



U.S. Department  
of Transportation

# Transit Employee Attendance Management

## Volume 1: Review of Attendance Programs

June 1986



**UMTA Technical Assistance Program**



# **Transit Employee Attendance Management**

Volume 1: Review of  
Attendance Programs

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Final Report  
June 1986

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## I. BACKGROUND ON ABSENTEEISM

In the 1980s, both private and public sector organizations are focusing attention on improving their performance. To attain this goal, numerous problems must be addressed including the reduction of absenteeism, a serious and continuing concern. Despite efforts of most organizations to reduce absence and numerous studies to understand the causes of absenteeism, no certain answers exist on how employee attendance can be improved or why absence occurs. Solutions that are effective in one situation may or may not be effective in a different environment.

While absenteeism rates differ substantially between organizations within and outside the transit industry, studies indicate that employee absence is generally a considerable problem among transit systems. Organizations with more rigorous and comprehensive attendance policies and programs appear to have lower levels of absenteeism. These differences suggest that the transit industry need not be resigned to high absenteeism.

### OBJECTIVES OF THIS REPORT

The objectives of this report are to:

- . provide background information on the importance of improving employee attendance stressing the costs and associated impacts of absenteeism;
- . summarize and review existing research and theories on the causes of absence;
- . identify and describe alternative attendance programs;
- . provide a review of the use and effectiveness of specific attendance programs both within and outside the transit industry; and
- . introduce a recommended framework for an effective attendance program including the identification of important management activities needed to support attendance programs.

### IMPACTS OF ABSENTEEISM

On any given workday in the United States, about 3 million workers do not show up for work. This figure reflects a 3 percent national absenteeism rate for all industries, a rate that has generally prevailed since the early 1970s.<sup>1/</sup> In 1978, total national cost for these no-shows was conservatively estimated at about \$26.4 billion dollars. This figure was based on a daily absentee cost of about \$70 for non-managerial personnel's direct salary, fringe benefits, and estimated profit losses. However, the estimate did not take into account additional annual losses, such as those caused by customer aggravation. By the early 1980's, estimates of the annual national cost of absenteeism exceeded \$50 billion.

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<sup>1/</sup> During most of 1983, absenteeism rates have been at the lowest level in several decades. However, the national economic recovery is anticipated to result in increased absence.

From the viewpoint of a single organization, these costs, which are usually never detailed or outlined on any financial report or profit and loss statement, can be even more dramatic. For example, in an organization of 1,000 employees with a paid-absence program and an average employee salary of \$25,000 (including benefits, which are usually about 35 and 45 percent of base), a single percentage point rise in absenteeism will cost in excess of \$340,000 per year. Once again, this figure does not account for all the indirect, but nevertheless real costs.

Employee absence in the transit industry is a widespread problem. The rate of absenteeism in transit appears to be somewhere between two and three times that generally found among American businesses and industry, and that relative position has not changed significantly during the last decade.

In 1980, the report titled The Study of Operator Absenteeism and Workers' Compensation Trends in the Mass Transportation Industry was prepared by the Port Authority of Allegheny County in Pittsburgh (PAT) with the assistance of an UMTA grant.<sup>2/</sup> This report was the first to bring national attention to the magnitude of the transit absenteeism problem by indicating that the average vehicle operator was absent 28.57 days in 1978 or 11.9 percent of the average annual scheduled workdays, not including vacations and holidays.

The upper portion of Exhibit I-1 from the 1980 study on transit operator absenteeism illustrates the components of operator absence and the nationwide implications. Exhibit I-2 indicates that between 1974 and 1978, the two principal categories of absence studied (sick leave and job-related injury leave) increased by an estimated 24 and 148 percent, respectively. During this same time period, the costs associated with these absences increased 54 and 238 percent, respectively.

Employee absence primarily affects transit system cost and service reliability. The five major categories that are affected by absenteeism in transit systems are:

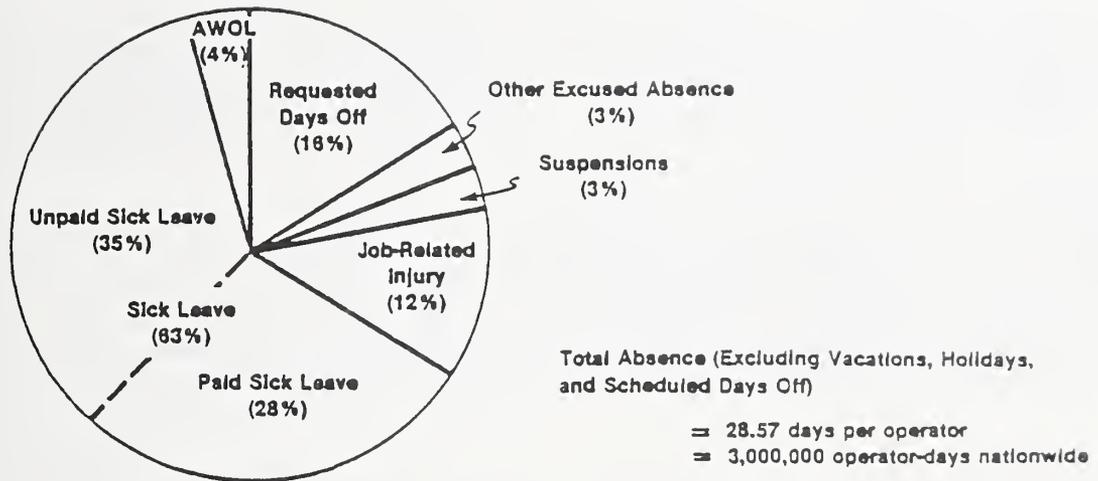
- . direct costs that are specifically associated with absence including payroll costs to the absent employee for sick leave, injury on duty, and other excused absence, such as jury duty or funeral leave.
- . indirect costs that are identifiable such as the cost of hiring additional operators; overtime premium, guarantees, and allowances; and increased fringe benefit costs.
- . administrative costs that are difficult to measure but are affected by absenteeism, such as recruiting, hiring, training, accounting, dispatching, and maintenance.
- . service reliability which is reduced by the failure to fill the schedule because of operator absence or the lack of familiarity with the route by the substitute operator.

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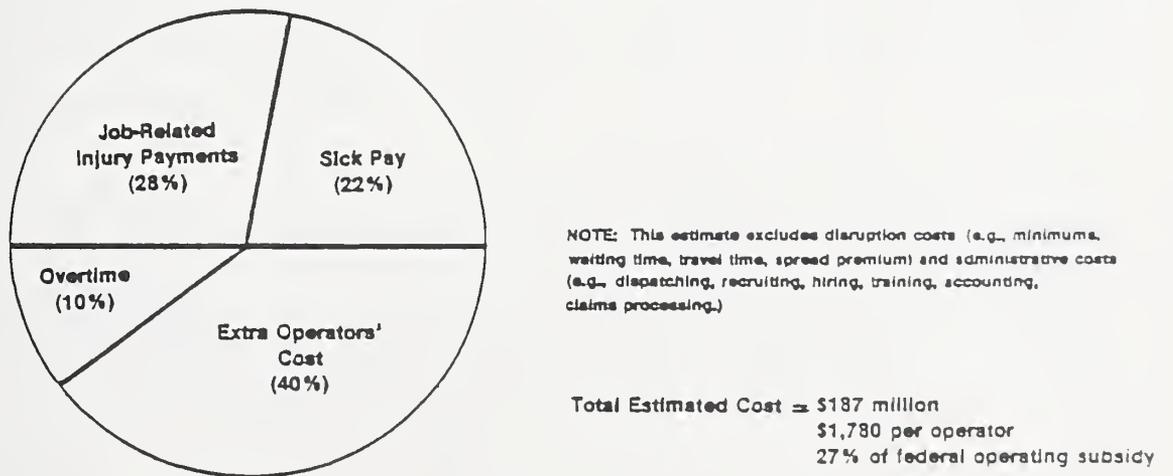
<sup>2/</sup> This report is cited extensively below with respect to the estimated costs and associated impacts of absenteeism on the transit industry in the United States.

