other industries and businesses. Compared to their peers in the transit industry, RTD absence rates are not abnormal, that is, they appear typical in an industry composed of employees with generally high absence rates.

Among the six groups of employees defined in this study by union representation, three generally have absence rates about twice as high as the other three. ATU, BRAC, and UTU employees have mean annual lost work days for 1985 in excess of 20 days per employee. Although TPOA employees have a mean annual lost work time rate for 1985 of 23.1 days, survey information from this study reveals that a few police officers (approximately 5 percent of sample) incurred industrial injuries which prevented them from working the entire period of the survey analysis. This study did not investigate whether or not the TPOA rate of long-term industrial injuries is typical over time. However, the median rate of 5.0 annual days per employee is a similar absence level to Teamster and NC employees.

III. NATURE AND EXTENT OF EMPLOYEE ABSENTEEISM

This section provides detailed findings, primarily in graphic format, concerning the nature and extent of absence among the NBTT employees surveyed in this study. Absence information is presented by employee representation, several demographic stratifications, and type of absence. This section is divided into two parts. The first part describes the extent of absence, by employee representation and by employee demographics. The second part provides information on the distribution of absence, by employee representation and absence type. All references to average values in this section of this report are in terms of mean values rather than median values.

EXTENT OF ABSENCE

Exhibits III.1 and III.2 present in graphic form the information previously presented in tabular form by Exhibits II.2 and II.3. The coded symbols visually display the contribution of sick and other absences to the total previously given by percentage in Exhibits II.4 and II.5.

Employee Gender

Employees were categorized by their representation and gender. The average annual absence rate was calculated for each category. Exhibits III.3 and III.4 provide information about the absences of male and female employees by representation group. Male BRAC employees exhibit the highest rate of absence incidents (8.4) while female TPOA employees show the highest average work hours lost (288.6 hours). Male employees represented by TPOA and the Teamsters have the lowest rate of absence incidents (2.3) while male NC employees exhibit the lowest average work hours lost (59.5 hours). The average absence values shown by the bar group for male and female employees are statistically different from each other ($p < .01$).

Employee Age

NBTT employees were grouped by employee age in five-year increments. The average annual absence rate was calculated for each group. Exhibits III.5 and III.6 provide information about absences of NBTT employees by age category. The highest number of absence incidents (8.2) were incurred by RTD employees who are 25 to 30 years old. The lowest number of absence incidents (3.3) were found among employees 55 to 60 years old. The highest average amount of work time lost (166.6 hours) was among employees who were 30 to 35 years old. The lowest average amount of work time lost (67.6 hours) were found among employees over 60 years old. The average absence incident values shown in Exhibit III.5 for NBTT employees are statistically different from each other ($p < .01$). However, the average work hours lost values shown in Exhibit III.6 are not statistically different from each other ($p < .05$).

Employee Tenure

NBTT employees were categorized by length of tenure with RTD in two-year increments. The average annual absence rate was calculated for each category. Exhibits III.7 and III.8 provide information about the absences of NBTT employees by length of tenure with RTD. The highest number of absence incidents (7.5) was incurred by employees with 6 to 10 years of tenure with RTD. The lowest number

EXHIBIT III.1

AVERAGE ANNUAL ABSENCE INCIDENTS PER EMPLOYEE
 BY EMPLOYEE REPRESENTATION AND TYPE OF ABSENCE
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

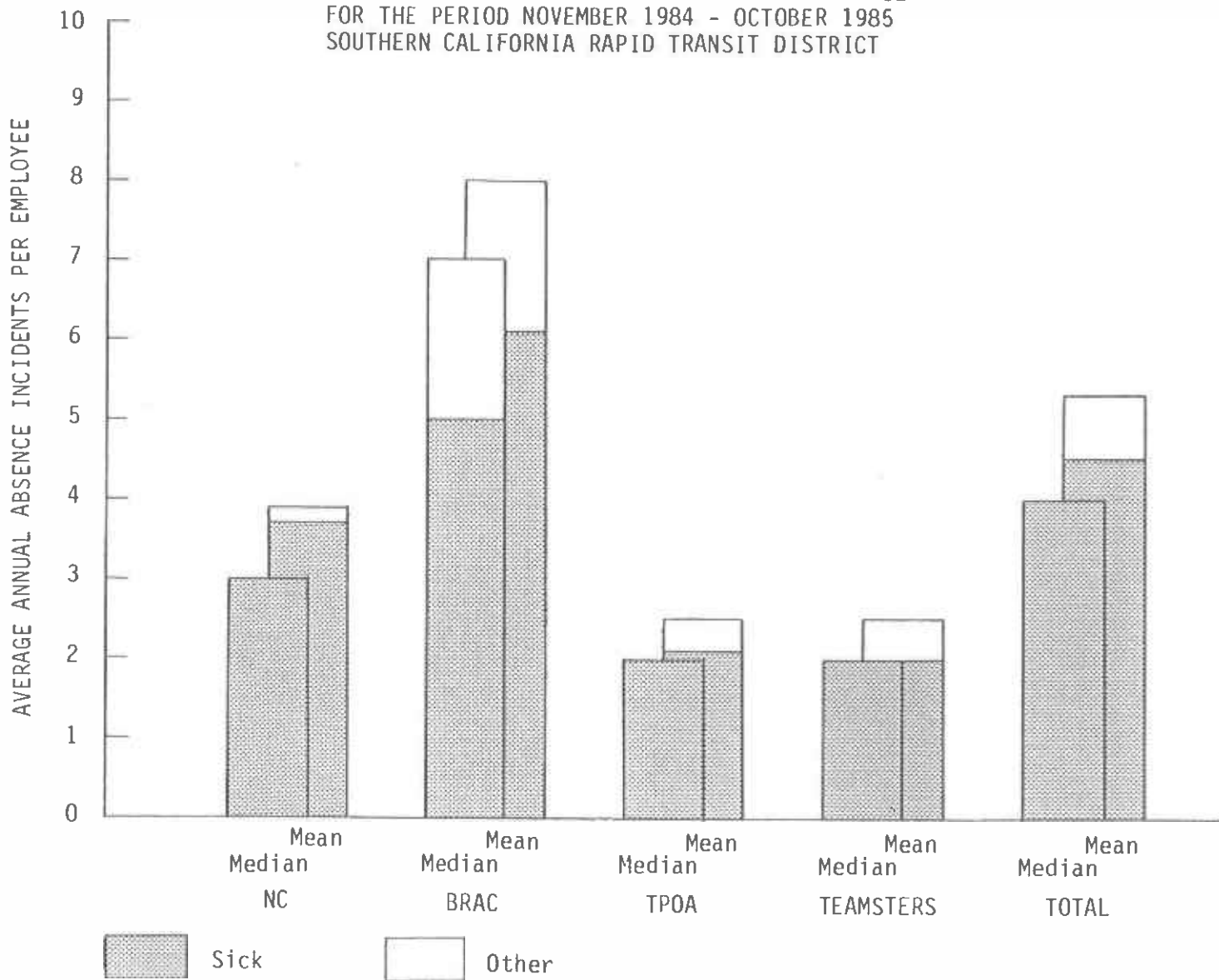
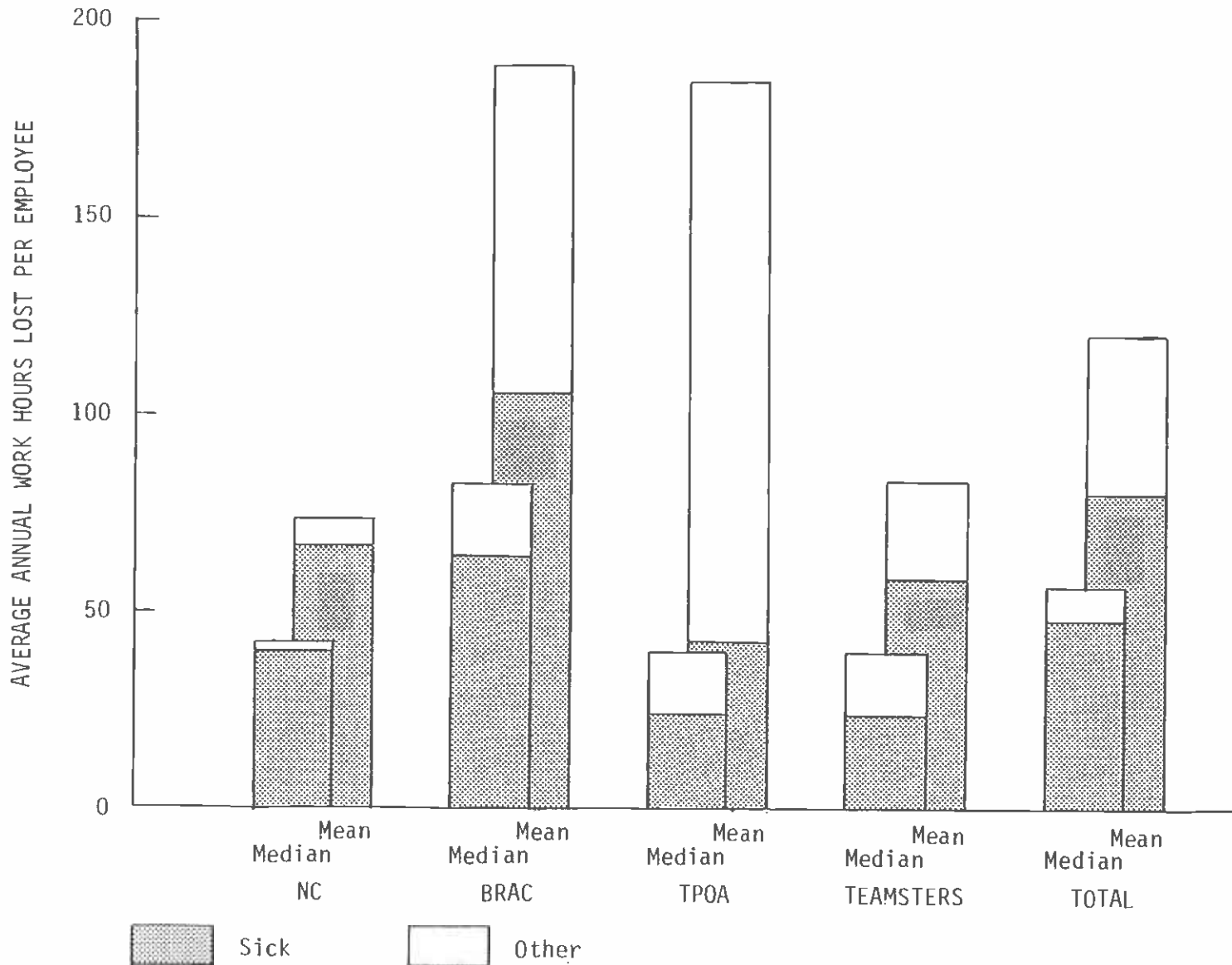


EXHIBIT III.2

AVERAGE ANNUAL WORK HOURS LOST PER EMPLOYEE
 BY EMPLOYEE REPRESENTATION AND TYPE OF ABSENCE
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT



A.19

EXHIBIT III.3

AVERAGE ANNUAL ABSENCE INCIDENTS PER EMPLOYEE
BY EMPLOYEE REPRESENTATION AND GENDER
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

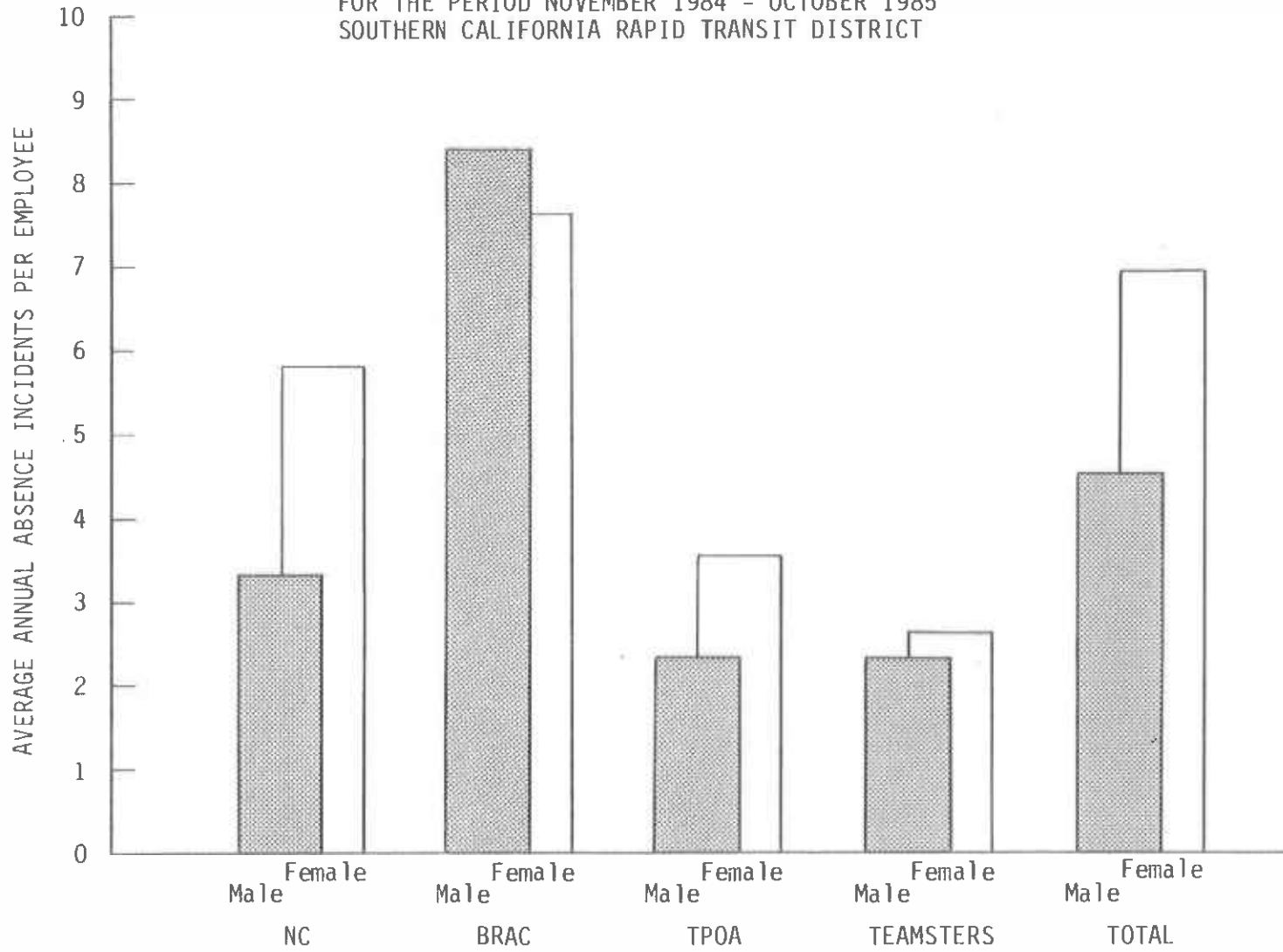


EXHIBIT III.4

AVERAGE ANNUAL WORK HOURS LOST PER EMPLOYEE
 BY EMPLOYEE REPRESENTATION AND GENDER
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

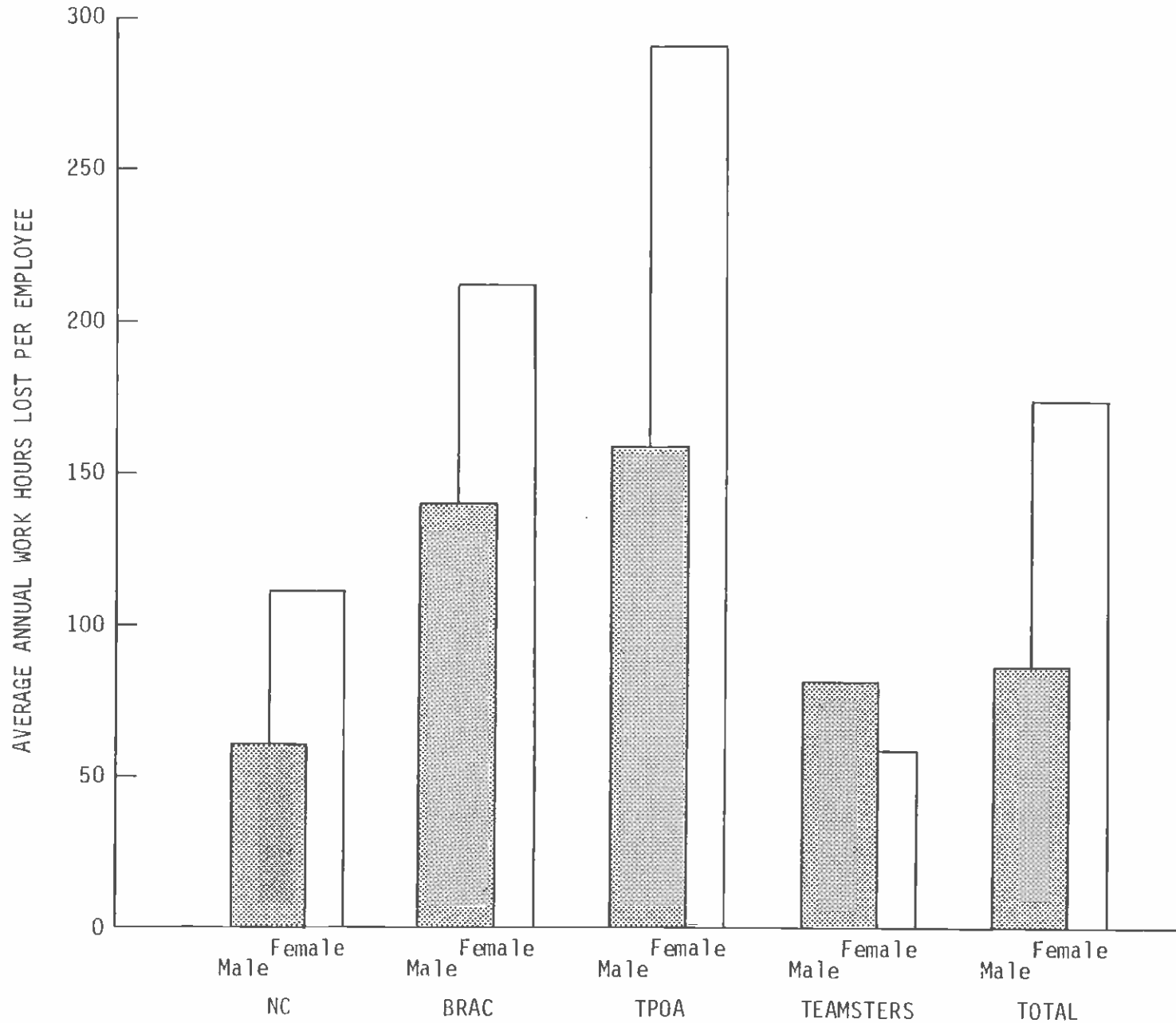


EXHIBIT III.5

AVERAGE ANNUAL ABSENCE INCIDENTS PER NBTT EMPLOYEE
BY YEARS OF EMPLOYEE AGE
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

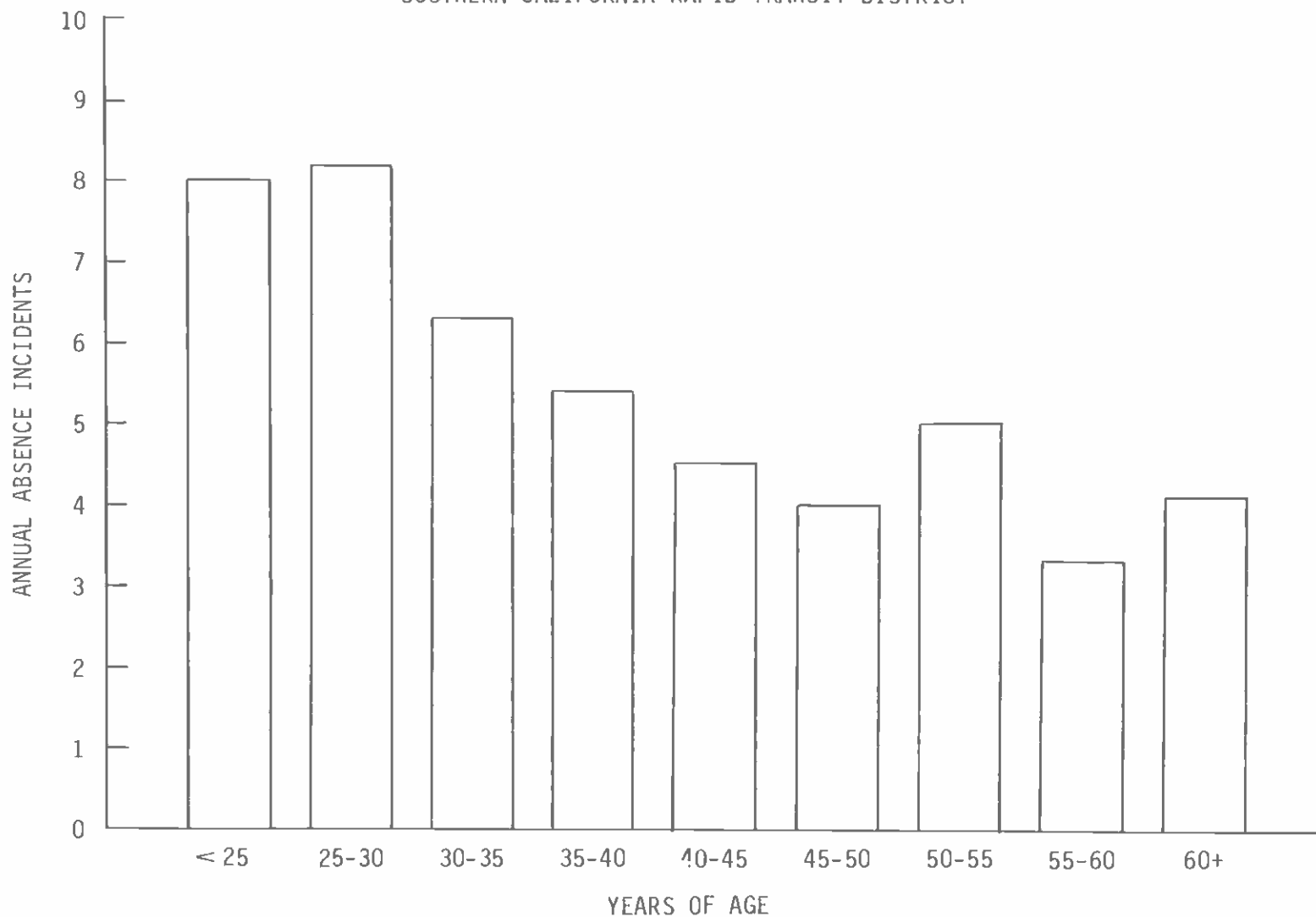


EXHIBIT III.6

AVERAGE ANNUAL WORK HOURS LOST PER NBTT EMPLOYEE
BY YEARS OF EMPLOYEE AGE
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

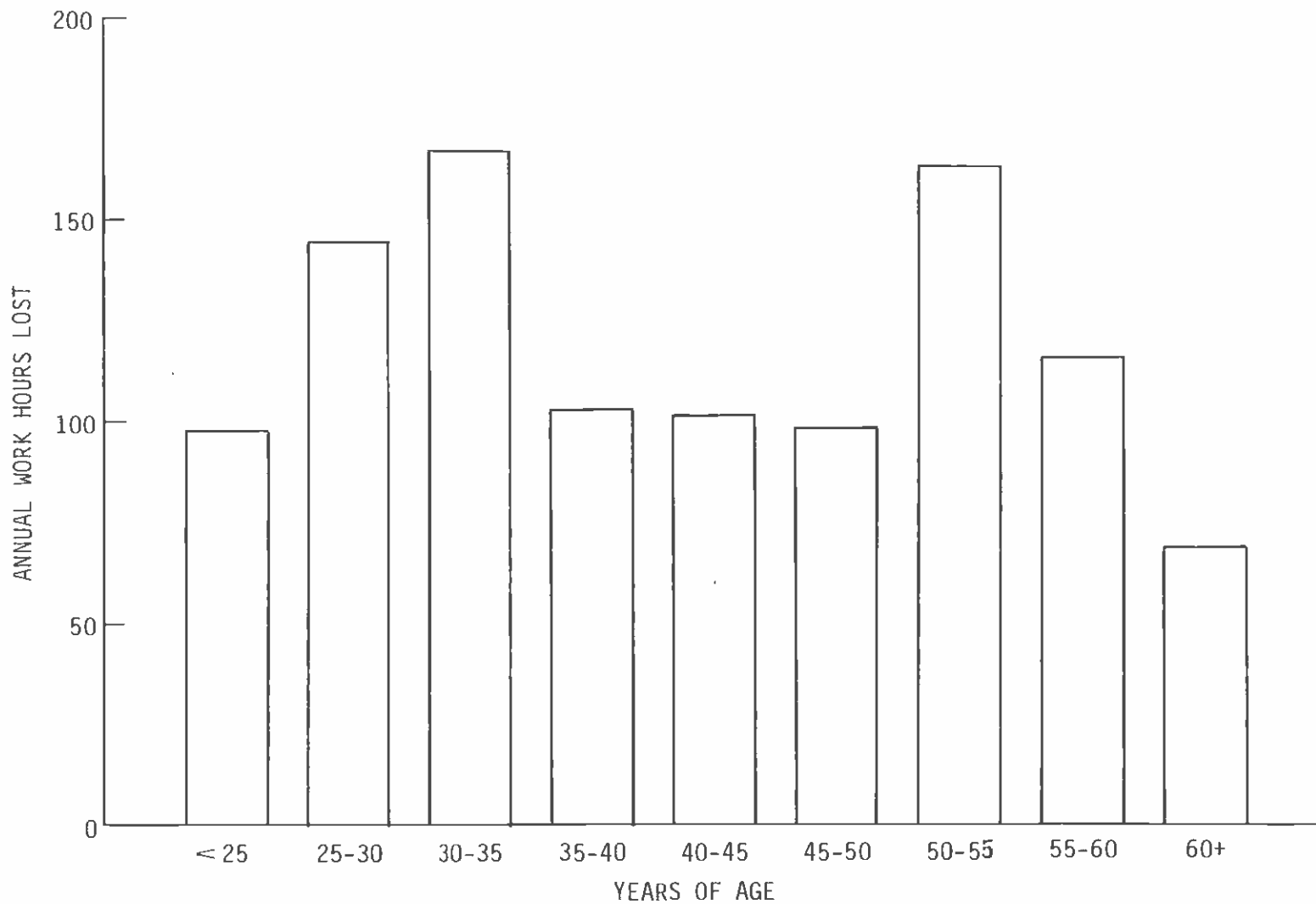


EXHIBIT III.7

AVERAGE ANNUAL ABSENCE INCIDENTS PER NBTT EMPLOYEE
BY YEARS OF TENURE
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

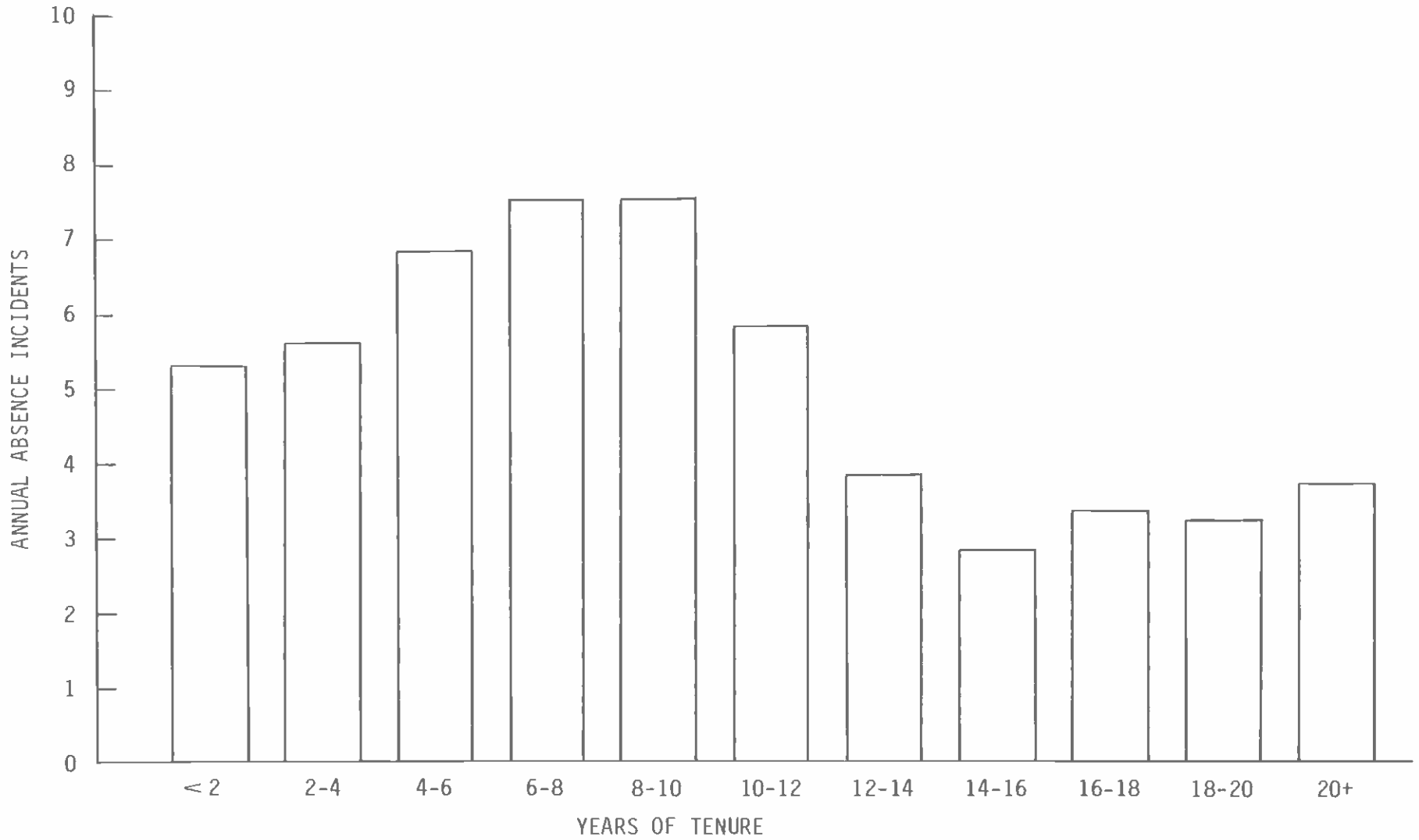
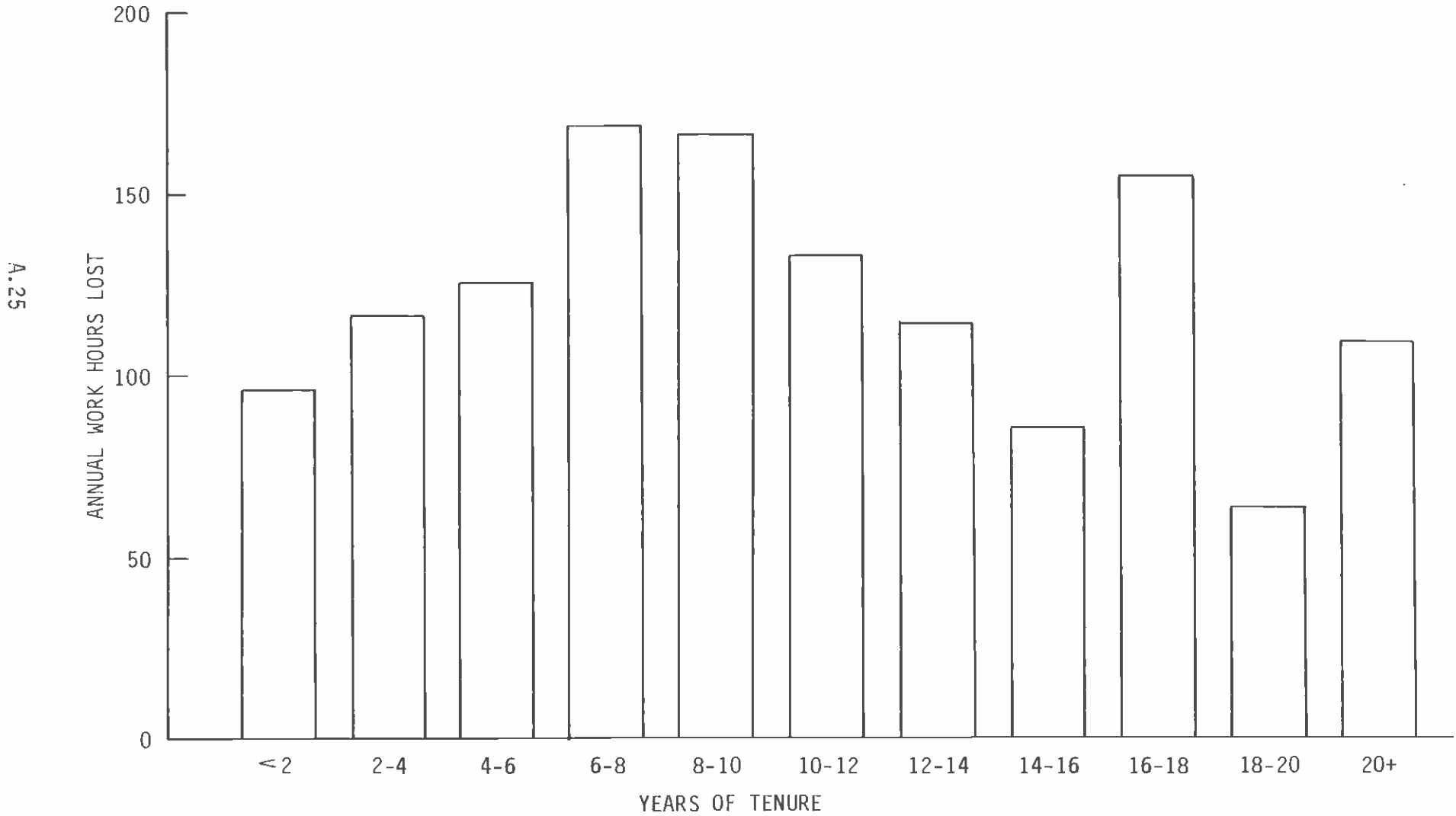


EXHIBIT III.8

AVERAGE ANNUAL WORK HOURS LOST PER NBTT EMPLOYEE
BY YEARS OF TENURE
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT



of absence incidents (2.8) were found among employees with 14 to 16 years seniority. The highest average amount of work time lost (168.0 hours) was found among employees with 6 to 8 years tenure and the lowest (63.0) was found among employees with 18 to 20 years tenure. The average absence incident rates shown in Exhibit III.7 for NBTT employees are statistically different from each other (p .01). The average work hours lost shown in Exhibit III.8 are not statistically different from each other (p .05).

Employee Marital Status

NBTT employees were grouped by their representation and marital status as reported in RTD's 3IR forms. Single, divorced, and widowed employees were combined into one group and married employees into another group. The average annual absence rate was calculated for each group and is presented in Exhibits III.9 and III.10.

In each group, single employees were found to have higher average incidents of absence and higher average amounts of work time lost with the exception of married TPOA and Teamster employees. In those cases, married TPOA and Teamster employees had a higher average amount of work time lost than did single employees.

BRAC single employees had the highest average number of absence incidents (8.6) and the highest average amount of work time lost (206.0 hours). Married Teamster employees had the lowest average number of absence incidents (2.2) while single Teamster employees had the lowest average amount of work time lost (61.4 hours). The average values for absence incidents are statistically different (p .01) between designated groups of married and single employees. Although less significant, the average values for work time lost are also statistically different (p .05).

Employee Education

NBTT employees were categorized according to their reported level of education. Information about education was taken from employee 3IR records and was categorized according to whether employees graduated from high school (including GED) or not, received some college education (including two-year certificate programs), or received a college degree (four-year program or more). The average annual absence rate was calculated for each of the four education categories.

Exhibits III.11 and III.12 show that high school graduates incurred the highest average number of absence incidents (5.9) and those who did not complete high school had the highest level of time lost (174.4 hours). College graduates exhibited both the lowest average number of absence incidents (4.0) and the lowest average amount of work time lost (74.4 hours). The average values for absence incidents are statistically different from each other (p .05). The average values for work hours lost are not statistically different from each other (p .05).