EXHIBIT I.1

EXTENT OF OPERATOR ABSENCE



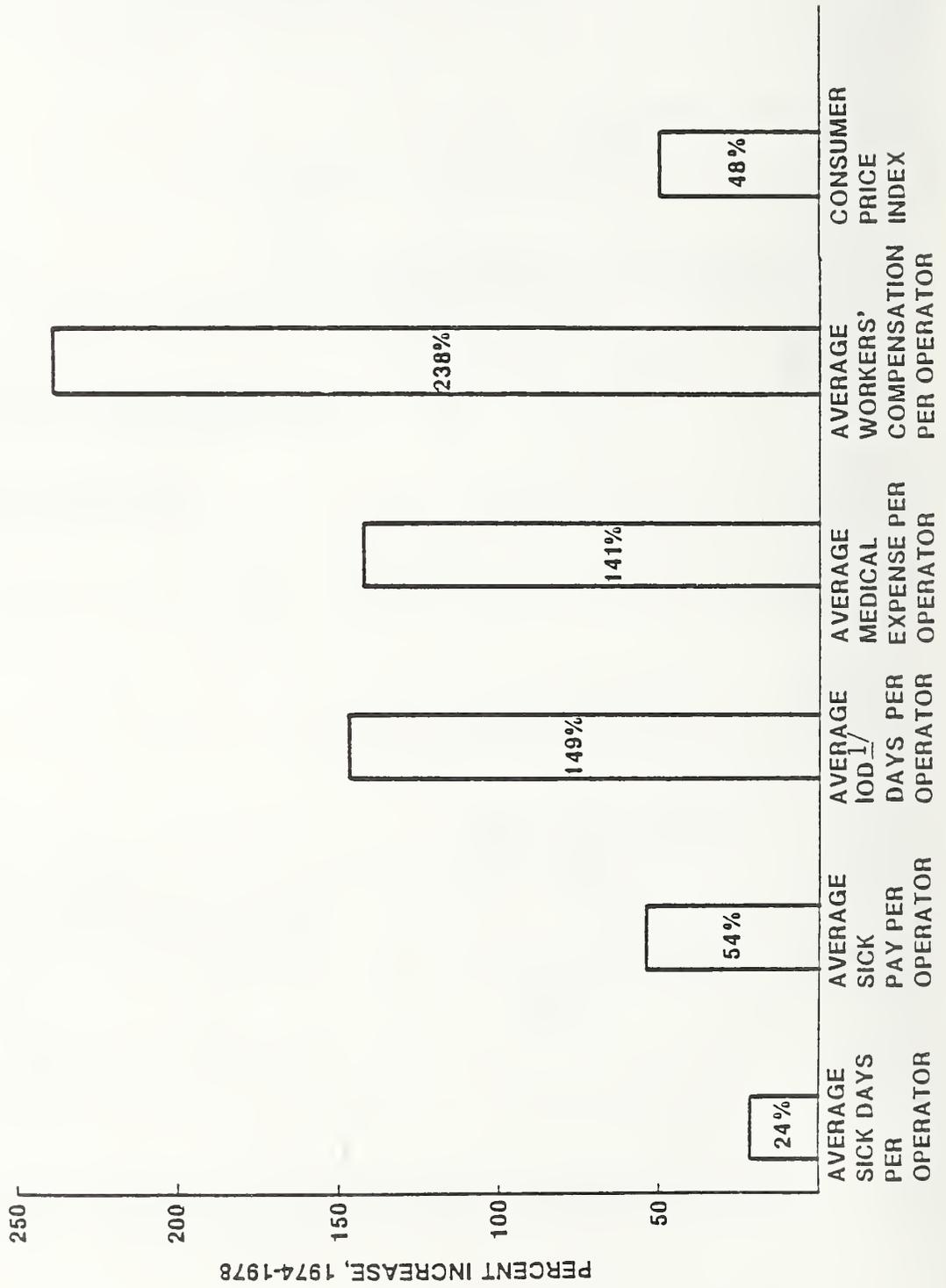
COST OF OPERATOR ABSENCE



NOTE: Figures may not total because of rounding.

SOURCE: Port Authority of Allegheny County, The Study of Operator Absenteeism and Workers' Compensation Trends in the Mass Transportation Industry.

EXHIBIT I.2  
INCREASE IN ABSENCE



<sup>1/</sup> Injury-On-Duty

- . employee morale which is diminished by the adverse effects absenteeism has on co-workers. Absence requires more operators to work the extra-board, which is generally (although not universally) disliked. While the views of operators varied widely, the 1980 PAT study indicated that those who disapproved of their co-workers' absenteeism expressed sincere frustration, viewing absenteeism as disregard for the occupation of bus operators and for the service offered to the public.

Total identifiable costs of operator absence estimated in the 1980 study were approximately \$187 million nationally or \$1,780 per operator in 1978. Absence of other transit employees, although proportionately lower, would add an estimated one-third more to these costs. As indicated in the lower portion of Exhibit I-1, additional administrative and payroll costs could not be estimated.

In the early 1980's, information<sup>3/4/</sup> about absenteeism in the transit industry indicated some mitigation of the problem, possibly due in part to the then prevalent economic conditions and the rate of unemployment throughout the country. As unemployment declined, absence rates have generally risen indicating that the problem has not been alleviated since, and absenteeism levels are still very high. At many transit properties absenteeism continues to elude management's efforts to bring the problem under control.

#### CAUSES OF ABSENCE

During the last decade, considerable research has been conducted and over 1,000 articles have been written on employee absence. Much of the research lacked focus and some of the articles have simply detailed favorite solutions with poor empirical support. Steers and Rhodes have, however, integrated the research results into a conceptual model. The model provides a reasonable interpretation of the sometimes conflicting findings reported in the literature on absenteeism. This model is included in the discussion on the causes of employee absence.

#### Absenteeism Factors

In their research, Steers and Rhodes presented a conceptual model of absenteeism. The model, adopted and modified in the previous PAT study as shown in Exhibit I-3, is a mechanism for investigating the factors that affect employee absence. It provides a frame of reference for examining the factors that affect employee absenteeism and for determining ways that attendance may be encouraged. The model is not quantitative nor does it completely represent all the complex interactions and range of factors that may influence attendance. The factors included in the model are described below.

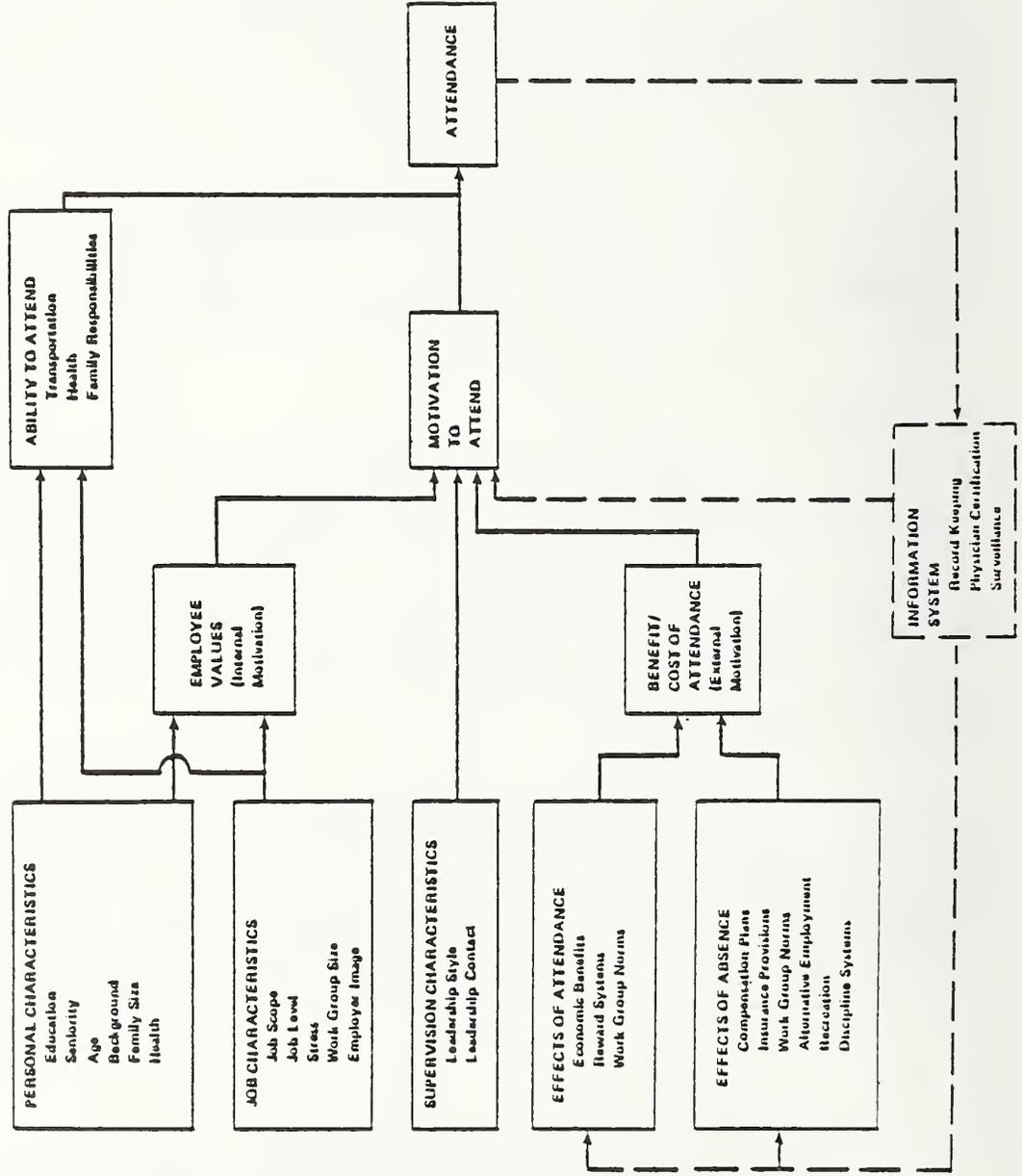
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<sup>3/</sup> APTA Quarterly Weekday Absenteeism Survey of Vehicle Operators for the period July 1981-April 1982 indicated an average rate of 9.4 percent for 26 properties having 800 or more operators.