DISTRIBUTION OF ABSENCE

This section of the report provides information about how absence is distributed among employees by the number of incidents and the amount of time lost. Graphic presentations compare distributions by employee representation and

EXHIBIT III.9

AVERAGE ANNUAL ABSENCE INCIDENTS PER EMPLOYEE
BY EMPLOYEE REPRESENTATION AND MARITAL STATUS
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

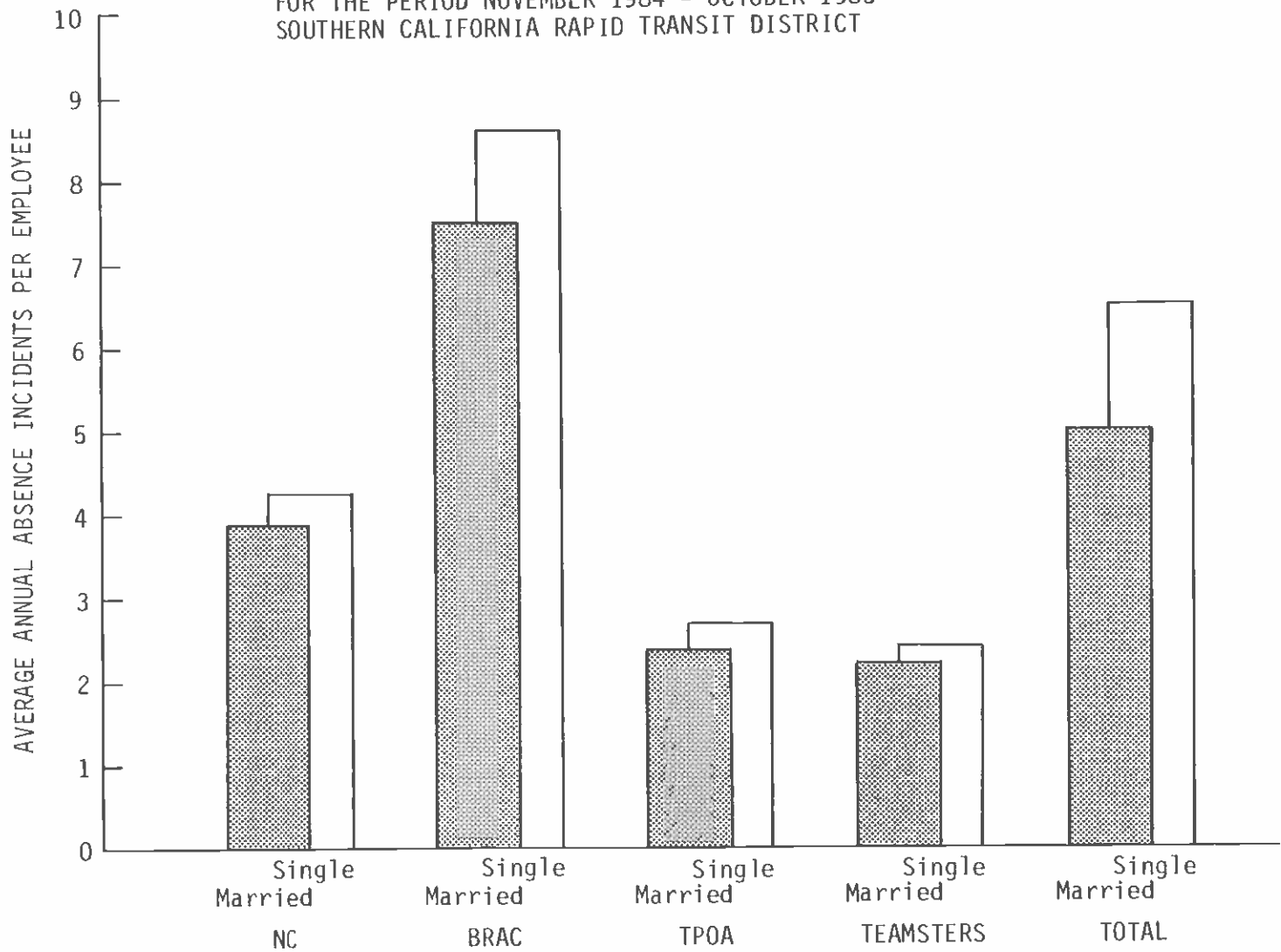


EXHIBIT III.10

AVERAGE ANNUAL WORK HOURS LOST PER EMPLOYEE
BY EMPLOYEE REPRESENTATION AND MARITAL STATUS
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

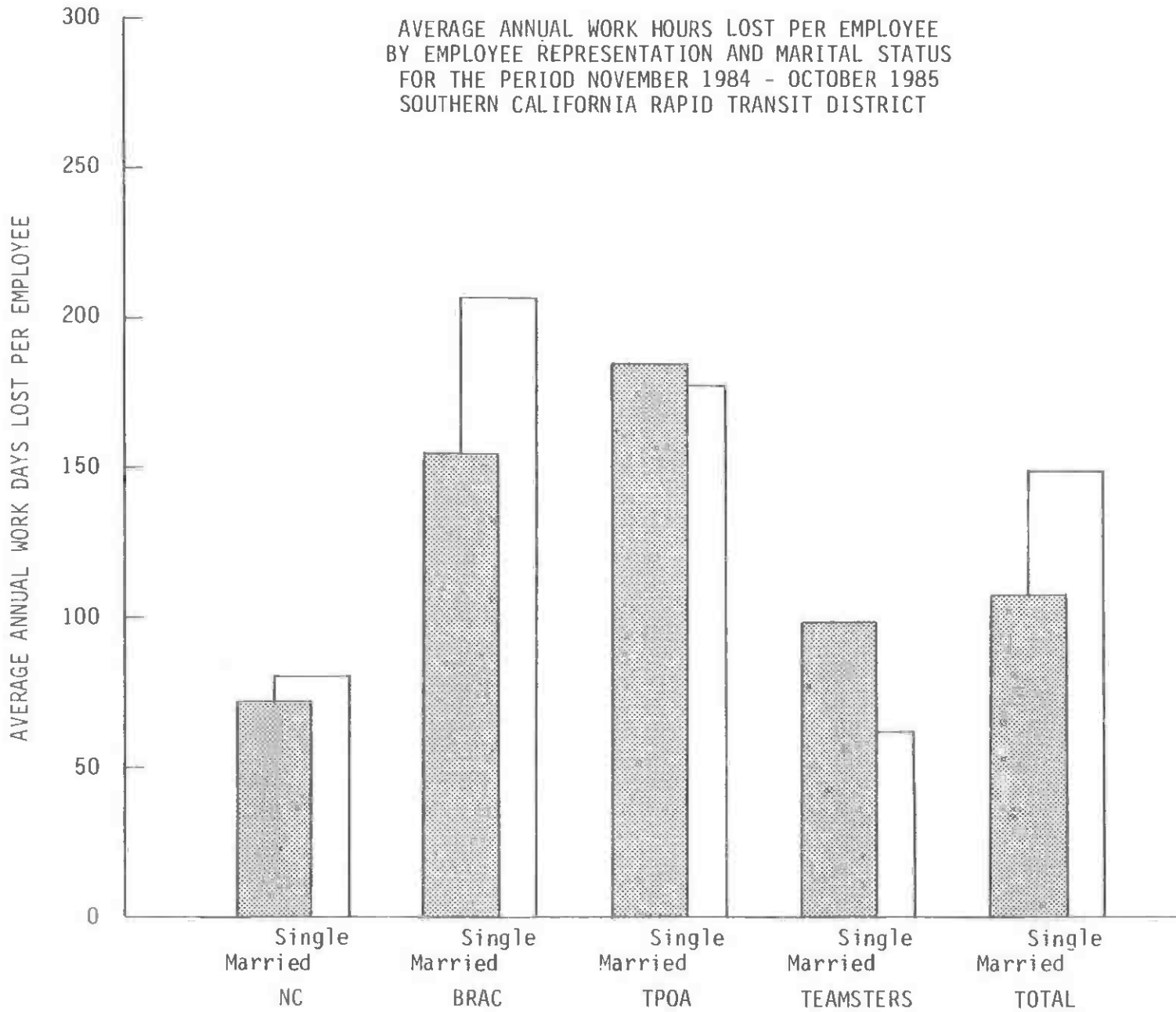
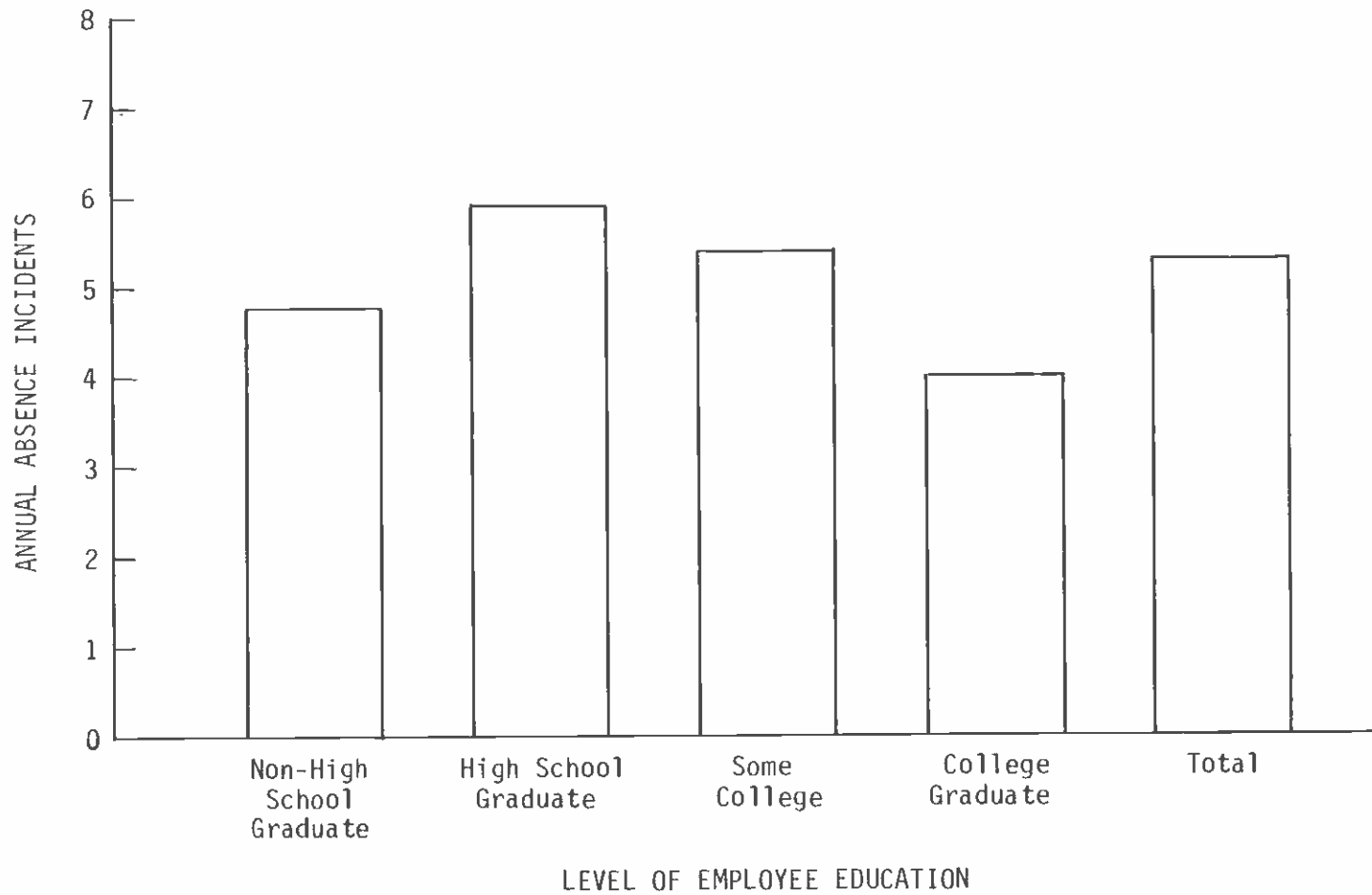


EXHIBIT III.11

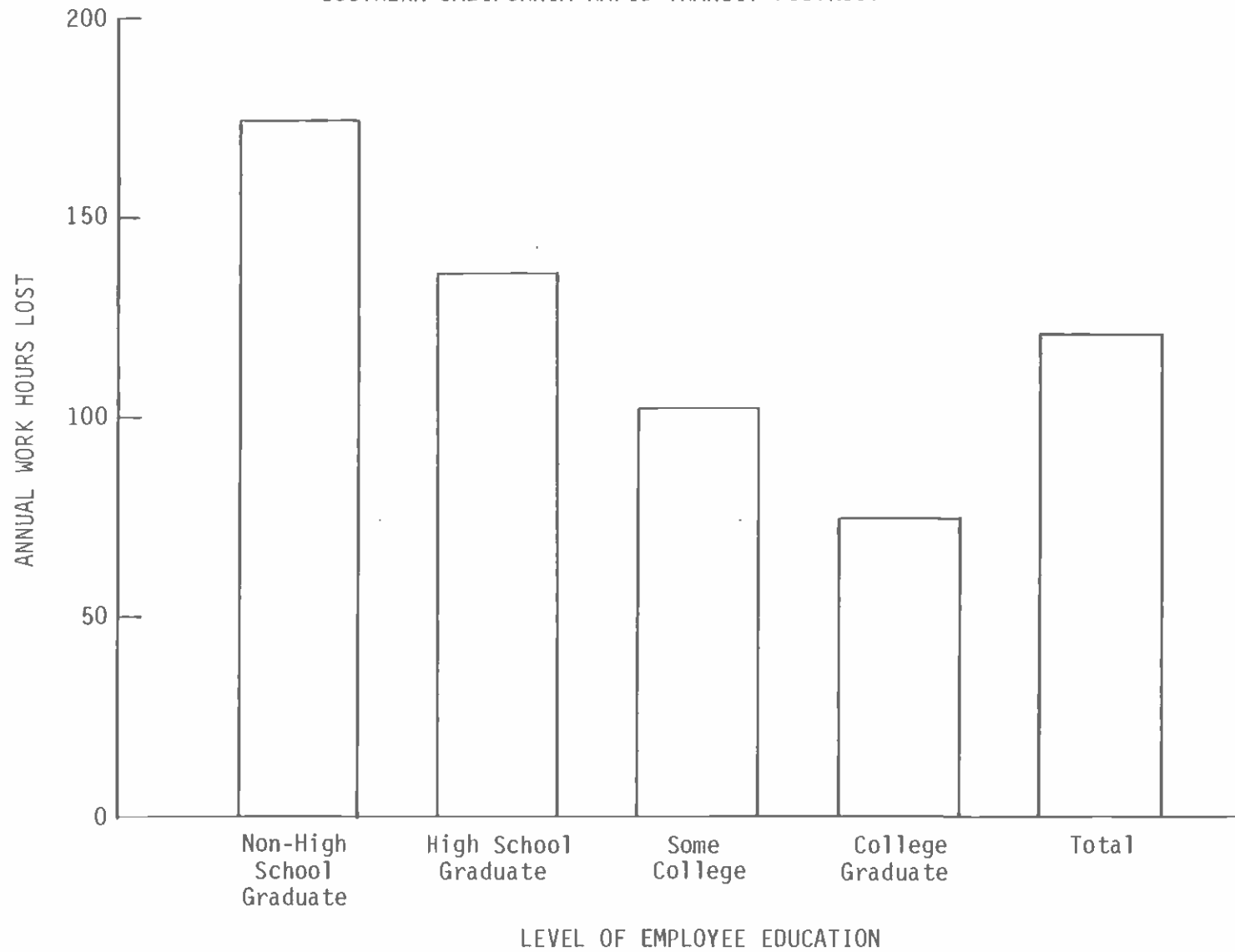
AVERAGE ANNUAL ABSENCE INCIDENTS PER NBTT EMPLOYEE
BY LEVEL OF EMPLOYEE EDUCATION
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT



A.29

EXHIBIT III.12

AVERAGE ANNUAL WORK HOURS LOST PER NBTT EMPLOYEE
BY LEVEL OF EMPLOYEE EDUCATION
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT



A.30

by type of absence. Exhibits III.13 and III.14 show the distribution of absence incidents and time lost for NBTT employees. Exhibit III.13 shows that 50 percent of all absence incidents are incurred by 20 percent of total employees. Exhibit III.14 shows that approximately 50 percent of the time lost due to absence was incurred by approximately 10 percent of total employees. About 20 percent of the employees with no absence were employees with less than one year tenure (0.4 years average) with RTD.

Absence Distribution by Employee Representation

Exhibit III.15 provides graphic information about the distribution of total absence incidents within each of the representative groups. The following percentages of each group's employees incurred approximately 50 percent of the group absence incidents:

- . NC - 20%
- . BRAC - 25%
- . TPOA - 25%
- . Teamsters - 25%

Exhibit III.16 provides graphic information about the distribution of total time lost within each of the representation groups. The following percentage of each group's employees lost approximately 50 percent of the group time.

- . NC - 12.0%
- . BRAC - 9.9%
- . TPOA - 4.6%
- . Teamsters - 13.6%

Among the groups of NBTT employees, there ranged from 5 to 23 percent of the employees with zero absences. Each of the zero-absence groups contained employees with less than one year tenure. The percentage of zero absence employees are given below, by group representation, along with the percentage of employees within the zero absence groups that have less than one year tenure with RTD.

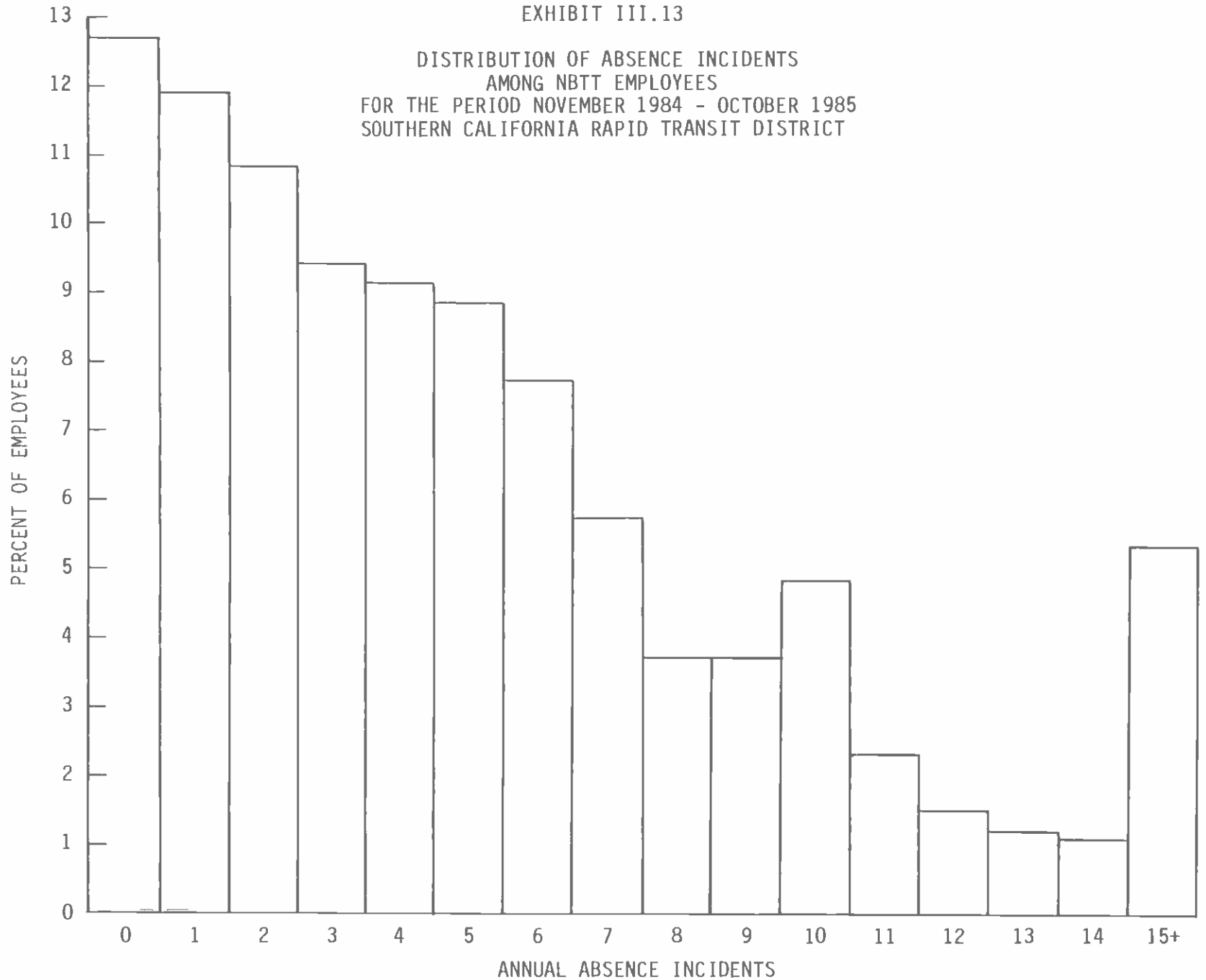
<u>Employee Representation</u>	<u>Percent Employees with Zero Absences</u>	<u>Percent Employees with Zero Absences and less than One Year Tenure</u>
NC	17.8	2.4
BRAC	5.0	2.9
TPOA	17.7	1.6
Teamsters	23.0	7.7

Absence Distribution by Absence Type

Exhibit III.17 provides graphic information about the distribution of absence incidents by type among the NBTT employees. Fifty percent of the sick incidents were incurred by 21 percent of the total NBTT employees.

EXHIBIT III.13

DISTRIBUTION OF ABSENCE INCIDENTS
AMONG NBTT EMPLOYEES
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT



A.32

EXHIBIT III.14

DISTRIBUTION OF WORK HOURS LOST
 AMONG NBTT EMPLOYEES
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

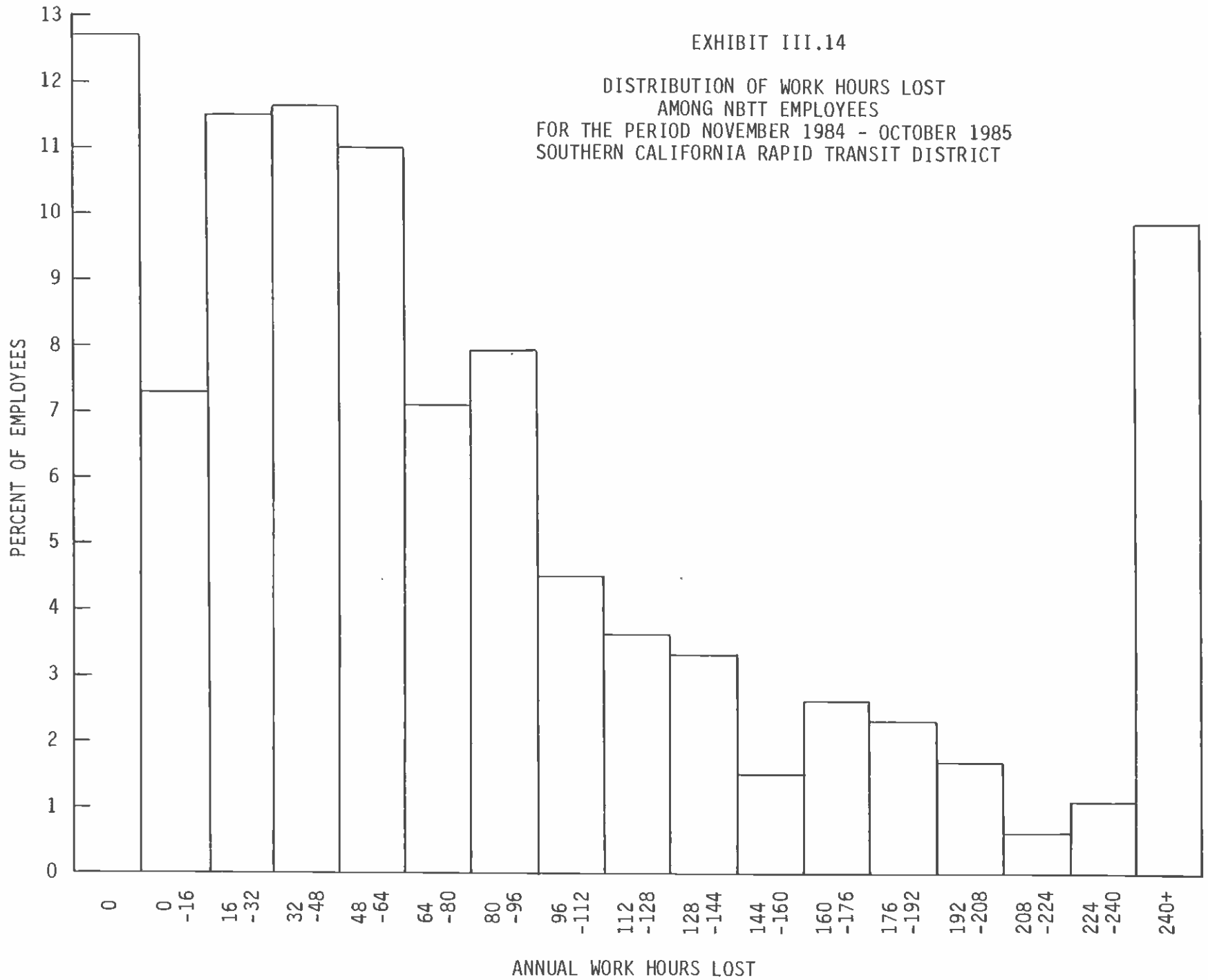


EXHIBIT III.15

DISTRIBUTION OF ABSENCE INCIDENTS AMONG NBTT EMPLOYEES
 BY EMPLOYEE REPRESENTATION
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

A.34

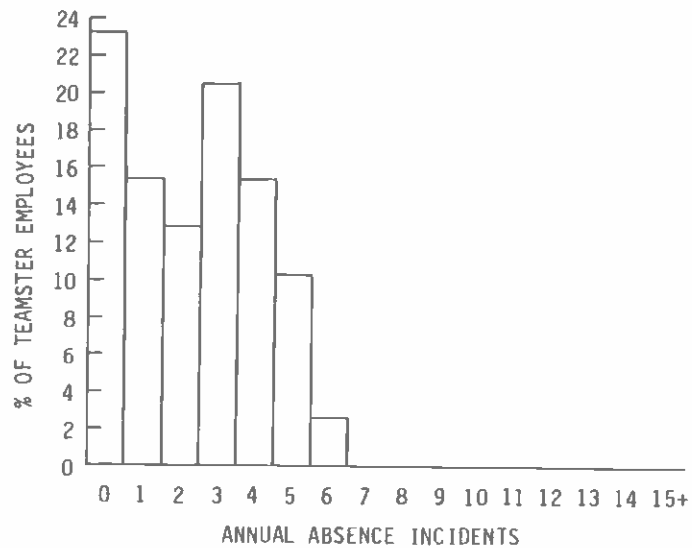
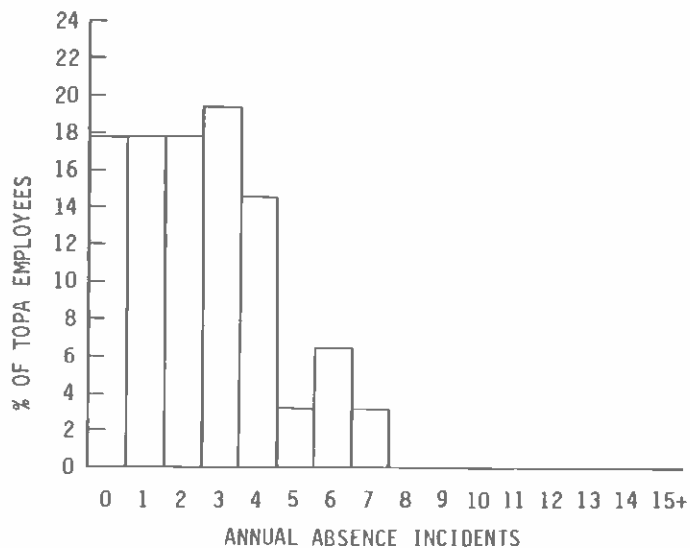
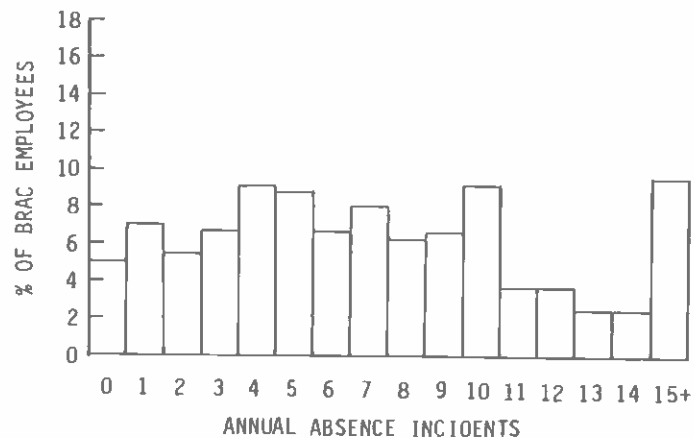
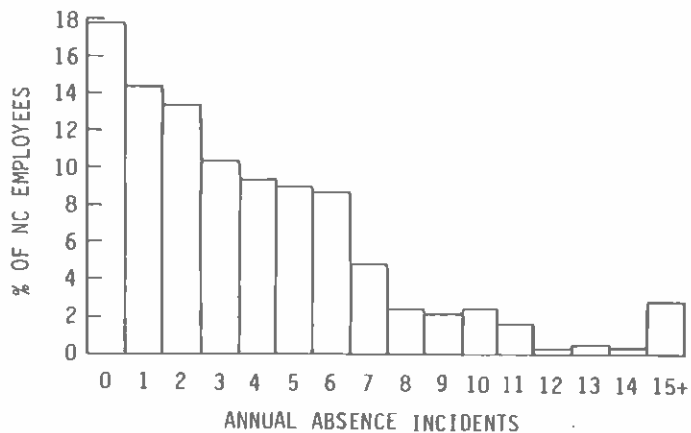


EXHIBIT III.16

DISTRIBUTION OF WORK HOURS LOST AMONG NBTT EMPLOYEES
 BY EMPLOYEE REPRESENTATION
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

A.35

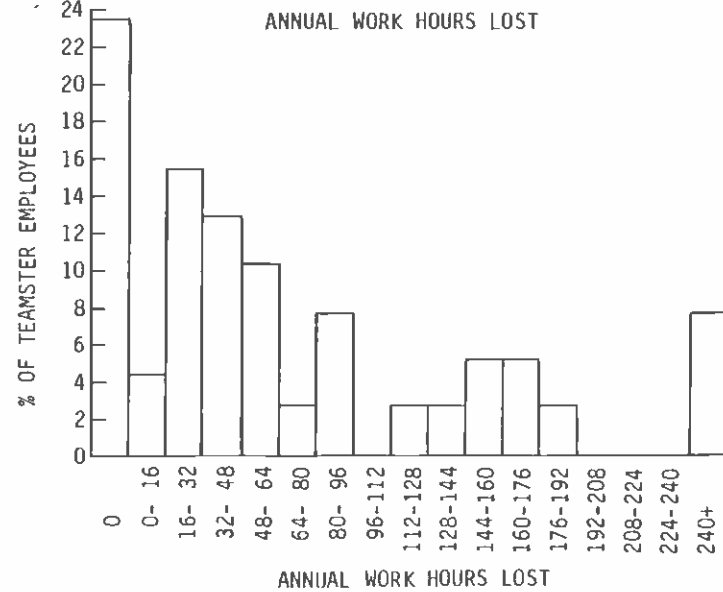
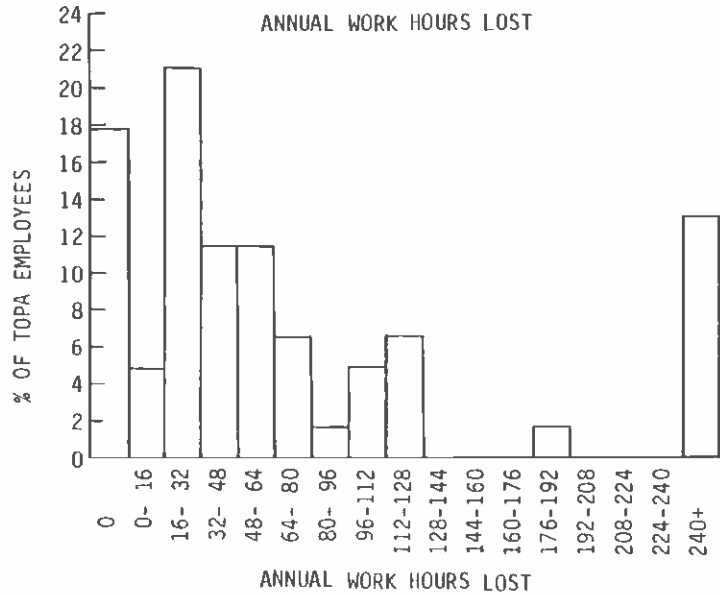
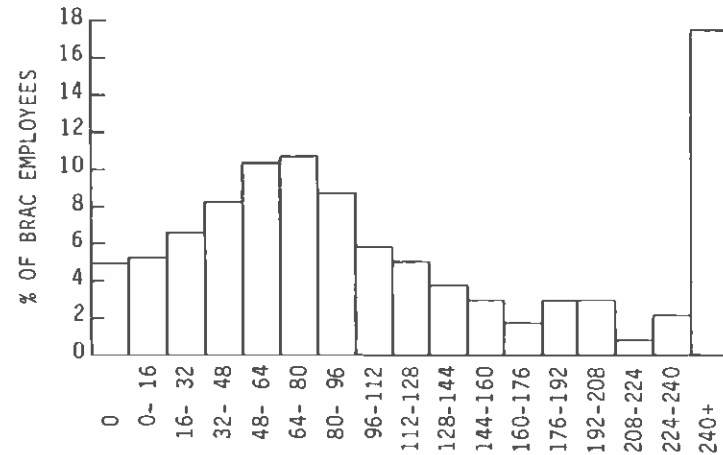
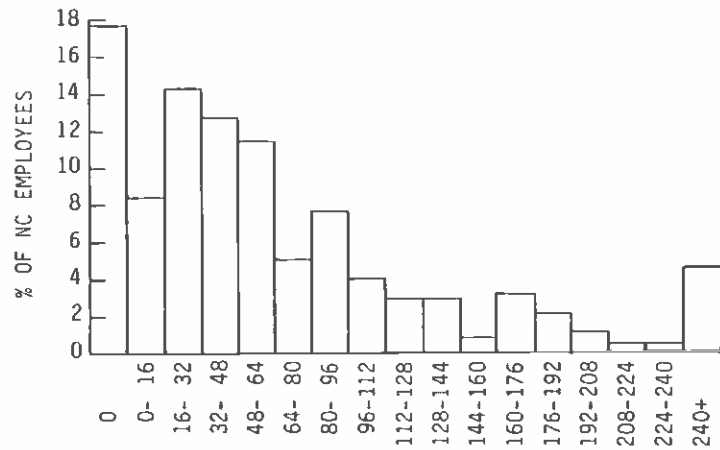


EXHIBIT III.17

DISTRIBUTION OF ABSENCE INCIDENTS AMONG NBTT EMPLOYEES
 BY TYPE OF ABSENCE
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

A.36

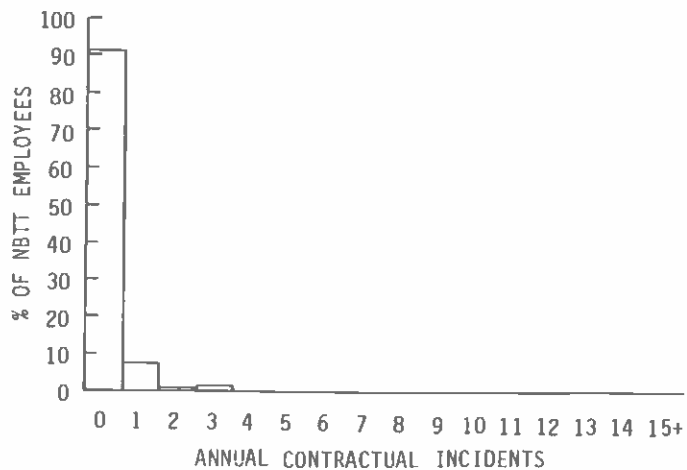
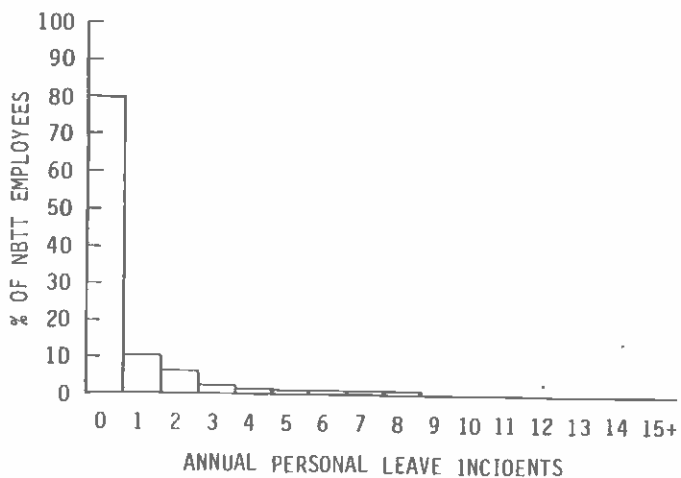
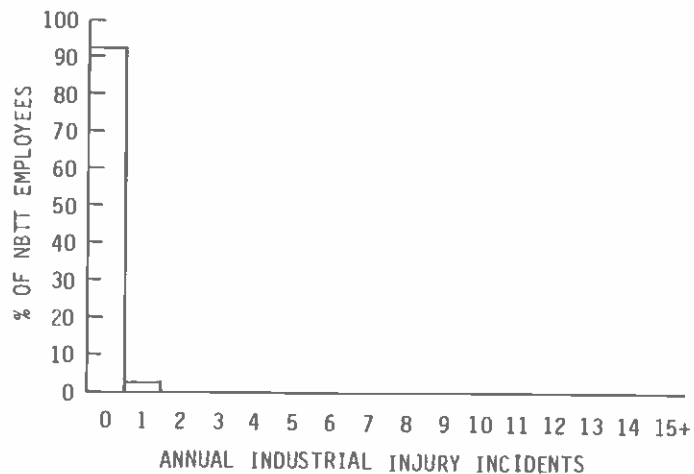
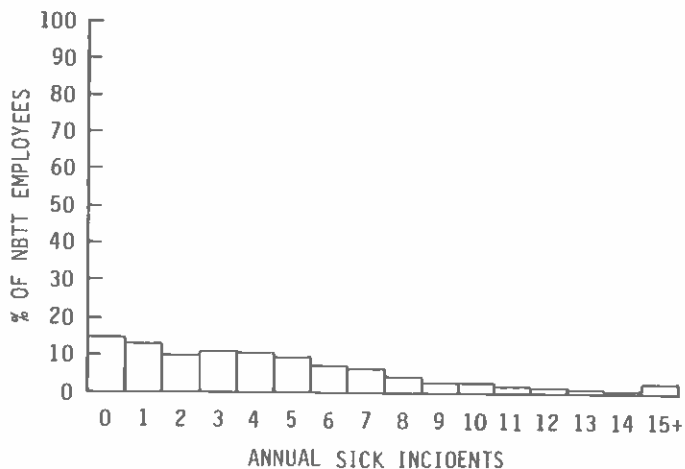


Exhibit III.18 provides graphic information about the distribution of time lost, by absence type, among NBTT employees. Approximately 50 percent of the time lost due to reported sickness was incurred by 12.8 percent of the total NBTT employees.

Tardiness Distribution by Employee Representation

Exhibit III.19 shows the distribution of tardy incidents within each group of NBTT employees. NC employees are not shown since it is the practice within most RTD divisions not to record the tardiness of NC employees. While TPOA and Teamster groups show approximately 90 percent of their employees as never being late, only 50 percent of BRAC's employees have perfect records.

Absence Distribution Comparisons

Exhibits III.20 and III.21 compare the cumulative distributions of absence incidents and work time lost of NBTT employees by representation group. This information is based on the absence distributions given in Exhibits III.15 and III.16. In general, the lower the distribution curve appears in the graphic, the more widespread the rate of absence is among a group's employees. In each exhibit, BRAC employees show more widespread incidents and time lost due to absence than the other three groups. Teamster employees show the least amount of absence incidents and time lost of the four groups.