<sup>4/</sup> Littleton C. MacDorman and John C. MacDorman, "The Transit Extra-board: Some Opportunities for Cost Savings," APTA Annual Conference, Boston, October 1982, indicated an operator absenteeism average rate of 10.4 percent for 21 properties having over 100 vehicles in 1981-82.

EXHIBIT I.3

CONCEPTUAL MODEL OF EMPLOYEE ABSENCE



Personal characteristics influence employee attendance. These characteristics are represented by the first of five major categories of factors in the model. The characteristics listed in the exhibit are for illustration only; other characteristics might be included. For example, education and background have been included, largely as indicators of personal values; other measures of such values could have been substituted. Health and family size are included as they affect the employee's ability to work and influence internal motivation; similarly, other measures of ability to work and motivation could be included.

Job characteristics affect absenteeism in that they influence the way employees perceive a job's dignity and attractiveness. Among these characteristics stress is considered a major factor not only in the literature researched for this study but also among labor leaders and managers. Stress may be the most apparent explanation for operators' absence rate being consistently higher than that of mechanics. Another characteristic is work-group size which is related to peer pressure, to organizational commitment, and to closeness of supervisory contact, each of which is fostered by smaller groups.

Supervision characteristics influence the attendance of employees and should therefore be considered in an examination of absenteeism. Although the literature is not clear concerning the effect of leadership styles on employee absenteeism, there is a widespread opinion that the amount of supervision (e.g., the supervisor-to-operator ratio) is related to the amount of absenteeism. In addition, the importance supervisors place on attendance and their perception of acceptable levels of absence probably influence employee attendance.

The effects of attendance is the fourth category of factors. An often cited explanation for the increase in employee absenteeism is that the economic benefits of going to work have become less clear as the compensation for absence has increased. For instance, through tax exemptions and credit insurance provisions, an employee may have more disposable income when receiving workers' compensation benefits than when working. Furthermore, with increases in wages, employees may find that their economic needs are satisfied and that additional leisure time is more important.

The effects of absence can be both positive and negative. Alternative employment and recreation are recognized as attractive aspects of absence. Work group norms may serve to reinforce or chastise absence. Employer discipline, the most widely used of all attendance measures in transit, operates by informing the employee that the effect of absence will generally be suspension and discharge.

### Absenteeism Theories

A number of theories have been proposed to explain why employees do not report to work. Research efforts have attempted to test these theories as a means of developing effective methods to improve attendance. Three common theories are:

- Withdrawal theory. A familiar and widely researched theory is withdrawal from work because of job dissatisfaction. In this theory, absenteeism is viewed as a direct result of employee dissatisfaction and as a precursor of turnover: before quitting a firm, an employee will "telegraph" this move by increased absenteeism.

- . Labor-leisure theory. In this theory, absenteeism is seen as a rational decision of the employee who chooses between working or taking leisure time. This theory is particularly relevant in industries that offer paid-absence programs.
- . Push-pull theory. Absenteeism is viewed in the push-pull theory as the result of a number of competing external and internal forces which motivate an employee to go to work. Thus, to understand absenteeism, one must look not only at levels of satisfaction or wages, but also at possible barriers, such as transportation availability or cultural norms.
- . Social exchange theory. This theory postulates that the majority of employees conform to informal rules or norms that dictate acceptable levels of absence.<sup>5/</sup>

Even though understanding the causes of absenteeism is important, research has indicated up to 130 possible causes of absenteeism, each with a relatively small effect on organization-wide absence. The theories outlined above each probably represent the causes of absence within most organizations.

Currently, as an alternative research approach, some researchers are focusing less on absenteeism causes and more on the effects that specific attendance programs have on absenteeism. The concern is with "what works" from the viewpoint of the entire organization.

#### ORGANIZATION OF THE REPORT

This report includes five sections and two appendices.

- . Section I: Background on Absenteeism. This first section describes the objective and scope of the report, summarizes the report content, discusses the costs and associated effects of absence both within and outside the transit industry, and introduces several current theories on the causes of absenteeism.
- . Section II: Programs to Improve Attendance. This section defines specific attendance improvement programs within five basic categories.
- . Section III: Attendance Programs Used Outside the Transit Industry. This section reviews attendance programs used by other industries. The discussion, which is based largely on the results of a survey of 10,000 companies and interviews with 200 managers, compares attendance programs and comments on their effectiveness.
- . Section IV: Attendance Improvement Programs Used by the Transit Industry. This section reviews the attendance programs used by transit systems based on the results of three attendance improvement surveys conducted within the transit industry.

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<sup>5/</sup> J. K. Chadwick-Jones, Nigel Nicholson, and Colin Brown Praeger, Social Psychology of Absenteeism, 1982.

- . Section V: Model for Improving Employee Attendance. This section introduces a model for improving employee attendance based on the findings and conclusions presented in this report.

The two appendices include a review of literature on attendance program research conducted largely outside the transit industry and a review of incentive programs reported by U.S. transit systems in 1985.



## II. ATTENDANCE IMPROVEMENT PROGRAMS: GENERAL REVIEW

This section provides a general review of the five categories of attendance improvement programs. 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 briefly discussed in this section and discussed in more detail in the appendix on attendance programs used by transit systems. 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.

Exhibit II.2, which is at the end of this section, summarizes the attendance improvement programs included in this section.

### 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.<sup>1/</sup> 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
- . 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,

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<sup>1/</sup> Scott, K.D., and Markham, S.E. "Absenteeism Control Methods: A Survey of Practices and Results." Personnel Administrator, 1982, 27(6):73-85.

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.<sup>2/</sup>

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.
- . 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

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<sup>2/</sup> A more detailed treatment of this type of policy is provided by Frank E. Kuzmits, "Is your organization ready for no-fault absenteeism?"

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 lotteried prizes. These programs are briefly described below. As discussed in the appenix 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 recieves 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.

### Lotteried Prizes

Attendance lotteries are programs that reward employees with a chance of winning a major prize. Attendance lottery programs 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 suggests that employee absence 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.<sup>3/</sup>

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.<sup>4/</sup> 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

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<sup>3/</sup> 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.

<sup>4/</sup> Scott, K. D., and Taylor, G.S., 1985.

jobs, can increase most workers' feelings of meaningfulness and responsibility.<sup>5/</sup>  
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.
- . 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.

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<sup>5/</sup> Hackman, J. R. and Suttle, L. J. Improving Life at Work. Goodyear Publishing Company, Santa Monica, California, 1977.

### 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<sup>6/</sup>

Employee support or assistance programs (sometimes called EAPs) are efforts by an organization to address the causes of absence, which may include personal,

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<sup>6/</sup> 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.

marital, or familial problems; substance abuse; or related problems that impact 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.

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.
- . 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.

## 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 of 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.

- . 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.

EXHIBIT II.2  
SUMMARY OF ATTENDANCE PROGRAMS

PROGRAM DESCRIPTION

COMMENTS

DISCIPLINE PROGRAMS

Misconduct:

The premise of this type of policy is that there are legitimate and non-legitimate reasons for any employee absence. Legitimate reasons for absence often include employee illness, care of sick children, funerals of immediate family, jury duty, and accident or injury. Other reasons may include absences to handle personal business or chores that must be done during the work day (i.e., see a lawyer or a doctor, or go to a government office), and absences caused by feelings of stress. Absence which is not considered legitimate includes leisure activities, demands of a second job, family activities, or recurring absences which the employee could correct.

Keywords: definition of legitimate versus non-legitimate; enforceable; progressive steps; supervisor cooperation.

Excessive  
Absence:

This policy is based on the premise that certain staffing levels must be maintained for the organization to function effectively. Thus, if an employee is absent an excessive number of days, progressive discipline is administered regardless of the reason for absence. Excessive absence is determined by a management decision based on organizational factors. Under this type of policy, an employee can be disciplined for absence even if he/she had good reasons for being absent. Long-term absence and absence for catastrophic illness or accidents are generally not counted under this policy because one occurrence could result in termination, and because absences of these types are easily documented.

KEYWORDS: excessive definition; progressive steps; consistent application; cyclical patterns.

This is a common type of absence policy where written policies exist. Many managers express frustration because they are unable to determine if reasons for the absence given by the employee are true. It is difficult to give consistent treatment to all employees under this type of policy, and abuse of the absence policy often occurs. Progressive discipline is inherent to this policy, based on the seriousness of the misconduct as is impartial investigation. The progressive steps often include oral warning or counseling, written warning, short-term suspension, long-term suspension, and dismissal.

A policy of excessive absence avoids a major criticism of a misconduct policy because management does not have to provide proof that an employee is abusing the attendance policy. Furthermore, arbitrators and judges have accepted the argument that employers have the right to expect regular attendance, and if an employee cannot maintain full-time employment for whatever reason, the employer can terminate the individual. An improvement factor which allows the employee to correct a bad attendance record should be included in this policy. For example, an attendance problem from 24 months ago might be erased if the employee's record has improved considerably. Progressive discipline is also inherent to this policy. Often an impartial investigation is required prior to employee dismissal although this is less critical than with the misconduct policy.

EXHIBIT II.2 (Continued)  
SUMMARY OF ATTENDANCE PROGRAMS

PROGRAM DESCRIPTION

COMMENTS

INCENTIVES FOR ATTENDANCE

Recognition: This program is designed to reinforce desired behavior by publicly recognizing those employees who have good attendance. Although the employee may be offered a small gift (i.e., necklace, money clip, etc.), the focus is to show management's appreciation by publicly acknowledging the person. Methods of recognition include: 1) putting the employee's name in the company newspaper or on the bulletin boards, 2) inviting the employee and spouse to an awards banquet, and 3) giving the employee a plaque or pin which can be seen by other employees at work. In some cases, poor attenders are "recognized" by posting their names on bulletin boards

KEYWORDS: personal recognition; awards banquet; non-cash awards.

Time-off Incentives

There are numerous types of time-off incentives for good attendance. Generally, employees are rewarded for not being absent for the total number of days that is allowed them or having perfect attendance for a specified period of time (i.e., a year). In certain time-off incentive programs employees may trade in unused sick leave for additional vacation, receive a bonus of added personal or vacation time or a combination of the two. Trade-in may be at full or partial value of the unused sick leave. Additional vacation days must be scheduled to avoid the costs and disruption associated with unscheduled absence.

Financial Incentives:

Financial incentives may be awarded as a bonus such as a set financial reward (i.e., of \$250) which is not tied directly to the employee's accumulated sick leave. Alternatively, similar to the time-off trade-in program, employees may cash-in part of their accumulated sick leave at all or part of their current compensation rate. Bonuses may be given annually or, in some cases, the person receives the reward when he or she retires.

KEYWORDS: paid-absence bank; leave-day program; attendance bonus.

Although recognition has been shown to be a powerful tool to reduce absenteeism, management has to be sure that the recognition program is acceptable to employees. For instance, an awards banquet with management may not be something employees want to participate in because of peer pressure or because they may not be comfortable socializing with management. Nevertheless, this program has been found to be one of the most powerful and the most overlooked of all attendance control.

Time-off incentives may be a costly incentive program if replacement employees are required because daily work is scheduled and cannot be deferred. The replacement employees may be paid at overtime, incurring added costs. Time-off incentives may be most valued by employees with less seniority who have less paid leave (i.e. vacation) time or accumulated leave.

While effective, financial incentives can be quite costly. This is especially true when the bonus or cash-in equals the amount of pay employees would receive if they had not been absent. Another problem of financial incentive programs is that if the amount of the incentive is too low, employees may simply prefer to be absent. Furthermore, if incentives are given at retirement, it may not be immediate enough to influence the behavior of less senior employees.

EXHIBIT II.2 (Continued)  
SUMMARY OF ATTENDANCE PROGRAMS

PROGRAM DESCRIPTION	COMMENTS
<p><u>Lotteried Prizes:</u></p> <p>This program is designed on the principles of operant conditioning. By having perfect or good attendance for a given period (i.e., week or month) or for being present on a given day, employees have a chance to win a prize. For instance, an employee who is present every day for a week may get a chance to win a prize or every employee who shows up for work on Monday may be included in the drawing. In some of these programs, employees may get a poker card each day and at the end of the week the employee with the best hand wins.</p> <p><b>KEYWORDS:</b> random reward; attendance lottery; poker hand lottery; operant conditioning; reinforcement.</p> <p><u>EMPLOYEE SUPPORT OR ASSISTANCE PROGRAMS</u></p> <p>An EAP is designed to help employees solve personal problems that affect job performance. The problems typically treated under this program may include: 1) alcoholism, 2) drug abuse, 3) financial problems, and 4) family-related problems. Supervisors are trained to identify related problems of a personal nature. These programs often refer employees to an in-house counselor who is trained to refer the person to a specialist for treatment of the problem.</p> <p><b>KEYWORDS:</b> alcoholism; drug abuse; counseling; legal responsibilities.</p> <p><u>IMPROVED WORKING CONDITIONS AND INCREASED JOB ATTACHMENT</u></p> <p><u>Health Related Programs:</u></p> <p>Physical problems and psychological stress can create absence problems. An analysis of working conditions and accident/health problems that employees have can suggest ways of reducing these problems. Such an analysis can suggest ways of changing the job so that it is safer and creates less stress. Furthermore, employees can be shown safety procedures which will greatly reduce the potential for accidents.</p> <p><b>KEYWORDS:</b> safety; industrial accidents; working conditions.</p>	<p>Random reinforcement can reduce the costs of the incentive substantially because only a few people receive the prize. This particular technique has been shown to reduce absenteeism, but it is unclear how often it can be used for a group. Furthermore, one must be sure the prizes are desirable, that employees feel like they have a chance of winning, and that the program does not stretch out over too long a period of time.</p> <p>Personal employee problems are probably responsible for a large proportion of employee absence. EAP's have been shown to be effective in the treatment of alcoholism. A tenant of these programs is that the employer must realize that an organization can be sued for contributing to an employee's alcoholism. There are certain legal responsibilities of employers to alcoholic employees.</p> <p>Emphasis on improving the safety of employees on and off the job will reduce absence and the number of injury compensation claims. One organization found that most employee accidents happened at home during the summer. So each spring the company offers a home safety program. It is important to focus on injury claims because one adverse effect of tighter sick leave controls is the increase in compensation claims among chronic absentees.</p>

EXHIBIT II.2 (Continued)

SUMMARY OF ATTENDANCE PROGRAMS

COMMENTS

PROGRAM DESCRIPTION

Work Redesign:

One way to increase employee involvement in work and thus decrease absence is to make the job more interesting or make it seem more important to the employee. Job enrichment does this by increasing the number of activities that make up a job (i.e., enlargement) or by allowing the employee to be involved in planning the work (i.e., enrichment).

KEYWORDS: enlargement; enrichment; technological and production constraints.

Employee Participation/Involvement:

Increased involvement in organization can also decrease absence. These programs include: 1) quality circles, 2) productivity management programs where employees participate in committees (Scanlon plan), 3) all salaried plants, and 4) industrial democracy (employee involvement on the board of directors).

KEYWORDS: participation; involvement; quality control circles.

Work Schedules:

Flexible or non-traditional work schedules may reduce the conflicts between an individual's work life and personal life. Because such schedules allow the employee to adjust his or her work life to meet personal needs, the person may have less reason to be absent.

KEYWORDS: flex-time; scheduling.

PERSONNEL PROGRAMS WHICH SUPPORT ATTENDANCE IMPROVEMENT

Employee Selection:

The object of this program is to select persons who will have low absence or be absence-free. Information which can be used to predict employee attendance includes: 1) past work or school records, 2) employee characteristics (i.e., age, means of transportation, etc.) and 3) the employee's attitude toward work.

KEYWORDS: selection; test validity.

A basic tenant of this program is that the more interesting a person's job is made, the less often that person will be absent. Job enrichment and enlargement efforts are sometimes expensive because of the capital investment in the technology of the production process.

The major concern is that employees have a meaningful role in the organization. The efforts may be less likely to succeed if only a few people can be involved. Without some general involvement, employees cannot be expected to have a long-term interest in organizational problems, or problem solving.

Estimates indicate that less than one-quarter of American organizations have some form of flex-time or flexible scheduling. Organizations with flex-time do not appear to have less absence.

In the past references from previous employers were often used to predict if the employee would come to work regularly. Even this information provided a good predictor of future attendance, employers are now often unwilling to give this information. Charges of illegal discrimination are also possible if the use of selection tests has an adverse impact on protected groups and if they cannot be proven valid.

EXHIBIT II.2 (Continued)

SUMMARY OF ATTENDANCE PROGRAMS

PROGRAM DESCRIPTION

COMMENTS

Employee Orientation:

Employee orientation is a means of insuring that employees understand work practices and rules. This program provides an opportunity to communicate the organization's attendance policies and benefits, reinforce the importance of attendance, and explain the consequences of high absence.

KEYWORDS: buddy system; videotaping; employee handbook.

Compensation Practices:

Pay policies can have a major impact on attendance particularly programs which pay employees when they are absent. Availability of overtime pay and total wage dollars can make leisure time more desirable.

KEYWORDS: labor-leisure tradeoff; compensation.

Call-in and Return to Work Requirements:

Following an absence, employees in some organizations may have to report to the personnel department or the nurse and be certified to return to work. Some organizations may require a doctor's excuse or other documentation to show the legitimacy of the absence. Many organizations require return to work procedures, but they are perfunctory, and have little effect on attendance.

KEYWORDS: consistency; enforceable.

Accurate Record Keeping and Data Monitoring:

Simply informing employees of their absence levels can improve attendance. Feedback should be given at least monthly and may be provided on the employee's check stub. Feedback can be given in a number of ways: 1) percentage of days absent during the last month, year, or two-year period, 2) the actual number of days that the employee has been absent, and 3) the number of employee absences when compared to other employees in his/her work group and organization.

KEYWORDS: information; MIS; attendance goals; attendance standards.

Orientation programs can help insure that all new employees are informed of attendance policies. This is essential if an employee is later disciplined for poor attendance. All employees should receive an orientation program when a new attendance program is implemented.

Compensation practices can have some significant effects on attendance and should be examined carefully. This usually requires a detailed statistical analysis, especially in view of the current progressive tax laws.