EXHIBIT III.18

DISTRIBUTION OF WORK HOURS LOST AMONG NBTT EMPLOYEES
 BY TYPE OF ABSENCE
 FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
 SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

A.38

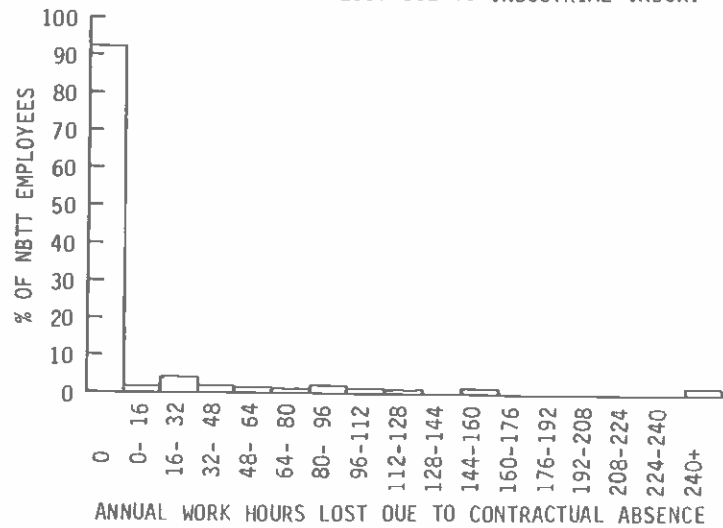
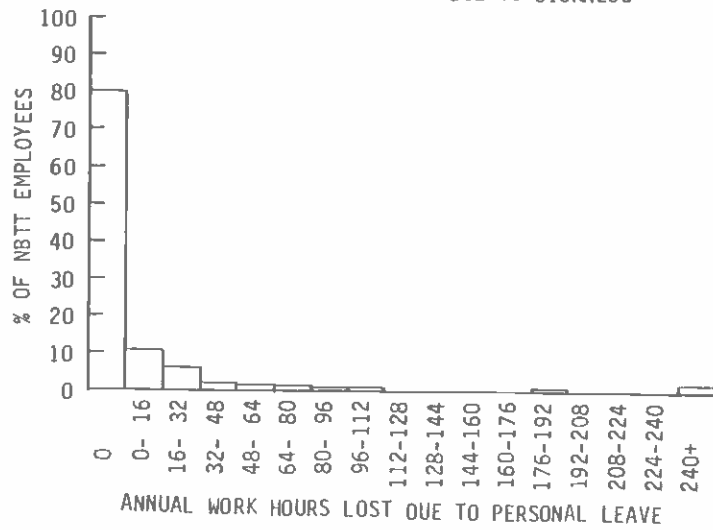
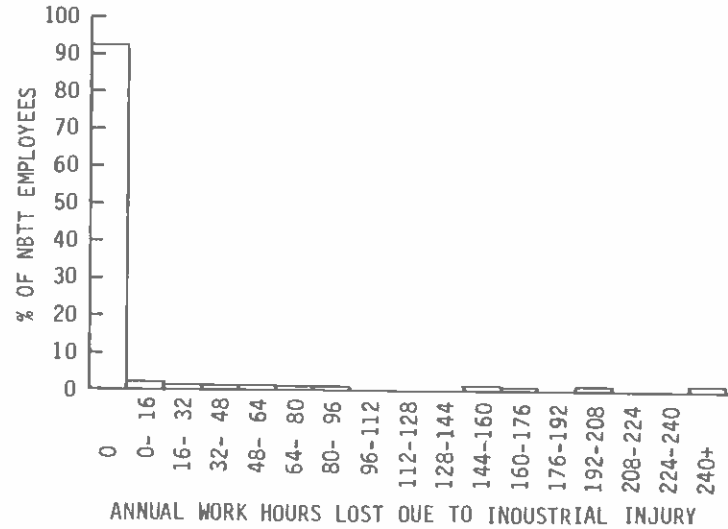
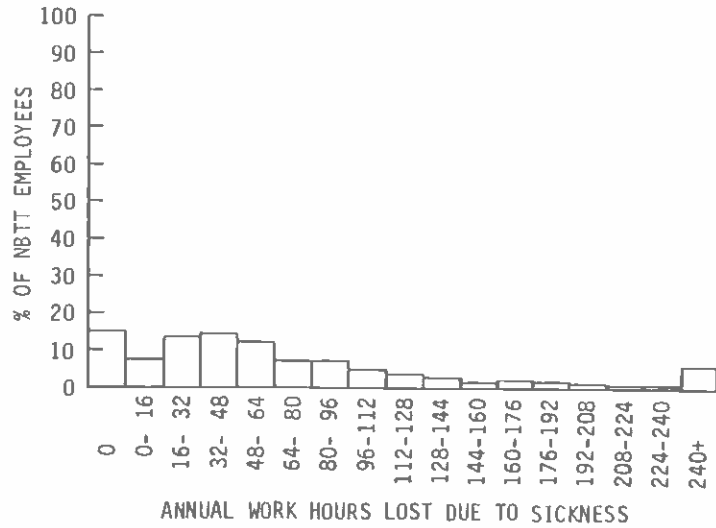


EXHIBIT III.19

DISTRIBUTION OF ANNUAL TARDINESS INCIDENTS
AMONG BRAC, TPOA, AND TEAMSTER EMPLOYEES
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

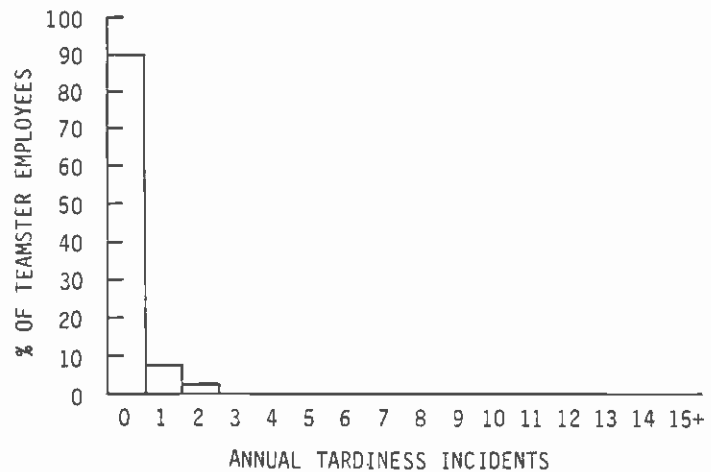
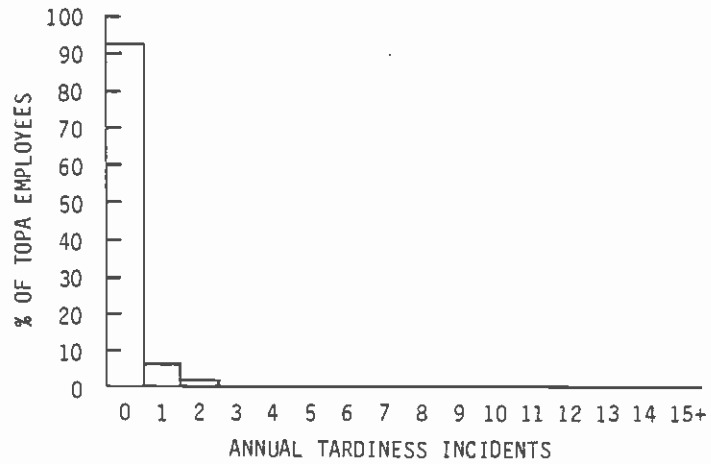
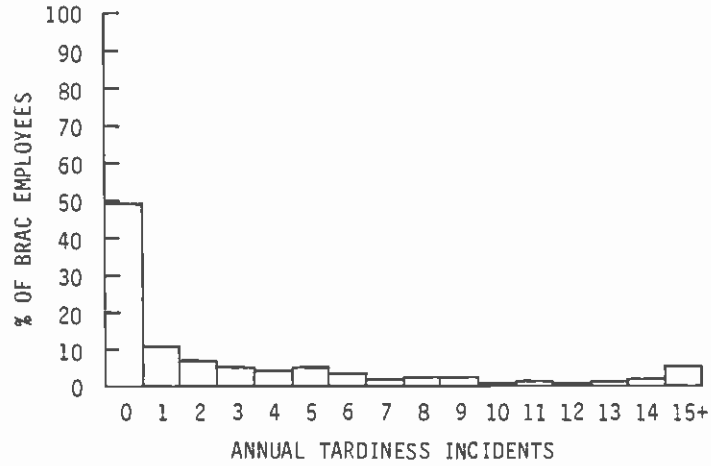


EXHIBIT III.20

ANNUAL ABSENCE INCIDENTS OF NBTT EMPLOYEES
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

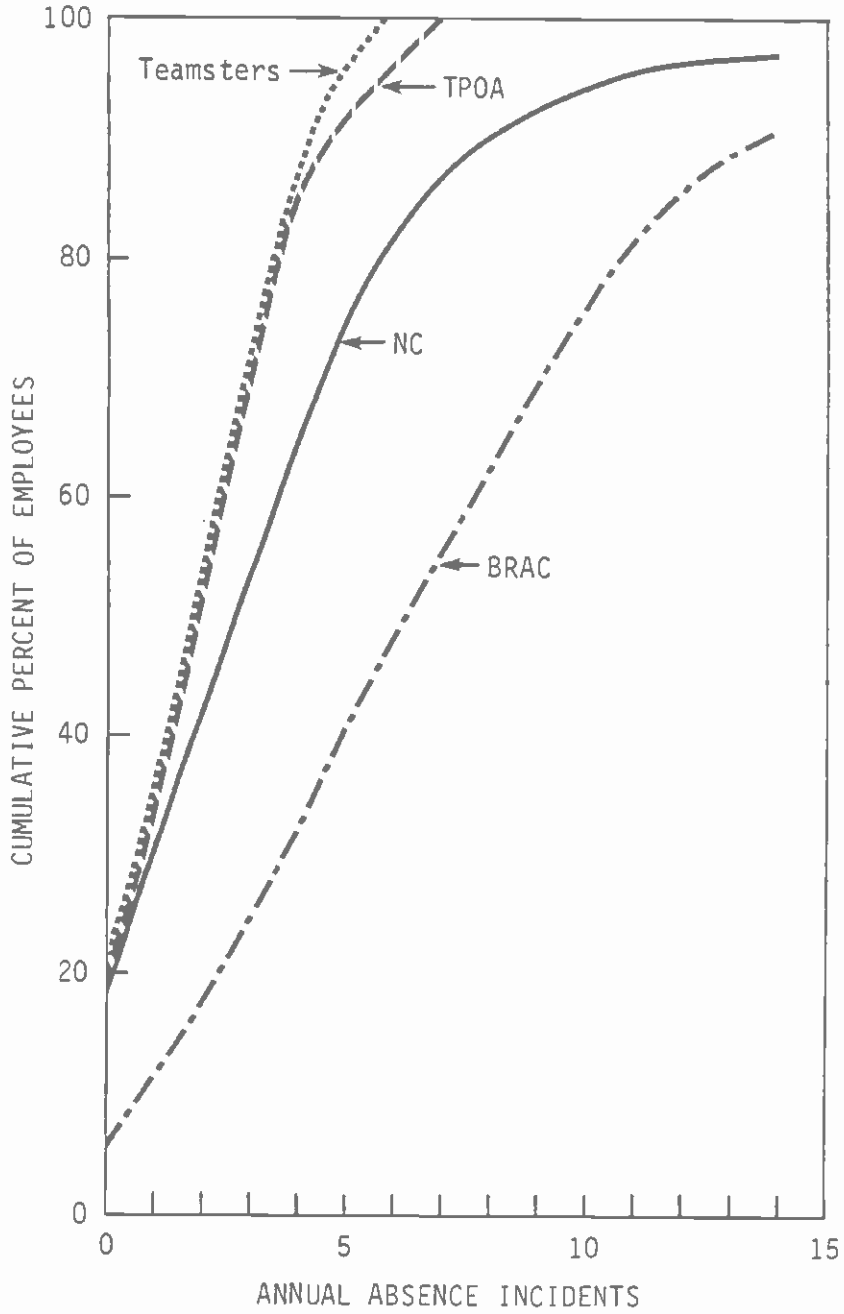
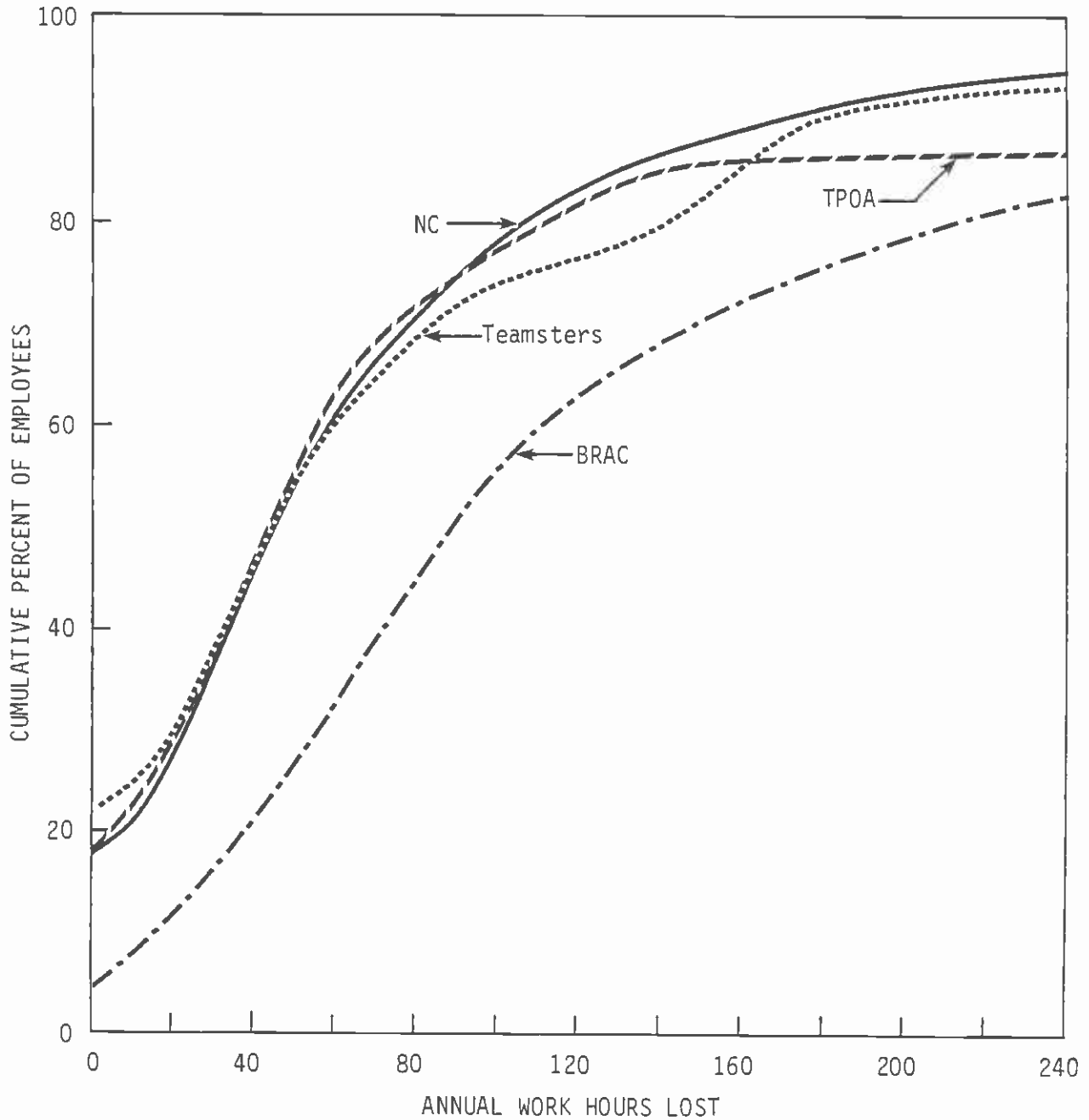


EXHIBIT III.21

ANNUAL WORK DAYS LOST DUE TO THE ABSENCE OF NBTT EMPLOYEES
FOR THE PERIOD NOVEMBER 1984 - OCTOBER 1985
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT



IV. CONCLUSIONS

This section of the report provides conclusions about the absenteeism of NBTT employees based on the findings of the survey and the statistical analysis of data. These conclusions, together with the results of Phases II and III of this study, should provide focus and direction in designing appropriate incentive programs to improve the attendance of RTD employees.

SIGNIFICANT DIFFERENCES IN ABSENCE

Duncan Multiple Range Tests were applied to the data collected to identify any significant differences ($p .01$) in absence rates between various groups or categories of NBTT employees as described in Section III of this report. The categories tested included:

- . employee age (five-year increments);
- . employee tenure (two-year increments);
- . employee marital status (four groups);
- . employee education (four groups); and
- . RTD divisions (eight groups).

The results of these tests are provided in the sections that follow:

Employee Age

There is a significant statistical difference in the absence incidents of NBTT employees who are less than 30 years old (high rate) and those employees who are 35 years of age and older (low rate). However, there are no statistically significant differences between any of the age groups in the amount of work hours lost to absence.

Employee Tenure

There is a significant statistical difference in the absence incidents of NBTT employees who have between 4 to 10 years of RTD seniority (high rate) and those employees with 12 or more years of seniority (low rate). There is no statistically significant differences in the number of work hours lost to absence between any of the two-year tenure groups.

Employee Marital Status

NBTT employees were categorized according to their reported marital status with groups according to whether they were single, married, divorced, or widowed. The statistical tests revealed a significant difference in the rate of absence incidents between those employees who were single (high rate) and those who were either married, divorced, or widowed (low rate). There was no statistically significant differences between the four groups in the number of work hours lost.

Employee Education

There is a significant statistical difference in the number of absence incidents of NBTT employees who are high school graduates (high rate) and those who are college graduates (low rate). However, the tests revealed no statistical differences in the amount of work time lost by employees categorized by the four education levels.

RTD Divisions

Duncan Tests were applied to eight RTD divisions whose survey sample sizes were 25 or greater. These divisions are as follows:

Divisions

3296	- Operations, Control & Services
3800	- Transit Police & Security
4800	- Customer Relations
7100	- Accounting & Fiscal
7200	- Management Information Systems
8100	- Transit Systems Development
9400	- Contracts, Procurement & Materials
9610	- General Services

The tests revealed a significant statistical difference in the absence incidents of employees working in Divisions 4800, 7100, 7200, and 9400 (high rate) and employees working in Division 3296, 3800, and 9610 (low rate). Further testing showed that Division 7100 employees had an absence incident rate significantly higher than all the other divisions. There was also a statistically significant difference in the amount of work time lost between Division 7100 employees (high rate) and employees working in Divisions 3296, 8100, and 9610 (low rate).

CORRELATION OF ABSENCE TYPES

A standard correlation matrix was prepared using absence incident rates and work time lost rates categorized as follows:

- . sick
- . personnel leave
- . industrial injury
- . contractual

- . suspensions

An examination of the results provided the following statistical assessments:

- . There are very strong correlations ($R= 0.91$ to 0.94) between the number of absence incidents due to suspensions and contractual reasons and the amount of time lost respectively due to these reasons. This finding is consistent with the fact that many suspensions, bereavement leaves, military leaves, etc. incur a consistent amount of time lost.
- . There are moderate correlations ($R= 0.35$ to 0.39) between the number of absence incidents due to reported sickness, industrial injury, and personal leave and the amount of time lost respectively due to the same reasons. This finding is not inconsistent with the expectation that the amount of time lost per incident tends to fluctuate more widely in the cases of sickness, industrial injury, and personal leave than it does in cases of suspension and contractual absence.
- . There is some correlation ($R= 0.22$) between the number of personal absence incidents and the number of sick absence incidents. This result may indicate that some employees are using unpaid personal leave when their accumulated sick leave reserve expires. It may also reveal that some employees are abusing sick leave privileges through continued absence in the category of personal leave.
- . There is somewhat less correlation ($R= 0.14$ to 0.17) between the number of sick and personal absence incidents and the work time lost and the number of suspensions. This finding may indicate that RTD management is inconsistent with their application of discipline across groups or divisions of employees.
- . There is also somewhat less correlation ($R= 0.16$) between the number of industrial injury absence incidents and the number of personal absence incidents. This result may indicate that some employees are using industrial injury as a way of taking personal leave.

The remaining values given in the correlation matrix did not reveal any other statistically significant findings.

SUMMARY

The findings of the NBTT employee survey and the conduct of statistical analysis in this phase of the study shows there is significant opportunity to improve employee attendance under a balance program of discipline and incentives. While the focus of this study is directed toward the design and development of an incentive program, the findings of the employee survey reveals that as many as 20 percent of NBTT employees in the November 1984-October 1985 period may be considered excessively absent under the definition given in RTD's attendance policy dated October 22, 1985. Unless employees change their absence behavior patterns beginning January 1, 1986, RTD management will be faced with the arduous and time-consuming task of administering discipline to policy violators.

The opportunity to reduce absenteeism through incentive programs is evident in the absence distributions given in Exhibits III.15 and III.16 particularly

among NC and BRAC employees. Widespread distribution of sick leave incidents and time lost is revealed by examination of Exhibits III.17 and III.18 and should offer the greatest potential for attendance improvement.

The analysis of data shows that careful attention should be paid to the following groups or types of employees in designing an incentive program for attendance improvement:

- . BRAC and NC employees;
- . Female employees; and
- . Young, single employee.

Since there are significant differences in the absence rates of employees between divisions, consideration should be given to developing programs that meet specific needs of high absence divisions.

APPENDIX B
PHASE II REPORT: INCENTIVE FINDINGS

**SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT**

**ABSENTEEISM STUDY
AND
INCENTIVE PROGRAM**

**Phase II Report
Incentive Findings**

Prepared by

**MacDorman & Associates
in association with
Templar Associates, Ltd.**

January 31, 1986

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I. INTRODUCTION

This report presents the results of Phase II of the Absenteeism Study and Incentive Program conducted for the Southern California Rapid Transit District (SCRTD). The report focuses on the use of incentives to improve attendance. This introduction, more generally, discusses absenteeism as a costly problem to public and private sector industries and introduces the types of programs used to reduce absence, its costs, and its disruptive effects. The introduction concludes with a summary of the contents of this report.

Section II reviews the five types of programs used to improve attendance by both public and private sector organizations. Section III reviews SCRTD efforts improve attendance. These efforts have included studies of employee absence and related topics and the implementation of various policies, programs, and fringe benefits that relate to attendance. Programs to assess absence and improve attendance in the U.S. transit industry and attendance programs used outside the transit industry are also reviewed, in Sections IV and V respectively.

ATTENDANCE IMPROVEMENT PROGRAMS IN BUSINESS AND GOVERNMENT

Absenteeism has long been identified as a costly and particularly aggravating problem. Estimates developed in 1978 rather conservatively established that absenteeism cost the U.S. economy over \$26.4 million.^{1/} In a 1985 survey conducted by the Bureau of National Affairs, Inc., 60 percent of all participating companies considered absenteeism their most serious discipline problem. It is not surprising that numerous programs have been developed to improve employee attendance and that numerous studies have been conducted on the subject.

Categories of Attendance Behavior and Improvement Programs

There are three major categories of employee attendance behavior.

- . First, chronic absenteeism is characteristic of those employees who, because of their health, life situation, or attitudes, are absent very frequently. This is a relatively small group of employees, typically ranging from five to 20 percent of the work force.
- . A second group of employees has good attendance behavior even though they are occasionally absent. The total amount of absenteeism is large for the group because, even though

^{1/} Steers, R.M. and Rhodes, S.R. "Major Influences on Employee Attendance: A Process Model." Journal of Applied Psychology, 1978, 63(4):391-407.

individuals within it do not have high absenteeism rates, this group contains the majority of employees.

- . Finally, there is a third group of employees who consistently have near-perfect attendance. Like the first group, this is generally a small percentage of the total work force.

Attendance improvement programs can be grouped into five categories.

- . discipline policies and programs - policies stating allowable absence and disciplinary measures for employees exceeding the allowance. Discipline policies address absence-prone employees, and require either substantial improvement in attendance or departure from the organization. They have very little effect on the majority of employees who are regular attenders and perform within established guidelines.
- . attendance incentive programs - methods to reinforce and recognize good attendance and encourage improved performance. Such programs generally affect the majority of employees, whose attendance is within the attendance limits stated by the organization. Incentive programs have a number of benefits: they encourage employees to improve otherwise acceptable absence records, they stress positive aspects of employee performance, and they establish a more balanced approach to attendance management.
- . improved working conditions - these programs may address the physical environment of the work place, employee involvement in decisionmaking, or the way work activities are structured. A variety of innovative programs have been implemented that are designed to improve working conditions as a means to improve organizational productivity and performance. Attendance improvement is often a goal of these programs.
- . employee support or assistance programs - including efforts by the organization to address the causes of absence, which may include personal, marital, or familial problems; substance abuse; or any problems that impede an employee's effectiveness at work or ability to attend.
- . personnel programs which support attendance improvement - this category includes numerous programs which support efforts to improve employee attendance including initiatives pertaining to the recruitment, selection, orientation, and compensation of employees. Importantly, this category includes accurate record-keeping and monitoring of employee attendance performance.

Because of the different categories of attendance behavior, most organizations need several types of attendance improvement programs.

CONTENT OF THIS REPORT

This introduction has summarized some of the problems associated with employee absence and briefly described the range of programs used to improve attendance. The balance of the report reviews key efforts of SCRTD to date to address employee absence and focuses on the use of incentives within and outside the transit industry to address this costly and disruptive problem. More specifically:

- . Section II. This section provides a general review of five types of programs to improve employee attendance used in the public and private sectors. The categories of programs include discipline policies and programs for attendance, attendance incentive programs, improved working conditions, employee support or assistance programs and personnel programs which support attendance improvement.
- . Section III. This section reviews the objectives, scope, approach, key findings, conclusions, and, as appropriate, recommendations from prior studies on SCRTD employee absence. Special studies have been conducted by SCRTD to address transit operator and maintenance department absence and the use of overtime in the maintenance department. The 1982 triennial performance audit also considered employee absence. SCRTD programs, policies, and employee benefits that address attendance and absenteeism are also reviewed.
- . Section IV. This section presents the results of research in the transit industry on attendance improvement programs and reviews the types of incentive programs used by transit systems to address absence. Where available, information on the effectiveness of these programs is provided.
- . Section V. The final section reviews the results of research outside the transit industry on the use of incentive programs to improve employee attendance. Again, where available, information on the effectiveness of these programs is provided.

II. ATTENDANCE IMPROVEMENT PROGRAMS: GENERAL REVIEW

This section provides a general review of the five categories of attendance improvement programs identified in Section I. The following discussion focuses first on disciplinary policies and programs to address employee absence. These programs are the foundation of attendance improvement initiatives in both the public and private sectors. Few, if any, organizations introduce other programs to improve attendance without first having established and documented absence discipline policies. Many organizations have traditionally used only discipline or the management-by-exception principle to address attendance--an approach that focuses on problems, ignoring good performance. This style of management is recognized as one of the most unsatisfying styles for employees, since, regardless of how well an employee performs, there is no reinforcement or feedback until a problem arises.

Attendance incentive programs, which unlike discipline policies, help overcome the more negative features of attendance management, are only briefly discussed in this introduction since they are the focus of the balance of this report. Programs to improve attendance through improved working conditions and employee support or assistance programs are more innovative and generally less frequently used than either discipline or incentive programs. These programs are also described and briefly discussed in this section. The final type of attendance improvement program reviewed in this section includes personnel programs which support attendance improvement.

DISCIPLINE POLICIES AND PROGRAMS FOR ATTENDANCE

Discipline programs to address employee absence are generally formalized in an organization's policy statements. A national survey of attendance improvement practices, funded by the American Society of Personnel Administrators (ASPA) Foundation, indicates that discipline policies are the primary way that managers attempt to reduce employee absence.^{2/} Approximately 75 percent of the 1,000 organizations surveyed reported having written attendance discipline policies. The policies are typically composed of written statements that define allowable limits of absence and prescribe discipline, including suspension and dismissal, for employees that exceed these limits. More specifically, the written policies define:

- . what constitutes excused and unexcused absence

^{2/} Scott, K.D., and Markham, S.E. "Absenteeism Control Methods: A Survey of Practices and Results." Personnel Administrator, 1982, 27(6):73-85.

- . what action will be taken in response to violations of the rules
- . generally, how the policy will be administered

A written attendance policy is intended to formalize management practices and encourage employees to conform to the guidelines of the organization. The issues of disciplinary action, progressive discipline, impartial investigation, and consistent application are central to an effective attendance discipline policy; rewarding improvement is a more recent addition to these policies.

Disciplinary Action

Employers can discipline absent employees for two reasons. One is violation of organization rules (misconduct) and the other is poor performance (excessive absenteeism). Misconduct occurs when employees are absent for reasons not considered legitimate by the organization (violation of policy). For example, if an employee calls in sick and is subsequently observed at a recreational activity the same day, an abuse has occurred and the employee may be disciplined.

An organization often has a difficult time defending a misconduct policy, since the burden of proof of violation lies with management. If employees stay home to rest, to work on special projects, or for any other reason, it is extraordinarily difficult to prove that they were not sick. Requiring employees to provide verification of illness from a doctor does not preclude abuse of an attendance policy, because certain maladies are difficult to diagnose and because doctors are reluctant to declare their clients malingerers. In spite of these inherent weaknesses, a disciplinary policy for misconduct is necessary, since it clearly prohibits unacceptable attendance behavior.

An excessive absenteeism policy focuses on number of absences, regardless of reasons or establishment of fault. Excessive absenteeism is considered a performance problem, not a misconduct problem. The philosophy behind an excessive absenteeism policy is that employees must attend work regularly. If an employee is excessively absent, whatever his or her reason, he or she may be discharged.^{3/}

The benefits of an excessive absenteeism or performance-related absenteeism policy are:

- . It removes the obligation to distinguish between abuses of the attendance policy and legitimate reasons for being absent.

^{3/} A more detailed treatment of this type of policy is provided by Frank E. Kuzmits, "Is your organization ready for no-fault absenteeism?"

- . It focuses on the organization's obligation to serve its clients or customers--the primary mission of the organization--rather than on punishment of employees.
- . It makes supervisors' relationships with subordinates more professional since under a misconduct policy the supervisor must prove abuse and wrongful behavior; under an excessive absenteeism policy, this is not necessary--employees are responsible for meeting established work standards.

Consistent Application

Consistent application of an organization's discipline policy is critical to the policy's effectiveness. Attendance discipline policies should be applied consistently among employees and over time to ensure equitable and defensible treatment of all employees. The importance of consistency is demonstrated by the outcome of arbitration cases. A recent study examined a sample of 77 cases in which discharge for excessive absenteeism was upheld. A consistently applied policy was characteristic of 73 (97.3 percent) of the cases. In the 30 cases where the employee was reinstated with back pay, the employer had failed in 67 percent of the cases to apply attendance policies and procedures even-handedly. In the 45 cases in which the organization lacked a consistently applied policy, only one dismissal was upheld.

Progressive Discipline

Another characteristic of a well developed discipline policy for absence reduction is progressive discipline. Under such a program employees receive increasing levels of discipline for more severe violations of rules or for repeated violations of the same rule(s). A progressive discipline program generally contains a number of procedural steps prior to dismissal that often include oral warning, written warning, counseling, and suspension. Basically, the progressive discipline system seeks to influence employees' attendance and to reinforce organization policy statements by clearly demonstrating the consequences of failure to conform to policy.

Important advantages of progressive discipline are that it is generally perceived by workers as fair and that it reduces morale problems associated with erratic enforcement of attendance policies. For the most part, judges, arbitrators, and employee protection agencies have deemed progressive discipline to be fair treatment.

Impartial Investigation

Many organizations have introduced the concept of impartial investigation of employee absence to their attendance policies, particularly, in cases where an employee may be discharged. The investigation may address the nature and extent of absences, the administration of progressive discipline, and other matters. Employers who fail to investigate the reasons for an employee's absences or who

conduct an investigation in a biased manner can expect to lose a grievance. Although arbitrators have found that employees can be discharged for excessive absenteeism, fair and impartial investigation is generally required, possibly to ensure that due consideration is given.

Rewarding Improvement

Although rewards for attendance improvement are not widely used, some organizations have introduced them as part of their absence discipline policy. These policies have been added because a progressive discipline program's main intent is not to punish employees but to correct poor performance. Employees should be able to move back into good standing once they have corrected their attendance problems. One way to allow employees to improve their record is to reduce the level in the progressive discipline process for perfect or near-perfect attendance. This can be accomplished with a 24-to 36-month rolling calendar such that each month the employee attendance record is recalculated to include the most recent 24 months.

ATTENDANCE INCENTIVE PROGRAMS

In contrast to discipline programs, attendance incentive programs recognize and reward employees for excellent or improving performance. A very wide variety of these programs has been developed and implemented. Four general categories of attendance incentive programs are recognition, time-off incentives, financial incentives, and lotteries. These programs are briefly described below. As discussed in Section III of this report, which discusses the use of attendance incentives in the U.S. transit industry, the criteria for receiving the incentive, the amount or number of incentives, and program administration vary from place to place.

Formal Recognition Programs

In this program individual employees receive public recognition for good attendance. This recognition may take the form of an awards banquet, posting the employee's name on a bulletin board, a letter from management, acknowledgement in the organization's newsletter, etc. Often an award is given to those employees who have perfect or near-perfect attendance. This award often can be used at work so other employees can recognize the employee's accomplishment (i.e., a necklace, jacket, pen and pencil set, sporting event or theatre tickets). These awards are usually of modest value and are not considered payment for working additional days.

Time-Off Incentive Programs

Many organizations reward good attendance by allowing employees to take time off in addition to scheduled vacations, holidays, and personal days. For example, such a program might be structured such

that for each absence-free quarter an employee receives an added day off. Time-off programs are sometimes called cash-in or trade-in programs since employees may trade accumulated unused sick leave for added scheduled time off. With this approach, as distinct from the previous example, employees exchange sick leave for vacation time and draw down their available paid sick-leave time.

Trade-in programs are often structured such that employees can only trade in sick leave after they have attained a specified level or bank of time that must be maintained. Other programs only allow trade in just prior to retirement. Sometimes the sick-leave hours are traded in for less vacation time such that an hour of unused sick leave may be traded in for a half-hour of vacation time.

Organizations with sick leave policies that are sometimes called use-or-lose programs, find that the option to trade in all or part of the accumulated sick leave is well-received. Employees often suggest that a benefit is foregone when accumulated sick leave cannot be traded in as time off or for some type of financial pay back.

Financial Incentive Programs

There are many ways that organizations use monetary rewards to encourage good attendance.

- . The attendance bonus refers to the practice of giving cash bonuses, savings bonds, or items of monetary value as incentives for perfect or near-perfect attendance. The amount of the incentive may range from as low as \$50 to hundreds of dollars depending on the time period of performance (i.e., one month versus many years) and the strictness of attendance criteria (i.e., no absences versus no unexcused absences).
- . An organization can buy back from employees unused sick leave. The price at which organizations are willing to buy back days typically varies from 100 percent of base pay to some fraction of a day's pay. This payment is either made at the end of the year or it is deferred. Deferred programs allow employees to accumulate sick leave during their tenure for future use; often it can be cashed in when the employee leaves the organization (i.e., retirement, layoff, etc.).
- . Other innovative types of financial incentive programs have been introduced to reduce employee absence. For instance, one organization instituted a dental program as part of its fringe benefits. In exchange for this added benefit, management required lowered absenteeism.

Attendance Lottery Programs

Attendance lotteries are programs that reward employees with a chance of winning a major prize. In general, attendance lottery programs

seem to be successful, at least in the short term. They are based on psychological principles in which the desired behavior (perfect attendance) is positively reinforced (rewarded), to increase the frequency of that behavior. Usually these programs are cost-effective because many employees are striving for comparatively few rewards.

There are certain issues that must be decided in utilizing a lottery reward system.

- . The size of the reward must be determined. A ten-dollar reward is not likely to be motivational for a highly paid employee.
- . The frequency of the reward must be determined. Based on operant conditioning, the reward should be given as often as possible and as soon as possible after the desired behavior is exhibited. However, a variable interval schedule has been shown to be more powerful than a continuous schedule over the long run. (In other words, each person need not be rewarded each time the desired behavior occurs.)
- . The issue of the odds of winning must be decided. The employees must feel they have a reasonable chance to win. In order to make the chance of winning more attractive, this type of reward program may be subdivided for smaller work units.
- . The actual type of reward is very important. Although money may be a good reward, a prize that employees would not necessarily buy for themselves might also be appropriate.

IMPROVED WORKING CONDITIONS

Recent research on employee attendance suggests that absenteeism can be reduced by improving working conditions. Below, four methods of improving working conditions are described, including health, work redesign, employee participation, and flexible work schedules.

Health-Related Programs

Various working conditions have been associated with absenteeism caused by health problems and/or psychological stress. Although American managers, unlike their British counterparts, do not often explore this explanation for absenteeism, they would be well advised to do so. In particular, if substantially different rates of absenteeism exist between different occupational groups, working conditions should be investigated.

Not all health- or stress-related problems are conspicuous and some problems may be more obvious than others. For example, illnesses resulting from rotating employees through a number of shifts may be less obvious than problems associated with handling heavy machinery. Research has shown that employees who are rotated frequently between

shifts often develop health- and stress-related problems (especially gastrointestinal upsets and ulcers) due to the disruption of internal biological clocks.^{4/}

From management's perspective, rotating shifts has long been perceived as an equitable solution for staffing 24-hour operations. With a rotating system, all employees share the disagreeable shifts- they are not reserved for new employees with low seniority, often an alternative strategy. However, the resulting absence rates suggest that innovative scheduling strategies may be advised.

A second type of health- or stress-related absence relates to the work place location and environment. Employees may feel threatened if the work place is in an unsafe location or has a highly disagreeable environment. Such features as security, lighting, ventilation, and air quality affect employees' sense of well-being and ability to regularly attend. Absence may result from physical illness or morale problems.

Work Redesign

Considerable research has been done on the relationship between job satisfaction and employee absence. Although there are many views on whether or not people who are satisfied with their work are absent less often, the most recent research indicates that satisfied employees are absent less often than dissatisfied employees.^{5/} Consequently, it is important for organizations to consider methods to increase employee satisfaction as a means of improving attendance.

Research on work design intended to increase employee satisfaction, motivation, and productivity has identified five elements that, if built into jobs, can increase most workers' feelings of meaningfulness and responsibility.^{6/} These job elements are:

- . skill variety - tasks that require employees to engage in activities that challenge or stretch their skills and abilities.
- . task identity - employees find work more meaningful if a complete product or unit of service is worked on.
- . task significance - employees find work more meaningful if the job has a substantial impact on the lives or work of other people.

^{4/} Smith, M.J., Colligan, M.J., and Tasto, D.C. "Health and Safety Consequences of Shift Work in the Food Processing Industry." Ergonomics, 1982, 25(2):133-144.

^{5/} Scott, K. D., and Taylor, G.S., 1985.

^{6/} Hackman, J. R. and Suttle, L. J. Improving Life at Work. Goodyear Publishing Company, Santa Monica, California, 1977.

- . autonomy - employees feel more responsible for their work if it is viewed as depending on their own efforts, initiatives, and decisions rather than determined by detailed instructions or close supervision.
- . feedback - jobs where employees receive direct and clear information about the effectiveness of their performance are perceived as more meaningful than those where such feedback is not received.

In short, constructing jobs to provide employees knowledge of results (feedback), feelings of responsibility (autonomy), and feelings of meaningfulness (skill variety, task identity, and task significance) should increase employees' work motivation and satisfaction, and as a result decrease absenteeism and turnover. This concept has been termed job enrichment or enlargement.

Efforts to apply these concepts have shown certain limitations. First, they are sometimes expensive because production processes and layouts may need to be changed. Second, because job duties are expanded, employees may become less efficient. Ideally, gains in performance and quality should more than offset these added costs, but such gains do not always occur. Finally, there are many situations where technology and production processes severely limit the degree to which jobs can be enriched.

Employee Participation/Involvement

Another approach for making work more meaningful is to increase the employees' involvement with their work unit, department, and company through an employee participation program. This allows employees to be more directly involved and to use their knowledge and problem-solving skills to improve performance without necessarily making major changes in job design or the production process.

Although programs which include employee involvement have received attention in the media, their actual usage, according to the 1982 ASPA survey, is limited. Only 12 percent of the organizations surveyed reported using these programs to reduce absenteeism and no statistically significant difference in absence rates was reported by organizations that had these programs as compared to those that did not.

Quality Circles

Quality circles are a currently popular program that help structure employee participation. Quality circles are meetings of selected workers from similar or different levels in the organization who examine, discuss, and solve work-related problems. These programs are effective in instances where they are properly designed and implemented. Proponents claim that many meaningful and profitable suggestions result. Unfortunately, to date, there is no research which shows the effects of quality circles on absenteeism. However, research

on other, related programs suggests that a properly designed and implemented quality circle program would improve attendance.

Scanlon Plans

A similar committee structure concept, with formal committee meetings to encourage participation, is utilized in the Scanlon Plan. The Scanlon Plan is a labor-cost-savings program that aims at increasing efficiency by sharing savings with employees. The installation of a plan often requires significant changes in the culture of the organization since a great deal of participation and labor-management cooperation are required.

There is no research that documents the effects of Scanlon Plans on absenteeism, although there are a number of informal case studies that report attendance improvement. In plants where a plan has been successfully implemented, absenteeism is often quite low since absence incidents represent increased labor costs which impact employee bonuses.

Flexible Work Schedules

Flex-time involves the flexible scheduling of work hours around a core time when all employees must be at work. One of the major reasons organizations implement flexible work schedules is to provide their employees the opportunity to attend to personal business without incurring absence. This type of work improvement program has been rated as an effective method of reducing absenteeism by personnel managers. This is consistent with the numerous articles written on the topic. However, although 21 percent of the firms in the ASPA survey reported using flex-time as a method of reducing absenteeism, there was no statistically significant difference in the absence rates of those organizations that used it and those that did not. Other research confirms the results of the survey, suggesting that the direct effects of the flex-time programs on absenteeism may be generally overstated.

EMPLOYEE SUPPORT OR ASSISTANCE PROGRAMS^{7/}

Employee support or assistance programs (sometimes called EAPs) are efforts by an organization to address the causes of absence, which may include personal, marital, or familial problems; substance abuse; or related problems that impact an employee's effectiveness at work or ability to attend.

^{7/} The discussion on Employee Assistance programs is drawn from the Needs Assessment and Guidelines for Implementing a Comprehensive Employee Assistance Program, prepared by Urban Resources Consultants, Inc., for the Detroit Department of Transportation and the Office of Transportation Management of the Urban Mass Transportation Administration, November 1979.

These programs have generally been developed out of a combination of concern for employee well-being and desire to reduce economic losses stemming from poor performance. Numerous corporations and labor unions have encouraged the development of employee assistance and rehabilitation programs such that in 1980, more than 1,200 such programs were in existence in the United States. In 1985, the American Public Transit Association conducted a national survey that identified 59 transit systems that reported having a formal employee support or assistance program. The role of the employer is considered significant since next to family and intimates, their employer may be in closest contact with troubled employees.

Most employee assistance programs attempt to identify or recognize troubled employees almost solely on the basis of job performance. Supervisors and foremen are trained to look for symptoms of decreased job performance, rather than to diagnose specific behavioral problems such as alcoholism. Supervisors and foremen are further trained to effectively interview or confront the troubled employees with the realities of their job performance and then to refer them to the appropriate resource. Diagnosis is usually handled by the medical staff, consultants, or, in some cases, the company psychologist or a counselor. The troubled employee, if necessary, is referred to a treatment center with the company stipulation that if recovery progresses, employment will be maintained. Often, even if the treatment requires hospitalization or inpatient residence at a treatment center, the company and/or union will maintain the troubled employee on salary or grant sick leave.

The elements of an employee assistance program consist of the steps shown in Exhibit II.1, derived from employee assistance programs already in existence. The strategies in the exhibit are based upon prior experiences in existing programs.

PERSONNEL PROGRAMS WHICH SUPPORT ATTENDANCE IMPROVEMENT

Personnel programs which help support attendance improvement include:

- . Accurate record-keeping and data monitoring may be the most critical program in this category, since it substantiates the reward or discipline of employees based on attendance records; and allows regular feedback on attendance performance to employees, supervisors, and management.
- . New employee selection can help transit systems screen employees with attendance problems. Many organizations, however, are finding it increasingly difficult to obtain information on prior employment attendance records.