These procedures are widespread. If call-in is part of a misconduct policy, employees may be required to provide verification for their absence. If this is used with an excessive absence policy, then the time limits for call-in must be enforced to aid foremen and supervisors in scheduling work for the shift or day. An organization should review these activities carefully to be sure they are being performed correctly and actually discourage absence.

The critical element of a feedback program is to insure the data are accurate, understandable, and available in a timely fashion. It should be noted that for most other attendance programs the ability to track individual absenteeism is essential. For this program, it is critical. This program can be enhanced by setting attendance goals for the individual or employee group.

### III. ATTENDANCE PROGRAMS USED OUTSIDE THE TRANSIT INDUSTRY: AN EVALUATION OF EFFECTIVENESS

This review of attendance programs used outside the transit industry 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;<sup>1/</sup>
- . seminar discussions with over 200 personnel managers; and
- . a review of published arbitration cases which focused on absenteeism between 1975-1981.

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. Empirical documentation of attendance program effectiveness is almost non-existent in the transit industry.

#### SURVEY OF ORGANIZATIONS

In the personnel manager survey, managers were asked to identify the attendance programs used by their organizations; to evaluate the effectiveness of these programs; and to provide their organization's current employee 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 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 III-1. The average absence 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 III-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 respective organizations and to provide their perception of how effective these methods were in improving attendance. The evaluation was based on four possible alternatives:

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<sup>1/</sup> The American Society for Personnel Administration, Personnel Administration, June 1982.

EXHIBIT III.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 III.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% ^
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.2 (Continued)

34 ATTENDANCE PROGRAMS RANKED  
BY RATED EFFECTIVENESS

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% <sup>B</sup>
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.

- . 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 III-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.

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 absence (Item 2);
- . a progressive discipline system for excessive absence (Item 3); and
- . 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 III-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 perceived 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 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 out of 4.0.

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 nevertheless still part of company policy.

A final observation was drawn from the data in the first column of Exhibit III-2. In attendance management literature, programs that reward good 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, are perceived as less effective than were discipline programs by personnel managers. For instance:

- . An employee bonus for perfect attendance is 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 is used by only 10 percent of the respondents (despite its being ranked highly).
- . Perfect/good attendance banquets and award ceremonies (Item 14) are held in only 9 percent of the companies.
- . Providing public recognition for good attendance (Item 21) is reportedly used by 25 percent of the organizations.
- . The application of operant conditioning principles vis-a-vis lottery, poker system, or random reward programs (Item 31) is in use by less than 1 percent.
- . Substance abuse programs are used by only 28 percent (Item 27).
- . Education programs in health/diet/home safety are 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 specific 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 use a particular attendance program reported a lower rate of absence than organizations that did not use the program. The results of this comparison are shown in the last two columns of Exhibit III-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 absence (Item 34) had a large difference in absence rates between users and nonusers. 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 absence rate of 1.8 percent, the personnel managers thought this method was ineffective in improving attendance.

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 absence. For example:

- . Organizations with a consistently applied attendance policy (Item 1) had significantly lower absence rates than organizations without such a policy.
- . Firms that screen recruits' past attendance records before making a selection decision (Item 16) had a lower absence 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 the most pronounced effect on attendance, it was ranked only twenty-first in terms of perceived effectiveness and was used by only 25 percent of the organizations surveyed.)
- . Finally, flexitime (Item 12), although rated highly in perceived effectiveness as a method of reducing absence, was not associated with lower absence rates for organizations using this method. In fact, absence rates were slightly lower for those organizations that do not use flexitime.

#### Collection and Analysis of Attendance Data

Three special issues dealing with the collection of attendance data are reserved for special discussion in this section:

- . Organizations reporting that daily attendance records were maintained by the personnel department (Item 6) had an absence rate of 4.1 percent versus 4.6 percent in organizations where the personnel department did not maintain the attendance records.
- . Firms that analyzed daily attendance records on at least a monthly basis (Item 5) had a significantly lower absence rate (4.1 percent) than firms that did not regularly analyze daily attendance records.
- . Contrary to common expectations, the maintenance of daily records by supervisors (Item 9) had a reverse effect. Those organizations with supervisors who were responsible for maintaining daily attendance records had significantly higher absence rates than organizations with supervisors who were not responsible for maintaining attendance records.

To better understand this paradoxical effect, it is important to consider the benefits of using several methods of attendance data collection and analysis in combination to reduce absence.

In the upper part of Exhibit III-3, the average absence rate of firms that conduct monthly data analyses is crosstabulated with the absence rate of firms whose personnel departments maintain daily attendance records. The exhibit shows

combined absence rates for users and non-users of these methods. The pattern of means in the cells indicates that:

- . If neither attendance program is used, the highest absence rate occurs (5 percent).
- . If one or the other program is used singly, then a lower rate occurs (4.2 percent).
- . Finally, if both programs are used in combination, the lowest absence rate occurs (4 percent).

The percentages in the upper left corners of each cell show the proportion of respondents in that category.

The lower part of Exhibit III-3 addresses whether attendance data collection and maintenance should be the responsibility of the personnel department, department supervisors, or both. Exhibit III-3 suggests there may be no advantage in having duplicate systems of daily attendance records, and in fact, it might be desirable to eliminate the supervisory data collection system. The analysis indicates that:

- . All the organizations collected and maintained attendance data using either the personnel department or supervisors.
- . Organizations that have attendance data collected and maintained only by supervisors have the highest absence rate (4.7 percent).
- . Organizations that have both the personnel department and supervisors collect and maintain attendance data have a lower absence rate (4.3 percent).
- . Organizations in which only the personnel department maintains absence data have the lowest absence rate (3.9 percent).

The suggestion that collection and maintenance of attendance data not be the responsibility of supervisors is supported by the experience of several large organizations with absenteeism problems. These organizations believe that without a strong central system guided by the personnel department, the attendance program may not be consistent and equitable.

#### LABOR ARBITRATION PRECEDENTS<sup>2/</sup>

An examination of labor-management arbitration cases reveals four facts affecting the implementation of any attendance improvement program:

- . Management has the right to unilaterally establish work rules unless they violate a specific contract provision or past practice.
- . Excessive absence is just cause for termination.

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<sup>2/</sup> Booz Allen Hamilton, Inc., January 1982, CTA Management and Service Study-Stage 11, Task 4, Labor Performance Monitoring Program, pages 35-41.

EXHIBIT III.3

THE COMBINED EFFECTS OF TWO CONTROL TECHNIQUES ON ABSENTEEISM

		Daily Attendance Records Maintained by Personnel Department (Item 6)	
		Non-Users	Users
At least monthly analysis of daily attendance information (Item 5)	Non-Users	(21%)  5.0%	(16%)  4.2%
	Users	(29%)  4.2%	(34%)  4.0%

		Daily Attendance Records Maintained by Supervisors (Item 9)	
		Non-Users	Users
Daily attendance records maintained by personnel department (Item 6)	Non-Users	(6%)  0%	(44%)  4.7%
	Users	(26%)  3.9%	(24%)  4.3%

\* The cell size was too small to provide a reliable average absenteeism rate.

The number in parentheses indicates the percentage of organizations in each category. The other percentage score in each cell indicates the average rate of absenteeism in that category. The sample size for these analyses are 668 because 30% of the organizations did not report absenteeism rates.

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- . Employers must uphold benefits due an employee through the labor agreement and public law.
- . Policies for terminating employees for excessive absenteeism must be well structured, consistent, and properly executed.

The specific findings in each area are discussed below.

#### Management's Rights on Establishing Rules

Management's right to implement rules and regulations resulting in employee termination for excessive absenteeism for the most part remains unchallenged, but such rules and regulations must be applied uniformly, consistently, and without discrimination. Arbitrator James P. Whyte stated in the case of ARO, Inc., and Air Engineering Metal Trades Council on Affiliated Unions, AFL-CIO (47LA1065) that the management-labor agreement reserved the right of the employer to "adopt and enforce reasonable rules and regulations" and under such an agreement the employer has the right to unilaterally promulgate a rule providing for the discharge of employees who are absent for five consecutive workdays without approval. The rule was found to be reasonable and not in conflict with the labor agreement or any other rule.

#### Discharge for Excessive Absenteeism

Numerous cases concerning termination of employees for absenteeism that were appealed to arbitration are cited in the Bureau of National Affairs' Labor Relations Reporter. The outcome of those cases is generally based on the principles for determining just cause and on the precedents developed in earlier arbitration hearings. Such principles appeared to focus on:

- . adequacy of warning to the employee of the seriousness of the policy/rule infraction including the potential for progressive discipline and termination;
- . allowing for corrective action to be taken by either or both the employer and the employee;
- . reasonableness of the policy/rule;
- . conflict with existing management/labor agreement;
- . thoroughness and objectivity of management's investigation before administering discipline;
- . substantiveness of management's investigation and findings regarding the evidence of misconduct;
- . evenhandedness of management's application of discipline to all employees; and
- . frequency with and extensiveness of employee's infraction compared with the record of other employees over a sufficient period of time.

Although arbitration rulings appear to vary among the cases that were reviewed, many were based on previous "landmark" cases that appear to substantiate termination for extensiveness of absence more than for abuse of absence. In the case of Celanese Corporation of America (Rome, Georgia) and the Textile Workers Union of America (AFL-CIO) (9LA143), Arbitrator Whitley P. McCoy stated:

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 of 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 their prospects of profitable employment jeopardized by such conditions.

Further, Arbitrator McCoy wrote in the same case: "Though a great deal of absence has been due to illness. . . no company is obligated to retain in its employ a man who is so prone to illness and accident that he is compelled to be absent as much as (the aggrieved employee)."

#### Upholding of Benefits

In a number of cases, terminations for excessive absenteeism were upheld by the arbitrators, but it did not mitigate the employer's responsibilities toward benefits due an employee through the labor contract agreement and public law. In the case of United States Plywood Corporation and the Milwaukee District Council of Carpenters, AFL-CIO (46LA436), Arbitrator Arvid Anderson stated:

Discharge for excessive absence from work because of excusable illness should not in any way deprive employee of pension and insurance benefits to which he might otherwise have been entitled under provisions of health, welfare and pension programs of labor agreement, since discharge, though justified under circumstances, was not result of employee's misconduct in sense that might otherwise disqualify discharged employee from insurance or pension benefits.

In the subsequent case of the Great Atlantic and Pacific Tea Company, Detroit Bakery Division and the International Brotherhood of Teamsters, Chauffers, Warehousemen, and Helpers of America, Local 337 (48LA912), Arbitrator M. David Keefe wrote:

It has been commonly and long held by arbitrators that management ultimately has the right to discharge an employee for excessive absenteeism even when the reasons for such absences are legitimate and for acknowledged illness. This right, however, cannot be exercised capriciously or with disregard for the employee's seniority and stake in maturing fringe benefits.

## Requirements for Termination

Attendance programs which include termination of employees for excessive absenteeism are often not consistently administered and therefore do not stand up before an arbitrator or judge if challenged. Numerous arbitration cases (S. Cahn versus Union Carbide Corp., 46 LA 1975; C. LaCugna versus General Electric Co., 32 LA 637; E. Jones versus Lockheed Aircraft Corp., 35 LA 725) have shown that termination for excessive absenteeism will not be upheld unless several other attendance policies are consistently enforced.

A support for enforcement of employee termination policies is contained in a content analysis study<sup>3/</sup> of 146 discharge cases arbitrated between 1975 and 1981 which indicated that eight factors appeared to have the greatest influence on the arbitral decision. These factors are:

- . the existence of a formal absence control policy;
- . the consistent applications of this policy;
- . employee knowledge of the attendance policies;
- . management adherence to its own policies;
- . the use of progressive discipline;
- . the employee's length of service with the employer;
- . an impartial investigation into the causes of absence; and
- . the reason given by the employer for discharge.

Policies of terminating employees for excessive absenteeism should be carefully examined for ambiguities, omissions, and inconsistencies. The soundness of these programs is extremely important to an organization because:

- . First, if a termination for excessive absenteeism policy is not clearly established and administered properly, employee terminations may be overruled by a judge or arbitrator, often resulting in substantial back-pay settlements.
- . Second, the morale of employees and their confidence in management are shaken when employees observe that organizational rules are not upheld.

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<sup>3/</sup> K.D. Scott and G.S. Taylor, "An Analysis of Absenteeism: Cases Taken to Arbitration: 1975-1981," The Arbitration Journal, September 1983. Vol. 38, No. 3, pp. 61-70.

#### IV. ATTENDANCE PROGRAMS USED BY THE TRANSIT INDUSTRY

This section discusses the attendance improvement programs used by the transit industry. The discussion is based largely on four sources of information:

- . A 1978 survey of transit industry attendance programs conducted by the Port Authority of Allegheny County (PAT) and a group of consultants in conjunction with the Study of Operator Absenteeism and Workers' Compensation Trends in the Urban Mass Transportation Industry published in March 1980.
- . An American Public Transit Association (APTA) study of labor efficiency incentive measures titled "Comparative Labor Practices Report No. 6: Efficiency Incentive Plans" published June 15, 1983.
- . An informal 1983 telephone survey of 14 transit systems which for the past year reported 6 percent or lower absenteeism rates.<sup>1/</sup>
- . The review of incentive programs used by transit systems to improve employee attendance conducted in 1986 for the Los Angeles Rapid Transit District (RTD).

The first source, the 1978 PAT survey, had 57 usable responses. The results of this survey, summarized in Exhibit IV-1, indicate strong emphasis on discipline programs and surveillance of absent employees. While these types of attendance programs continue to predominate, recent surveys indicate a greater use of reward and employee support programs, often administered through personnel or human resources departments.

The second source, the 1983 APTA survey, covers 225 transit systems. The purpose of the APTA survey was to identify transit industry efficiency incentive practices for use in future labor negotiations. Although the survey did not focus exclusively on attendance it included incentives to reduce absence and was, therefore, a useful data source. Exhibit IV-2 summarizes the attendance programs reported by the survey respondents. As compared with the 1978 survey, which considered all types of attendance programs, the results of this survey focus more on incentives and positive reinforcement for attendance.

The third source, the telephone survey, was conducted to review the attendance programs of transit systems that reported low absenteeism in 1983. Exhibit IV-3 identifies the location of the 14 systems included in the survey, their size, and their reported absence rates for 1981-82 and 1982-83.

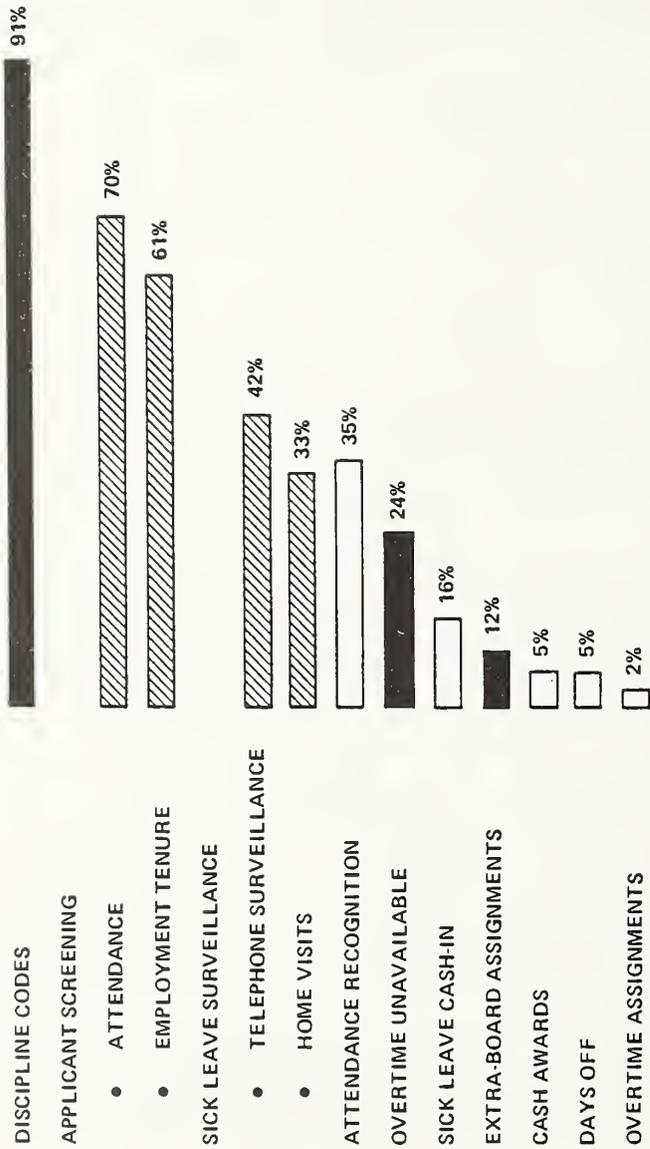
Exhibit IV-4 summarizes the types of attendance improvement programs used by the 14 systems included in the telephone survey. This exhibit demonstrates a more comprehensive approach to improving attendance that was being used by these transit systems. All of these systems use both discipline and personnel programs to support attendance improvement. Most systems have incentive programs and

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<sup>1/</sup> Employee absence rates were obtained from APTA which surveys transit systems quarterly concerning vehicle operator absence. The transit systems surveyed for this study reported absence rates which averaged 6 percent or lower for the four quarters ending April 1983.