EXHIBIT II.1

IMPLEMENTATION STEPS AND STRATEGIES FOR EMPLOYEE ASSISTANCE PROGRAMS

Recognition

In most instances, the troubled employee will exhibit impaired job performance and absenteeism. These early but repeated signs--poor work, or patterned or suspicious absenteeism--are easily recognized in spite of efforts by the employee to conceal them.

Documentation

Documentation of impaired performance sets the stage for intervention. Unlike most other social relationships, the link between the employer and employee is contractual. Repeated instances of inadequate job performance constitute a breach of this contract. Where employees are represented by a labor union, such documentation is in accordance with procedure established by the labor contract.

Confrontation

Impaired performance often occurs in employees who, having worked for years in one organization, have intense psychological as well as economic investments in their jobs. Confrontation of such an employee is often a momentous event when fortified by evidence of inadequate job performance and the clear possibility that disciplinary action. This may precipitate a crisis which enables employees to recognize their problem--and the notion that the problem is affecting job performance.

Offer of Assistance

The amount and kind of assistance offered depends on the capability and circumstances of the employer. Implementing a program to identify and help the troubled employee may necessitate an investment in specialized personnel and procedures, additional supervisory training, and employee education. In many cases the program can be located in existing personnel or medical departments. In other cases the organization will need to establish an appropriate referral route which will respect the employee's right to privacy at the same time that it assures proper counseling or treatment. Program development should consider:

- . the potential resources available in the community, such as mental health clinics, alcohol treatment programs, AA, outpatient programs, and private physicians, psychiatrists, and psychologists;
- . the organization's insurance and leave policies;
- . basic interviewing and counseling techniques which will allow the organization to elicit relevant information from the troubled employee and thus provide referral to the proper resource.

Monitoring and Follow-Up

This consists of establishing a tracking system which extends from initiation to conclusion of an employee's involvement with the EAP. Such a monitoring and follow-up is essential, in that it allows management to review the overall performance of the program and permits evaluation of program effectiveness.

SOURCE: Needs Assessment and Guidelines for Implementing a Comprehensive Employee Assistance Program, Urban Resources Consultants, Inc., November 1979.

- . Employee orientation should inform new employees that good attendance is expected and describe the actions that will be taken for poor attendance.
- . Periodic training of new and existing employees is critical to attendance program effectiveness.
- . Compensation practices should reinforce organizational objectives since pay practices have a major impact on employee behavior.
- . Sick leave call-in and return-to-work requirements are necessary to document employee attendance. Although these programs may seem minor, they provide important information, and discourage employees from being absent.
- . Information feedback provides employees with accurate perceptions about their levels of absenteeism. Research has shown that employees who know their absence rates have lower levels of absenteeism than employees who estimate their absence rates.

Many of the activities included in the above personnel programs are not immediately associated with attendance improvement.

III. ASSESSMENTS OF EMPLOYEE ABSENCE, ATTENDANCE IMPROVEMENT INITIATIVES, AND POLICIES AND BENEFITS OF THE SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

This section is divided into three parts. The first part describes SCRTD's efforts, to date, to address the problem of employee absence. Special studies have been conducted by SCRTD to address transit operator and maintenance employee absence and the overtime in the SCRTD maintenance department. The 1982 triennial performance audit of SCRTD (conducted to comply with California law) considered employee absence.

The second part of this section identifies a number of policies and programs implemented by SCRTD to address employee absenteeism and poor attendance patterns. These include discipline, incentive, and support programs. The final part of this section summarizes SCRTD's use of employee fringe benefits which may affect employee attendance.

STUDIES TO ASSESS AND IMPROVE EMPLOYEE ATTENDANCE AT SCRTD

Several studies have been conducted by SCRTD or independent contractors to assess and improve employee attendance at SCRTD. The discussion which follows summarizes key aspects of four such studies:

- . Operator Absenteeism, an SCRTD Management Services Section Report, January 1979
- . Performance Audit of SCRTD, Phase II, Task 1 Audit Report, submitted by Simpson & Curtin Division of Booz-Allen & Hamilton, Inc. and Dave Consulting, Inc., March 1983
- . A Study of Overtime in The Southern California Rapid Transit District Maintenance Department, prepared for SCRTD, Essex Corporation, September 1983
- . Evaluation of Absenteeism for the Maintenance Department of the Southern California Rapid Transit District, Friedland Psychological Associates, 1985

The objective, scope, approach, key findings, and, as appropriate, recommendations of these studies are summarized below.

Operator Absenteeism

The study of operator absenteeism was conducted by SCRTD to analyze the nature and extent of absenteeism among SCRTD's bus operators and develop recommendations to improve employee attendance. The study included:

- . Assessment of employee absence incidents using a questionnaire and recording of one year's absence data from October 1, 1977, to September 30, 1978.

- . A more detailed follow-up at two SCRTD divisions to profile operators with nine or more absence incidents in the past year.
- . An analysis of the Transportation Department's personnel reports for the two-year period October 1976 to November 1978 to assess issues of manpower and extraboard utilization, sick leave duration patterns, requested time off, and working on scheduled days off.

Findings and Conclusions

The findings focused on the nature and extent of vehicle-operator absence during the twelve-month period ending September 30, 1978. The total absence incidents (20,951) and average incidents per operator (5.1) were determined, as was the distribution of absences by frequency of incidents (i.e., 6 or less; 7 to 13; 14 or more) and by day of the week. A more detailed profile of the vehicle operator work force size, costs, and performance characteristics was presented of the vehicle operators with high absence at two of the divisions.

Selected analyses of absence data were included in the report findings, including:

- . a review of the changes in absence patterns that occurred following the introduction of a new discipline policy in 1977
- . an assessment of the relationship of short-term absence of available operators and manpower status (the numbers of operators required)
- . sick leave utilization patterns of employees

Exhibit III.1 summarizes the key conclusions of this study.

Recommendations

The study's recommendations were divided into three major areas: management prerogatives (improvements that would reduce absence with little cost); items for negotiation that could not be addressed under the existing contract; and items requiring further study. This final area includes significant changes from current policies and practices, including contract changes. Almost twenty specific recommendations were made. The recommendations are summarized below.

- . Management Prerogatives. These recommendations aim at increasing management and employee awareness of the extent of the absence problem by:
 - improving the monitoring of and reporting on employee absence, and providing this information to employees, supervisors, and management

EXHIBIT III.1

SCRTD STUDY OF OPERATOR ABSENTEEISM: SUMMARY OF CONCLUSIONS

Nature and Extent of Bus Operator Absence

Bus operator absenteeism is widespread and severe. A total of approximately 92,000 work days were lost by operators from October, 1977, to September, 1978--or approximately 350 person-years lost. Of the 92,000 work days lost, 20,440 days, or 22 percent, were lost due to 1-day sickness.

Cause of Bus Operator Absence

Bus operator absenteeism appears to be caused by: easy availability of scheduled and unscheduled overtime; little positive or negative encouragement for coming to work; quality of supervision, and pre-employment screening; and desire for more leisure time and the increase of two-income families.

Short-term absenteeism appears to be a primary cause of manpower shortages, which can usually be reduced by having adequate manpower, and increased use of operators on their regular days off which may create a vicious cycle of more overtime and even more absenteeism.

Characteristics of Absence Prone

Problem operators with 14 or more absence instances in the past 12 months frequently seem to also have a miss-out problem.

Short-term absenteeism is somewhat linked with operators' rest days and strongly linked with Saturday and Sunday. Many operators seem to desire 3-day weekends.

There is no correlation between poor attendance and low or high seniority.

There is a polarization in the patterns of sick pay usage such that all or none of the available sick pay allowance is used.

Absence Trends

There were more instances of absence in 1978 than in 1975 but fewer than 1973. Fewer operators have poor attendance but also fewer operators have good attendance.

Discipline for Excessive Absence

The Transportation Department has no means of disciplining for excessive absenteeism, as a result of the arbitration. Consequently, action taken by managers has been limited to occasional counseling of operators with poor attendance.

SOURCE: Operator Absenteeism, an SCCTD Management Services Section Report, January 1979.

- contacting employees by mail and then by telephone when they are sick
 - monitoring longer term illnesses more closely, at 7, 15, and 30-day intervals
 - stressing attendance during employee orientation and training and dismissing trainees with poor attendance records
 - counseling employees as prescribed by RTD's discipline policy
 - having top management stress the importance of attendance and enforcement of existing policies
 - developing a manpower planning capability to maintain appropriate bus operator staffing levels, to ensure availability of sufficient labor with less use of overtime
 - addressing the medical aspects of sick leave use through improved preemployment screening, verification of information from doctors, use of visiting nurses, and increased light duty
- . Items for Negotiation. The items that would result in contract changes mostly deal with disciplining operators with excessive absence and therefore only affect employees with a very high number of absences. More positive initiatives that could be taken by management to encourage employees were also mentioned. Two other items were: 1) prohibition of overtime pay when an operator has not worked the full prior week, and 2) no additional sick pay benefits in the upcoming negotiations.
 - . Items for Further Study. These areas are either management prerogatives or may be negotiated in future labor agreements. They include:
 - revising sick pay provisions so that they are viewed as a sick pay bank which protect employees from loss of income while sick and can accumulate to provide protection for longer-term illnesses
 - revising the scheduling of work to allow the following: more 8-hour assignments for vehicle operators, 40-hour four-day weeks, and greater use of part-time employees

SCRTD Performance Audit

The triennial performance audit of SCRTD for 1980 through 1982 conducted by Booz-Allen & Hamilton, Inc., and Dave Systems, Inc., addressed both vehicle operator and maintenance employee absence. The

audit estimated annual absence by type of employee (full-time vehicle operator, part-time vehicle operator, and maintenance employee); type of absence (excluding vacations and holidays) with a more detailed breakdown of absence for vehicle operators than maintenance employees; and location (i.e., division) for the maintenance employees only. Key findings and conclusions are presented below.

SCRTD Vehicle Operator Absence: Findings and Conclusions

The overall conclusion of the performance audit with respect to vehicle operator absence was that, although attendance among SCRTD vehicle operators had generally improved, lost time continued to be a costly problem. The 1982 estimate of the cost of vehicle operator absenteeism to SCRTD was at least \$7.5 million and possibly as much as \$12.5 million. It was estimated that potential annual cost savings of \$2.1 to \$3.2 million might result from reducing absence for sick leave and requested time off by 30 percent. These estimates included savings in direct compensation or paid leave, as well as the indirect costs of maintaining a back-up work force to ensure schedule reliability.

Exhibit III.2, from the performance audit report shows that lost time was highest among full-time vehicle operators. This group was absent, on average, about 32 person-days in 1982, exclusive of holidays and vacation. Full-time operator absence was broken down into three general classes, as follows:

- . sick leave, including leave for industrial injuries, accounted for 50 to 59 percent of lost time between 1980 and 1982
- . requested time off and use of operators for other positions accounted for 29 to 39 percent of lost time over the same period
- . all other absences declined to 10.1 percent of total absences in 1982, from 12.5 percent in 1980

Part-time vehicle operators reportedly lost only about one-fifth as much time as their full-time counterparts. This marked difference in attendance from full-time operators is largely explained by two factors:

- . part-time operators were financially penalized for lost time
- . a part-time operators performance was a major criterion for approval of transfer to full-time ranks

The performance audit report indicated that SCRTD's Transportation Department was aware of these attendance problems and was actively engaged in addressing them. However, the report cautioned SCRTD against concentrating on sick leave, at the expense of opportunities for improving manpower availability in general.

EXHIBIT 111.2

SCRTD PERFORMANCE AUDIT
 1980 - 1982
 DRIVER ABSENTEEISM AND OTHER LOST TIME
 (Days Per Person Per Year)

Lost Time Category	Full-Time Drivers			Part-Time Drivers		
	1980	1981	1982	1980	1981	1982
Sick Leave	20.53	14.98	17.67	3.58	4.91	1.68
Military Leave	0.26	0.30	0.27	0.11	0.17	0.10
Absent Without Pay (AWOP)	2.64	2.05	1.90	1.06	1.11	0.98
Suspended	1.45	1.09	1.04	1.08	0.72	1.39
Requested Off	7.38	9.27	7.64	1.04	0.91	2.26
Other Positions	2.60	2.30	3.37	0.00	0.00	0.00
TOTAL	34.86	29.99	31.89	6.87	7.82	6.41
Average No. of Drivers	4,253	4,315	4,168	278	384	348

SOURCE: SCRTD Performance Audit Report, Phase II, Task 1 Audit Report, Booz-Allen & Hamilton, Inc. and Dave Consulting, March 1983.

SCRTD Maintenance Employee Absence: Findings and Conclusions

The performance audit of SCRTD maintenance employees addressed the overall growth in maintenance staffing, indicating that staffing growth had exceeded revenue equipment growth in recent years. Although the expansion was attributed, in part, to the increasing size and sophistication of the bus fleet, labor utilization (measured by absenteeism and industrial injuries) was viewed as a significant problem. As shown in Exhibit III.3 the analysis addressed two general categories of maintenance employee absence: absent days per maintenance employee and industrial injuries per 100,000 employee hours. The conclusions of this evaluation were:

- . Maintenance employee absenteeism remained high over the audit period. More specifically, maintenance employee absenteeism was considered a costly problem since the rate was on average more than 21 days per employee in FY82. Absenteeism varied substantially among divisions, from an estimated low of 18 days lost per employee to a high of about 25 days with no division attaining the goal of 12 days absence per maintenance employee. The potential annual cost savings of attaining this goal were estimated to be \$1.5 to \$2.0 million.
- . Industrial injuries were also high among SCRTD maintenance employees, far exceeding established goals. In 1982, maintenance industrial injuries were estimated at almost 18 per 100,000 hours. Again, performance varied substantially by division with an estimated high of 32.5 injuries to a low of 8.8 injuries, per 100,000 hours worked.

While the statistics are reported to have suggested that the goals for absenteeism and industrial injuries were too ambitious, performance in each of these areas was considered poor.

Study of Overtime in SCRTD's Maintenance Department

This study was completed for SCRTD in September 1983 by the Essex Corporation. A review of this study has been included in this project since the study investigated the effects overtime work has on employee productivity, safety, fatigue, and absenteeism. The study's four objectives were to:

- . develop and pilot test a methodology for investigating the effect of working overtime on such work-related phenomena as absenteeism, sick leave, injuries, and productivity;
- . provide a description of overtime usage and practices among the maintenance divisions chosen for the pilot study;
- . develop a cost model to compare the relative costs of employees' working overtime or hiring additional mechanics;

EXHIBIT III.3

SCRTD PERFORMANCE AUDIT
1980 - 1982
MAINTENANCE ABSENTEEISM AND INDUSTRIAL INJURIES

Division	Absent Days per Maintenance Employee			Industrial Injuries per 100,000 Employee Hours		
	1980	1981	1982 (a)	1980 (b)	1981	1982 (a)
1	19.8	20.7	23.1	21.4	23.5	32.5
2	32.7	23.3	24.7	20.0	12.4	15.8
3	19.5	18.6	20.6	24.6	11.2	10.1
5	16.0	18.8	21.6	19.5	11.1	12.8
6	16.1	21.3	18.7	29.3	12.0	12.7
7	22.1	21.5	21.2	27.1	31.3	24.8
8	16.1	17.2	18.0	17.9	19.3	9.9
9	17.6	17.2	18.7	24.3	13.0	16.3
12	21.2	19.9	19.2	11.5	16.9	31.3
15	15.9	13.7	22.3	14.7	17.9	21.8
18	23.1	24.7	25.7	19.9	11.8	8.8
Systemwide	20.0	19.7	21.1	20.9	16.4	17.9
Goal	12.0	12.0	12.0	0.0	0.0	2.0

(a) Estimated from 5 months' data.

(b) Data adjusted to reflect injuries per 100,000 pay hours.

SOURCE: SCRTD Performance Audit Report, Phase II, Task 1 Audit Report, Booz, Allen & Hamilton, Inc. and Dave Consulting, March 1983.

- . develop recommendations for management of overtime in the maintenance department.

The following discussion addresses issues pertaining to maintenance employee absence.

The study included three methodologies for assessing and describing overtime. One of the methodologies involved comparing 52 matched pairs of high and low users of overtime in terms of unexcused absences, tardiness, sick leave, injuries, and productivity. The idea behind using matched pairs was to compare employees with overtime to employees without overtime, and to test for bias of comparison by other factors. Pairs matched were similar in division worked, age, experience, classification, type of work being performed, shift, and sex.

Using this approach, a one-week survey that identified reasons for overtime found that 50 percent of the overtime incidents were for replacement of sick/absent workers or for the completion of jobs in progress. The authors of the survey concluded that although it was clear that the proportion of overtime hours used for various purposes differed from division to division during the week of the survey, the data were not adequate to assess other relationships: those between overtime and unexcused absences, tardiness, injuries, and productivity. This was reportedly due to the brief study period and inconsistent use of the VMS system. Although adequate data were available regarding sick leave, no statistically reliable difference was found between the high and low overtime use pairs.

The data analysis regarding sick leave use and overtime indicated that although there was no difference in the number of individual incidents of sick leave was observed, a greater number of experimental group mechanics had claimed sick leave than had control group mechanics. Furthermore, each incident resulted in more lost time in the experimental group than in the control group. However, none of these differences were statistically reliable. Therefore the results may be due to random error and do not conclusively demonstrate any relationship between overtime and sick leave. Similarly, the analysis of occupational injuries and overtime use did not include a large enough sample during the study period to be conclusive.

Two of the study's recommendations related to issues of employee absence.

- . The study recommended first that SCRTD conduct an analysis of accidents and injuries in relation to maintenance job characteristics. Such an analysis could identify both major and minor safety problems to be corrected and heighten overall awareness of safety and health matters.
- . Second, SCRTD should investigate the overtime authorization practices and policies to address such issues as employees

working on their day off at premium rates when they have not worked a full week because of vacation, holiday, sickness, or unexcused absence.

It was suggested that SCRTD might, from both of these analyses, develop policies that would reduce both employee absence and overtime.

Evaluation of Maintenance Department Absenteeism

This study, completed in February 1985, was conducted by Friedland Psychological Associates, Inc. The study was based on absence data collected on a random sample of SCRTD maintenance employees. The study report discussed the pervasiveness and costliness of employee absence and commended SCRTD for examining the issues underlying absence in more detail. Some data on absence rates from other, largely public sector California institutions was presented, along with selections from the body of national and international research that has been conducted on the topic. The research considered many characteristics of absenteeism including potential causes and remedies.

Data Collection and Analysis

Absence data were gathered from personnel files for a random sample of SCRTD maintenance employees and a questionnaire was developed and administered to these employees in scheduled group sessions. The group sessions were used to avoid the problems of low response rate and literacy problems that have been observed in previous studies. The questionnaire consisted of 141 questions.

The first 72 questions consisted of the Job Descriptive Index which addressed issues of job satisfaction. The second section addressed sick-time policies including questions on awareness of the union contract provisions regarding absenteeism. Four of the questions dealt with issues such as whether the employee kept a monthly record of the number of hours absent from work, whether the employee had ever read the District's policy on sick leave, and whether the employee had ever been told he or she had been using too much sick time.

The third and fourth sections of the questionnaire focused on employee attitudes concerning the use of rewards and penalties to reduce absences. The possible rewards and penalties described in these items were taken from previous research on absenteeism. The fifth section inquired about the employee's recollection of how much sick time and overtime he or she had used during 1983. In addition, employees were asked a series of questions concerning their opinions of what other employees used sick leave for and why other employees took time off without pay. The final section of the questionnaire asked a series of demographic questions, such as: sex, ethnic status, marital status, shift, age, number of children, smoking, drinking, and a variety of other issues.

Of the 693 employees randomly selected to participate in the survey, 381 completed the questionnaire. Absence data were collected and analyzed for these employees so that absence data could be analyzed together with the survey responses.

Conclusions and Recommendations

The key conclusions of the study addressed the absence levels, in particular sick leave use; the correlation of attendance performance and the job satisfaction and the demographic variables describing employees; the importance of rewards; and the effects of penalties on attendance. More specifically, the conclusions indicated:

- . Use. A high rate of absenteeism was found, with the average number of sick-leave hours exceeding the maximum annual sick-leave allowance. Some of the more detailed findings were:
 - attendants tended to use more sick leave than did other maintenance employees
 - differences in absence by divisions were not statistically significant
 - single employees tended to have more incidents and hours of sick leave than did married employees
 - employees who kept a monthly record of their absences had slightly less absence
 - while the day shift had a somewhat higher absence rate, however neither of these findings were statistically significant
- . Correlation with demographic variables and job satisfaction. Absenteeism was found to be significantly correlated with the following variables:
 - age: older workers were absent less than younger employees
 - tenure: longer tenured employees were absent less often than shorter tenured employees
 - travel time to work: employees with a longer drive to work tended to take leave, family illness, and be absent without permission more than were those with shorter trips to work. (There was no apparent relationship between travel time and sick leave, however.)
 - marital status: single employees were absent more than were married employees

- cigarette smoking: the more cigarettes per day employees smoked, the more incidents they tended to have for sick time, leaves, family illness, and on-the-job injury
 - drinks: the more drinks per day reported by employees, the more incidents of sick leave, absence without permission, on-the-job injury, and total incidents they reported
 - number of children living at home: although employees with more children living at home tended to have more incidents of family illness than did others, no correlation was found between this variable and any other absence category
 - job satisfaction: a number of significant relationships were found between job satisfaction and absence incidents
- . Overall level of job satisfaction. The overall satisfaction scores were low relative to norms. The study hypothesized that since job satisfaction correlated significantly with absenteeism, increased job satisfaction would result in some reduction of absenteeism.
 - . Rewards. Employees in the sample seemed to favor rewards which would pay them more money or give them additional time off in exchange for lower absenteeism.
 - . Penalties. The responses suggested employees believe that penalties which formally affect employment status, such as suspension or discharge, would reduce absenteeism the most and that one-on-one counseling by the immediate supervisor can be an effective tool for reducing absenteeism.

Exhibit III.4 summarizes the recommendations from the Friedland Psychological Associates Evaluation of SCRTD Maintenance Department Absenteeism. A variety of recommendations was presented, since employee absence is a complex problem requiring multiple strategies.

SCRTD ATTENDANCE POLICIES AND PROGRAMS

The design and development of an incentive attendance improvement program require an understanding of any policies and programs that now exist at SCRTD that may influence the effectiveness of the new attendance incentive program. This section of the report discusses the employee discipline, incentive, and support programs that exist at SCRTD.

Policies for Disciplining Employees for Absence

There are two types of discipline policies addressing employee attendance at SCRTD. The first type is administered under the collective bargaining agreement between the SCRTD and the employees (operators) represented by the UTU. The second type is outlined by SCRTD's Personnel

EXHIBIT III.4

RECOMMENDATIONS TO REDUCE SCRTD MAINTENANCE EMPLOYEE ABSENTEEISM

Supervisory Responsibility

Tracking of Absenteeism: Standards for supervisory action based upon the level of usage should be developed and supervisors should be periodically provided with absenteeism reports on the employees under their supervision.

Supervisory Training: Supervisors should receive training in absenteeism counseling methods.

Progressive Discipline: A clearly defined and uniformly applied program of progressive discipline should be continued.

Goals of Supervisors: Supervisors should have absenteeism reduction goals for their work units. Attainment of these goals should be considered in conducting performance evaluations of supervisors.

Awards and Recognition: Reduced absenteeism should be recognized by awards and success in reducing absenteeism should be publicized in the department.

Demographic Factors

Cigarettes: A smoking cessation program should be made available and promoted to employees.

Drinking: A program of counseling for alcohol, drug, and personal problems should be instituted.

Driving Time to Work: Increased attempts should be made to assign employees close to their homes.

Incentives

Buy-Back: Employees should have a choice of carrying all of their unused sick leave over into the next year or of being paid for a specified portion of the unused accumulated sick leave.

Recognition: Tangible awards and public recognition should be given to employees and work groups for reduced absenteeism.

Penalties

Progressive Discipline: A program of progressive discipline should be maintained to control absence abuse.

Eligibility to Work Overtime: Acceptable attendance should be a condition for eligibility to work overtime.

Pay Increases: Acceptable attendance should be a factor in decisions to grant pay increases.

Counseling by Supervisor: Supervisors should counsel employees whose absences reach an unacceptable level. The level of absenteeism triggering counseling should be defined to ensure consistency of application.

Employee Involvement

Department Newsletter: The Department should publish a newsletter in which articles about employees are a major focus.

Programs for Employees: The number and variety of programs of interest to employees that may provide opportunities for employees to socialize with each other and with their supervisors should be increased.

EXHIBIT III.4 (Continued)

Health Programs

Counseling for Substance Abuse and Personal Problems: The Department should increase efforts to provide counseling for employees with alcohol, drug or personal problems.

Smoking Cessation Program: A voluntary smoking cessation program should be made available to employees.

Pilot Exercise Program: A pilot program offering an on-site exercise program should be initiated on a trial basis.

Publicizing the Results of the Present Study

Since any effort to reduce absenteeism requires employee cooperation, the results of the present study should be publicized to Department employees and the union. Employees and union management should be made aware of the dimensions of the absenteeism problem and the need to address it.

Further Research

- . Assess changes in absenteeism subsequent to adoption of the recommendations.
- . Repeat the job satisfaction survey in one year to assess changes in employee attitudes.
- . Evaluate absenteeism in other departments of SCRTD.

SOURCE: Evaluation of Absenteeism for the Maintenance Department of the Southern California Rapid Transit District, Friedland Psychological Associates 1985.

Department and covers all employees except those represented by the UTU. Both policies include progressive discipline for excessive absence and both address misconduct.

UTU Agreement

Article 27, Discipline Rule, of the SCRTD-UTU labor agreement describes the basis for employee discipline. Specifically related to attendance, the article defines absences that are excluded or excused from disciplinary procedures, the type of discipline or punitive action to be taken through a progressive discipline process, and actions employees can take to expunge previous absences from their attendance records.

Under the existing policy, excessive absenteeism may cause an employee to be suspended or discharged. The absences that are excluded from consideration in determining whether or not an employee is excessively absent include:

- . jury duty
- . military leave
- . court appearances under subpoena
- . medical appointments with 48 hours notice and proof of visit
- . bereavement leave
- . day of admission of immediate family member to hospital
- . removal from service by recommendation of the SCRTD's doctor
- . occupational injury or illness
- . earthquake, fire, or flood if employee is personally affected
- . absences authorized by the Division Manager

Progressive discipline is applied in the following manner for absence incidents in a rolling six-month period:

- . After the 6th absence incident, an employee may be counselled.
- . After the 7th absence incident, an employee is subject to a three-day suspension without pay.
- . After the 8th absence incident, an employee is subject to employment termination.

Entries concerning an employee's absence recorded one year or more ago are not be considered in any disciplinary action.

Tardiness of operators is not counted as absenteeism. Rather, tardiness is considered independently with a separate schedule of progressive discipline. Operators are not charged with an incident of tardiness (called a missout) if they call the Division, for reasons of illness, at least 40 minutes before their scheduled report time. Discipline is applied in the following manner for tardiness incidents in a floating six-month period:

- . 1st Missout-Caution
- . 2nd Missout-Warning
- . 3rd Missout-Counselling with training and assessment
- . 4th Missout-Two-day suspension without pay
- . 5th Missout-Three-day suspension without pay
- . 6th Missout-Subject to discharge

A period of 90 days between missouts clears an operator's record of all previous missouts.

If an operator is absent without permission (AWOP), the Agreement Article provides for a one-day suspension of the operator without pay. Two AWOPs within a period of one year provides for two days of suspension; three AWOPs within a year subject an employee to discharge.

SCRTD Attendance Policy

Bulletin No. 85-16 issued by the Personnel Department on October 22, 1985, provides an attendance policy covering all SCRTD employees except those represented by the UTU. The policy states that employees with excessive absences shall be subject to progressive discipline including suspension and discharge.

Excessive discipline is defined by the policy as six or more incidents of absence in a rolling six-month period or three or more absence incidents with a total lost work time of 60 or more hours in a floating six-month period. Two incidents of tardiness, defined as less than one hour at the beginning of a work shift, are counted as one absence incident.

The policy does not count vacation, holidays, military leave, bereavement leave, "off with permission," and industrial injuries as incidents of absence. It does permit employees to work before or after their regular work hours, under appropriate supervision, but not at overtime premium, to make up for time taken on the same day for a medical appointment. "Off with permission" provides for employees to be absent without pay when they need time off for an emergency or special event but have no accrued leave time to use. "Off with permission" is granted

only to excellent employees with satisfactory attendance records and only when the department workload can accommodate their absence.

Incentive Policies and Programs for Employee Attendance

The incentive policies and programs of SCRTD that may affect employee attendance can be divided into five areas. These are as follows:

- . Employee of the Month and/or of the Year
- . Operator Recognition (In Pursuit of Excellence)
- . Equipment Maintenance Recognition Program (Achieving Superiority Through Quality and Productivity)
- . Safety Awards
- . Other Policies and Agreements

The content of these policies and programs is summarized below.

Employee of the Month and/or of the Year

Different divisions and departments have awards earned and presented to employees with outstanding performance records.

- . Operator of the Month/Year - To be eligible for the monthly award, bus operators compete on the basis of accidents, commendations, missouts, and absences. The annual award is given to the most outstanding of the twelve monthly award winners. The cash awards are \$50.00 to the monthly winners and \$250.00 to the annual winner. All winners receive a certificate of recognition, presented before the Board of Directors.
- . Maintenance Employee of the Month - To be eligible for this monthly award, the candidate must have an excellent attendance record and outstanding qualities as attested in a letter written by the Division Manager. The eligible employee may be a mechanic, service attendant, or clerk in the Maintenance Department. The award consists of \$50.00 cash and a certificate of recognition, presented before the Board of Directors.
- . Telephone Information Operator of the Month - To be eligible for this monthly award, the telephone information operator must have both the best attendance and the best productivity record in the Telephone Information Section of the Customer Relations Department. The Telephone Information Operator of the Month Award consists of \$50.00 in cash and a certificate of recognition, presented before the Board of Directors.

In addition, a number of other departments, such as Transit Police and Personnel, have implemented Employee of the Quarter programs to reward exceptional performance.

Operator Recognition (In Pursuit of Excellence)

The Transportation Department provides for four separate awards to bus operators.

- . Annual Outstanding Operator Award - All operators who achieve specific performance standards in both attendance and operations will be eligible for this award, the highest award offered. The award includes recognition, a bonus day off, \$50.00 cash, and an "Outstanding Operator" patch.
- . Annual Meritorious Operator Award - To receive a Meritorious Operator Award, an operator must meet standards in attendance or in operations. All operators who achieve the standards will qualify for recognition (Headway coverage), a presentation on Operator Recognition Day, and a cash award of \$25.00.
- . Monthly Manager's Award - Each Division Manager selects recipient, based upon operator's overall records. Managers will consider sickness, missouts, suspensions, accidents, passenger complaints and/or commendations, and rule violations. Consideration also will be given to those operators who have shown improvement. Operators may receive this award only once. The award includes recognition and \$35.00 cash.
- . Monthly Operator Recognition Sweepstakes - To be eligible for the Monthly Operator Sweepstakes, operators must meet attendance standards for a calendar month. The award includes recognition and a \$100.00 cash award.

Equipment Maintenance Recognition Program (Achieving Superiority Through Quality and Productivity)

The Equipment and Maintenance Department provides for various awards to maintenance personnel employed, by divisions and sections.

- . Operating Divisions - All operating divisions compete against each other for quarterly awards and prizes based on the greatest total percentage of improvement by division in areas such as absenteeism, occupational injuries, and operating reliability and quality measures related to maintenance performance. Managers and supervisors receive cash awards ranging from \$100.00 to \$250.00. Each winning division employee is eligible, provided he or she satisfies certain criteria, for one of seven raffle prizes consisting of weekend trips, tickets to shows or sporting events, and restaurant

dinners. To be eligible, an employee must have perfect attendance, no chargeable occupational injuries, no chargeable vehicle accidents, and no disciplinary actions recorded in personnel file.

- . Central Maintenance Facility - The Mechanical Shop, the Body Shop, the Support Shop, and the Production Control Shops compete against each other for quarterly awards and prizes based on the greatest percentage of improvement in areas such as absenteeism, occupational injuries, and other productivity and safety measures. Supervisors from the winning shop receive cash awards ranging from \$100 to \$150.00. Like winning division employees, winning shop employees are eligible for raffle prizes of the same type and eligibility again depends on the same individual performance criteria.
- . Maintenance General - The division is divided into three sections: Administration/Labor, Programs and Planning, and Other. A potential Employee of the Quarter is selected from each section by the section supervisor, based on criteria similar to the other equipment maintenance divisions. A committee selects an Employee of the Quarter from the three candidates. The Employee of the Quarter receives a \$150.00 cash award and a plaque.
- . Division 4 - The division is divided into two sections: Revenue and Non-Revenue. A potential Employee of the Quarter is selected from each section by the section supervisor, based on criteria similar to the other equipment maintenance divisions. A committee selects an Employee of the Quarter from the two candidates. The Employee of the Quarter receives a \$150.00 cash award and a plaque.
- . Equipment Engineering - The division is divided into two sections: Equipment Engineering and Quality Assurance. The Employee of the Quarter is selected using criteria and selection procedures similar to Maintenance General and Division 4, and receives a \$150.00 cash award and a plaque.
- . Yearly Awards - At the end of the year, two trips to Hawaii are raffled off, one to contract employees and the other to non-contract employees. Eligibility for the award is based on having worked at a division or shop at the time in which the division or shop won a quarterly award or having won an Employee of the Quarter award.

Safety Award

All permanent, full-time maintenance employees, transportation employees, supervisors and instructors, transit police, and telecommunications employees are eligible for this award. This award is given for safe work performance, that is for accumulated (not

consecutive) accident-free years with no preventable accidents or injuries, measured in one-year increments . The award emphasizes milestone years in five-year increments with jewelry of increasing value being awarded every fifth year, and certificates awarded on the between years. The awards for maintenance and safety employees are made during the annual Safety Award luncheons held at each division.

Other Policies and Agreements

Other SCRTD policies and labor agreement provisions provide incentives toward the reduction of employee absence.

- . Certain administrative policies of SCRTD are incentives toward reducing employee absence. Employees must provide:
 - a medical release when a sick absence incident exceeds five consecutive working days
 - a physician's statement with every incident of sick absence when the employee's absences are excessive
- . A significant attendance incentive for non-operator employees is contained in the BRAC labor agreement. Article 36, Sick Leave, of the agreement makes provision for employees to annually "cash in" all but 80 hours of their accrued sick leave at the rate of 75 percent of face value.

Employee Assistance Program

SCRTD offers a self-help employee assistance program for its employees who may desire advice and guidance to resolve personal problems affecting work performance. Limited counseling sessions are free but financial assistance is available under certain circumstances or benefit plans.

SCRTD EMPLOYEE BENEFITS THAT AFFECT EMPLOYEE ATTENDANCE

SCRTD employees receive numerous fringe benefits that are generally described in labor agreements or policy documents. This section of the report contains a brief comparative description, in tabular format, of fringe benefits that may affect employee attendance. This information may be a useful future reference in the design and development of incentive attendance improvement policies and programs.

This review of benefits begins with four exhibits that summarize the majority of SCRTD's fringe benefits pertaining to employee attendance. The exhibits are followed by a brief review of the fringe benefits that relate to long-term injury or illness.

SCRTD Employee Benefits for Represented and Non-Represented Employees

Exhibits III.5, III.6, III.7, and III.8 provide summary information on the sick leave, leaves of absence, holiday, and vacation benefits of SCRTD's represented and non-represented employees.

Benefits for Long-Term Injury or Illness

The discussion below highlights the employee benefits from long-term injury and illness including: state disability insurance, workers' compensation, and long-term disability.

State Disability Insurance

All SCRTD employees, when sick or injured off the job, are eligible for benefits under the State of California Disability Insurance Program. Benefit payments may be made in conjunction with sick leave or workers' compensation to offset any loss of regular pay, where applicable. Combined benefits and wages are limited to regular wages, less overtime, received immediately before the disability or illness. Maximum benefits are generally limited to 52 weeks and the amount is based on qualified prior period earnings.

Workers' Compensation

All SCRTD employees, regardless of tenure, are eligible for benefits under the California Workers' Compensation Law when injuries are caused by their job. Under this program, SCRTD pays employees for all necessary medical treatment and for all time lost, at the benefit rates provided under the Workers' Compensation Act.

Long-Term Disability

Full-time non-contract employees, regardless of tenure, are eligible to receive long-term disability benefits after six continuous months from the date total disability commenced. The disability may have resulted from an accident on or off the job or sickness. Monthly benefits are limited to 60 percent of regular monthly earnings at the time of disability and a maximum monthly payment of \$3,000. Any other benefits received in conjunction with the disability are included in the maximum limitation.

EXHIBIT III.5

SICK LEAVE BENEFITS BY EMPLOYEE REPRESENTATION
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

	Years of Service	Annual Sick Hours
ATU - Paid beginning 2nd day except paid on first day when hospitalized. Maximum accumulation of 1,696 hours. 100% of unused sick leave paid upon employee's retirement.	1-2	48
	2-3	56
	3-4	64
	4-5	72
	5+	96
BRAC - Paid from 1st day. Maximum accumulation of 1,280 hours. 75% of unused sick leave paid upon employee's retirement. 75% cash-in of over 80 accrued hours annually.	1-4	40
	4-7	80
	7+	160
Non Contract - Paid from first day. Maximum accumulation of 1,680 hours. 75% of unused sick leave paid upon employee's retirement.	0-3	48
	3-7	80
	7+	173.33
Teamsters - Paid from first day. Maximum accumulation of 1,680 hours. 75% of unused sick leave paid upon employee's retirement.	0-4	48
	3rd Anniv.	+32
	4-7	80
	7+	173.33
TPOA - Paid from first day. Maximum accumulation of 1,680 hours. 75% of unused sick leave paid upon employee's retirement.	0-4	48
	3rd Anniv.	+32
	4-7	80
	7+	173.33
UTU - Paid beginning 2nd day up to 10 consecutive days, then paid for first day or when hospitalized. Maximum accumulation of 2,120 hours. 75% of unused sick leave paid upon employee's retirement.	1-2	48
	2-3	56
	3-4	64
	4-5	72
	5+	96

SOURCE: Southern California Rapid Transit District
Labor Agreements and Non-Contract Employee Manual, as of January 1, 1986.

EXHIBIT III.6

LEAVES OF ABSENCE BENEFITS BY EMPLOYEE REPRESENTATION
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

ATU - Employees granted leaves up to 90 days without pay for good cause. Bereavement leave of 3 days w/pay for immediate family death; 5 days outside state. Military leave for short periods of training. Maternity leave up to one year. Two 15-minute breaks each shift. Differential pay for jury duty.

BRAC - Employees granted leaves up to 90 days without pay and without loss of seniority in one-year period; up to 24 months due to illness or injury. Military leave with pay for a maximum period of 30 calendar days. Bereavement leave with pay: 3 days for immediate family death; 5 days outside state. Two 15-minute breaks. Differential pay for jury duty.

Non Contract - Employees may be granted leaves for more than six months without pay if approved by Board of Directors; lesser periods of time approved by Department head, Director of Personnel and/or General Manager. Military leave with pay for a maximum period of 30 calendar days. Maternity leave treated as physical disability. Bereavement leave of 3 consecutive days with pay for immediate family death. Differential pay for jury duty.

Teamsters - Employees granted leaves up to 15 days without pay with no loss of benefits for illness in family and personal emergencies; may use accrued vacation and/or floating holidays to receive pay. Leaves from 16-90 days continue to accrue benefits but employee must pay their portion of insurance premiums when no pay is earned. Leaves up to two years in the event of illness or accidents. Bereavement leave of 3 days with pay; may use up to 5 additional days of accrued floating holidays and vacation in conjunction with leave. Military leave with pay for periods up to 30 calendar days. Maternity leave granted as disability leave of absence; treated as an illness. Differential pay for jury duty.

TPOA - Same as Teamsters.

UTU - Employees granted leaves up to 90 days without pay for good reason in any year period without loss of seniority; up to 24 months for illness or injury. Bereavement leave of 3 days with pay. Military leaves with pay up to 30 calendar days. Maternity leave up to one year without loss of seniority. Jury duty, payment of wages for regular scheduled work assignment; time and one-half on day off.