EXHIBIT IV.1

USE OF ATTENDANCE PROGRAMS  
 FOUND BY  
 1978 SURVEY OF TRANSIT INDUSTRY  
 ATTENDANCE PROGRAMS



TOTAL RESPONDENTS: 57

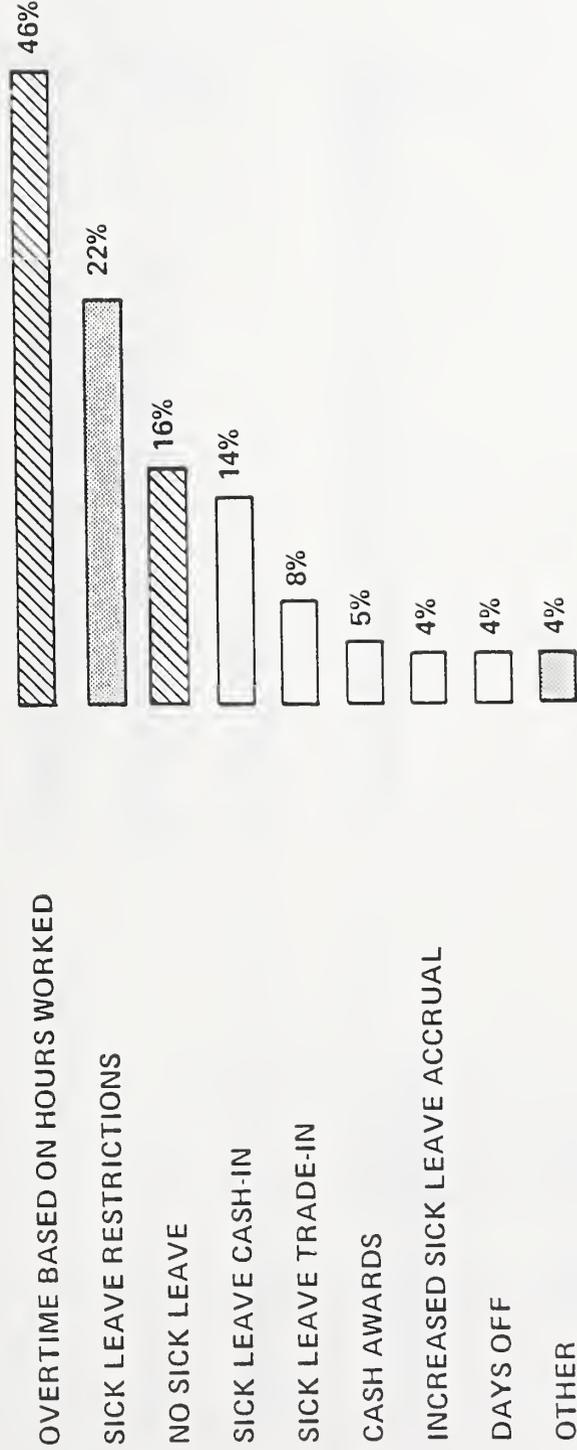
SOURCE: "STUDY OF OPERATOR ABSENTEEISM AND WORKER'S COMPENSATION TRENDS IN THE URBAN MASS TRANSPORTATION INDUSTRY," UMTA, MARCH 1980.

KEY:

- DISCIPLINE CODES AND PROCEDURES
- REWARDS
- ▨ PERSONNEL PROGRAM SUPPORTING ATTENDANCE IMPROVEMENT

EXHIBIT IV.2

USE OF ATTENDANCE PROGRAMS  
 REPORTED IN AN APTA SURVEY  
 OF LABOR EFFICIENCY INCENTIVE PLANS  
 (1983)



TOTAL RESPONDENTS: 225 SYSTEMS

SOURCE: "Comparative Labor Practices Report No. 6: Efficiency Incentive Plans," APTA, June 15, 1983.

KEY:

DISCIPLINE CODE, REWARD, OR PERSONNEL PROGRAM  
 SUPPORTING ATTENDANCE IMPROVEMENT

REWARDS

PERSONNEL PROGRAMS SUPPORTING ATTENDANCE IMPROVEMENT

EXHIBIT IV.3

SELECTED SYSTEMS WHICH REPORTED LOW ABSENTEEISM  
FROM APTA SURVEYS OF TYPICAL WEEKDAY  
ABSENCE OF VEHICLE OPERATORS (1983)

<u>SYSTEM AND LOCATION</u>	<u>SIZE</u>	<u>ABSENTEEISM RATE</u>	
		<u>81-82</u>	<u>82-83</u>
<u>Northeast</u>			
A	M	8.0	5.8
G	S	9.6	5.8
J*	S	7.3	6.0
M	S	—	5.8
<u>Southeast</u>			
B	S	—	5.2
H*	S	3.7	5.2
K*	S	4.5	4.9
<u>Midwest</u>			
C*	M	6.5	4.5
D*	M	6.5	6.0
E*	S	—	2.6
<u>Southwest</u>			
F*	S	5.5	5.1
I*	S	6.8	4.9
L*	S	5.7	5.5
N*	S	6.7	5.3

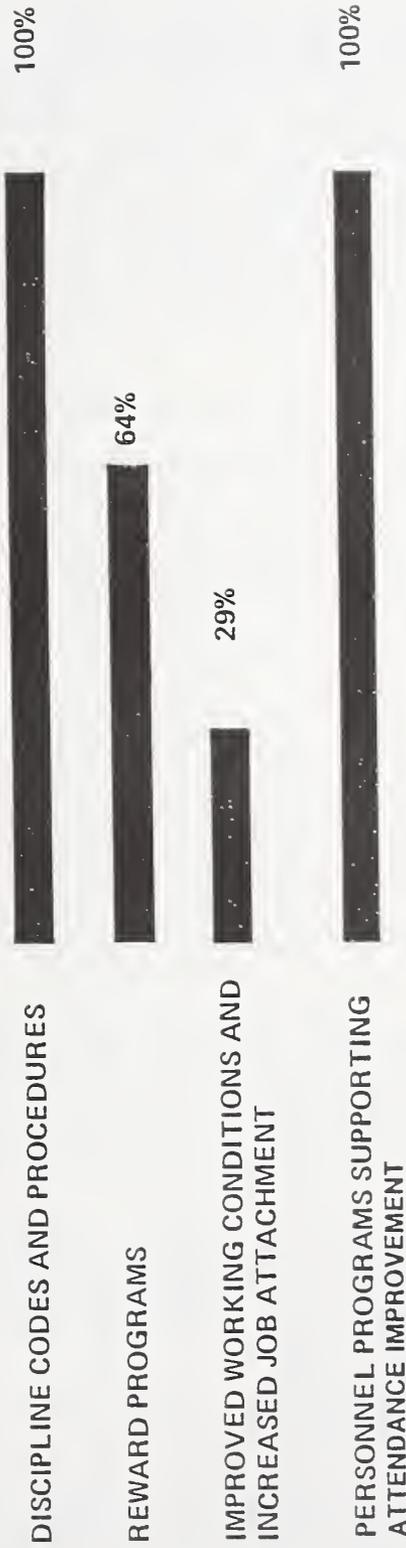
\*Systems that initiated attendance improvement programs.

Transit System Size: S = 100-499 operators  
M = 500-1,499 operators  
L = 1,500+ operators

Source: American Public Transit Association, Survey on Weekday Absence of Transit Operators, 1983.

EXHIBIT IV.4

TYPES OF ATTENDANCE PROGRAMS  
USED BY SELECTED TRANSIT SYSTEMS  
WHICH REPORTED LOW ABSENCE  
(1983)



TOTAL RESPONDENTS: 14

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SOURCE: Telephone survey conducted in conjunction with the Absenteeism Reduction Demonstration Project conducted for the Port Authority of Allegheny County, 1983.

almost a third have introduced programs to improve the job environment and working conditions.

The fourth source is a review of incentive programs used by U.S. transit systems to improve employee attendance conducted for the RTD in Los Angeles in 1985 by MacDorman & Associates in conjunction with a project on incentives for improving employee attendance. This review includes two parts. The first part summarizes the results in five national studies which, to a greater or lesser extent, addressed the problems resulting from employee absence in the transit industry and each considered the use of incentives to improve performance. The second part 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. The results of the review are presented in Appendix B of this report.

The balance of this section is divided into two parts:

- . The first part provides background on attendance programs used by the fourteen transit systems based on the telephone survey findings.
- . The second part reviews a wide variety of attendance programs used by the transit industry. This discussion draws on each of the four sources listed above.

#### ATTENDANCE PROGRAM BACKGROUND

During the transit system telephone survey, topics discussed included:

- . reasons that attendance programs were introduced;
- . objectives the programs were intended to accomplish; and
- . issues associated with starting and maintaining an effective attendance program.

Exhibit IV-5 lists the transit systems included in the telephone survey and the attendance programs used by each. These attendance programs include hourly and salaried employees. Exhibit IV-6 shows that all 14 systems' attendance programs included vehicle operators while only 10 included maintenance personnel, 8 included clerical personnel, and 6 included other salaried personnel.

In certain cases the transit systems indicated that their low absence rates could not be attributed to the introduction of attendance programs. Four of the fourteen transit systems indicated that their attendance programs existed before public takeover of their transit systems and that the focus of these programs was largely discipline.