SOURCE: Southern California Rapid Transit District
Labor Agreements and Non-Contract Employee Manual, as of January 1, 1986.

EXHIBIT III.7

HOLIDAY BENEFITS BY EMPLOYEE REPRESENTATION
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

ATU - (12) New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas, Employee's Birthday, Employee's Anniversary Date, and four "floating holidays" which includes one in lieu of Dr. Martin Luther King, Jr.'s Birthday.

BRAC - (12) New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas, Employee's Birthday, Employee's Anniversary Date, and four "floating holidays."

Non-Contract - (8) New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas, Employee's Birthday, Employee's Anniversary Date.

Teamsters - (13) New Year's Day, Dr. Martin Luther King, Jr.'s Birthday, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas, Employee's Birthday, Employee's Anniversary Date, and four "floating holidays."

TPOA - (12) New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, Christmas, Employee's Birthday, Employment Anniversary, and four "floating holidays."

UTU - (12) New Year's Day, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving, Christmas, Employee's Birthday, Employee's Anniversary Date, and three "bonus holidays."

SOURCE: Southern California Rapid Transit District
Labor Agreements and Non-Contract Employee Manual, as of January 1, 1986.

EXHIBIT III.8

VACATION BENEFITS BY EMPLOYEE REPRESENTATION
SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

	Years of Service	Annual Vacation Days
ATU - Employees absent for more than 85 working days during year are entitled to only 1/12 of their normal vacation for each month worked.	1-5	10
	5-10	15
	10-15	20
	15-26	25
	26+	30
BRAC - Employees absent for more than 40 working days during year are entitled to only 1/12 of their normal vacation for each month worked.	1-5	10
	5-10	15
	10-15	20
	15-20	25
	20+	30
Non-Contract - Payoff or cash-in of unused weeks at 100% of pay value so long as two full weeks were taken in previous year. Only 50% of accrued vacations may be cashed-in.	0-4	16
	4-9	21
	9-14	26
	14-25	31
	25+	36
Teamsters - Employees absent for more than 100 working days during year are entitled to only 1/12 of their normal vacation for each month worked.	1-5	10
	5-10	15
	10-15	20
	15-26	25
	26+	30
TPOA - Employees absent for more than 100 working days during year are entitled to only 1/12 of their normal vacation for each month worked.	1-5	10
	5-10	15
	10-15	20
	15-26	25
	26+	30
UTU - Employees absent for more than 100 working days during year are entitled to only 1/12 of their normal vacation for each month worked.	1-5	10
	5-10	15
	10-17	20
	17-26	25
	26+	30

SOURCE: Southern California Rapid Transit District
Labor Agreements and Non-Contract Employee Manual, as of January 1, 1986.

IV. INCENTIVE PROGRAMS USED BY TRANSIT SYSTEMS TO IMPROVE EMPLOYEE ATTENDANCE

This section focuses on U.S. transit systems' use of incentive programs to improve employee attendance. The first part of the section reviews the results of several key national studies. Each of the five studies reviewed was initiated out of a general concern for improved productivity and performance in the U.S. transit industry. These studies not only addressed various attendance incentives but considered other efforts to improve employee attendance and performance overall.

The second part of this section reviews the attendance incentive programs in use in 1985 that were described to the American Public Transit Association (APTA) in APTA's annual survey of efficiency incentive plans.

NATIONAL STUDIES ON ATTENDANCE IMPROVEMENT AND THE USE OF INCENTIVES

Between 1980 and 1985, at least five significant national studies were conducted that addressed the need to improve productivity and performance in the U.S. transit industry. Each of these studies, to a greater or lesser extent, addressed the problems resulting from employee absence and each considered the use of incentives to improve performance. The studies were:

- . Study of Operator Absenteeism and Workers' Compensation Trends in the Urban Mass Transportation Industry, conducted by the Port Authority of Allegheny County (Pittsburgh), for the Urban Mass Transportation Administration of the U.S. Department of Transportation, March 1980.
- . Operator Absence in the Transit Industry, prepared by the Pennsylvania Transportation Institute for the Urban Mass Transportation Administration of the U.S. Department of Transportation, October 1983.
- . Assessment of Quality-of-Work-Life Programs for the Transit Industry, prepared by Susan G. Clark, Kathleen D. Warren, and George Greisinger for the Transportation Research Board of the National Research Council, December 1983.
- . The Influence of Financial Incentive Programs on Employee Performance and Organizational Productivity Within the Mass Transit Industry, prepared by Virginia Polytechnic Institute and State University for the Urban Mass Transportation Administration of the U.S. Department of Transportation, November 1984.
- . Cooperative Initiatives in Transit Labor-Management Relationships, prepared by Jay A. Smith, Jr., Kenneth M.

Jennings, and Earle C. Traynham for the Urban Mass Transportation Administration of the U.S. Department of Transportation, June 1985.

The following abstracts of these five reports focus on employee absence and the use of incentives to improve attendance and performance.

Study of Operator Absenteeism and Workers' Compensation Trends

The Port Authority of Allegheny County, also called Port Authority Transit (PAT), received a federal grant to study absenteeism and workers' compensation trends in the transit industry. The study included six tasks:

- . review of absenteeism literature
- . survey transit systems on employee absence
- . interview managers, labor representatives, and/or operators on employee absence and strategies for improving attendance
- . conduct a workshop with transit managers, labor representatives, and consultants from the fields of industrial psychology, labor relations law, and transit management, to review the data that had been collected
- . analyze the survey data
- . develop and document findings and recommendations

The study, which was conducted to document absence trends, assess the costs, and identify methods of reducing absenteeism and its costs, made clear the severity of the absence problem in the U.S. transit industry.

Research Findings

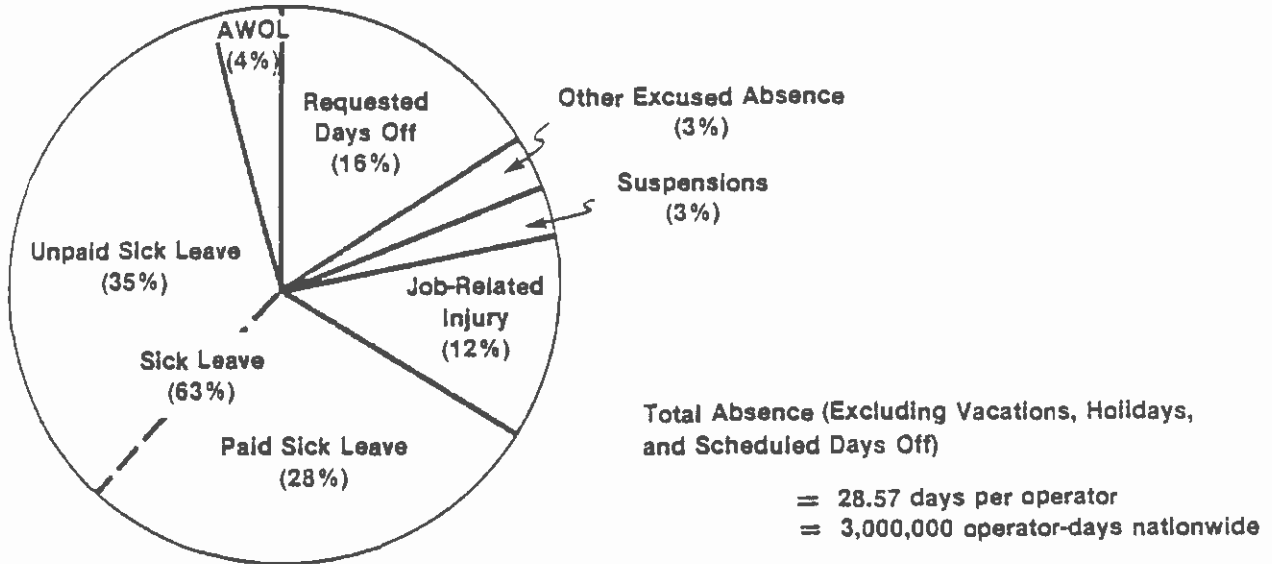
The research focused on vehicle operator absence. The study determined that operator absence of all types other than holidays and vacations averaged 29 days per operator per year in 1978. The two principal absence categories studied, sick leave and job-related injury leave, had increased by 24 percent and 248 percent, respectively, between 1974 and 1978. Identifiable costs of operator absence totaled approximately \$187 million, or \$1,780 per operator per year. Absences of other employees, although lower, were estimated to add one-third more to these costs. Exhibit IV.1 summarizes both the extent and the cost of vehicle operator absence as reported in this study.

The research effort found that the transit industry had addressed the problem of absence aggressively. Almost all transit systems had a

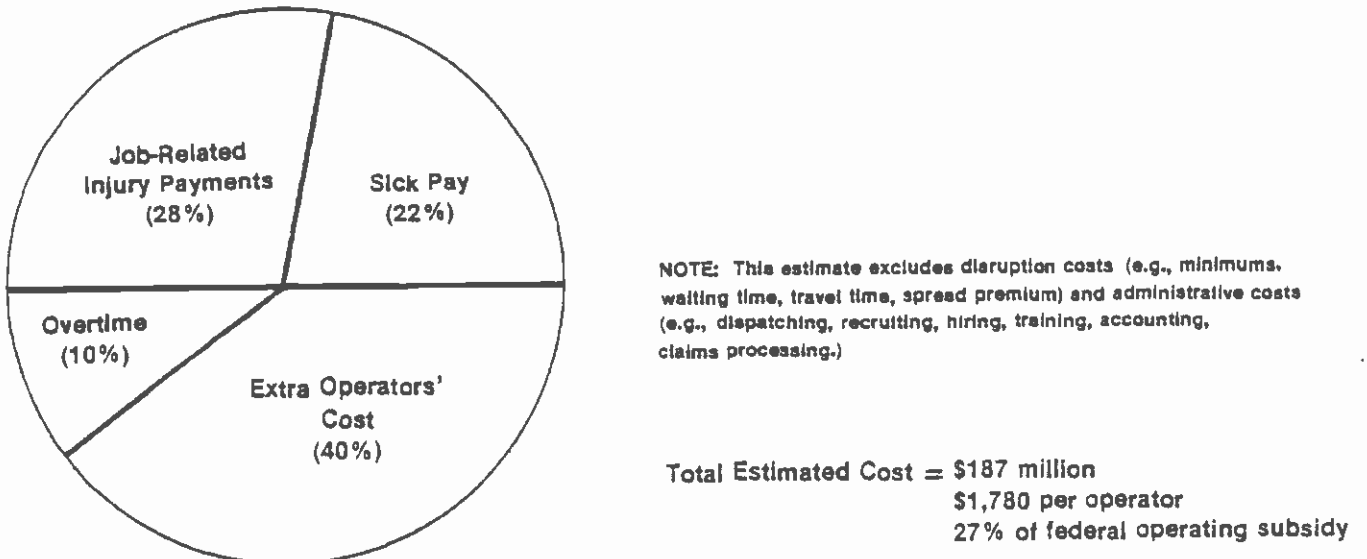
EXHIBIT IV.1

EXTENT AND COST OF VEHICLE OPERATOR ABSENTEEISM: 1978

EXTENT OF OPERATOR ABSENCE



COST OF OPERATOR ABSENCE



SOURCE: Study of Operator Absenteeism and Workers' Compensation in the Urban Mass Transportation Industry, Urban Mass Transportation Administration, March 1980

performance code (formal or informal) that involved suspension or discharge for excessive absence. However, far fewer transit systems provided incentives for good attendance. These two types of attendance programs were generally not complemented by other attendance improvement programs that might influence employees' views of their job and employer. Finally, the study found a need for improved labor-management cooperation as a means of addressing absence and improving the collection and maintenance of information concerning absence.

Study Conclusions and Recommendations

The study resulted in three major recommendations to transit management:

- . Attendance programs should be balanced, to address various aspects of the absence problem.
- . Management should work with employee representatives in addressing the absence problem.
- . Absence data should be collected and analyzed regularly, using terminology that is as standard as possible.

In addition to these recommendations, the study raised issues for consideration by the state or federal government.

The study made clear first that the problem of absence, because of its magnitude and its implications for the future, deserved further study. Such study should address differences in absence rates among systems and individuals; experiments to determine the effects of attendance programs; and support of labor-management cooperation. The study also pointed out that agencies at the national level could assist in standardizing terminology, thus encouraging more sophisticated attendance record-keeping by transit systems and making possible industry-wide data analysis and decisionmaking.

Finally, the study showed that the effects of workers' compensation statutes on transit costs and quality of service were significant and were increasing. Although the study did not consider workers' compensation from a policy perspective, the magnitude of the increase it documented suggested that reconsideration of the laws and particularly of their administration was appropriate.

Operator Absence in the Transit Industry

This study, conducted by the Pennsylvania Transportation Institute in 1983, addressed the severity of employee absenteeism in the U.S. transit industry and the impact of absenteeism on the efficiency of the industry and the quality of public transportation services.

The study commented on the need for more and better training and for improved pre-employment screening for absence problems. It examined

environmental and individual-worker characteristics that might be related to absence and the types of attendance improvement programs that might be appropriate for systems or workers with these characteristics. More specifically, the objectives of the study were to:

- . identify the correlates and causes of absenteeism
- . identify potential absence control measures
- . formulate a cost/benefit model to evaluate absence control measures
- . develop absence control measure guidelines

Research Findings

An important feature of the research effort was a survey of selected transit systems to identify organizational and worker characteristics related to absence. The survey was unable to reliably predict the use of sick days or excused absences but found that unexcused absences increase as the size of the transit property increases; as heat is viewed as a more serious problem; as the average age of new drivers decreases; and as the number of workers' compensation claims increases.

The study reported that in general, rewarding vehicle operators for attendance is a better strategy than punishing them for absence, since this approach shifts the focus from negative behavior to positive behavior. Positive incentives promote greater, more consistent behavioral changes; however, the report observes, negative incentives (punishment) for serious attendance problems are also necessary. A program of rewards for attendance combined with penalties for excessive absence is suggested. Such a scheme has the advantage of involving all employees in an attendance improvement program rather than devoting a program to those operators who are habitually absent.

Recommended Attendance Programs

Three categories of programs to improve attendance were identified, each of which was viewed as containing incentives. They are:

- . Reduction in perceived property size - to enhance group support and reinforce employees' personal sense of responsibility and group identity. The smaller groups might compete for the lowest absence rate.
- . Absence record-keeping - to allow better monitoring and management of employee attendance and a basis for providing positive feedback or reinforcement for employees with good attendance records as well as discipline for those with poor records.

- . Workshops - to provide training and to address the work environment. Stress reduction and greater employee participation might be suitable topics.

The study concluded with estimates of cost savings that might result from reductions in absence. These figures, which were considered speculative, described cost savings from absence reduction that far exceeded the costs of implementing the attendance improvement strategies.

Assessment of Quality-of-Work-Life Programs

This study was conducted for the Transportation Research Board of the National Research Council by Susan G. Clark, Kathleen D. Warren, and George Greisinger. The report begins by stating that the transit industry environment is in a period of significant change. Changes include shifting from private to public ownership; increasing and often conflicting demands for service, in a tight fiscal environment; and changing demographic and attitudinal characteristics in the work force.

"What had been a homogeneous--mostly white male--labor force, was . . . diverse, containing a larger proportion of women, blacks, and college-educated entry-level employees. Furthermore, this group is believed to have brought with them many of the attitudes of the 1960's: questioning authority and expecting self-fulfillment from their jobs. Transit managers, long accustomed to a 'top-down' style of management are coming to realize that the old ways are no longer effective and that productivity suffers as a result."

The objectives of this project were to systematically investigate innovative approaches to organizational change that might enable transit systems to improve productivity, quality of work life, and employee morale. More specifically, research goals were to:

- . examine quality-of-work-life programs (QWL) within the U.S. transit industry
- . review the variety of techniques associated with QWL in terms of their general use, conditions for success, and documented outcomes
- . investigate the structural characteristics of transit organizations and the characteristics of their work forces
- . determine the applicability to transit organizations of QWL and associated techniques
- . develop practical model programs, including diagnostic questions, frequent barriers to implementation, expected benefits, and methods for evaluating change

Various types of QWL techniques were identified and described, including work design, alternative work schedules, incentive programs, task forces, quality circles, and labor/management committees. Exhibit IV.2, from the study report, identifies these programs and the extent of use, by transit system size and employee group. The exhibit suggests that incentives are used by transit systems of all sizes to improve the performance of bus operators, mechanics, and clerical employees. Incentives were not found in QWL programs for either street superintendents and dispatchers or foremen. The study findings on the use of incentives by transit systems are discussed below.

Study Findings

The report stressed the distinction between recognition and incentive programs:

". . . efforts to recognize exemplary behavior among employees are useful and valid programs, but should not be confused with incentive programs. Recognition programs are designed to recognize and reward employees, rather than to induce certain behavior. . . .

The difference between the two groups of programs is that in recognition programs:

- . criteria tend to be less specific than in incentive programs
- . not all employees meeting the criteria receive the reward
- . the objectives of the programs are different

Recognition looks primarily at past behavior--the objective is to say, "thanks, you've done a good job." Incentives primarily look to the future and use recognition (and other types of rewards) to encourage a change in behavior. In practice, there is a fine line between the two, since, where recognition programs exist, employees may modify their behavior to be eligible for awards or recognition.

The report defined incentive programs as programs that link rewards to certain defined behaviors or organizational outcomes and stated that for an incentive program to be successful, certain conditions must apply:

- . the reward must be of value to the employee
- . the behavior or organizational performance desired must be objectively defined
- . the reward should follow the behavior closely
- . the employee must believe that the program is administered fairly

EXHIBIT IV.2

SUMMARY OF EXPERIENCE WITH QUALITY OF WORK-LIFE PROBLEMS

SYSTEM SIZE	EMPLOYEE POSITION				
	Bus Operator	Street Supervisors/ Dispatchers	Mechanics	Foreman	Clerical (non-union)
Large	Incentives	Job Enlargement	Incentives	Labor Management Committee	Flextime
	Labor Management Committee	Job Enrichment	Labor Management Committee	Quality Circle	Incentives
	Task Forces	Labor Management Committee	Quality Circle	Task Forces	Quality Circle
		Task Forces	Task Forces	Work Teams	Task Forces
Medium	Incentives	Job Enlargement	Incentives	Labor Management Committee	Flextime
	Labor Management Committee	Job Enrichment	Labor Management Committee	Quality Circle	Incentive
	Task Forces	Labor Management Committee	Task Forces	Task Forces	Quality Circle
		Task Forces	Task Forces	Task Forces	Task Forces
Small	Incentives	Job Enlargement	Incentives	Task Forces	Flextime
	Task Forces	Job Enrichment	Task Forces	Work Teams	Incentives
	Top Level Labor Management Committee	Task Forces	Top Level Labor Management Committee		Task Forces
				Work Teams	

SOURCE: Susan G. Clark, Kathleen D. Warren, and George Greisinger, Assessment of Quality-of-Work-Life Programs for the Transit Industry, December 1983.

. records must be maintained scrupulously

Incentives may be established for individuals, for groups, or for all employees.

The research effort found that incentives are widely used in the private sector, but that they are not so common in the public sector where use of monetary incentives may be barred by law or civil service practices. Political controversy may be stirred by objections, not uncommon in the public sector, that incentives reward people for "doing what they are supposed to be doing." Nevertheless, incentives, particularly monetary incentives, when carefully administered have shown positive results in increasing job satisfaction and improving productivity.

Seventy-five percent of the transit agencies responding to the 1982 Public Administration Service survey, conducted as part of this project, indicated use of some type of incentive or recognition program. Incentives were the most widely used of any of the QWL techniques surveyed. Most of the awards were nonmonetary and were used to recognize individuals. Few used monetary rewards or tailored programs to particular groups of employees, although these also seem appropriate for transit. Involving employees and the union leadership in the planning and administration of incentive programs was reportedly a particularly effective QWL approach for transit agencies.

Suggested Incentive Programs

Types of rewards that may be used as incentives were identified, including nonmonetary rewards (such as recognition, parking spaces, patches) and rewards with monetary value, which may or may not require financial outlay by the organization. These may include tickets to arts or sporting events, time off, savings bonds, or pay increments.

The discussion on incentive program alternatives suggested finally that although the use of incentives in the private sector has been positively evaluated, they are most effective at organizations that have highly participative management styles and well-structured opportunities for employee decisionmaking. The authors of the report concluded that use of incentives in the public sector has potential for positive influence on productivity if legal and political barriers can be overcome.

The Influence of Financial Incentive Programs on Employee Performance and Organizational Productivity

This study was conducted in 1984 by K. Dow Scott and Diana L. Deadrick of the Virginia Polytechnic Institute and State University. This report focused on the U.S. transit industry's use of incentives, particularly financial, to improve individual employee performance and organizational productivity. It addressed the extent to which financial

incentives are used in urban mass transit agencies and the effectiveness of such programs in the transit environment.

Research Findings

The research findings were presented in three major sections:

- . a selective review of the social science literature in theoretical and practical aspects of financial incentives
- . an overview of incentive practices in the private and public sectors
- . a survey of transit agency managers regarding the types and outcomes of financial incentive programs being used

The report does not specifically focus on the role of incentive programs in improving attendance, although this is one area of performance improvement in which they may be applied.

The literature review examined the experience of public and private sectors employers throughout the United States with the following six types of financial incentive programs: merit pay, suggestion plans, piece-rate, profit sharing, labor cost savings programs, and individual bonuses. The literature review warranted an overall conclusion that the programs were associated with improved employee performance and organizational effectiveness.

To assess the use of financial incentive programs in the U.S. transit industry, questionnaires were sent to 850 transit managers from a list provided by the Urban Mass Transportation Administration. Twenty-eight percent (or 234) of the surveyed transit systems responded to the questionnaire; of these, 222 questionnaires were usable. Sixty-one percent (or 136) of the 222 respondents reported having at least 1 financial incentive program, and 22 percent reported using 3 or more programs simultaneously. A total of 291 financial incentive programs were reported. The results of the survey are summarized below.

- . Merit Pay programs were the most widely reported incentive programs and have been in use for a longer period than any other. Such programs were rated "effective." Their most frequently cited benefits were increased motivation and attendance. Their most frequently cited problems were administrative; in many cases, everyone receives a "merit" raise regardless of performance.
- . Individual Bonus programs were the second most popular program (19 percent) and were directed mainly toward operators and maintenance employees. Major improvements attributed to such plans included increased safety, motivation, and attendance.

- . Suggestion programs were found to constitute 13 percent of the reported Financial Incentive programs, of which over half have been in use for five or fewer years. The major improvement areas mentioned by survey respondents were increased employee motivation and reduced labor costs.
- . Labor Cost Savings programs were reported by only four transit systems. These programs were the most recent--none had been in use for more than five years. Increased employee motivation was a solid benefit reported; reduced labor costs were also cited as improvements.
- . Non-cash incentives were a popular tool for motivating transit employees. Twenty-eight percent of all incentive programs reported were non-cash programs. Operators are the most often targeted group for this type of program (for 93 percent of those reported); the popularity of safety award programs and driver rodeos in transit supports this finding. Safety is cited as a solid benefit of these programs, with increased motivation also playing a major role in organizational improvement. Most of the rewards are based on attendance records and customer satisfaction reports; seniority and supervisor ratings enter into the evaluation process in over one-fifth of the programs.

Study Conclusions

The survey revealed that although financial incentive programs are not used as often in transit as in the private sector, the current applications have established a solid foothold in the transit industry. The programs used by transit systems were found to be instrumental in improving employee motivation and reducing absenteeism and tardiness. There is a growing interest among transit systems in identifying and applying innovative approaches for improving productivity and human resource investments.

The report concludes with the following statement of encouragement and caution. "While successful financial incentive plans can produce many benefits, they cannot be viewed as a panacea. These programs should be considered only by those managers who are willing to devote the necessary time and effort required to effectively implement the programs."

Cooperative Initiatives In Transit Labor Management Relationship

This study, completed in June 1985, was conducted by a team of three researchers for the Urban Mass Transportation Administration. Like the study discussed above, this study addressed the general issue of labor-management cooperation in the transit industry through a literature review, a survey, and case studies. It addressed employee attendance and the use of incentive programs as part of the overall study effort.

The research effort was designed to examine:

- . the opportunities and problems that cooperative ventures offer
- . exactly what conditions must be present for successful cooperative interactions
- . what transit managements and unions can accomplish through cooperation
- . solutions and techniques that will tend to maximize the potential for successful cooperation in transit management-labor relations

The study was largely based on an examination of cooperative arrangements in transit management-labor relations, including the difficulties encountered and the conditions necessary for success.

The report reviews the historical aspects of labor-management cooperation from the mid-1880s through the mid 1980s. It reviews the characteristics of the mass transit industry that are conducive to labor-management cooperation, focusing on union-management negotiations; incentives mass transit practitioners have historically been offered to engage in cooperative activities; and the legacy of private-sector bargaining under public-sector ownership. A summary on how to operationalize labor-management cooperations is also provided.

Four types of labor-management cooperation programs are described. Two of these programs--safety programs (which include employee assistance programs, accident review boards, and labor-management safety committees) and performance incentive programs are relevant to this project for SCRTD. The latter may be more directly relevant, although the safety program deals with attendance and the incentive value of positive treatment of employees.

Performance incentive programs were viewed as programs to motivate employees to become more productive. This category of programs was further subdivided in the report to include attendance improvement programs, programs to fund cost-of-living adjustments, contracting out, employee recognition, light duty positions, and other programs.

APTA COMPARATIVE LABOR PRACTICES ON ATTENDANCE INCENTIVE PROGRAMS

This section reviews attendance incentive programs currently used by the nation's transit systems. Over two hundred transit systems have incentive programs reported in the American Public Transit Association's (APTA) Comparative Labor Practices Report No. 6--Efficiency Incentive Plans, June 14, 1985. In some cases a transit system's program used a single incentive, in other cases it combined several different approaches; an average of two attendance incentives had been implemented at each transit system.

Almost four hundred separate attendance incentive programs are listed, although upon close examination many of the incentives listed in the APTA report are actually disincentives. For example, 38 transit systems reported "no sick leave," and many others indicated accrual or deprivation of sick leave as attendance incentives.

The attendance incentive programs reported to APTA have been grouped into four categories:

- . Eligibility for Day-Off Overtime
- . Financial Incentives
- . Time-Off Incentives
- . Administrative Actions

Unfortunately, programs providing recognition as the only incentive were excluded from the APTA report. Also excluded were programs that require the employee to terminate employment to receive the reward, reductions in vacation, and accrual of unused time off.

The number of transit systems reporting the use of attendance incentive programs is presented in Exhibit IV.3, by type of incentive. The most common approach was to use attendance performance as the major criterion for receiving a day-off overtime assignment and commensurate pay. More than half the transit systems reported using this approach. The second most frequently used incentive was financial, attendance performance affected an employee's eligibility to cash in accrued sick leave or to receive a cash reward or other financial benefit. Approximately one-third of the transit systems offered financial incentives for good attendance.

Time-off incentives were used by 20 percent of transit systems reporting. Attendance criteria were used to determine an employee's eligibility to 1) convert unused sick leave to vacation or other paid time off or 2) receive extra time off above normally accrued sick leave and vacation. Attendance could also affect the rate at which sick leave and vacation time were accrued. About 34 percent of transit systems used various administrative actions, about half of which are genuine incentives and the other half disincentives. The most frequently used administrative actions affected an employee's payment during the sick leave waiting period and in some cases required employees to obtain a doctor's statement concerning their illness. Also, missout and tardy incidents were removed from an employee's record for good attendance. Availability of paid sick leave could also be affected by attendance performance.

The balance of this section describes how the four types of attendance incentive programs operated, what the range of the incentives was, what were the eligibility requirements, and how frequently

EXHIBIT IV.3

TRANSIT SYSTEM ATTENDANCE INCENTIVE PROGRAMS

	<u>NO. OF SYSTEMS</u>
Transit Systems with Attendance Incentives	
Transit systems reporting use of attendance incentive programs	202
Transit systems reporting <u>only</u> no sick leave	10
Total transit systems reporting no sick leave	38
Types of Attendance Incentives	
1. Day off overtime assignments	111
2. Financial incentives	66
. Cash-in accrued sick leave	43
. Cash awards	23
. Other financial incentives	6
3. Time-off incentives	38
. Conversion of accrued sick leave to paid time off	18
. Extra paid time off	14
. Accrual of sick leave and vacation time	18
. Unpaid time off	2
4. Administrative actions	68
. Elimination of sick leave waiting period	20
. Imposition of sick leave waiting period	20
. Requirement for doctor's statement	12
. Waiver of doctor's statement	3
. Removal of missouts or tardy incidents from record	12
. Sick leave accrual	6
. Accrual of sick leave and vacation to same account	4
. Weekly guarantee for extra operators	4

SOURCE: Comparative Labor Practices Report No. 6--Efficiency Incentive Plans, American Public Transit Association, June 14, 1985.

incentives were given. The employee groups covered by an incentive plan are identified, where the information was available.

Eligibility For Day Off Overtime

The most frequently used incentive to promote good attendance was the opportunity for a day-off overtime assignment, which included premium pay rates. This incentive program applies most frequently to vehicle operator and maintenance employee groups. The most frequently mentioned eligibility criterion was over 40 hours worked in the week. Some transit systems worded their requirement "full work week worked." There were various types of days that qualified as "work," as shown in the following examples:

- . over 40 hours worked and no unexcused absences
- . over 40 hours including holiday, vacation, sick leave, and personal leave
- . over 40 hours and no sick leave or vacation used
- . no absences except funeral leave, union business, injury on duty, holiday, or vacation
- . no sick leave, missouts, personal days, or suspensions
- . worked the last five days

Eligibility was determined weekly. Other, less frequently used, overtime criteria are listed below:

- . ineligible for overtime after the fourth refusal in a year
- . denied overtime if personal overtime exceeds three times the average of budget group
- . ineligible for overtime if unexcused absences, late, or no accrued sick leave and called in sick in the last 10 work days or three late incidents or missouts in the last two months
- . ineligible if sick leave is taken without a doctor's statement

In general this latter group of eligibility criteria required more administrative record-keeping than the full-work-week requirement.

Financial Incentives

Financial incentives increase total take home pay of an employee with a good attendance record with no increase in working hours. Sixty-six transit systems reported the use of this type of attendance incentive program. Two major financial incentives were 1) cashing in unused

accrued sick leave and 2) cash awards. These, and a few other financial incentives, are described below.

Cash-In Accrued Sick Leave

The most frequently used financial incentive was to allow an employee to cash in all or a part of accrued sick leave (ASL) on a yearly basis. There were wide variations among such programs identified, in the amounts of ASL which could be converted to cash and the rates of pay at which ASL is cashed in. Of the 43 programs reported to APTA, only six, 14 percent, had no limitations on the amount of ASL an employee could cash in. Four types of limitations commonly used in cash-in programs are discussed below.

Cash-in Programs. The amount of time available to an employee to cash in was limited in various ways in different programs. Anywhere from one day to all ASL could be converted and the employee reimbursed. Programs used an absolute limit on the number of days or hours, e.g., 5 days or 40 hours, or limited reimbursable time to a percent of an employee's total ASL, e.g., 40 percent. Occasionally these two methods were combined e.g., 40 percent of ASL up to 5 days.

Another kind of limitation required that a certain number of days or hours of ASL remain in an employee's account. For example, all ASL over 40 days may be cashed in. Reserve sick leave requirements ranged from about 8 days to over 90 days. The latter case requires an employee to serve many years, at least 7.5, if 1 day of sick leave is earned for each month worked, and to sustain a good attendance record. Furthermore, the first 2 types of restrictions could be combined as follows: 50 percent of ASL over 60 days. This incentive requires at least five years of service with little if any absenteeism.

A third kind of limitation linked available ASL to attendance in the current year. For example, ASL can be cashed in only if the employee was absent less than 4 days in the current service year only if 80 percent or 90 percent of scheduled assignments were worked. Again, limitations could be combined: up to 8 days ASL may be cashed in if 30 days ASL remain and 90 percent of scheduled work is worked. Another, less stringent example: if 40 hours ASL remain and maximum 10 days were used in the current year.

A fourth limitation was years of service. Many of the limitations described above imply a minimum service record by setting requirements for ASL that could only be earned over a predetermined number of years given a transit system's sick leave accrual rate. Other programs explicitly stated that ASL could be cashed in only after a specified number of years of service.

Graduated Cash-in Programs. Four of the 43 reported cash in programs used a graduated basis rather than a single flat rate. The amount of available ASL depended on the number of sick leave hours used

in the current year and, in some cases, the amount of ASL. An example of one program follows:

- . 20 percent of ASL can be cashed in if a maximum of 8 hours were used in the current year
- . 17.5 percent of ASL can be cashed in if 9-16 hours were used
- . 15 percent of ASL can be cashed in if 17-24 hours were used
- . 10 percent of ASL can be cashed in if 25-32 hours were used
- . 5 percent of ASL can be cashed in if 33-40 hours were used

Pay Rates for Cash in of ASL. Eight programs offered, for cashed-in ASL, rates of pay different from employee's regular wages. Three transit systems indicated they made the conversion at 75 percent of the employee's wage rate; one converted at 50 percent. Two other transit systems used flat fixed-rates of \$25 and \$60 per day. Another had designed a graduated scale starting at \$30 per day less \$5 per day of sick leave used during the year. The eighth transit system reported that it paid out ASL at the lowest pay rate.

Ten transit systems offered employees the choice between cashing in ASL or using it as additional paid time off. This latter option is discussed in the Time-Off Incentives section.

Cash Awards

Most incentives in this category took the form of a single annual cash or bond award for a perfect or close to perfect attendance record. The amounts ranged from \$50 to \$200 per year. Several transit systems rewarded their employees with eight hours pay quarterly or semiannually for good attendance. Several examples of cash award programs are described below.

- . \$50 bond if no absences in the year
- . \$50 bond if no absences in the month
- . \$150 if 3 or less sick leave days used per year
- . \$50 per quarter for full-time employees and \$25 for part-time if a maximum of 1 unexcused absence
- . \$150 per year less \$12.50 each half-day sick leave used
- . \$100 per employee per year if no unexcused absences; \$200 if 20 percent of employees qualify

- . 8 hours pay if 64 days are worked per quarter
- . \$100 per year if no unpaid time off and a maximum of 3 absences and 6 earned attendance credits (1 credit is earned for 45 consecutive days without an absence). The amount is increased to \$300 per year for the second consecutive year and \$500 for the third consecutive year

As shown, the incentives differed significantly in amount awarded, stringency of attendance criteria, and frequency of award. The programs also varied widely by the types of absences that were excusable (and therefore did not affect eligibility for a financial reward). Excusable absences typically included vacation, union business, jury duty, funeral leave, and in some cases sick leave and personal leave. Inexcusable absences included suspensions, missouts, and leaves of absences, but also, in some cases, included sick leave and injury on duty.

Most of these programs awarded all employees that qualify. Only one transit system reported rewarding only the one best-performing employee. One system reported using an hourly pay differential scheme based on attendance performance. An employee receives an extra 10¢ per hour for a month without any unexcused absences; an extra 15¢ per hour for 3 months without such an absence; and 20¢ per hour for a year without any unexcused absences.

Other Financial Incentives

This category includes an assortment of financial incentive programs that do not fit into the two previous classifications. They are briefly described below.

- . Employer payment for work clothing and tools is contingent on employees working 75 percent of scheduled assignments.
- . Employer contributions to health, life, and/or disability insurance premiums are prorated according to employees' attendance records for time periods of one month, six months, or a year. Three transit systems used this type of approach. For example, the employer pays 100 percent of health insurance premiums if the employee is out on sick leave 8 or fewer hours in a 6-month period; 80 percent if 8.5 - 12 hours of sick leave are used; 70 percent if 12.5 - 16 hours are used and 60 percent if more than 16.5 hours are used.
- . Employees may convert accrued sick leave and vacation to wages to increase their wage base for retirement benefits only if they have 96 hours ASL and 20 years of service.
- . Employees need not work the day before and the day after a holiday to receive holiday pay if they have accrued 45 days of sick leave.

- . Employees receive spread penalty pay only if 40 hours are worked in the week.

Time-Off Incentives

Time-off incentives do not increase a worker's income, but generally provide additional paid time off. Thirty-eight transit systems in APTA's 1985 Comparative Labor Practices Report included time-off incentives in their incentive programs. There were four basic approaches. First, a qualifying employee may convert unused accrued sick leave to vacation or other paid time off. Second, qualifying employees may take extra time off without affecting their accrued sick leave or vacation. Third, employee's attendance records affect their accrual of sick leave and vacation time. And fourth, a qualifying employee is allowed unpaid time off without penalty. These techniques are described in more detail below.

Conversion of Accrued Sick Leave to Paid Time Off

Eighteen transit systems reported using this approach; 10 allowed their employees to decide whether to convert their accrued sick leave (ASL) to cash or to paid time off. The amount of the time reward was limited in several ways. Some transit systems explicitly specified the maximum number of days which could be converted, e.g. five days; others specified a percent of ASL that could be used as vacation. Most of the systems required certain conditions be satisfied before the employee was allowed to use ASL as vacation. A sampling of these conditions follows:

- . only ASL from the current year may be converted
- . no more than a certain number of hours of sick leave in the previous year may be used
- . a certain amount of sick leave must be accrued before any can be used. In most cases, ASL requirements are fairly high, suggesting that tenure was another requirement. Required ASL levels ranged from 24 to 112 days and averaged around 60 days
- . a minimum level of ASL must remain in the employee's account.

Anywhere from one to all ASL units could be converted to paid time off or vacation.

Extra Time-Off

This approach allows the employee to earn time off without affecting accrued sick leave and vacation. It is awarded over and above any time off to which the employee is contractually entitled. Fourteen transit systems incorporated extra-time-off awards into their attendance incentive programs. Most were awarded at a flat fixed rate; for example, one paid day off for no sick leave used during the year,

or one paid day off for a maximum of five missouts during the year. The range of allowable absences was from zero per year to three (sick leave days) per quarter.

Several transit systems had designed graduated benefits scales. At one transit system, no missouts and perfect attendance earned the employee 10 percent extra vacation. At another transit system, working 48 weeks with zero sick leave earned the employee 3 vacation days; with 8 hours sick leave, 2 vacation days; and with 16 hours sick leave, 1 vacation day. Another transit system used a similar approach, but a different scale. Employees at yet another transit system were offered paid time off up to the number of months with perfect attendance.

Accrual of Sick Leave and Vacation

The rate at which an employee earns paid sick leave and vacation can be affected by the employee's attendance record. Several transit systems reported that sick leave could only be accrued when a specified percent of the schedule was worked or when a predetermined number of days were worked. Examples of this method included:

- . Sick leave accrues only if 195 days were worked in the preceding year.
- . Sick leave accrues only if 95 percent of schedule is worked. This is measured 3 times a year.
- . One sick-leave day accrues per 45 days worked.

A few transit systems permitted only employees who did not report sick at all for a certain period to accrue sick leave. At one transit system, one sick-leave day accrued to employees with none used per period. A graduated plan increased sick leave from 10 to 12 days per year when an employee accrues 25 days and to 15 days when 45 days are accrued.

Unpaid Time Off

Two transit systems offered employees the option of unpaid time off for good attendance performance. At one transit system, 1 week off per year was available to employees without any missouts or used sick leave. At the other, the options were receive an extra vacation day, delete 1 missout, or receive 1 extra unpaid day off per week during the next shift selection if employee had worked 160 days and used a maximum of 3 sick-leave days in a 9-month period.

Administrative Actions

The balance of this section describes those attendance incentives that do not fit neatly into the preceding three categories. For ease of presentation they have been grouped into the following subcategories:

- . sick-leave waiting period requirements
- . doctor's medical statement requirements
- . removal of missouts or tardy incidents from employee record
- . accrual and availability of sick leave

Sick-Leave Waiting Periods

Transit systems often require a one to three day sick leave waiting period, i.e., for the first one to three days of illness, employees are not paid. If an employee is absent for a longer time period, payment for sick leave is begun and often then includes payment from the first day of the illness. Forty transit systems in the APTA survey indicated that an employee's attendance record could affect payment for the sick-leave waiting period. Half offered to waive the waiting period as a reward for good attendance (incentive programs); the other half imposed an unpaid waiting period as a response to an employee's absenteeism problem (disincentive programs).

Incentive Programs

The most common criterion for eliminating an unpaid sick leave waiting period was accrual of a specified amount of sick leave. For example, at one transit system a 1 day sick-leave waiting period was waived if the employee had accrued at least 12 paid sick-leave days. The range of required ASL extended from 5 to 80 days. Large accruals of sick leave, as we have noted elsewhere, are essentially lengthy tenure requirements. In a few cases, the ASL requirement fluctuated with an employee's years of service. At some transit systems it increased, at others it decreased. Some systems state that no more than one-half of lifetime ASL might be used to receive payment during the waiting period.

Another criterion is an employee's use of sick leave in the current year. For example, employee's first two absence incidents in a year and one day thereafter are fully paid with no waiting period. The waiting period may be waived if less than half an employee's annual accrual has been used, up to a maximum of six days. One transit system linked its use of a waiting period to the attendance performance of all its employees, by requiring that the waiting period be eliminated only if an average of fewer than 0.62 days were missed per month per employee.

Several transit systems combined two criteria, as in the examples below:

- . No waiting period for the first five non-hospitalization incidents or 50 ASL days. (For 5-year veterans, 75 ASL days; for 10 years of service, 100 ASL days.)

- . Up to 6 days of the waiting period may be waived if an employee has 2 years of service and no more than 2 absence incidents of fewer than 9 days each.

Disincentive Programs

The attendance incentive programs discussed above operated under the assumption that an unpaid sick-leave waiting period would be imposed on all employees that did not satisfy the transit system's attendance criteria. Other attendance programs operated under the opposite assumption; an unpaid sick-leave waiting period is only imposed on employees that exceed acceptable absenteeism standards. Most of these programs require a one-to three-day unpaid waiting period after the employee's 2 to six-day absence. A few transit systems used the following formula to link the sick-leave pay waiting period to the amount of sick leave an employee had accrued: 1-day waiting period if less than 192 hours ASL and over 4 absence incidents; 2-day waiting period if over 8 incidents. In some cases, a doctor's statement exempted the employee from the waiting period. A few programs used graduated criteria, for example, a one-half day waiting period after 2 incidents, a full day after 3 incidents, and 2 days after the fourth absence incident.

Doctors' Medical Statements

As demonstrated by waiting period actions, a requirement that employees provide a medical statement verifying employee illness can be used in either incentive or disincentive programs. Most transit systems used this requirement as a disincentive to absenteeism. Twelve of the 15 systems that mentioned doctors' statements required them after 2 to 6 absence incidents; 3 was the average. One graduated program required a medical statement after 6 days out on the first incident; after 4 days on the second incident; and after 2 days on the third.

The requirements for waiving medical statements for illness at the three transit systems which offered incentives were as follows: at one system, at least half of lifetime ASL must be unused; at a second system, 4 months must have passed without sick-leave use; at a third system, 12 sick days must have accrued and none have been used in the preceding 6 months.

Removal of Missouts and Tardy Incidents from Record

Twelve transit systems offered their employees the opportunity to clear their absence record by improving their attendance performance. The incentive for a clear record is that other benefits, in terms of cash or time-off, may then become available. Most programs of this type permitted the removal of 1 tardy or missout incident if no additional incidents occurred in a period of between 30 days to 4 months. Three transit systems would clear all absences if the employee has perfect attendance for a specified number of days. The numbers were 90, 180, or 1,200.

Accrual and Availability of Sick Leave.

Six transit systems used three different techniques to affect sick-leave accrual. Two of the systems reported that no sick leave could be accrued if there were any unexcused absences. Another two systems indicated that only three days of sick leave could be accrued if an employee had been absent for, in one case, less than five days, and in the other case, more than three days. Peer employee attendance affected the availability of sick leave at the last two transit systems. In the first instance, sick leave was reduced from five to two days if average system-wide use of sick leave exceeded five days. In addition, a waiting period of three days for sick leave pay was instituted. In the second case, sick leave could be discontinued if 15 percent of the department was absent on one day.

Four transit systems allowed vacation and sick leave to accrue in the same account. Thus, the health of the employees determined how their paid time off could be exercised.

V. INCENTIVE ATTENDANCE PROGRAMS OUTSIDE THE TRANSIT INDUSTRY

The purpose of this section is to summarize efforts made outside the transit industry to improve attendance through the use of incentives. The information included in this section is based on:

- . a review of literature on absenteeism
- . surveys conducted in 1982 of 5,000 organizations, in which personnel managers were asked to evaluate their attendance control programs^{8/}
- . seminar discussions with over 200 personnel managers
- . several case studies involving incentive attendance programs

The information in this section addresses the use and reported effectiveness of a range of attendance improvement programs. Special attention is given to incentive programs.

LITERATURE REVIEW

The literature review (summarized in Appendix A of this report) identified over 60 studies documenting the results of efforts outside the transit industry to implement attendance improvement programs. The summary of the literature review in the appendix identifies the researcher and date of the research; the size or character of the population; the attendance improvement method; the research design; and the results. Researchers on attendance improvement programs have considered a wide range of programs including:

Employees can only benefit from the implementation of attendance incentive programs, regardless of the particular approach. The four primary possible benefits are:

- . additional earnings for the same hours worked per year
- . additional time off for the same earnings per year
- . improved personnel record
- . fewer requirements for paid sick leave

Any reward offered, however, must be of sufficient magnitude to alter an employee's decision to miss a day of work. It must convince him or her that the future benefits of good attendance are worth the current sacrifice of one or more days off.

^{8/} The American Society for Personnel Administration, Personnel Administration, June 1982.

- . all-salaried concept
- . day care
- . discipline
- . employee assistance programs
- . employee orientation
- . fitness programs
- . flexible and non-traditional work schedules
- . goal-setting and feedback
- . hypertension/stress
- . job enrichment
- . monitoring attendance
- . multiple programs
- . organization development
- . participant management
- . rewards for attendance
- . sick pay program
- . team building
- . technological change
- . training programs

Almost half the attendance improvement programs included in the literature review are incentive programs that include rewards or recognition for attendance. These programs were generally implemented at private-sector companies as demonstration programs and were examined as research projects.

The attendance programs summarized in the appendix included employee groups ranging in size from 15 to 7,500 employees; most programs addressed groups with fewer than 225 employees. The organizations represent a diversity of product and service industries including manufacturers, nurses, students, clerical workers, teachers, and janitors. The data on attendance were examined for differing time periods, from as little as five weeks to as many as five years with most programs reviewed for a one- to three-year period.

The types of incentive programs reported on in the literature review are quite diverse. They include, for example, lotteries, bonuses, wellness pay, accumulated sick leave, cash-in, wage differential, time-off, and sick-leave banks. Each program combined amount of financial reward provided, timing, and requirements for eligibility differently. The overall intent of each research effort was to assess attendance improvement in an experimental or quasi-experimental setting. Some of the research compared the performance of control and experimental groups. Other research efforts considered the effects of discontinuation over time and in some cases reinstatement of the attendance improvement program.

All of the researchers included in the literature review reported improvements in employee attendance from the incentive program. While many did not report the nature or extent of improvement, those that did indicated results such as:

- . Reductions in employee absence for the groups receiving the incentives ranging from 2.3 to 75 percent.
- . Reductions in absence-related costs. A 62 percent cost reduction was reported in one case and a savings of \$3,109 in sick pay per employee in another case.
- . Increases in absence among those not included in the incentive program.
- . Decreases in absence by the group of employees who helped design the incentive program and increases in absence by the other employee groups.

Although the material presented in the literature review is not intended to compare the effectiveness of different types of attendance improvement programs, a review of the results suggests that, with few exceptions, reductions in absence were reported for all of the programs and in each case improvement was experienced.

SURVEY OF ORGANIZATIONS AND PERSONNEL MANAGERS

The results of a 1982 survey concerning attendance improvement methods in which 5,000 organizations were surveyed and 200 personnel managers were interviewed are summarized in this section. In the personnel manager survey, managers were asked to identify the methods used by their organizations to control absenteeism; to evaluate the effectiveness of these techniques; and to provide their organization's current absenteeism rate and other basic background information. The basic concerns of the survey were:

- . How prevalent were various attendance programs?
- . How effective were these methods, according to the personnel managers?
- . Was there a relationship between the set of attendance programs used by an organization and its absence rate?

The survey respondents were all members of the American Society for Personnel Administration (ASPA) and represented every region of the country and sector of the economy. Usable questionnaires were returned by 987 respondents (approximately 20 percent), a high return rate for a lengthy questionnaire. Characteristics of the responding organizations are described in Exhibit V.1. The average absenteeism rate was 4.2 percent; the average size of the hourly work force was 994; and the average wage rate was \$6.84 per hour.

The survey included a list of 34 attendance improvement programs, identified in Exhibit V.2. The list of programs was developed from an extensive examination of literature on attendance programs and from a pilot survey of personnel managers from 60 organizations. Survey respondents were asked to identify the attendance programs currently being used by their organizations and to evaluate how effective these methods were. Four possible alternatives were offered for rating effectiveness:

- . The method is not effective at all.
- . The method is marginally ineffective, the benefits just below the costs.
- . The method is marginally effective, the benefits just above the costs.
- . The method is definitely effective and successful.

Program Use and Perceived Effectiveness

The first column in Exhibit V.2, which lists the average effectiveness score for each of the 34 attendance improvement programs, ranks the scores in descending order based on perceived effectiveness. This list shows that:

- . Of the 34 methods, 26 (77 percent) were rated above three, which corresponds to a rating of at least marginally effective.
- . Personnel managers reported using a wide variety of methods to improve attendance, although not all methods were equally popular.

EXHIBIT V.1

CHARACTERISTICS OF RESPONDING ORGANIZATIONS

<u>Types of Organizations</u>		<u>Other Organization Characteristics</u>	
Primary processing, (e.g., petroleum, steel, chemicals, etc.)	53	Union(s)	375
		Non-unions	612
		Total	987
Manufacturing, (e.g., metal, rubber, textile, etc.)	358		
Electronics	49	Hourly employees:	
Food processing	89	Paid absences	533
		Non-paid absences	454
		Total	987
Service (e.g., transportation education, banking, utilities)	169		
Health care	59	Salaried employees:	
Insurance	61	Paid absences	967
		Non-paid absences	20
		Total	987
Sales	37		
Other industries	66		
Total			
<u>Number of Hourly Employees</u>		<u>Reported Rates of Absenteeism *</u>	
Less than 100	237	Less than 3 percent	306
101 to 500	454	3 to 7 percent	277
501 to 1000	148	Greater than 7 percent	158
More than 1000	148	Did not report rate	296
Total	987	Total	987

*Absenteeism rates ranged 1 percent to over 30 percent and averaged 4.2 percent.

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EXHIBIT V.2

34 ATTENDANCE PROGRAMS RANKED BY RATED EFFECTIVENESS

Control Method	Average Rated Effectiveness	% in Use	Absence Rate: Non-Users	Absence Rate: Users
1. A consistently applied attendance policy	3.47	79%	4.8%	4.2%*
2. Termination based on excessive absenteeism	3.47	96%	4.4%	4.3%
3. Progressive discipline for excessive absenteeism	3.43	91%	4.8%	4.3% ^A
4. Identification and discipline of employees abusing attendance policies	3.39	88%	4.8%	4.3%
5. At least monthly analysis of daily attendance information	3.38	57%	4.7%	4.1%*
6. Daily attendance records maintained by personnel department	3.36	48%	4.6%	4.1%
7. Employee call-in to give notice of absence	3.35	99%	7.3%	4.3% ^A
8. A clearly-written attendance policy	3.33	76%	4.2%	4.4%
9. Daily attendance records maintained by supervisors	3.31	68%	3.8%	4.6%**
10. Allow employees to build a paid "absence bank" to be cashed in at a percentage at a later date, or added to next year's vacation time	3.28	10%	4.3%	4.2%
11. Employee interviewed after an absence	3.26	35%	4.4%	4.2%
12. Flexible work schedules	3.25	21%	4.3%	4.5%
13. Inclusion of absenteeism rate on employee job performance appraisal	3.19	66%	4.5%	4.2%
14. Perfect/good attendance banquet and award ceremony	3.19	9%	4.4%	3.8% ^A
15. Formal work safety training program	3.17	42%	4.2%	4.4%
16. Screen recruits' past attendance records before making a selection decision	3.16	67%	4.7%	4.2%*

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EXHIBIT V.2

34 ATTENDANCE PROGRAMS RANKED BY RATED EFFECTIVENESS (CONT.)

Control Method	Average Rated Effectiveness	% in Use	Absence Rate: Non-Users	Absence Rate: Users
17. Supervisory training in attendance control	3.15	39%	4.4%	4.2%
18. Inclusion of work unit absenteeism on supervisor's performance appraisal	3.15	18%	4.4%	4.2%
19. Wiping clean a problem employee's record by subsequent good attendance	3.14	47%	4.3%	4.3%
20. Improvements of safety on the job	3.13	57%	4.2%	4.4%
21. Public recognition of employee good attendance (i.e. in-house bulletin boards or news letters, etc.)	3.10	25%	4.6%	3.6% **
22. Job enrichment/enlargement/or rotation implemented to reduce absenteeism	3.09	12%	4.3%	4.2%
23. A component on attendance in a formal employee orientation program for new hires	3.07	71%	4.5%	4.3%
24. Require written doctor's excuse for illness/accidents	3.05	77%	4.0%	4.4%
25. Spot visitation (or phone call) to check-up at employee residence by doctor/nurse/detective/other employee	3.00	21%	4.3%	4.3%
26. Operation of day care for employee's department	3.00	<1%	4.3%	3.6% ^
27. Substance abuse program (drugs, alcohol, etc.)	2.99	28%	4.4%	4.2%
28. The absenteeism control policy has been negotiated in the union contract	2.98	32%	4.3%	4.9% ^B
29. Employee bonus (monetary) for perfect attendance	2.96	15%	4.4%	4.1%
30. Education programs in health diet/home safety	2.81	13%	4.4%	3.9% ^
31. Attendance lottery or poker system (random reward)	2.77	<1%	4.3%	4.8% ^
32. Peer pressure encouraged by requiring peers to fill in for absent employee	2.62	43%	4.3%	4.4%
33. Chart biorythms for accident prone day	2.50	<1%	4.3%	5.3% ^
34. Letter to spouse indicating lost earnings of employee due to absenteeism	2.50	<1%	4.4%	1.8% ^

A: Due to greatly imbalanced cells sizes, this difference should not be interpreted.

** Statistically significant $p < .05$

* Statistically significant $p < .10$

B This applies only to unionized firms.

The methods rated most effective in reducing absence were discipline and attendance monitoring, both traditional approaches for dealing with employee absence. The four most highly rated programs were:

- . a consistently applied attendance policy (Item 1)
- . termination based on excessive absenteeism (Item 2)
- . a progressive discipline system for excessive absenteeism (Item 3)
- . identification and discipline of employees abusing attendance policies (Item 4)

Referring to the second column, note that these programs were used by 79 percent, 96 percent, 91 percent, and 88 percent, respectively, of the organizations in this sample.

Another important finding shown in Exhibit V.2 is that some of the most frequently used attendance programs were not evaluated as being very effective. For example:

- . A written doctor's excuse (Item 24) was required by 77 percent of the organizations to verify the legitimacy of an absence, but the effectiveness of the program was ranked 24 out of the 34 methods.
- . Seventy-one percent of the firms discussed attendance requirements during their formal employee orientation program, yet effectiveness of this program was ranked just above requiring a written doctor's excuse.
- . Peer pressure, stimulated by requiring peers to fill in for an absent employee (Item 32) was used by 43 percent of the respondents, yet its effectiveness was rated as only 2.62.

Despite the perception that these programs are not effective in comparison with other programs, organizations continue to apply them. Possibly these programs are not well maintained but are nevertheless still part of company policy.

Incentives for Attendance

In attendance management literature, programs that reward attendance in a variety of ways have been highly praised. However, the survey results indicate that such programs are used infrequently and for the most part, they were rated as less effective than discipline programs by personnel managers. For instance:

- . An employee bonus for perfect attendance was used in only 15 percent of the respondent organizations.

- . Allowing employees to build a paid "absence bank" to be cashed in at a later date or added to next year's vacation time was used by only 10 percent of the respondents (despite its being highly ranked).
- . Perfect or good attendance banquets and award ceremonies (Item 14) were held in only 9 percent of the companies.
- . Providing public recognition for good attendance (Item 21) was reportedly used by only 25 percent of the organizations.
- . The application of operant conditioning principles by using lottery or poker system or random reward programs (Item 31), was in use by less than 1 percent.
- . Substance abuse programs were used by only 28 percent (Item 27).
- . Education programs in health/diet/home safety were used by 13 percent (Item 30).

Comparison of Absence Rates with Programs Used

As part of the survey analysis, a comparison was made of the absence rates of users and non-users of the various attendance programs. The absence rates for users and non-users of each program were computed and then compared with each other. A statistical test of significance (t-test corrected for unequal cell size) was applied to determine if organizations that used a particular attendance program reported a lower rate of absenteeism than organizations that did not use the program. The results of this comparison are shown in the last two columns of Exhibit V.2.

In the exhibit, occasional differences exist that are larger than 0.5 percent, but these are not significant. (So few organizations used the attendance program, or did not use it, that the apparently large difference between the two averages is not statistically reliable). For example, in the last attendance program, sending a letter to a spouse indicating lost earnings of the employee due to absenteeism (Item 34) had a large difference in absenteeism rates between users and non-users. However, because only two organizations in the entire sample used this technique, the sample was too small to be conclusive. Even though these two organizations had an average absenteeism rate of 1.8 percent, the personnel managers thought this method was ineffective in controlling absenteeism.

After eliminating from consideration all programs where apparent differences between the absence rate of users and non-users were not reliable, a number of attendance programs were associated with lower absenteeism. For example:

- . Organizations with a consistently applied attendance policy (Item 1) had significantly lower absenteeism rates than organizations without such a policy.
- . Firms that screened recruits' past attendance records before making a selection decision (Item 16) had a lower absenteeism rate than firms that did not use this method.
- . Organizations which provided public recognition techniques for good attendance (e.g., in-house bulletin boards and newsletters) had an absence rate a full percentage point below those that did not provide such recognition. (While this method appears to have had the most pronounced effect on absence rates, it was ranked only twenty-first in terms of perceived effectiveness and was used by only 25 percent of the organizations surveyed).
- . Finally, flex-time (Item 12), although rated highly in perceived effectiveness as a method of controlling absenteeism, was not associated with lower absence rates for organizations using this method. In fact, absenteeism was slightly lower for those organizations that did not use flex-time.

SELECTED CASE STUDIES

The balance of this section presents the results of several recent efforts by private-sector organizations to improve employee attendance through incentive programs. They include a formal recognition program, lottery programs, and financial incentives.

Formal Recognition

The Maid Bess Corporation has six nearly identical cut-and-sew garment factories in the Virginia/North Carolina region. Plant size ranges from 149 to 400 employees. There was a total of about 1,800 employees throughout the corporation. About 94 percent of the employees were women who worked as sewers. Most of the men worked as cutters. Absenteeism rates for the plants ranged from 4 percent to 7 percent, with a large amount of seasonal variation. Turnover rates varied from 30 percent to 120 percent per year. The industry average is about 65 percent.

Three attendance improvement programs were conducted at different factories at the same time: July 1983 through June 1984. The one-year duration of the experiment was important for two reasons. From a methodological viewpoint, it reduced the possibility that the results were attributable to seasonal variation or economic conditions. Second, it provided a test of the endurance of the program, which is an important consideration. Employees were guaranteed minimum wage on the existing piece-rate pay system, and the average hourly was \$4.50, with some

workers earning up to \$9.50 per hour. The company discipline code required that employees be disciplined and eventually terminated for excessive absenteeism. An established attendance policy linked attendance to the paid vacation program--the fewer days an employee was absent, the higher the pay for the vacation.

A formal recognition program, installed with the assistance of the Balfour Corporation, was one of the three incentive attendance improvement programs implemented at Maid Bess. Balfour analyzed the work situation of the company and designed a unified, thematic program using posters, cards, and awards. At the end of each quarter, employees with no more than two absences received a congratulatory card signed by the plant manager. Employees who had perfect attendance or who missed only one or two days during the entire year qualified for a custom-designed piece of engraved jewelry.

At the plant where the personal recognition program was implemented, absenteeism decreased significantly by 36.9 percent, which is the largest decrease of the three positive attendance improvement programs. This program cost approximately \$10,000 to implement in a plant of 400 employees. Thirty employees (7.5 percent) received the award for perfect attendance, and thirty employees (7.5 percent) received the award for good attendance (1 or 2 days absent). Absenteeism costs were reduced by over \$58,000 in terms of direct labor costs.

A survey of employees at the plant with the recognition program indicated that their attitudes toward absenteeism also changed. Before the program started, only 53.7 percent of the employees believed that attendance was rewarded by the company. After the program was implemented, 67.9 percent (after 6 months) and 75.8 percent (after 12 months) of the employees felt that attendance was rewarded. The survey indicated that a high percentage of the employees were aware of the attendance improvement program (88.5 percent after 6 months and 92.2 percent after 12 months) and that most employees liked the program (72.7 percent after 6 months and 83.3 percent after 12 months).

There were certain unique features of the recognition program that may have contributed to the success of the program. Employees who had perfect or good attendance were publicly recognized each month at work by having their name placed on the bulletin boards. In addition, a card was sent each quarter to the home of those that had good attendance records. This was professionally designed and customized for the plant. The employees also seemed to be enthusiastic about the program because of the individual design of the jewelry.

Attendance Lottery Programs

A leading hardware company made employees eligible for a monthly drawing for a prize if they had perfect attendance during the entire preceding month. Management reported that absenteeism and tardiness were reduced 75 percent and sick-leave payments were reduced 62 percent by the end of the first year of the program.

Another version of this lottery is the "poker hand." The mechanics of the poker format are as follows: For each day that an employee comes to work on time, he or she receives a regulation poker card. At the end of the week, the person with the best five-card hand in each department wins \$20. A lottery program was run in two phases with two different reinforcement schedules by researchers in 1974.

In the first six weeks of the program (Phase I), the poker game was run every week. During the last 10 weeks of the program (Phase II), the game was run every other week. The program appeared to be effective. Before its start, weekly absenteeism was about 3.01 percent in the experimental group. At the conclusion of the experiment, absenteeism was reduced to 2.46 percent, a reduction of 18 percent. During Phase II there was a slight increase in absenteeism, possibly resulting from a lengthening of the reinforcement period over another week, but the absence rate still remained below the rates before the initiation of the lottery. In the control group, absenteeism increased by 13 percent during the same period. Unfortunately, this program was discontinued and no report on follow-up activities was made.

At one plant in the Maid Bess experiment a quarterly lottery program was instituted. The prize (a mantle clock or a portable television) was given at the end of each quarter. The value of each prize was approximately \$200. The names of employees with perfect attendance for the quarter were entered twice in the lottery. The names of employees with one or two absences were entered just once for the drawing. The plant had approximately 140 employees; there was one winner per quarter.

This program seemed to have no influence on absenteeism, except during the second quarter when the plan had a statistically significant decrease in absenteeism (23 percent). During this quarter employees had the opportunity to select the prize. Employees eligible for the drawing each quarter were: 54 for the first quarter (39 percent), 76 for the second quarter (54 percent), 60 for the third quarter (43 percent), and 62 for the fourth quarter (44 percent). Absenteeism costs declined by \$1,250 during the second quarter when absenteeism rates were reduced. The total cost of this program for the year was \$800 for prizes.

APPENDIX A
LITERATURE REVIEW

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
<u>ALL-SALARIED CONCEPT</u>				
Hulme & Bevan (1975)	five companies	All salaried concept	Longitudinal	Absenteeism went up slightly in each company.
Scobel (1977)	Unionized factory	All salaried concept * orientation * afterwork programs * safety team * company newspaper	Longitudinal	Absenteeism decreased
<u>DAY CARE</u>				
Fooner (1981)	Red Rope Industry	Day Care Center	Longitudinal	Reduced absenteeism
<u>DISCIPLINE</u>				
Reynolds (1979)	Employees, Consumer Power Company	Lengthen long-term illness program and cut it back from 100% to 85% of pay. Give 40 hours of paid absence that can be taken in absence or in money. After 40 hours, deduct. Encourage supervisors to pay attention, keep records, approach the problem from a helpful rather than a disciplinary standpoint.	Longitudinal (1 year)	Total hours absent decreased from 80.3 to 61.3/person.
Baum (1978)	Production workers (336)	Attendance control policy: 1) absenteeism recorded, 2) written excuses required, 3) investigation of questionable excuses 4) counseling sessions for unauthorized absences, 5) progressive discipline .	Quasi-experimental	Absenteeism decreased among chronic absentees - absenteeism did not change among regular attenders.
Nicholson & Goodge (1976)	Female production & ancillary workers (330)	Tough set of rules/discipline procedures were imposed	Longitudinal (4-6 months)	Total time lost did not change- short-term absences decreased and long term absences increased.
Gary (1971)	150 employees of a manufacturing plant employing 4600 workers.	Three methods of dealing with absenteeism were examined for effectiveness:	Longitudinal (20 months)	Permanent discipline was found to be significantly related to lower absence rate.

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
<u>EMPLOYEE ASSISTANCE PROGRAMS</u>				
Eggum (1980)	342 employees of a farm machinery manufacturing plant	Used health nurses as counselors. Long (1 year) insurance covers treatment in hospital. Sought Union cooperation. (Alcoholism)		Absenteeism reduced 4.1%.
Treadwell (1979)	Employees at Senate restaurants	Voluntary referral system. Outside doctors, psychologists help. 1/2 hr. help sessions 3 times/week. Alcoholism	Longitudinal	Hours of lost time reduced 2000%
Taverbuer (1979)	24 employees of a heavy machinery company.	Alcoholism assistance program.	Longitudinal	50% reduction in lost man hours.
Holtzman (1978)	400 Rubber Co. employees.	Self help program. Each case handled differently. (Alcoholism)	Longitudinal	Reduction in Absenteeism
Asma (1980)	697 telephone company employees	Alcoholism assistance program.	Longitudinal (9 years)	Absenteeism reduced 3906 days during the 9 yr. period
Alander & Campbell (1975)	Automotive employees (141)	Substance abuse program; supervisors were trained to recognize the problem; program was communicated to employees.	Quasi-experimental (program participants compared to a group of known users)	Absenteeism decreased 47%, 91% and 68% for 3 groups receiving treatment - absenteeisms increased 9% for the group not receiving treatment.
Jones (1977)	150 employees of a Copper Corp.	"INSIGHT" a 24 hour/day 7 day/week counseling service (alcoholism)	Longitudinal (6 mos.)	Attendance increased by 52%
Hilker, et al. (1972)	402 telephone company employees	Educate mgt. to look for problems. Job deficiencies stressed. Referral to Medical Dept. (alcoholism)	Longitudinal (10 years)	662 cases of 8 day absences in the 5 years prior the program, and 356 cases in the 5 yrs. after the program.

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
<u>EMPLOYEE ORIENTATION</u>				
Williams (1979)	Chrysler Corp. employees	New employee orientation program for disadvantaged workers, also included group counseling, set personal goals, follow up	Longitudinal	When tested in 1974, absentee rate greater in control group.
<u>FITNESS PROGRAM</u>				
Cox et al. (1981)	Company Employees (1,281)	Fitness Program	Quasi-experimental	Absenteeism of lig reduce by 22%, but causal relation not definite.
<u>FLEXIBLE AND NON-TRADITIONAL WORK SCHEDULES</u>				
Pocock, Ser- gean & Taylor (1972)	Shiftworkers at Mfc. plant (782)	Changed from a 7-day rotation to a more rapidly rotating shift (continental rotation)	Longitudinal 4 months	Absenteeism increased 36% (certified sickness) & 29% (uncertified sickness) -- absenteeism for other reasons
Nord & Costigan (1973)	Non-union pharma- ceutical plant (200)	4 day/40 hour work schedule	Longitudinal	Absenteeism decreased
Fields (1974)	Clerical employees in New York City	Flex-time: core hrs. 9:15 - 4:00	Longitudinal (6 months before and after)	Absenteeism decreased by 7.6%
Greene (1974)	Private psychia- tric service	8-10 hour days/6 days off	Longitudinal	Absenteeism decreased.
Golembiewski, Hilles & Kegno (1974)	A research & de- velopment field site (84)	Flex-time: core hrs. 9:15-3:00	Quasi-experimen- tal (2 years before & after)	Total paid absences dropped by 33 1/3% - absenteeism increased in control group
Ivancevich (1974)	Mfc. company with 4 plants (1,140)	4 day/40 hour work schedule.	Quasi-experimental	No significant difference in absenteeism between control group & where a 4 day 40 hour week was introduced.

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
Levesque (1974)	Oil refinery pro- duction workers	3 day/4 day week- 12 hour shifts	Longitudinal (9 months)	Absenteeism rate did not change.
Magoon & Schnicker (1976)	240 bank employees	Flex-time core hrs. 11:00-2:00 Bandwidth hrs. 7:30 to 5:30	Longitudinal (1 year)	No significant decline in absenteeism but data may have been contaminated by a flu epidemic during experiment.
Golembiewski & Hilles (1977)	Exempt & non- exempt employees (2,150)	Flex-time: core hrs. 9:15-3:00.	Longitudinal (6 months prior to implementation compared to same period in year following implemen- tation of program)	Total paid absences increased but short-term absences were reduced.
Ivancevich & Lyon (1977)	Operating employees of manufacturing co.	4 day/40 hour work schedule.	Quasi-experimen- tal (25 months)	No absenteeism difference found between group with 4/ day 40 hour and group with traditional schedule
Mueller & Cole (1977)	U.S. Geological Survey (3,000)	Flex-time: core hours 9:00-3:30 (8 hrs. each day)	Longitudinal	Absenteeism decreased - 7% sick leave & 1% annual leave.
Harvey & Luthans (1979)	State Human Services Agency (86)	Flex-time: core hours 9:00-3:00 (8 hours each day)	Quasi-experimental	Absenteeism decreased.
Millard, Lockwood & Luthans (1980)	Small aerospace plant (95)	4 day/40 hour work schedule	Longitudinal (4 months)	Absenteeism decreased significantly while program was in effect - absenteeism increased when program was cancelled.
Craddock <u>et al.</u> (1981)	State government employees of 22 agencies	Flexitime	Longitudinal	Favorable effects on absenteeism
Kim & Campagna (1981)	County Welfare Agency	Flexitime	Longitudinal	Reduction in use of unpaid absenteeism
Pierce & Newstrom (1982)	Insurance Industry employees	Flexible Work Schedules	Quasi-experimental	Absenteeism reduced by flexibility in schedule
<u>GOAL SETTING & FEEDBACK</u>				
Kim & Hammer (1976)	Unionized employees in service-type job for a telephone co. (113)	Evaluative/non-evalua- tive feedback & goal setting	Quasi-experimental (4 groups in each combination of conditions)	Absenteeism did not differ between groups (this part of organization already had a very low absenteeism)

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
Iatlam & Kirne (1974)	Logging operation (20 crews)	1 day training program in goal setting-feedback on results were given	Quasi-experimental (random assignment)	Absenteeism was significantly higher in the control group.
Ivancevich (1974)	Supervisors in production & marketing departments of a Mfc co.	An MBO program was introduced in 2 experimental plants & a reinforcement schedule was introduced 30 days later in one of these plants.	Quasi-experimental (multiple time series over 36 months)	Absenteeism remained the same in the control plant & the MBO only plant decreased initially then increased again -- absenteeism decreased in MBO-reinforcement plant.
<u>HYPERTENSION/STRESS</u>				
Haynes (1978)	Male employees (245)	Identification & treatment of hypertension	Longitudinal	Absenteeism increased for those persons diagnosed with hypertension even if they entered therapy to correct the problem.
<u>JOB ENRICHMENT</u>				
Davis & Valfir (1966)	Military equipment repair (11 shops with 18-33 employees in each shop)	Job enrichment	Quasi-experimental (paired comparisons)	Absenteeism did not differ between groups (absenteeism was already low among both groups).
Lord (1969)	120 women at Tele- phone Co. who answered complaints	Job enrichment	Quasi-experimental	Absences of long duration decreased in experimental group; from 2.0 to 1.4%. The control group showed a slight increase in this category of absences.
Orpen (1979)	Clerical (90)	Job enrichment	Quasi-experimental (random assignment)	Absenteeism decreased in experimental groups.
Locke, Sirola & Wolfson (1976)	Clerical employees in a federal agency (10 work units, 40 employees)	Job enrichment; supervisors trained in job enrichment & developed enrichment strategies for work units	Quasi-experimental (random assignment)	Absenteeism was lower in experimental groups.
Herrick & Maccoby (1975)	50 employees of a fertilizer plant	Job enrichment	Quasi-experimental (6 months)	Experimental group rate 4%; control group 7%
Bjork (1975)	Production workers (12)	Job enrichment	Longitudinal	Absenteeism did not change (absenteeism was already quite low for this group)
Gomez & Mussio (1975)	Clerical workers (8)	Job enrichment	Longitudinal	Absenteeism did not change

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
King (1974)	Mfr. of clothing patterns, folding & packing operations - highly specialized low-skill jobs (6-10 person crews)	Job enrichment & rotation	Quasi-experimental (no control group)	Absenteeism did not differ between the different treatments - no difference between groups which expected results & groups that did not expect results.
Janson (1972)	Key punch operators & verifiers (98)	Job enrichment; 1) increased responsibility 2) task combination, 3) client relationship, 4) feedback, 5) vertical job loading	Quasi-experimental	Absenteeism decreased 24.1% where jobs were enriched - absenteeism increased 29% for the control group.
Beer & Huse (1970)	Hot Plate Dept. Corning Glassware (6 women)	Job enrichment (each employee assembles the entire product)	Longitudinal	Decreased from 8% to 1%
	Instrument dept. Corning Glassware		Longitudinal	Absenteeism decreased from 8.5% per month to 3.4% per month.
Glaser (1976)	Medical specialties company employees	Job enrichment	Longitudinal (3 months)	Absenteeism decreased
Glaser (1976)	Employees manufacturing pocket papers	Job enrichment 1) Pride of workmanship 2) Team program	Longitudinal	Absenteeism decreased
Glaser (1976)	Employees of a Swedish engine plant	Job enrichment (group assembly)	Longitudinal (1 year)	Absenteeism reduced.
<u>MONITORING ATTENDANCE</u>				
Hibbs (1945)	Textile mill employees	Absences recorded daily and report mailed to each employee monthly.	Longitudinal (10 months)	Absenteeism decreased 5.8%

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
<u>MULTIPLE PROGRAM</u>				
Shoemaker & Reid (1980)	Institutional Attendants who were chronic attendance abusers (15)	Systematic supervisory counseling, commendation letters & lottery system	Longitudinal	11 subjects reduced absenteeism
Topleman & Schneller (1980)	Medical center employees (272)	Mixed-consequence control system: reinforcement & punishment	Longitudinal	Arrest of the sharp upward trend in paid sick leave
Arbose (1982)	Swedish steel co. employees	New MIS & training supervisors to communicate	Longitudinal	Escalating absenteeism was controlled
Bergevin	Metropolitan employees	5 programs in response to employee questionnaire	Longitudinal	Reduced absenteeism
<u>ORGANIZATION DEVELOPMENT</u>				
Beer & Huse (1972)	Assembly plant (58)	Organization development: 1) communication 2) job enrichment 3) goal setting, 4) structure change	Longitudinal	Absenteeism decreased 50%
Hautalauma & Gavin (1975)	Small lumber co. (70)	Organization development 1) survey feedback 2) management teambuilding, 3) supervisor training, 4) supervisor feedback	Longitudinal (25 months)	Absenteeism decreased
Paul, & Gross (1981)	City workers	OD Action research mostly followed; interviewing, team building, counseling, process consultancy, and classroom training in management skills.	Quasi experimental (1 year)	No significant change in absenteeism
<u>PARTICIPATIVE MANAGEMENT</u>				
Smith & Jones (1968)	Production departments in a manufacturing co. (700)	Participative management	Quasi experimental	Absenteeism was significantly lower for experimental group.
Powell & Schlacter (1971)	2 construction & 4 electrical crews Bureau of Traffic	Participative management (crews helped develop work schedules)	Quasi-experimental (18 months)	Absenteeism increased in 5 of 6 groups

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
Ketchum (1971)	Plant employees (Pet food Plant)	1) Minimize static hier- archies of job classifica- tions 2) Abolish lockstep work assignments 3) give all employees a voice in the running of the plant.	Longitudinal (3 years)	Absenteeism at a level of 11/2% and 80% are excused.
Bragg & Andrews (1973)	laundry department in a hospital (32)	Participative management (decision-making)	Quasi-experimental	Absenteeism decreased when participative management was introduced - absenteeism was lower for experimental group.
<u>REWARDS FOR ATTENDANCE</u>				
Robertson, et al. (1980)	Two groups of students 1) N=47 to test fixed schedule 2) N=52 to test variable schedule	Two schedules of reinforcement were examined for effects on absence rate. The test was conducted in two parts, 3 months under a fixed rate and 3 months under a variable rate schedule of reinforcement	Quasi-experimental (6 months)	Fixed schedule-18% reduction for experi- mental group compounded to 51% increase for control group. Variable schedule - no significant positive results.
Stephens & Burrroughs (1978)	6 nursing units (92)	2 lottery programs compared: \$20 lottery for each 20 employees eligible (no unscheduled absences for 3 weeks required for eligibility) \$20 lottery for each 20 employees (no unscheduled absences on 8 randomly chosen days over 3 week period)	Longitudinal (5 weeks)	Absenteeism decreased during 3 week period for both programs --absenteeism increased during 2 weeks after programs were discontinued.
Orpen (1978)	South Africa fabric workers (46 females)	\$.50 bonus for no unexcused absences during a week.	Quasi-experimental (random assignment)	Absenteeism decreased when program was initiated, increased when program was suspended, & decreased again when program was reinstated. Absenteeism rate of control group did not change.

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
Kemper & Hall (1977)	7500 production workers from two manufacturing plants	Operant conditioning techniques used as part of an attendance management system. Both positive and negative outcomes were utilized.	Quasi-experimental (2 years)	Absenteeism for plant 1 decreased to below 3% and to 6.7% for plant 2. The results were below baseline rates for both observations.
Wallin & Johnson (1976)	Production & office employees (80)	Monthly lottery for \$10 -- eligibility required perfect attendance for month.	Longitudinal (22 months)	Absenteeism decreased 30.6% - sick pay costs declined by 3,109.00
Panyan & McGregor (1976)	City employees (150)	\$10 bonus for each unused sick day (max. \$60) paid once a year.	Longitudinal (3 years)	Absenteeism decreased
Pedalino & Gamboa (1974)	Hourly employees in a mfg. plant (215)	Lottery (poker cards given each day present -- \$20 cash given to person with highest hand each week.	Quasi-experimental (16 weeks)	Absenteeism decreased during program but increased to previous levels when discontinued.
Schefflen, Lawler & Hackman (1971)	Part-time janitorial employees (79)	\$2.50 bonus for perfect attendance (1 week) - 1 group participated in developing program & program was imposed on 3 groups.	Quasi-experimental (data were examined 1 year after program was implemented.)	Absenteeism increased where management unilaterally discontinued program -- absenteeism decreased where program was retained.
Nord (1970)	Teachers	\$50 award for teachers who are not absent during semester.	Longitudinal (5 yrs. after program was installed.)	Cost of substitutes decreased even though number of teachers increased (2nd and 3rd yrs. most effective)
Nord (1970)	6 hardware stores	Lottery (to be eligible perfect attendance required excluding vacation & funerals) employees were placed into groups of 25 * \$25 drawing each month * TV set drawing each 6 months	Longitudinal (18 months)	Absenteeism decreased 75% & sick leave payments were reduced by 62%
Lawler & Hackman (1969)	Part-time janitors (79)	\$2.50 bonus for perfect attendance (1 week) 3 groups participated in developing program & program was imposed on 3 groups	Quasi-experimental	Absenteeism decreased for group that participated in developing program - absenteeism did not change for control groups or the groups where program was imposed.

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
Grove (1968)	Production & clerical employees (142)	2-6 month attendance periods per year: \$100 or 40 hours pay (whichever is greater) for perfect attendance \$50 or 20 hours pay (whichever is greater if absent only 1 day or no more than 3 occurrences of tardiness)	Longitudinal (absenteeism rate of 1st incentive period compared with like period 1 year early)	Absenteeism decreased *38% for production workers *16% for office workers *34% average for both groups
Adams (1954)	Heating and Supply Company	Pay in cash the week before Christmas for any unused sick leave	Longitudinal	Absenteeism successfully decreased
Kent (1951)	Employees of a small manufacturing co.	Payment of cash for good attendance	Longitudinal (15 months)	Absenteeism decreased to 2.3%
Scobell (1947)	Electric mfg. co. employees	Workers paid time and one-half for hours over 35 worked each week	Longitudinal	Absenteeism decreased 30%
Wright (1943)	4500 industrial employees	Wage increases for perfect or near perfect attendance	Longitudinal (3 months)	Absenteeism decreased 67%
Shoemaker & Reid (1980)	15 state institution employees	A 3 pronged behavioral modification approach which was targeted at 15 employees with high absenteeism rates. The program included counseling, letters of commendation for improvement and a rewards lottery.	Quasi-experimental	11 of 15 employees responded favorably. The total unit rates improved from a 11.69% mean to 8.5% during the program.
Robertson et al. (1980)	State university business students	Lottery-based incentive	Quasi-experimental	No significant difference between the significant reductions in absenteeism for both fixed & variable reinforcement
Szilagyi (1980)	Nonsupervisors in a merchandizing organization (182)	Leader rewards	Longitudinal	Performance-contingency reward significantly influence absenteeism
Norris (1981)	Kennecott Copper Corp. employees participating in Insight program	Employee wellness program	Longitudinal	52% improvement in attendance

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION (N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
Orpell (1981)	Black female factory workers (46)	Attendance Bonus	Quasi-experimental	Small bonus resulted in decreased absenteeism
Carlson & Hill	Small Mfg. company	Gaming	Longitudinal	Minimal reduction of absenteeism but signif- icant attitude improvements
Chaplik (1982)	School Vehicle Drivers	Positive attention, approval, & frugal incentive	Quasi-experimental	
Turner (1982)	Tennessee State 35,500	Well pay	Longitudinal	Significant reduction in sick leave
Young (1982)	Precision Forms Co. employees	Incentive of 1 free day each absence per quarter	Longitudinal	Sick days greatly reduced
Harvey et al. (1983)	Employees of a non- profit organization	Well pay	Longitudinal	Absenteeism reduce
Harvey (1983)	Two midwest organiza- tion employees	Time bank & well pay	Longitudinal	Absenteeism reduced in both organizations
Schneller & Kopelman (1983)	Industrial Textile Workers (213)	Attendance bonus plan	Longitudinal	Absence occurrences increased 13.9%
<u>SICK PAY PROGRAM</u>				
Winkler (1980)	57 public schools in California and Wisconsin	Three sick-leave policies were examined for impact on absence rates. 1) Income protection plan - (no loss in income for excess sick leave) 2) Proof of illness 3) Report to superior	Experimental- regression analysis (1 yr.)	1) significantly higher 2) significantly lower 3) significantly lower
Pocock (1973)	New production employees (454)	Introduction of a sick pay program	Longitudinal	Frequency of absenteeism increased 100%
<u>TEAM BUILDING</u>				
Stewart (1976)	Data entry dept. (250)	Installation of a new computer system - team approach encouraged	Longitudinal (3 years)	Absenteeism decreased 35%

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DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION(N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
<u>TECHNOLOGICAL CHANGE</u>				
Billings, Klimoski & Breagh (1977)	Dietary dept. of a large hospital (123)	Technological change (job changed but were not enriched)	Quasi-experimental	Absenteeism did not change over time or differ with control group.
<u>TRAINING PROGRAMS</u>				
Copenhaver (1973)	food service employees in a hospital	Supervisors received human relations training - supervisors involved in implementing job enrichment	Longitudinal	Absenteeism decreased 1% during training period
Wexley & Nemeroff (1975)	27 department heads of a medical center (absenteeism data collected from 3-6 randomly selected subordinates)	2 management training programs compared: *role playing, appraised session & assigned goals	Quasi-experi- mental (random assignment)	Absenteeism was lower for both groups of supervisors receiving training.
Hulme & Bevan (1975)	five companies	All salaried concept	Longitudinal	Absenteeism went up in each company.

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APPENDIX C
PHASE III REPORT: VALUED INCENTIVES SURVEY

**SOUTHERN CALIFORNIA
RAPID TRANSIT DISTRICT**

**ABSENTEEISM STUDY
AND
INCENTIVE PROGRAM**

**Phase III Report
Valued Incentives Survey**

Prepared by

**MacDorman & Associates
in association with
Templar Associates, Ltd.**

March 17, 1986

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I. INTRODUCTION

The purpose of this Phase III Report is to present the results of a survey of attendance improvement incentives valued by selected clerical, managerial, and professional employees at SCRTD. More specifically, the survey included all SCRTD employees who are not represented by the Amalgamated Transit Union and the United Transportation Union.

Section II details how Nominal Group Technique (NGT) was used as an "open-ended" approach to quickly gather from a broad spectrum of employees perceptions about what causes absenteeism and what might be done to improve it. The structured questionnaire for the mail-back survey of valued incentives was designed based on the information collected from the nominal groups.

Section III describes the mail-back survey which was administered to: (1) quantify observations about what causes absenteeism gathered from a much larger cross-section of employees, and (2) collect more detailed information concerning the types of incentives and rewards which employees reported might improve attendance.

Section IV compiles the basic information collected in the survey to create a profile of the absence culture at SCRTD.

Section V describes employees' preferences for various alternative features of an attendance control program. The degree of similarity for important employee subgroups is checked in this section. Specific program design questions are addressed by a section of the survey which asked about trade-offs which employees would be willing to make.

Section VI summarizes the important highlights of the Phase III report and lays the foundation for the final report of this project.

Appendix A provides a listing of all unsolicited written comments which were collected from the survey.

II. THE NOMINAL GROUP TECHNIQUE: WHAT WAS DONE

In the original SCRTD "Request for Proposal", management asked for a large-scale survey of the target population of employees. In order to maximize the usable information generated, we have learned that a vital step in the process is customizing the survey to reflect the client organization's context and perceived needs.

There are a variety of methods which could be used to elicit detailed, organization-specific information. One of the richest methods for doing this is the one-to-one interview. However, it is also the most expensive. A suitable alternative method which has major advantages over individual interview is the Nominal Group Technique (NGT).

NGT is a structured interview-session which can be attended by any number of people. The unique aspect of this technique is that individuals respond to specific questions by filling out ballots, questionnaires, etc. This information is then collected and displayed on a flip chart or an overhead transparency. This information can be discussed in a relatively open manner because individual's anonymity have been preserved. Compared to other discussion techniques, NGT group members usually report feeling more free to express their opinions and to evaluate the opinions of their peers.

Therefore, in January of 1986, five NGT groups were held at SCRTD main headquarters. Groups were composed of approximately 10-14 employees from throughout SCRTD who were selected by their division heads. We specifically requested that employees not be selected for having especially high or low absence rates. Likewise, we did not specifically want extremely vocal employees who would dominate the groups, nor did we want extremely silent types who would have nothing to say.

The participants in these groups represented the diversity of employees who work for SCRTD. Sixty-three percent were men. About 37% were union members. About one third were black. The participants fell into the following age categories:

Age <25: 2%

25-35: 29%
36-45: 32%
46-55: 29%
56 > : 6%

The purpose of the NGT meetings was to generate information which would help us understand the context of absenteeism at SCRTD. This information, in turn, would help us better design the survey. To reach this objective, an NGT session was divided into three parts. The first part was the introduction in which the facilitator, Professor Steve Markham of Virginia Tech, introduced himself and explained the nature of the meeting. About 15% of the employees volunteered afterwards that they had expected a very different meeting. They were very pleasantly surprised by the meeting. Professor Markham also had each member introduce him/herself to the group so as to break down some of the natural reserves and formality of the members. The remainder of the session was equally divided into discussions about: (1) what causes absenteeism at SCRTD, and (2) what are alternative methods for addressing this issue.

How was this agenda accomplished? The basic method was straight forward. In both parts, participants were asked to respond to some Likert-scales described below. These results were aggregated on the spot, recorded on a flip chart, and then discussed by the entire group. Second, open-ended questions, also described below, were used to generate topic items and to stimulate group discussion. Third, individuals were asked to rank these items on 3x5 cards. The results from each of the group's responses to Part A (what causes absenteeism) will be discussed first. Next, all of the sessions' responses to Part B (what options might work) will be summarized.

NGT-Part A: What Causes Absenteeism at SCRTD?

At the beginning of each session the following questions were distributed to each person. These questions are included here in the text as they appeared on the handouts. Also listed here are the aggregated responses from each of the five groups:

Exhibit 1

1. How serious is absenteeism among the office/clerical staff for this organization? (i.e., not bus drivers or mechanics)

<i>not at all</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely serious</i>
Group 1:	-	-	20%	40%	40%	-	-
Group 2:	0	17%	33%	33%	0	33%	-
Group 3:	10%	20%	0	40%	10%	10%	10%
Group 4:	-	-	36%	9%	45%	9%	-
Group 5:	9%	27%	9%	36%	18%	-	-

The above data indicate that there is very little agreement among participants about the seriousness of absenteeism. One might wonder how there can be such a diversity of opinion. This issue was answered during the discussion. Apparently, there are wide differences in absenteeism levels and absenteeism norms between the divisions in SCRTD. The variance in the results of the responses to this question suggested to us the need to obtain division number from each respondent to our planned survey. (The data in Exhibit 1 validate the Phase I Report findings which showed significantly different absence rates between the major divisions at SCRTD.)

The responses to the second Likert question on the handout, "How serious is absenteeism in your own department?" were almost identical to the first question. In other words, if a person believed that absenteeism was a serious problem at SCRTD by circling a 6 or a 7, they invariably chose a high number indicating that it was just as serious in their own department. (This could simply mean that they did not know how serious the problem was for SCRTD as a whole, and had assumed that the problem in their own department was indicative of the entire organization).

The next question on the initial handout asked:

Exhibit 2

3. What is the organization's average number of absence incidents per individual? (i.e., not for bus drivers or mechanics)

<i>Incidents:</i>	<i>0-3</i>	<i>3-6</i>	<i>6-9</i>	<i>9-12</i>	<i>12 ></i>
Group 1:	20%	20%	20%	20%	20%
Group 2:	13%	25%	25%	25%	13%
Group 3:	20%	40%	30%	10%	0
Group 4:	17%	42%	25%	17%	0
Group 5:	17%	25%	42%	8%	8%

In response to this question there is even more diversity of opinion than in the previous question. It is clear that participants were not aware of the absenteeism levels for the organization as a whole. (The responses to the next question on the handout ["How many different times were you absent in 1985?"] are not surprising. About 95% of the respondents felt that their own number of incidents was the same as or less than the organization's average. In other words, practically nobody thought that they were higher than the average, even though statistically speaking about 50% of them should be.) The responses to these questions indicated to us that: (1) we needed to get individual perceptions of absence levels and actual absence information on individuals (if at all possible), and (2) there is a need for a system-wide communication effort to establish standards of what is acceptable absenteeism.

NGT-Part A: Ranking of Causes

After the group had finished discussing the meaning of their responses to the above questions, Professor Markham moved onto the next step in which he passed out the following questions and asked members to take 10 minutes to silently list responses.

Exhibit 3

List 8 organizational or administrative or environmental reasons why people are absent here:

1. _____
2. _____
3.

List 8 personal or emotional or subjective reasons why people are absent here:

1. _____
2. _____
3.

After the group finished writing, Professor Markham requested each person in turn to offer an item to be listed on a flip chart in the front of the room. During this process, the groups engaged in discussion as to exactly what was meant by an item. When all the items had been listed on the flip chart and had been fully discussed, each person was requested to rank the 4 most important reasons (either subjective or objective) why SCRTD employees were absent. The most important item was to be given a 4, the next most important item a 3, etc. Thus, the items with the higher number of points represent the most important items to the group. Because the total number of points in a session will vary according to the number of participants in the group, percentages are used. -- The results for the groups are as follows:

Exhibit 4
Group 1: Problem Rankings

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	30%	Apathy among SCRTD workers
2	23%	Medical illness (with some abuses)
3	16%	Family problems
4	10%	Bad shift scheduling
5	9%	SCRTD building is in a dangerous place
6	6%	Dissatisfied with the organization
7	6%	Drugs & alcohol

The next group had more participants and generated more items. Their discussion took very different directions compared to the first group as the following table shows.

Exhibit 5
Group 2: Problem Rankings

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	15%	Job stress
2	14%	Poor communication with mgt./low employee involvement
3	11%	Lack of positive incentives for good attendance
4	11%	Drugs & alcohol
5	10%	Dissatisfaction with pay-for-performance increases & methods
6	8%	Inconsistent application of attendance discipline
7	8%	SCRTD is in a dangerous location
8	7%	Dead-end career with poor training
9	5%	Low job satisfaction
10	5%	Family problems (especially single parents)
11	4%	No pride
12	2%	Real medical illness

Note that there are many more alternatives listed by the second group compared to the first group. Yet there is not the clear consensus that was achieved in Group 1 in that the first item in Group 2 drew on 15% of the total possible points whereas the first item in Group 1 drew 30%.

Exhibit 6
Group 3: Problem Rankings

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	26%	Job dissatisfaction (due to routine work/poor supervision)
2	14%	Personal reasons
3	12%	Work avoidance due to others' absences
4	12%	No positive recognition for good attendance
5	10%	Family problems
6	8%	Medical illness
7	8%	The "use it or lose it" sick pay policy
8	4%	Lack of child care
9	3%	Dead-end careers
10	2%	Used up vacation time
11	2%	Weather (both good and bad)

Group 3 was very vocal in explaining how poor supervisory practices caused absenteeism in a variety of ways. (Both poor human relations skills and poor planning skills were mentioned.) Group 3 (along with Group 5) is the only group to rank "Personal Reasons" so highly.

Exhibit 7
Group 4: Problem Rankings

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	24%	Poor mgt. practices (low expectations)
2	16%	The "use it or lose it" sick pay policy
3	16%	Real sickness
4	9%	Apathy and burnout
5	8%	Day after pay day and 3-day extension policy
6	7%	Drugs & alcohol
7	6%	Lack of enforcement of attendance policy
8	4%	Lack of child care
9	4%	No positive recognition for attendance
10	3%	Transportation problems
11	1%	Weather (both sunny or rainy)

The top item in Group 4 was expressed in slightly different language compared to Group 3, but the critical incidents that were shared by participants were

essentially the same. (Item 1's parenthetical comment is a shortened version of the employee notion that many supervisors have such a low initial expectation of their subordinates that even the best employees become discouraged through this self-fulfilling prophecy).

Exhibit 8
Group 5: Problem Rankings

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	17%	Personal reasons
2	14%	No positive incentives for recognition of good attenders
3	13%	Job stress
4	10%	The "use it or lose it" sick pay policy
5	9%	Real medical illness
6	8%	Lack of child care
7	7%	Overwork/overtime due to manpower shortage/absences
8	5%	Transportation problems
9	4%	Poor mgt. treatment of employees
10	2%	Hard to get approval for absence, so call in sick
11	2%	Drugs & alcohol
12	2%	Family problems
13	1%	SCRTD is in a dangerous location
14	1%	Poor & stressful working conditions

This group focused on discussing the lack of positive recognition in general, and especially with respect to recognition for good attenders.

A number of observations can be noted when examining group responses in total.

(1) Each group had a different set of top four reasons:

Group 1: Apathy, medical illness, family problems, bad shift scheduling;

Group 2: Job stress, poor management practices, lack of positive incentive or rewards for good attendance, drug and alcohol abuse;

Group 3: Job dissatisfaction due to poor supervision, personal reasons, work avoidance, no positive recognition for good attendance;

Group 4: Poor management practices, "use it or lose it" sick pay policy, real sickness, apathy and burnout;

Group 5: Personal reasons, no positive incentives or recognition, job stress, "use it or lose it" sick pay policy.

- (2) Even though each individual was asked to rank order only 4 alternative explanations, the groups averaged 11 choices with a range from 7 to 14. Thus, there is not a clear convergence on just a few explanations. Rather, a wide variety of reasons seem to capture the participant's thinking.
- (3) Because of the wide diversity of responses, a wide mix of questions will be called for in the survey. Key areas of interest include:
- (a) job dissatisfaction,
 - (b) leadership/supervision practices,
 - (c) the need for positive incentives,
 - (d) apathy, burnout, or depression,
 - (e) health-related issues,
 - (f) job stress.

Overall, there appear to be a number of external factors affecting absenteeism. Many participants were extremely vocal about problems of poor supervision and burnout. Combined with the issues concerning employee perceptions of absence and their expectations, we decided that about 50% of the questionnaire would be devoted to these issues and 50% would be devoted to an examination of incentive program features. In order to get a better handle on these issues, the second part of each NGT session was devoted to an exploration of ways to reduce absenteeism.

NGT-Part B: What Options Might SCRTD Consider?

For the second part of each NGT session, the following structured questions were given to each participant. (These are included here as they ap-

peared on the handouts. Also listed here are the aggregated responses for each group.)

Exhibit 9

1. How well does management do in recognizing or rewarding your accomplishments?

<i>never attentive</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely attentive</i>
Group 1:	-	40%	0	20%	20%	20%	-
Group 2:	30%	20%	20%	10%	20%	-	-
Group 3:	37%	37%	9%	9%	0	0	9%
Group 4:	31%	15%	8%	23%	23%		-
Group 5:	17%	17%	8%	17%	16%	16%	8%

The responses to this question indicate: (1) that there is considerable variation between employees in terms of their perceptions of the amount of recognition or rewards given, and (2) that SCRTD management might consider these results low because for 4 of the 5 groups between 40% and 65% of the participants fell into the two lowest response categories. The groups' discussions of these results indicated that many of their perceptions were related to the pay-for-performance system and its administration. To expand on the topic of recognition, a second question was asked.

Exhibit 10

2. How well does management give recognition or rewards to people with perfect attendance records?

<i>never</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely well</i>
Group 1:	40%	20%	20%	0	0	20%	-
Group 2:	60%	10%	0	10%	10%	0	10%
Group 3:	90%	10%	-	-	-	-	-
Group 4:	75%	0	8%	17%	-		-
Group 5:	42%	8%	17%	8%	0	8%	16%

This question received the most negative responses of all the questions used in this set. Between 50% and 100% of the participants in each group rated management in the lowest two response categories; there were very few responses in

the 5, 6, and 7 categories. When queried, the groups explained that there are isolated programs (such as for the telephone operators) which do focus on attendance, and a few people were thinking of the bus operators' program which contains a major component about absenteeism. Their discussion also suggested that there were: (a) real needs in this area, and (b) opportunities for improvement in terms of SCRTD's management practices in this area. A final point raised in two of the groups is that recognition should not be reserved for perfect attenders, but that there should also be some type of recognition for "excellent" or "good" attenders. In anticipation of the responses to the above question, a follow-up question was asked.

Exhibit 11

3. If you had a perfect attendance record for the past year, how would you feel about it?

<i>I wouldn't care</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 I'd feel really proud</i>
Group 1:	-	-	-	-	-	20%	80%
Group 2:	-	-	10%	20%	10%	10%	50%
Group 3:	-	17%	0	8%	8%	44%	33%
Group 4:	-	8%	0	8%	8%	38%	38%
Group 5:	17%	0	8%	8%	8%	8%	50%

The responses to this question indicate that there may be some intrinsic value for employees if they could achieve a perfect attendance record. Across all groups, between 50% and 100% of the participants fell into the two highest response categories indicating that they would feel very proud of a perfect attendance record. Also note that there is a wide dispersion of minority opinion. When questioned during the session, some of these employees indicated that they were so tired or burned out that they just didn't care. A vocal minority argued that management should instead focus on recognizing and rewarding the quality of work done.

Given that a large majority of respondents indicated that (a) they believed that very little attention is given to perfect attenders and (b) they would really feel proud if they could achieve perfect attendance, we considered another question, that is, who should "recognize" the good attenders? Thus, the final structured

question had multiple parts so we could compare the relative importance of each different people to each other.

The questions along with the responses from each group follow.

Exhibit 12

4. If you had a perfect (or nearly perfect) attendance record for the past year, how important would each of the following be in recognizing it?

My supervisor:

	<i>not important</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely important</i>
Group 1:	-	-	-	20%	0	60%	20%	
Group 2:	-	-	-	10%	30%	40%	20%	
Group 3:	20%	0	10%	20%	10%	20%	20%	
Group 4:	-	0	0	0	17%	50%	33%	
Group 5:	8%	8%	0	0	17%	25%	42%	

Notice that most respondents strongly felt that recognition from the supervisor is important. The two highest categories, when combined, capture between 40% and 80% of the group members.

Exhibit 13

My co-workers:

	<i>not important</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely important</i>
Group 1:	-	-	20%	0	20%	40%	20%	
Group 2:	20%	0	20%	10%	20%	20%	10%	
Group 3:	10%	20%	50%	0	0	10%	10%	
Group 4:	-	25%	25%	25%	24%	-	-	
Group 5:	17%	17%	25%	0	8%	17%	17%	

There is a sharp overall drop off when comparing the importance of co-workers and the importance of the supervisor. Note, however, that there is still an important minority in the top two response categories.

Exhibit 14

Other employees:

	<i>not important</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely important</i>
Group 1:	40%	0	0	40%	0	0	20%	
Group 2:	10%	0	30%	20%	20%	10%	10%	
Group 3:	30%	10%	20%	30%	0	0	10%	
Group 4:	8%	33%	17%	33%	8%	-	-	
Group 5:	33%	25%	8%	17%	0	0	17%	

There is even more of a drop off in the response to the importance of fellow employees in recognizing good attendance. Of the three studied so far, this one is the lowest.

Exhibit 15

My family:

	<i>not important</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely important</i>
Group 1:	40%	0	0	0	0	40%	20%	
Group 2:	-	-	20%	20%	30%	30%	-	
Group 3:	20%	20%	10%	0	10%	20%	20%	
Group 4:	17%	0	8%	17%	33%	0	25%	
Group 5:	42%	8%	0	17%	0	8%	25%	

Responses to this last question show an extremely bi-modal pattern. In Group 1, for instance, about 40% of the respondents are in the lowest category for whom recognition from their families (if they have one) is not at all important. At the other extreme, the remaining 60% are in the two highest categories. We predict that there will be vocal employee criticism regardless of the communication program chosen by the SCRTD Design Team. The results for the next question are more clear.

Exhibit 16

My neighborhood:

<i>not important</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7 extremely important</i>
Group 1:	40%	0	0	20%	0	20%	20%
Group 2:	40%	30%	0	10%	10%	10%	-
Group 3:	70%	30%	-	-	-	-	-
Group 4:	59%	25%	0	0	8%	8%	-
Group 5:	67%	8%	0	17%	0	8%	-

The responses to this question clearly show that the neighborhood is the least important source of recognition for the participants.

Overall, based on both the above data and the follow-up discussions, group members made clear their feelings that the supervisor is the key source of recognition and the neighbors are the least important. A separate, but vocal minority each defended the importance of co-workers, family members, and other SCRTD employees in the recognition process.

NGT-Part B: Ranking of Options

In order to get a clearer picture about all of the alternatives SCRTD management should consider to improve attendance, the participants were asked to rank their top 4 choices from their responses to the following questions:

Exhibit 17

List 8 things management might do to get employees to come to work more frequently:

1. _____
2. _____
3.

Exhibit 18

List 8 ways of recognizing or rewarding attendance which appeal to you:

1. _____
2. _____
3.

The responses to these questions were listed on a flip chart to encourage detailed discussion. Based on this discussion each NGT participant listed her/his top 4 ideas most likely to get employees to come to work. For Group 1 a summarization of these methods most likely to reduce absenteeism is shown below. (Note also that, as in Part A, each group generated their own sets of items. Thus, each group might not have all the same items as another group. Because these lists are not exhaustive nor identical between groups, these group results should be interpreted as (1) suggestive and (2) laying the foundation for the survey to follow.)

Exhibit 19
Group 1: Options

Ranking	% of Total Points	ITEM
1	20%	Stronger discipline policy
2	19%	Cash Bonus (at least \$50)
3	14%	Training in human relations skills (for better morale)
4	14%	Pay back unused sick days at 75%
5	12%	Awards and/or certificates of merit
6	7%	Reduce stress at work
7	5%	Home visitation or call-backs by supervisors
8	5%	Transfer unused sick time to another employee
9	5%	Mandatory physicals & drug screening

It is interesting to note in the above group that there was general recognition of the need for a strong, clearly enforced discipline program for poor attenders. This was also the only group to rank cash bonus that highly. From the above list the item called "awards" means "positive personal recognition" in Group 2 below.

Exhibit 20
Group 2: Options

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	28%	Positive personal recognition
2	13%	Reduce job stress
3	12%	Exchange sick days for holidays
4	11%	Stronger discipline with termination for excess
5	11%	Flex-time
6	8%	Peer group absence-monitoring boards
7	6%	Relocate SCRTD main building
8	6%	Cash bonus
9	5%	Stop the punishment mentality

Of all the NGT groups, this one had the clearest agreement: positive personal recognition came out a clear first. One contradiction that should be noted is that 11% of the total points were given to "stronger discipline code is needed which results in termination"; whereas, 5% of the total points were given to "discontinue the punishment mentality about absenteeism." When queried, this group's participants said that this was the result of the extraordinarily big differences between divisions and between supervisors in terms of how the attendance policy is administered.

Group 3's responses were somewhat different from Group 2's. They are listed below.

Exhibit 21
Group 3: Options

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	19%	Improve mgt.'s communication/human relations skills
2	18%	Positive recognition/incentives
3	14%	Improve pay-for-performance system & promotions
4	9%	Give all depts. the same absence policy
5	8%	Day care center
6	8%	Cash bonus
7	7%	Flex-time
8	6%	Compensatory time off for good attendance
9	5%	Improve work environment
10	3%	Unlimited sick leave accumulation
11	2%	More unity & teambuilding in departments
12	1%	Investigate chronic absentee employees

For this group, improvements in management communication and human relations skills and personal recognition rank highly as the best ways to reduce absenteeism.

Exhibit 22
Group 4: Options

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	14%	Cash bonus
2	14%	Personal recognition program
3	12%	Flex-time
4	12%	Uniform absence code enforcement
5	9%	Paid time off for perfect attendance
6	7%	Make-up time for medical appointments
7	7%	Improve conditions with a gym/health center
8	7%	Eliminate "use it or lose it" sick pay policy
9	5%	Make jobs less routine and boring
10	5%	Return unused sick pay at 75%
11	2%	Improve management's attitude
12	2%	Create more team feelings
13	2%	Stop counting incidents; count total hours

Note that both cash bonus and personal recognition came up as the two most preferred options. – Finally, the ranking of the last group’s options are listed below.

Exhibit 23
Group 5: Options

<u>Ranking</u>	<u>% of Total Points</u>	<u>ITEM</u>
1	22%	Positive recognition/incentives
2	16%	Allow more discretion to schedule absences
3	15%	Flex-time
4	14%	Paid time off for perfect attendance
5	12%	Change “use it or lose it” sick pay policy
6	7%	Create positive morale & mgt. attitudes
7	4%	Change point system from incidents to total hours
8	4%	Uniform enforcement of attendance policy
9	2%	Cash bonus
10	2%	Treat employees like adults
11	2%	Have more problem-solving groups like this

For this group, greater discretion in scheduling absence, flex-time and paid time-off were ranked highly after the first choice of personal recognition.

NGT-Part B: Program Suggestions

A final page was distributed to the participants which asked them to focus specifically on how a positive program might be designed.

Exhibit 24

If you were designing an award for perfect attendance, what would it look like?

1. _____
2. _____
3.

Exhibit 25

If you were going to receive a perfect attendance award, how would you want to receive it?
(Where?, when?, how?, with whom?, etc.)

1. _____
2. _____
3.

The preponderance of answers to these open-ended questions were in line with our initial expectations. Most people wanted some type of award, (such as a certificate or piece of jewelry), a cash bonus, and/or time off. Most also wanted some type of acknowledgement from the Board of Directors, General Manager, and their supervisors. An awards banquet was mentioned frequently.

Summary

Overall, the Nominal Group Technique was very well received by the participants, and it produced a rich description of perceptions about the absence culture at SCRTD. This information is extremely useful for custom-tailoring the valued incentives survey. More importantly, it provides a detailed source of information to use to design and validate the statistical results of the survey. A number of consistent themes were common to all of the groups, including:

- (1) a need for some type of positive recognition,
- (2) dissatisfaction with the current handling of this problem,
- (3) a concern about the work place and it's influence on absenteeism.

The NGT experience had other benefits which are hard to quantify, but nevertheless important. In particular, the group members seemed enthusiastic about sharing important, job-related information. When this enthusiasm spreads throughout the organization, it usually results in (a) a temporary reduction of absenteeism, and (2) a positive reception of the follow-up survey by employees who had heard about the NGT meetings.

Although nominal groups are a rich source of information, this information is often difficult to quantify and interpret. As a result, a more structured survey is

needed. The next section of this report will describe the results of the valued incentives survey which was based in part, on the NGT results.

III. THE SURVEY - BACKGROUND

The purpose of this section is to (1) explain the methods used to administer and analyze the survey, and (2) discuss the results of the survey in terms of the absence culture at SCRTD.

Methods

Based on the information collected through the NGT sessions, a 4 page questionnaire about absenteeism attitudes and practices was developed. During February 1986, the valued incentives survey was mailed to the homes of the approximately 2,000 managerial/clerical employees. These types of surveys usually result in a return rate of approximately 10% to 15%. In order to improve this response rate, the cover letter attached to the survey explained that 10 names would be selected in a lottery from all completed responses. Each winner would receive a prize of \$50. We believe that the use of this feature helped to considerably raise the overall response rate. Thus, about 620 usable surveys were returned, which is a response rate of about 30%. SAS (Statistical Analysis System) Version 82.4, a mainframe statistics package, was used to compute the statistics in this report.

Results - Demographics:

In order to better understand the entire set of results, let us create a profile of the typical respondents. (This profile is almost identical with the composition of the NGT groups.) About 31% of the respondents were female; 69% were male. About 18% were single; 66% were married; 1% were widowed; and 16% were divorced or separated. The average number of dependents was 2 (standard deviation = 2.28). Only 22% of the respondents indicated that they had no dependents. Thus, there were significant numbers of single parents. There was a clear majority of non-union workers, about 73%. (However, union members reported a significantly higher amount of absences.) The average worker has been

with SCRTD about 9.8 years. The average age is 43 years, ranging from 21 to 69. More than half of the respondents (about 56%) regularly worked overtime in 1985. More than half (55%) have no direct subordinates. (Thus, there is a high representation of supervisors and managers in this group.) Supervisors had an average span of control of 29 direct subordinates. (This figure is high because a number of garage managers reported up to 200 or more direct subordinates.) Overall, respondents to the survey were relatively older, with a fair amount of experience, and with many family responsibilities.

Absence Culture

Before implementing any attendance improvement program, an analysis of the organization's attendance culture can help pinpoint areas of possible improvement and indicate what types of programs might be more likely to succeed.

For these respondents, the average commute to work is 43 minutes, not unusual for the Los Angeles area. This is important to note because the length of the commute was strongly related to the frequency of absences with a correlation of $r = .27$ ($p < .0001$). This may contribute to the 3.1 average number of tardies, which ranged from 0 (reported by 63% of the respondents) to 150 incidents.

Overall, the average number of total hours absent for 1985 was estimated by respondents to be 37.6 hours (or 4.7 days). At one extreme someone reported 800 hours of absence. At the other extreme, 22% of the respondents indicated that they had perfect attendance in 1985. Compared to the organizational records collected and reported in the Phase I report, there is either an underestimation by employees of their absence rate, or an underrepresentation of chronic absence employees in this survey. In terms of frequency of absences, employees reported they were absent, on average, about 3.9 times; therefore, an average absence occurrence lasted for 1.2 days.

In Phase I of this project, we were able to collect a random sample of about 720 employees absence records drawn from this same target population. For this group of employees, organizational records indicated that the average number of incidents of absence (not counting tardies) was 5.3 for the period of November 1, 1984 to October 31, 1985. This is higher than the self-reported data above. Or-

ganizational records indicated an average of 120.2 total hours of absence (from all sources). This figure translates into about 14.7 days, which is clearly higher than the average of 4.7 days reported by participants in the above section.

This difference should not be interpreted as meaning that participants were intentionally underreporting their absences. One explanation for the discrepancy might be that participants did not count certain categories of absence (such as jury duty or military leave) which were incorporated into the organizational records' total figure.

Yet another explanation for this difference is that the people who sent back our survey were not employees with chronic absence. This explanation was investigated in the following manner. First, we located all the employees (N=201) for whom we could match a survey and an absence record. We then compared these to all individuals (N=404) for whom we had a survey but no absence record. There was no significant difference between both groups self-reported levels of absenteeism. However, when we compared the absence records for employees with a survey (N=201) versus employees without a survey (N=520), there were significant differences. Those people who did NOT return our survey had a significantly higher frequency of absence incidents (5.42 vs. 3.58, $p < .0001$) compared to those who returned the survey. There was also a significant difference in total hours of absence. Non-respondents averaged 136.4 hours versus 68.8 hours for respondents ($p < .0004$).

Therefore, readers should exercise caution in interpreting the results of the survey because the employees with extremely high levels of absenteeism are underrepresented. (Later data analyses will isolate this high absence group who did respond to our survey.)

As a final positive note, one of the criteria we examine to understand an organization's absence culture is the correlation between the self-reported absence levels and the matching organizational records. If the correlation is low, it means that employees are not aware of their own absence levels. If the correlation is high, then it means that, employees are aware of and may be monitoring their absence behavior. For the 201 employees for whom we had matching data, there were high correlations between self-reported incidents and recorded incidents (r

= .60, $p < .0001$) and between self-reported total hours and recorded hours ($r = .71$, $p < .0001$).

Only 1.6% of the respondents indicated that they believed that they were absent more often than other employees. About 13% felt they were absent about the same as other employees. This means 85% of the respondents believed that they were absent less often than other employees. If respondents have overestimated their own performance in terms of absenteeism, they may also have peculiar notions about what's acceptable attendance behavior. In response to the question, "Speaking for yourself, what's an acceptable level of absenteeism at SCRTD?" employees felt on average that 54 hours per year (or 6.7 days) was acceptable. This figure, however, belies a great deal of variation. At one extreme, only .9% of the respondents indicated that 0 was acceptable. At the other extreme 10% of the respondents felt that anywhere from 96 hours to 300 hours was acceptable.

When asked to estimate management's goal for attendance, 29% of respondents thought it was perfect attendance as shown below.

Exhibit 26

7. What do you think management's goal for absenteeism is for you?

29%	Perfect attendance
10%	1 or 2 days a year
16%	3 or 4 days a year
17%	5 or 6 days a year
4%	7 days a year or more
25%	Management does not seem to have a clear goal.

Given the fact that the respondents to this survey were primarily older, less absence prone workers more likely to be in the managerial ranks, it is noteworthy that a full 25% would indicate that management doesn't seem to have a clear goal.

An organization's absence culture can also be viewed in terms of other key attitudes, as the following results indicate. (Recall that the response categories for this section of the survey range from "SA" for Strongly Agree to "SD" for Strongly Disagree.)

Exhibit 27

1. Management's standards for attendance are high.....

<i>SA</i>	<i>MA</i>	<i>PA</i>	<i>PD</i>	<i>MD</i>	<i>SD</i>
26%	23%	21%	8%	9%	13%

The responses to these questions makes an interesting counterpoint to the management goal question. On one hand 25% feel that there is no clear goal; on the other hand, by summing the responses to all three categories of "agree", 70% can agree to some extent that management's standards are high.

Exhibit 28

1. Absenteeism is a problem around here.....

<i>SA</i>	<i>MA</i>	<i>PA</i>	<i>PD</i>	<i>MD</i>	<i>SD</i>
47%	16%	14%	6%	9%	7%

Again by summing across the three agree categories, a full three quarters (77%) of the respondents agree to some extent that absenteeism is a problem. As a result, the high standard held by management is not enough to alleviate the problem.

The following two questions explore possible problems with absence rules or norms.

Exhibit 29

7. The sick pay rules are too liberal here.....

<i>SA</i>	<i>MA</i>	<i>PA</i>	<i>PD</i>	<i>MD</i>	<i>SD</i>
23%	11%	13%	14%	14%	26%

2. Being absent occasionally is one of the benefits of this job.....

<i>SA</i>	<i>MA</i>	<i>PA</i>	<i>PD</i>	<i>MD</i>	<i>SD</i>
11%	11%	15%	10%	10%	43%

First, there is no consensus concerning sick pay rules. About an equal number believe that the rules are too liberal as believe that the rules are not too lib-

eral. Second, it is a positive indicator that a majority of respondents do not believe that being absent occasionally is one of the benefits of the job. The responses to the first question indicate (1) that the rules need to be re-examined, and (2) that enforcement across departments must be checked.

Job satisfaction (or dissatisfaction) represents an important aspect of an organization's absence culture and climate that can affect employee attendance. The following questions examine that aspect.

Exhibit 30

16. I am satisfied with my job.....

<i>SA</i>	<i>MA</i>	<i>DA</i>	<i>DD</i>	<i>MD</i>	<i>SD</i>
36%	30%	16%	4%	6%	7%

19. The physical working conditions here are excellent.....

<i>SA</i>	<i>MA</i>	<i>DA</i>	<i>DD</i>	<i>MD</i>	<i>SD</i>
17%	22%	19%	10%	13%	18%

20. My supervisor is an excellent person to work for.....

<i>SA</i>	<i>MA</i>	<i>DA</i>	<i>DD</i>	<i>MD</i>	<i>SD</i>
29%	26%	19%	6%	8%	13%

It is encouraging to see that a majority of respondents are satisfied with their job and find that their supervisor is a good person for whom to work. Reactions to the physical conditions are less positive, with a significant minority of people responding in the three disagree categories. These conditions are important to understanding absenteeism because all three are statistically significantly correlated with the reported number of hours absent. Satisfaction with the job is correlated with $r = .44$ ($p < .0001$) with working conditions and $r = .39$ ($p < .0001$) with satisfaction with supervisor. Satisfaction with supervisor and satisfaction with working conditions are also correlated ($r = .34$, $p < .0001$).

Another explanation for the perception of absenteeism as a problem is the lack of reward for good attendance,

Exhibit 31

10. Good attendance is rewarded here.....

<i>SA</i>	<i>MA</i>	<i>TA</i>	<i>TD</i>	<i>MD</i>	<i>SD</i>
4%	5%	11%	12%	13%	54%

Of all the questions from the survey examined so far, the responses to this one are the most negative. In just the "SD" category there are 54% of the respondents who strongly indicate that good attendance is not rewarded at SCRTD.

Following this line of reasoning, do employees feel a need to be recognized for good attendance? The next question addresses this.

Exhibit 32

31. I really like the idea of being recognized for good attendance....

<i>SA</i>	<i>MA</i>	<i>TA</i>	<i>TD</i>	<i>MD</i>	<i>SD</i>
43%	20%	22%	5%	4%	6%

It's clear that most of the responses (85%) fall to the agree half of the scale. Equally important, this distribution validates and supports the NGT results that recognition is important to employees.

Finally, do employees feel that if they tried harder, they could improve their attendance records?

Exhibit 33

30. If I tried harder, I could improve my attendance.....

<i>SA</i>	<i>MA</i>	<i>TA</i>	<i>TD</i>	<i>MD</i>	<i>SD</i>
14%	9%	15%	10%	9%	43%

(N = 132 dropped. See below.)

The above frequencies do not include those individuals who reported perfect attendance records. Thus, for the remainder, less than half (38%) agreed somewhat with the notion that they could improve. A large number (43%) of the respondents strongly disagreed with this statement. There is a statistically

significant correlation of $r = -.19$ ($p < .0001$) with this question and hours absent. In other words, people who strongly disagreed with this statement had higher absence rates. Furthermore, older workers significantly tended to be in the SD category. People who felt that their absence levels were lower than others (even though it is usually not true), were much more likely to strongly disagree with the idea that they could improve attendance if they tried. Finally, union members tended to feel that they could not improve their attendance records ($r = -.23$, $p < .0001$).

Summary

These survey data seem to describe an absence culture at SCRTD in which:

- (1) there is little agreement about the standards for absence behavior,
- (2) the sick pay rules may be too lax,
- (3) there is both a lack of reward for attendance, and a strong desire for recognition, and
- (5) uncertainty that individuals can improve their attendance behavior.

The reader should that note some contradictions exist in these perceptions. For example, while absenteeism is perceived as a problem, most respondents (NOT counting the perfect attenders) do not believe they can improve. Thus, there is a need to examine the data in the following section and to be aware that employee attitudes are only one element that should be considered in designing an attendance improvement program.

IV. THE ABSENCE SURVEY--WHAT IS VALUED

Having described the absence culture at SCRTD, this section investigates what might be valued by employees as a means of reducing absenteeism. The second half of the valued incentives survey investigated respondents' perceptions of positive programs along with other administrative actions which SCRTD management can select from to address the absence problem.

In this section we will explain employee preferences and design considerations in the following four categories:

- (1) employee program preferences,
- (2) supplemental administrative actions,
- (3) recognition programs, and
- (4) communication programs.

Each of these categories are necessary components of a well-designed attendance control program. If any one area is ignored in the design process, then the chances of success for the overall program are seriously diminished.

In the second half of this section, we will explore program trade-offs in response to the following questions:

- (1) If a lottery is used, would employees prefer smaller prizes with a higher chance of winning or fewer prizes of higher value?
- (2) In terms of rewarding attendance, would employees prefer larger awards associated with longer time intervals or smaller awards given more frequently?

- (3) In terms of commitment to improvement, would employees prefer larger awards for perfect attendance, or smaller awards for less-than-perfect attendance?
- (4) In terms of possibly cashing-in unused sick leave, would employees prefer to receive a higher percentage for a perfect record, or a lower percentage for a less-than-perfect record?

Results: Employee Program Preferences

Absenteeism is very costly, especially when an organization provides a paid sick plan for employees. However, if absenteeism costs could be reduced it may be possible to share some of these savings with employees. To determine what type of program might be a good investment to reduce absenteeism, we asked employees to imagine that it was decided that absenteeism had been reduced enough so that everyone could receive \$1,000 or the equivalent. With their \$1,000, we asked how they would *PERSONALLY* choose to spend it among the programs listed below. They were then asked to distribute the \$1,000 in any way they wished. They could distribute all \$1,000 to one program or a few dollars to each item, or any other combination. In any case, the total number of dollars distributed should add up to \$1,000. Based on these instructions employees, on average, distributed the \$1,000 as shown in Exhibit 34.

Exhibit 34
PROGRAM ALLOCATION PREFERENCES
(All Survey Respondents)

\$ 500 should be given as a direct cash bonus at the end of the year.

\$ 167 should be converted into additional vacation days.

\$ 137 should be used to buy back any unused sick days.

\$ 95 should go directly into an account to be given at retirement.

\$ 51 should be added directly to my hourly wage or my salary.

\$ 21 should be used to improve employee benefits.

\$ 39 should be used for another purpose such as: (fill in)_____

The cash bonus is very clearly the first choice given the above list of alternatives. A word of caution should be noted here about the predominate position given to cash. Employees' preference for this may be overstated. This could, in part, be explained by the fact that it was first on the list. In addition, in the NGT groups cash was not given the same weight as, say, personal recognition or the need for more uniform enforcement of attendance policies.

Note that an average of \$39 was allocated to the "other" category. Examples of some of the other types of programs are listed below:

Alternative Programs to Encourage Attendance: Employee Comments

Improve work environment

\$100 for no miss-out or sick all year

\$1000 to be added to sick benefits in case of illness.

\$1000 to prepay medical insurance/underwrite deductible.

\$1000 to buy back any unused sick days "pro-rated to number of unused days."

"Unused funds should be returned to operating costs."

\$1000 "for individual choice of these items."

\$500 for reduced medical payments and \$500 for retirement fund.

\$500 for IRA.

\$1000 for precious metals (gold)

\$500 for an account to be given at retirement "or employee elected termination."

\$1000 for reduced costs.

"*everyone* shouldn't receive the \$1000, only those with good attendance should be rewarded."

\$100 to support a total employee fitness center.

\$1000 for health club. "This would cut down on sick time."

\$1000 for long term illness.

\$250 for educational goals.

\$200 for employee morale.

\$500 for in-service training.

\$1000 for providing emergency day care.

\$1000 for more security.

\$1000 to cut the budget.

\$150 for emergency funds.

\$500 increase insurance benefits

\$200 for automatic savings

\$1000 for deferred compensation

"Should not even be considered."

\$1000 for child day care

\$500 Savings

\$200 for Gifts: Tickets for sports, concerts or other types of gifts

\$500 for monthly cash bonus

"Payback should be related to individual contribution - inversely proportional to percentage of sick leave used."

Given that in the NGT groups and in the survey there was evidence of wide variation in respondents, we wondered if the same programs would appeal equally to two important subgroups. To investigate this issue, the average male response is contrasted below with the average female response. (The Phase II report indicated that women have a significantly higher level of absences than men.)

The following symbols will be used to show various levels of statistical significance. If $p < .10$, then a "+" will be used. If $p < .05$, then a "*" will be used. If $p < .01$, then a "**" will be used. "P" refers to the probability of saying there is a significant effect when it might be due to chance. The smaller the number, the less likely a false conclusion will be made.

Exhibit 35
PROGRAM ALLOCATION PREFERENCES
Men vs. Women
(n = 421 v n = 190)

<u>M</u>	v	<u>W</u>	
\$ 477	v	558*	should be given as a direct cash bonus at the end of the year.
\$ 158	v	185	should be converted into additional vacation days.
\$ 143	v	126	should be used to buy back any unused sick days.
\$ 111	v	59*	should go directly into an account to be given at retirement.
\$ 59	v	37	should be added directly to my hourly wage or my salary.
\$ 19	v	28	should be used to improve employee benefits.
\$ 42	v	33	should be used for another purpose such as: (fill in) _____

* indicates significant mean differences at $p < .05$

** indicates significant mean differences at $p < .01$

There are two very important differences between the men and women. First, the men allocated significantly less money to be given as a direct cash bonus. Second, they allocated a much higher amount to be placed in a retirement account. These differences could be a reflection of the fact that the sample included single women with children whose immediate concern is month-to-month take-home-pay. These women might feel that they do not have the luxury of planning for retirement. This difference might also be explained if the women in the sample are in lower paying jobs at SCRTD, or they perceive their jobs as temporary.

We also wanted to highlight any possible differences between perfect attenders and high absence employees because this latter group is underrepresented in the survey. Therefore, we divided the survey respondents into three groups: (1) perfect attenders (N=132), (2) medium absence employees (N=280), and (3) high absence employees (N=178). (The last group was composed of those employees who reported more than 32 total hours of absences.) We dropped the middle group from the following analysis to highlight the differences from the extreme groups. We then compared the lowest and highest absence groups as shown below.

Exhibit 36
PROGRAM ALLOCATION PREFERENCES
Perfect Attenders vs. High Absence Employees
(n = 132 v n = 178)

- PA v HA
- \$ 447 v 547* should be given as a direct cash bonus at the end of the year.
- \$ 167 v 182 should be converted into additional vacation days.
- \$ 215 v 89* should be used to buy back any unused sick days.
- \$ 126 v 73 should go directly into an account to be given at retirement.
- \$ 58 v 45 should be added directly to my hourly wage or my salary.
- \$ 18 v 12 should be used to improve employee benefits.
- \$ 39 v 48 should be used for another purpose such as: (fill in) _____

* indicates significant differences

Once again, there are two important differences between these groups. High absence employees prefer more cash. Perfect attenders would like to buy back unused sick days. For both groups, the last three alternatives are much lower than the first four.

Results: Administrative Actions

Earlier in this report we discussed various aspects of the absence culture at SCRTD. There are a number of administrative methods to reduce absence which were pointedly brought up in the NGT groups. Therefore, we asked survey respondents to consider some administrative methods of reducing absenteeism for employees in this survey. We asked them which method(s) they thought *would most discourage absenteeism*. We then asked them to imagine that they had a total of 10 points, and that they should distribute these points across the items

listed below in any combination, so long as it totals 10. The average allocations of these points are shown in Exhibit 37.

Exhibit 37
ADMINISTRATIVE ACTIONS
All Survey Respondents

- 1.08 Good attendance should be a requirement for working overtime.
- 2.52 Good attendance should be a requirement for raises.
- 2.26 Excessive absenteeism should result in progressive discipline (& possible termination).
- 1.15 For any absence, an employee should be required to call-in to their supervisor.
- .86 When excessive absences occur a formal warning should be written & put in the employee's folder.
- 1.18 For an extended sick absence, an employee should bring in an M.D.'s note.
- 1.06 Supervisors should give one-to-one counseling to problem employees.

The first choice of all respondents, that is "good attendance should be a requirement for raises", was not mentioned in any of the NGT groups. However, the second most popular administrative action concerning the use of progressive discipline and terminations was very strongly emphasized in the NGT groups. One of the central concerns about this issue which also came out in the groups was the need for uniform enforcement of the attendance policy which is an important feature of the second highest item.

The responses to these sets of programs were analyzed for men and women to determine if important differences existed.

Exhibit 38
ADMINISTRATIVE ACTIONS
Men vs. Women

- | <u>M</u> | v | <u>W</u> | |
|-------------|---|--------------|--|
| <u>1.02</u> | v | <u>1.21</u> | Good attendance should be a requirement for working overtime. |
| <u>2.50</u> | v | <u>2.58</u> | Good attendance should be a requirement for raises. |
| <u>2.39</u> | v | <u>1.99*</u> | Excessive absenteeism should result in progressive discipline (& possible termination). |
| <u>1.13</u> | v | <u>1.21</u> | For any absence, an employee should be required to call-in to their supervisor. |
| <u>.85</u> | v | <u>.89</u> | When excessive absences occur a formal warning should be written & put in the employee's folder. |
| <u>1.30</u> | v | <u>.93+</u> | For an extended sick absence, an employee should bring in an M.D.'s note. |
| <u>1.02</u> | v | <u>1.14</u> | Supervisors should give one-to-one counseling to problem employees. |

* indicates significant differences at $p < .05$

+ indicates significant differences at $p < .10$

Men felt more strongly than women that excess absenteeism should lead to progressive discipline and termination. The men also felt a bit more strongly than the women that an employee should bring in an M.D.'s note when absent. We also analyzed the differences in responses between employees with perfect attendance records and those who were frequently absent.

Exhibit 39
ADMINISTRATIVE ACTIONS
Perfect Attenders vs. High Absence Employees

<u>PA</u>	<u>v</u>	<u>HA</u>	
<u>1.30</u>	<u>v</u>	<u>1.01</u>	Good attendance should be a requirement for working overtime.
<u>2.92</u>	<u>v</u>	<u>2.16*</u>	Good attendance should be a requirement for raises.
<u>2.57</u>	<u>v</u>	<u>1.86**</u>	Excessive absenteeism should result in progressive discipline (& possible termination).
<u>.84</u>	<u>v</u>	<u>1.45**</u>	For any absence, an employee should be required to call-in to their supervisor.
<u>.84</u>	<u>v</u>	<u>1.01</u>	When excessive absences occur a formal warning should be written & put in the employee's folder.
<u>.80</u>	<u>v</u>	<u>1.36</u>	For an extended sick absence, an employee should bring in an M.D.'s note.
<u>.79</u>	<u>v</u>	<u>1.05*</u>	Supervisors should give one-to-one counseling to problem employees.

* indicates significant differences at $p < .05$

** indicates significant differences at $p < .01$

The differences between perfect attenders and high absence employees is very evident in terms of their reactions to the different administrative actions. Perfect attenders feel much more strongly than high absence employees that (1) good attendance should be a requirement for raises, (2) excessive absenteeism should result in progressive discipline and termination, (3) employees should not be required to call-in, and (4) supervisors should not give one-to-one counseling. The high absence employees feel just the opposite. In short, high absence employees appear to seek administrative actions which are less punitive and which require less personal responsibility. These data suggest polarization between the groups, and the likelihood that, regardless of which administrative actions are ultimately selected, there will be individuals who may perceive the programs as unfair.

Results: Recognition Programs

In our other research and consulting experience, we have come to realize that (1) most employees seek for recognition, but (2) most managers and many workers are reluctant to give recognition for good attendance. We have collected both national survey and field experimental data which indicate that formal recognition programs substantially reduce absenteeism. Furthermore, employees who have reasonable attendance records will not be motivated by a discipline program because they have already met the standard. However, they may be motivated to improve their attendance records if they find such efforts rewarding. With this caveat in mind, the next set of questions refers to the recognition alternatives. We asked participants if they qualified for a good attendance award, how would they MOST LIKE TO BE RECOGNIZED. As in the previous questions, they had a total of 10 points to distribute to an item or any combination of items.

Exhibit 40
RECOGNITION PROGRAMS
All Survey Respondents

- 1.15 An embossed, framed Certificate of Merit with your name.
- 1.58 Your name entered in a lottery with a chance to win a prize.
- .65 A formal luncheon with your boss paid for by SCRTD.
- .94 A personalized item to wear (i.e. inscribed jewelry, clothing) or use at work (i.e. desk accessories).
- .81 A formal luncheon with other excellent attenders.
- 4.73 A small cash award.

Very clearly, a small cash award is the first preference. Next, the lottery, the certificate, and the personalized jewelry form a triad. It is clear that the luncheon with the boss is not very attractive; nor is the luncheon for perfect attenders. However, the NGT groups had expressed the point that the actions of the supervisor are critical to the success of the program.

In the next exhibit we analyzed the responses by gender.

Exhibit 41
RECOGNITION PROGRAMS
Men vs. Women

<u>M</u>	v	<u>W</u>	
<u>1.06</u>	v	<u>1.34</u>	+ An embossed, framed Certificate of Merit with your name.
<u>1.60</u>	v	<u>1.51</u>	Your name entered in a lottery with a chance to win a prize.
<u>.77</u>	v	<u>.44</u>	** A formal luncheon with your boss paid for by SCRTD.
<u>1.03</u>	v	<u>.77</u>	+ A personalized item to wear (i.e. inscribed jewelry, clothing) or use at work (i.e. desk accessories).
<u>.85</u>	v	<u>.72</u>	A formal luncheon with other excellent attenders.
<u>4.59</u>	v	<u>5.05</u>	A small cash award.

+ indicates the means are significantly different at $p < .10$

* indicates the means are significantly different at $p < .05$

** indicates the means are significantly different at $p < .01$

This comparison of men with women reveals agreement on the importance of the cash award and a number of interesting contrasts. For example, while neither group much cares for the idea of a formal luncheon with their boss, the women appear to especially dislike that idea. At a slightly lower level of statistical confidence, it appears that the men are more attracted to having some type of personalized item to wear while the women are much more attracted to the Certificate of Merit. Let us now turn our attention to the perfect attender's vs. the high absence employees' preferences.

Exhibit 42
RECOGNITION PROGRAMS
Perfect Attenders vs. High Absence Employees

<u>PA</u>	v	<u>HA</u>	
<u>1.64</u>	v	<u>1.06</u> **	An embossed, framed Certificate of Merit with your name.
<u>1.40</u>	v	<u>1.31</u> *	Your name entered in a lottery with a chance to win a prize.
<u>.66</u>	v	<u>.60</u>	A formal luncheon with your boss paid for by SCRTD.
<u>.96</u>	v	<u>.91</u>	A personalized item to wear (i.e. inscribed jewelry, clothing) or use at work (i.e. desk accessories).
<u>.98</u>	v	<u>.80</u>	A formal luncheon with other excellent attenders.
<u>4.37</u>	v	<u>5.15</u> *	A small cash award.

*, ** indicate the means are significantly different

Some important differences are highlighted by the above comparison. Perfect attenders place a lower value on the small cash award and a higher value on the Certificate of Merit. Perfect attenders also are more attracted to a lottery than the poor attenders.

Results: Communication Programs

A key element of a successful attendance improvement program which is often overlooked is that of communication. Good attendance awards can be communicated in many different ways. Of the programs listed below, we asked employees WHICH WAY APPEALS THE MOST? Once again, they were to distribute 10 points among the following items.

Exhibit 43
COMMUNICATION PROGRAMS
All Survey Respondents

- 2.48 Personal congratulations and a letter from your supervisor.
- 2.51 Personal congratulations and a letter from your general manager.
- 1.01 A notice to be posted so other employees could see it.
- 1.26 Your name and/or picture in the SCRTD newspaper.
- .93 A letter of congratulations sent to your home.
- .18 A notice in your local newspaper.
- 1.28 A formal awards ceremony.

In the above list, the first two items are clearly the highest, which is consistent with the statements gathered from the NGT groups. However, it is hard to see how a high rating for personal congratulations and a letter from one's supervisor fits with the very low rating given in the above section for the idea of going to lunch with your supervisor. It may be that a luncheon is considered to be too personal, especially with women, and it may cross the personal boundaries of the supervisor/subordinate relationship. The two lowest items (a notice in the local newspaper and a letter of congratulations sent to the home) are so low that it is questionable as to whether they even need to be considered given the complexity and cost of implementing them. area.

Exhibit 44
COMMUNICATION PROGRAMS
Men vs. Women

<u>M</u>	v	<u>W</u>	
<u>2.35</u>	v	<u>2.80</u>	Personal congratulations and a letter from your supervisor.
<u>2.70</u>	v	<u>2.10+</u>	Personal congratulations and a letter from your general manager.
<u>.88</u>	v	<u>1.30+</u>	A notice to be posted so other employees could see it.
<u>1.21</u>	v	<u>1.39</u>	Your name and/or picture in the SCRTD newspaper.
<u>.87</u>	v	<u>1.03</u>	A letter of congratulations sent to your home.
<u>.22</u>	v	<u>.12</u>	A notice in your local newspaper.
<u>1.37</u>	v	<u>1.11</u>	A formal awards ceremony.

+ indicates the means are significantly different at $p < .10$

Again recognition by the employee's supervisor and the General Manager received the highest ranking. However, it appears that 1) women are more interested in recognition from their supervisor for good attendance when compared to the men, and 2) the women are less attracted to the idea of receiving personal congratulations from the general manager.

Exhibit 45
COMMUNICATION PROGRAMS
Perfect Attenders vs. High Absence Employees

<u>PA</u>	<u>v</u>	<u>HA</u>	
<u>2.26</u>	<u>v</u>	<u>2.61</u>	Personal congratulations and a letter from your supervisor.
<u>3.03</u>	<u>v</u>	<u>1.99**</u>	Personal congratulations and a letter from your general manager.
<u>.63</u>	<u>v</u>	<u>1.25*</u>	A notice to be posted so other employees could see it.
<u>1.26</u>	<u>v</u>	<u>1.30</u>	Your name and/or picture in the SCRTD newspaper.
<u>.79</u>	<u>v</u>	<u>.88</u>	A letter of congratulations sent to your home.
<u>.18</u>	<u>v</u>	<u>.28</u>	A notice in your local newspaper.
<u>1.31</u>	<u>v</u>	<u>1.45</u>	A formal awards ceremony.

* indicates the means are significantly different at $p < .05$

** indicates the means are significantly different at $p < .01$

Once again, the comparison of employees with perfect attendance vs. employees with poor attendance captures important perceptual differences. Perfect attenders are very strongly attracted to the idea of receiving personal congratulations from the general manager. In contrast, the current high absence employees are more strongly attracted to public notices listing perfect attenders so all SCRTD employees could see it.

V. THE ABSENCE SURVEY RESULTS: POLICY TRADE-OFFS

The last part of this section provides a more detailed assessment of program design characteristics. The previous section highlighted which programs were most attractive to different groups, however it did not address the problem of how to design the program if it is selected. There are important restrictions which must be taken into account since the reality of organizations is that there is a limit to the resources. Consequently, trade-offs must be made. This is exactly the notion behind the construction of the following questions in which employees are asked what types of trade-offs they would find most desirable for specific programs. In order to help respondents focus on these questions, three levels (low, medium and high) for each trade-off are given. Another term for these levels is gradient. Thus, we are checking to see if employees make the same trade-off consistently over a variety of gradients. The examples below will help clarify this idea.

Results: Lottery Trade-offs

Given the fact that attendance lotteries appealed to a subset of the respondents, we would like to know if employees would prefer smaller prizes with a higher chance of winning or fewer chances of winning but much larger prizes. We asked respondents to assume that they had qualified for a lottery by having an excellent attendance record. Which of the following two choices would they prefer? (Employees were asked to rank order each set with 1 for the first choice, 2 for the second choice, etc. Therefore, for all of the following questions, the lower the score, the more nearly unanimous would be an item's selection as first choice. Also, the lower the score, the higher the percentage of people who selected it as first).

1.45 A. A 20 to 1 chance to win a prize of \$100, OR

1.54 B. A 200 to 1 chance to win a prize of \$1,500.

Option A was slightly preferred over Option B. The score of 1.45 means that more people chose this as their first option. For this question, 54% ranked Option A as their first choice. In other words, respondents indicated that they would prefer a smaller prize with a higher chance of winning.

We then checked to see if this would remain the case if more money was at stake. We asked them which of the following three they would prefer in the next set of choices.

- 1.69 A. A guaranteed \$100 for qualifying for the lottery,
- 2.04 B. A 20 to 1 chance to win a prize of \$1,500,
- 2.23 C. A 200 to 1 chance to win a prize of \$10,000.

At this medium level of pay-off, 59% of the respondents selected Option A as their first choice. This selection was consistent with the lower gradient. We then asked a more extreme case by having them select from the next set.

- 1.30 A. A guaranteed \$500 bonus for qualifying for the lottery,
- 1.78 B. A 20 to 1 chance to win a prize of \$10,000.

In this case employees were much clearer; about 70% of the respondents selected Option A. Based on the choices of employees, (and if a lottery is selected), the general design rule is that, the lottery should maximize the probability of winning even though the actual size of the prize will inevitably be smaller.

Results: Reward Size/Interval Trade-offs

In terms of rewarding attendance a key administrative concern is whether rewards should be given over longer periods of time or shorter. The inevitable trade-off is that if rewards are given for shorter intervals of good attendance, then the size of the reward must also be smaller given budgetary constraints. So, we asked if employees preferred larger awards which would be associated with longer time intervals or the reverse.

- 1.50 A. For each 3 months of perfect attendance a \$10 bonus,
- 1.48 B. For each year of perfect attendance a \$50 bonus.

For this choice there is not a clear cut preference. Only about 51% of the respondents chose the Option B. (Some respondents chose not to select either.) -- However, when higher gradients were offered, the choice became clearer.

- 2.46 A. For each month of perfect attendance a \$10 bonus,
- 1.71 B. For each 3 months of perfect attendance a \$50 bonus,
- 1.79 C. For each year of perfect attendance a \$300 bonus.

With a score of 2.46, the first option is clearly the least preferred. A \$10 bonus for each month of perfect attendance is the least desirable of the alternatives.

- 1.82 A. For each month of perfect attendance a \$50 bonus,
- 1.17 B. For each 3 months of perfect attendance a \$300 bonus.

About 83% (the largest majority so far) selected the longer time option. On one hand, a perfect year of attendance would result in more money (\$1200 vs. \$600), but it would also mean that: (1) each miss would be more costly (\$300 vs. \$50), and (2) it would be difficult to maintain perfect attendance for the longer period of time. The next question asks if employees would really prefer the more difficult goal from a commitment point of view.

Results: Commitment Trade-offs

One of the more interesting questions in Section III of this report had to do with employees' perceptions about how successful they might be in trying to improve their attendance records. Therefore, it seemed worthwhile to ask in terms of commitment to an improvement, if employees preferred larger awards for perfect attendance, or smaller awards for less-than-perfect attendance. We asked them of the choices below to identify which goal they would prefer.

- 1.48 A. A perfect attendance record for \$300 of cash, time, or the equivalent,
- 1.51 B. An excellent attendance record (1 absence) for \$100 of cash, time, or the equivalent

As in all the previous sets of trade-offs, the low value option did not clarify employees' preferences with a 51% to 49% split. However, for the higher value options, employee preferences were much clearer.

- 1.87 A. A perfect attendance record for \$500 of cash, time, or the equivalent,
- 1.72 B. An excellent attendance record (1 absence) for \$300 of cash, time, or the equivalent,

2.37 C. A good attendance record (2 absences) for \$100 of cash, time, or the equivalent.

At this medium value level, Option C is clearly ruled out. Option B appears to be more popular. This type of finding would fit with the psychology theory of need for achievement. People who are high achievers will try to select goals that have a reasonable chance for success, but are still challenging. Option B appears to fit that description.

1.31 A. An excellent attendance record (1 absence) for \$500 of cash, time, or the equivalent,

1.68 B. A good attendance record (2 absences) for \$300 of cash, time, or the equivalent.

About 68% of the respondents chose Option A. This fits with the idea about selecting a moderate goal, in this case, excellent attendance.

Results: Cash-back Trade-offs

In terms of possibly cashing-in unused sick leave, would employees prefer to receive a higher percentage returned for a perfect record, or a lower percentage for a less-than-perfect record? We asked respondents to imagine the following situation in which, for excellent attendance during the year, they were to assume they were permitted to cash-in all but 80 hours of your sick leave. Which of the following situations would be most preferred?

1.41 A. Never be absent and receive 100% of the value of remaining sick days,

1.57 B. Be absent only once and receive 80% of the value of remaining sick days.

There is not a striking difference between the two choices, with a slight preference for Option A. For the medium level option, the following choices were offered.

1.87 A. Never be absent and receive 120% of the value of remaining sick days,

1.67 B. Be absent only once and receive 100% of the value of remaining sick days,

1.38 C. Be absent only twice and receive 80% of the value of remaining sick days.

At the medium gradient above it is noteworthy that Option C was selected as a first choice by 80% of the respondents. Perhaps this is seen as the most realistic

trade-off. Finally, employees responded strongly to the high level option as seen below.

- 1.38 A. Be absent only once and receive 120% of the value of remaining sick days, OR
- 1.61 B. Be absent only twice and receive 100% of the value of remaining sick days.

Here there seems to be an inconsistency with the medium gradient because respondents preferred the more difficult task (to be absent once) and the higher reward. It would seem that for a substantially higher number of dollars, employees would be willing to select the most challenging goal.

VI. SUMMARY AND CONCLUSIONS

This examination of preferences within the context of attendance improvement provides insight into the design of such programs. First, the valued incentives survey indicates that employees overwhelmingly prefer cash bonuses to other types of rewards, i.e. improved employee benefits, additional time off, etc. However, a large proportion of employees did make other choices concerning what they considered rewarding. On balance, almost one-half of the \$1,000 given in our hypothetical case was allocated to direct cash bonus. In fact some employee groups, such as men and employees with perfect attendance records, made significantly different choices. One way to accommodate different preferences is to provide what is called a "cafeteria" plan. In other words, employees can be given a few alternative choices of equal economic value. Thus, a perfect attender might be able to choose among a cash bonus, additional days off, retirement savings, etc. Even though this would require additional staff time to administer, the attendance improvement awards would be the awards of highest value. Furthermore, relatively infrequent rewards of higher value seem to be the best choices when designing these programs.

It has been our experience that positive attendance programs may not substantially reduce absenteeism without the support of other administrative programs. Personnel policies and attendance improvement programs must be designed to consistently reinforce attendance behavior. For example, survey respondents believe that employees should have good attendance in order to qualify for pay increases (raises). Furthermore, positive programs tend to encourage relatively good attenders to improve, whereas, employees with poor attendance do not value the rewards, or feel that they cannot earn them. As such, their attendance records do not improve. Employees at SCRTD seem to recognize this fact, in that they strongly suggest that "Excessive absenteeism should result in progress discipline (& possible termination)."

Administrative practices that employees perceive as having less impact on absenteeism include a written warning, supervisor counseling, doctor's excuse, and overtime given only to good attenders. It should be noted here, that even

though some administrative practices are viewed as having less impact on absenteeism, a combination of these programs may communicate to employees the importance of good attendance. It is not surprising that employees with good attendance are likely to suggest stronger punishments for employee absenteeism than those with poor attendance records.

Third, in previous research we have found that formal recognition of good attendance is an effective way to reduce absenteeism. However, there are a number of ways that employees can be recognized. As such, we have tried to identify what kinds of formal recognition that SCRTD employees will find most rewarding. As was indicated by survey responses, a small cash award was clearly found to be most desirable. This directly contradicts some of our previous research. We have found recognition awards with tangible non-cash awards to be the most effective way to reduce absenteeism. If employees receive a tangible reward they have something that other employees can see and acknowledge. Cash, on the other hand, is often quickly absorbed into the family budget, and nothing is left to demonstrate that they had been recognized for good attendance. However, recognition and cash bonuses are not mutually exclusive.

It was interesting to note that a formal luncheon with the boss was not a popular form of recognition especially among women employees. However, women are much more attracted to a framed certificate of merit than men.

How awards are communicated has been identified as an important determinative of the success of an incentive type program. Survey respondents clearly preferred personal congratulations and a letter from their supervisor or general manager. A notice in the local newspaper was not popular at all. It would seem that for an attendance reward to be meaningful, it must be communicated within the context of work. Furthermore, employees generally preferred to have a one-to-one communication as opposed to publicly announcing that they have good attendance. (However, women were more likely to prefer public recognition for good attendance than men.)

Assuming budget constraints, employees were given choices concerning a lottery between the number of awards to be given and the amount of those rewards. In other words, the more frequently that rewards were given the smaller the rewards would be or vice versa. They selected the programs where they had

the best chance of receiving the reward even though they knew that the reward would be smaller. First, In terms of the lottery programs, employees preferred having a chance at a larger number of small rewards as opposed to a few big awards. Second, they preferred programs where good attendance (could be absent one or two days) was required as opposed to programs that had higher payoffs but demanded perfect attendance. Finally, they preferred programs that had higher payoffs even though they had to maintain higher levels of attendance for longer periods of time.

Keeping the above employee preferences in mind when designing a comprehensive attendance improvement program will certainly increase the likelihood that employees will respond in terms of better attendance. In support of this goal, the final part of this overall project will focus on integrating the findings from the Phase I, II, and III reports. Thus, the Phase IV report will deal with the issue of translating this information into a program design for SCRTD.

SCRTD Questionnaire Comments

For the sake of readability - spelling, grammar and syntax have been corrected when necessary.

Administrative Methods

"Work that is reasonably related to one's capacity."

"Monitoring of attendance should be improved."

Supervisors should give one-to-one counseling to problem employees "only if the supervisors set an excellent example."

"Attendance information should be forwarded to the hiring supervisor during the interview process for in-house candidates."

Recognition

"No recognition - I object to recognizing people for good attendance - perhaps for putting in extra hours without pay - but not for showing up for work."

"I would prefer no recognition."

"Sounds as though we are back in school."

Communications

"I really don't care for any of the items listed."

"None of these mean anything."

"All we currently get in our department is a form letter with our name typed in the name space, big thanks, huh?"

10 points for "a certificate and a check!! (who cares who hands it to you)."

"None of these."

"Post a notice with all employees listed and the top twenty and the bottom twenty highlighted."

Two employees commented that personal congratulations and a letter from their general manager, should be placed in their personnel file.

10 points for "an increase in salary and vacation time."

"All of these are silly, I would prefer additional days off."

General Comments

"I get *nothing* now for unused sick time (over 400 hours) so, of *course* I'm sick!

"I don't think a basic thing like attendance should be commended. It ought to be like breathing: automatic. No letter, picture or other is needed".

"Lotteries underwhelm me".

"After 29 1/2 years with only 1 missout and 20 days sick, what (reward) do you think I should get. I would like an answer. 1. 75% of sick days 2. 100% of sick days 3. 120% of sick days

Management's goal for absenteeism - "It depends who you are!! Also what department you are in!"

"Do you really want to stop false absences? Move payday from Friday to Monday. The absence rate on payday weekends is approximately 10 times higher."

Another employee suggested studying sick leave used with the days of the week used (Thursday and Friday, Saturday and Sunday, etc.)

"I wouldn't want to be eliminated from a cash (time, etc.) award if I had less than perfect attendance."

"RTD is a slow, backwards organization that lacks innovation and has very insecure management. Because of its slow progress most employees have very little morale, are bored, stagnant, and are not up to par with open job market skills. We get decent pay for very little individual output - after a while there is very little incentive other than getting paid and existing in a routine environment..... RTD is not the place for individuals who are assertive or aggressive - there is no profit goal and getting around the endless rules and consultant findings (usually not implemented) becomes a game."

"The physical working conditions 'stink'."

In response to question #26 - "My supervisor is an xxxx (expletive deleted)"

In response to question #17 - "I lie about who I work for"

An acceptable level of absenteeism at SCRTD "should depend on circumstances."

The choices of a \$10 bonus for 3 month's perfect attendance,
\$50 bonus for 1 year perfect attendance,
\$10 bonus for 1 month's perfect attendance,
\$50 bonus for 3 month's perfect attendance,
\$300 bonus for 1 year perfect attendance,
Were all considered "cheap" by one employee.

The choice of a \$300 bonus for 3 months of perfect attendance was considered too much by one employee.

"I require no special recognition for doing what is right" in response to question #32 and #33.

"Why would the district give time off as a reward for good attendance?"

"Some employees feel that sick days are an 'earned' day off, a fringe. Sick days should be used for only illness of employee. Those that do not consider sick day allocation 'earned' and use for miscellaneous days off should be rewarded economically and acknowledged openly."

"No lottery please, it only costs \$1.00 here for a chance at millions."

In response to question on lotteries - "Why take a chance? Take all or any monies and do something for all perfect attendees."

Question #33 - Once a year is often enough to recognize attendance "if recognition is significant."

\$50 bonus for each year of perfect attendance - "a pittance - not worth it."

According to one employee - absenteeism problems are due to being overworked, understaffed and being treated "as if you're an animal" by supervisors.

"Do not make people who have to stay home because of illness or doctor's appointments feel guilty!"

"The concept of pay-for-performance is novel. It is plain common sense at work. However, the manner in which the District allows managers to manipulate PFP is a traumatic and unnecessary experience. Mismanagement, in this area, injures the finest employee and contributes to absenteeism!"

Question #17 - one employee does not tell people that he works for SCRTD because he doesn't like listening to peoples' complaints.

"I am almost always tardy - I'm almost always stuck in the office an extra hour or two at the end of the day."

"I want to be hassled about whether I'm doing a good job, I don't want to be hassled about being 5 minutes late."

"Lotteries have absolutely no appeal to me."

In response to cash bonus for periods of perfect attendance - "Forget this! I want a decent office back, 3 additional file cabinets and a copy machine that actually works!"

"The reason I hate my job is that certain people are allowed to show up to work several hours late and not only are not written up, but *paid* for the lost time. Our supervisors are rotten. They show favoritism in the worst way. I would complain, however, it is the whole attitude of management at my department XXXX."

"I believe that it is a very poor idea to reward individuals for good attendance -- particularly those employees in the non-contract category. I firmly believe that we are paid to perform service on behalf of the District, and not to simply attend work. And frankly the dedicated and productive employee who is most likely to receive the bonus really doesn't need that carrot. The District has one of the worst sick leave policies I've heard of. A mere six days per year for new employees is a skimpy allotment when you consider colds, flus, dental appointments, eye appointments, sick children, etc...Many of us have been known to work with fevers, coughs, etc. so that no salary would be lost. What is the impact of this on morale and the health of our co-workers? Do we wish to increase this practice?Most non-contract employees are not replaced by "temps" when absent from work. They are expected to return and complete their work or the work is reassigned. Therefore, there is no cost-saving in reducing most non-contract absences. Frankly, the best thing the District can do to reduce absenteeism is to create a more pleasant work environment. It should judge employees on performance, not attendance."

"I don't believe that when people are ill they should come in and spread their sickness throughout work."

At least six employees mentioned problems similar to the following: "During the Fall of 1985, I completed 25 years of continuous service to the District and its predecessor agency, the Los Angeles Metropolitan Transit Authority. At the close of business, one day, I had nearly 1600 hours of accrued sick leave credit. On the following day, I was entitled to receive less than 200 hours. However, due to the 1680 hours maximum and no pay-off provision, I was able to receive less than 100 hours. Converting these figures to actual monetary amounts indicate that I "gave back" over \$1500 to the District's sick leave fund. According to XXXXXXXX of the Personnel Department, there are well over 100 other non-contract employees in the same position that I am in. The figure continues to grow yearly. BRAC employees are permitted to cash in sick leave under the contract agreement with the District. UTU employees are permitted to accrue up to 2100:20 hours. If the District wants to improve attendance, it must first address this totally unfair discrimination directed at its long-time non-contract employee. Under the present policy, good employees are punished and irresponsible ones are rewarded."

In response to question #32 and #33 "Just buy back my excess sick leave once a year like BRAC- that's plenty of recognition."

In response to option of cashing-in all but 80 hours of sick leave- "Instances of absence should not be a qualifier to cash in excess (above 80 hours) sick leave. The monetary factor will prove to be incentive enough to hold absences to a minimum."

"Perfect attendance should not be the goal because employees would be encouraged to come in sick which could cause an epidemic."

"With only 4 floaters per year, I believe it would cut the absenteeism if we could take at least 1 week of our vacation and take them as individual days (for parent teacher's meetings, doctor appointments, other personal appointments)."

In response to lotteries, bonuses, etc. for excellent attendance - "This is unnecessary - come to work or be fired."

"It is hard for me to accept that we have to pay people to come to work with the money they make now!"

"Should consider flex time."

"The most important factor is that the attendance policy is applied to all employees and that favoritism not be the deciding factor!!!"

"How about encouraging attendance through good management therefore fermenting interest in the job and people would enjoy coming to work in a challenging environment. That is the basic problem here - everything is negative including the quality of senior management."

"If I was motivated by a challenging function, I would definitely improve my attendance."

"Management's attitude is punitive and adversarial. It is unrealistic to expect people to never be ill, need doctor's appointments, and/or have personal emergencies. A goal-sharing, motivational attitude would be much more productive, and produce a more loyal, motivated staff."

One employee stated that the real problem with attendance was low morale. This person felt that management was not dealing with the actual issues, and should examine their motives for having attendance studied and examine their refusal to deal with issues straight forwardly.

"The paternalistic, selective and punitive approach used by SCRTD only pisses me off and doesn't inspire me to better attendance."

The following is the contents of a letter with only minor deletions and changes:

"Personally I believe it is counterproductive to treat adults as children by not expecting workers to understand their responsibilities and be held accountable for them. Specifically, to be awarded a job is in itself both a privilege and a responsibility. Initially, for most of us, being hired is somewhat of a reward for our experience, education, acquired abilities and being the most qualified person apparently for the position!

To reward or "bribe" workers for simply showing up to do what they're already accepting pay for is to foster a breakdown of discipline and morale and in the process undermines the ability of management to exercise it's own responsibility for maintaining a well organized and productive work environment by substituting artificial and unjustifiable rewards.

It is equally counterproductive, I think, to punish an employee or require to justify a reasonable amount of absence by furnishing "proof" of illness.

Obviously, what is "reasonable" must be defined. A certain number of absences can be expected. All of us at one time or another can become sick or injured, or encounter an emergency or urgent matter which necessitates our absence.

A former employer of mine offered as an incentive reimbursement for whatever unused sick leave remained at the end of a year. This seemed a very reasonable incentive and still does. As to how well it worked, I can't provide scientific statistics, however my observation was that responsible employees consistently came to work and problem employees were frequently absent anyway. What this does indicate, however is that either the solution is in helping employees learn to be responsible or simply hiring responsible employees in the first place.

Recognizing employees for a job well done is a definite morale boost, however I'm not sure simply showing up for work is, in itself an accomplishment that merits an unusual degree of recognition or reward. If RTD is experiencing a problem with excessive absenteeism, perhaps a couple of areas should be examined:

- 1) The work environment (job conditions, pay, benefits, etc. and job satisfaction)
- 2) The personnel we are hiring.

The upper 50% of valued employees in the United States are those who simply show up everyday for work. The top 20% turn up on time, and the highest 10% actually perform their work completely on a consistent basis and do so with a good attitude!

A more challenging area to overcome is the problem of integrity of certain members of management. Abuses of funds, privileges and company property are a poor example to employees and damaging to employee morale.

As a public agency, the atmosphere within RTD's administrative management offices is understandably somewhat political.

To avoid an over-policed environment, perhaps an in-house educational program on ethics and integrity would encourage employees and management to assume greater responsibility for their actions. Such a presentation might include where our funds come from, a breakdown of our costs, the costs and effects of absenteeism (as it relates on a daily, personal level at a given job as well as the "big picture" statistically), lost man hours, financial impact and the burden of shifted workloads on other employees. Also, the costs and effects of abuses of funds, privileges and care of company property, pilfering and unauthorized use of company property should be examined.

If such a program were introduced, it would need to be fully endorsed by top management on down."