These systems cited the following reasons for their low levels of employee absence:

- . strict adherence to progressive discipline policies;

EXHIBIT IV.5

ATTENDANCE PROGRAMS USED BY SELECTED SYSTEMS WHICH REPORTED LOW ABSENCE (1983)

ATTENDANCE IMPROVEMENT MEASURE	TRANSIT SYSTEM												TOTAL		
	A	B	C*	D*	E*	F*	G	H*	I*	J*	K*	L*		M	N*
<u>Discipline Codes and Procedures</u>															
Discipline Codes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	14
Termination for Excessive Absence	X	X	X	X	X	X	X	X	X	X	X	X	X	X	14
Extra-board Assignments									X				X		2
<u>Reward Programs</u>															
Attendance Recognition					X	X	X	X	X	X	X	X	X	X	6
Sick Leave Cash-in					X	X	X	X	X	X	X	X	X	X	3
Cash Awards			X		X	X	X	X	X	X	X	X	X	X	3
Attendance Pay					X	X	X	X	X	X	X	X	X	X	2
Days Off					X	X	X	X	X	X	X	X	X	X	2
Annual Awards Banquet					X	X	X	X	X	X	X	X	X	X	2
Prizes					X	X	X	X	X	X	X	X	X	X	2
Day Off Assignments					X	X	X	X	X	X	X	X	X	X	2
Overtime Assignments					X	X	X	X	X	X	X	X	X	X	2
<u>IMPROVED WORKING CONDITIONS AND INCREASED JOB ATTACHMENT</u>															1
Labor Management Committees			X		X	X	X	X	X	X	X	X	X	X	3
Operator Teams					X	X	X	X	X	X	X	X	X	X	1
Quality of Work Life Program					X	X	X	X	X	X	X	X	X	X	1
<u>Personnel Programs Supporting Attendance Improvement</u>															
Management Information Systems															
• Manual	X	X	X	X	X	X	X	X	X	X	X	X	X	X	11
• Computer				X	X	X	X	X	X	X	X	X	X	X	3
Applicant Screening															
• Attendance	X	X	X	X	X	X	X	X	X	X	X	X	X	X	11
• Employment Tenure	X	X	X	X	X	X	X	X	X	X	X	X	X	X	10
• Probation															1
Sick Leave Surveillance															
• Doctor's Note	X	X	X	X	X	X	X	X	X	X	X	X	X	X	10
• Telephone Calls	I	I	I	I	I	I	I	I	I	I	I	I	I	I	6
• Home Visits	I	I	I	I	I	I	I	I	I	I	I	I	I	I	5
No Sick Leave Counseling			X		X	X	X	X	X	X	X	X	X	X	3
Alcohol and Drug Rehabilitation Program					X	X	X	X	X	X	X	X	X	X	2
<u>TOTAL</u>	7	6	10	8	10	10	7	12	11	8	7	7	6	9	

\*Systems that initiated attendance improvement programs.

I = Used informally.

EXHIBIT IV.6

EMPLOYEES COVERED BY PROGRAMS  
AT SELECTED SYSTEMS  
WHICH REPORTED LOW ABSENCE (1983)

<u>Transit System</u>	<u>Operators</u>	<u>Maintenance</u>	<u>Clerical</u>	<u>Salaried</u>
A	X	X	X	X
B	X	X	X	X
C	X	X	X	X
D	X	X	X	
E	X	X		
F	X	X	1	1
G	X			
H	X			
I	X	X	X	X
J	X	X	X	
K	X	X		
L	X			
M	X			
N	X	X	X	X
	<hr/>	<hr/>	<hr/>	<hr/>
	14	10	8	6

<sup>1</sup>Employees included for award programs only, not for discipline.

- . strong tradition of good attendance among employees;
- . no pay for short-term sick leave and automatic suspension for unscheduled absences; and
- . poor economic conditions in their area for the past several years.

#### Attendance Program Objectives

The ten systems that instituted new attendance programs cited the following objectives:

- . improve employee attendance;
- . save money;
- . ensure service delivery;
- . improve relations between management and labor;
- . set common management and labor goals; and
- . improve organization morale.

The transit systems reported that their attendance improvement programs existed to improve their performance and solve organizational problems. For example, problems targeted by attendance programs included:

- . High absence. Several of the transit systems specifically mentioned high absence rates as a reason for instituting attendance programs. One system instituted its program at the request of the general manager even though its absence rate was reportedly lower than that of many other U.S. transit systems. Another transit system indicated that while employee absence was not severe, an attendance program was instituted as a preventive measure.
- . Sick leave abuse. Two of the transit systems reported sick leave abuse as a reason for their attendance programs.
- . High costs and low productivity. One of the transit systems instituted its attendance program to reduce high costs associated with absence and to increase productivity.
- . Poor employee attitudes. Three of the transit systems instituted attendance programs to address employee attitudes. One of the transit systems reportedly had a significant number of employees whose lifestyles were such that they did not want to work five days a week. Another transit system indicated that some of its employees needed extra motivation to maintain good attendance habits. The third transit system wanted to motivate "marginal" employees.

#### Reported Attendance Programs

Of the 14 transit systems in the telephone survey, the 10 that added attendance programs have included in these programs:

- . attendance recognition;
- . merit or bonus pay;
- . written attendance policies; and
- . more consistent attendance standards.

The introduction of these efforts was intended, in part, to provide balance to their existing attendance discipline programs.

An important finding of the telephone survey was that the more recent programs were easy and inexpensive to start and maintain.

- . Four of the ten systems that introduced new programs conducted preprogram diagnostic reviews; all were conducted by internal staff.
- . Each program was started with the transit systems' own funds. None used outside funding sources.
- . Each of the ten systems' own staff developed the new attendance programs.
- . Each new attendance program has low operating costs and staff requirements.
- . None of the ten systems hired additional staff to execute the new attendance programs.

Six of the ten transit systems that started new attendance programs conduct periodic evaluations of their programs. Three systems have automated their management information systems to monitor attendance and improve their ability to evaluate the effectiveness of their attendance programs. The use of computers has made data collection more efficient and effective and made attendance information readily accessible while requiring little additional staff time.

#### ATTENDANCE PROGRAM REVIEW

The transit industry currently uses a wide variety of attendance improvement programs. These programs can be divided into five general categories (described in Section II):

- . discipline;
- . incentives for attendance;
- . improved working conditions and increased job attachment;
- . employee support and assistance programs; and
- . personnel policies and practices supporting attendance improvement efforts.

Transit industry experience with attendance programs in each category is discussed below.

## Discipline Programs

Discipline programs are the most common type of attendance program used by transit systems in the United States. Ninety-one percent of the transit systems in the 1978 survey and all the systems in the telephone survey reportedly used such programs. The discipline programs include both formal (written) and informal (unwritten) policies and practices.

Attendance discipline programs vary considerably among transit systems. The reason for this variance is, in part, because the definitions of absence and the strictness of the discipline codes vary among systems. For example, one transit system defines all absences except vacation as absence occurrences and dismisses operators who exceed 12 occurrences while another system's discipline code includes only unexcused absences and operators with nine occurrences in a year are suspended.

Most of the attendance discipline programs are based on the records of individual vehicle operators in relation to established codes that restrict absence by type of occurrence (i.e., excused or unexcused), and length or frequency of absence. Some systems, however, base their attendance discipline codes on existing attendance norms (i.e., average number of absences) of their employees.

Three general types of discipline programs were identified in our review:

- . termination for excessive absence;
- . extra-board assignments; and
- . sick leave restrictions.

### Termination for Excessive Absence

Of all the attendance programs used by transit systems, termination for excessive absence with progressive discipline is reported as the most universal. Policies typically include progressive discipline codes in which, as the absences increase, the penalties become more severe and eventually lead to dismissal.

### Extra-Board Assignment

Another disciplinary procedure, assignment to the extraboard, is effective when operators consider such an assignment undesirable. Extra-board assignment was used in 7 of the 57 transit systems in the 1978 survey and 2 of the 14 systems in the recent telephone survey.<sup>2/</sup>

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<sup>2/</sup> While transit agencies employ sufficient regular operators to provide scheduled service, they also employ extra operators to cover work assignments that are temporarily unfilled. Often the unfilled work assignments are posted on bulletin boards along with the names of the extra operators assigned to conduct the work. Hence, the term "extraboard" was coined to denote the listing of unfilled work and the operators assigned to conduct such work.

### Sick Leave Restrictions

The 1983 APTA survey reported that several transit systems have instituted restrictions on sick leave when excessive absence occurs. The restrictions include:

- . required waiting periods for sick leave after a specified number of absences occur. Many restrictions are progressive, prescribing longer waiting periods for greater numbers of days off for sick leave.
- . no paid sick leave after a specified number of single-day occurrences unless the sick leave involves hospitalization or doctor's care.
- . no sick leave accrual if a minimum number of days are not worked in a specified period of time or if absences are unexcused.
- . reduced sick leave accrual for excessive use of sick leave.
- . doctor's statement requirement tightened after repeated absences caused by sickness.

### Incentive Programs

Transit systems use a diversity of attendance incentive programs. These programs include:

- . employee recognition;
- . financial and time-off incentives;
- . overtime availability;
- . banquets and prizes; and
- . other incentives.

Drawing on the results of the surveys of transit systems, selected incentive programs are described below and in Appendix B.

### Recognition Programs

The most common incentive program identified among transit systems for good attendance is attendance recognition. Employees with good attendance records for periods ranging from six months to two years are recognized. Thirty-five percent of the transit systems surveyed in 1978 and nearly 50 percent of those surveyed in the recent telephone survey reported using some form of attendance recognition.

Of the transit systems contacted in the telephone survey, six reported attendance recognition programs, five gave operators letters of commendation, and one mentioned operators in the transit system newsletter.

Financial and Time-off Incentives. Transit systems use a variety of financial and time-off incentive programs which provide additional compensation and/or vacation or personal time. Programs indentified include:

- . sick leave cash-in;
- . sick leave trade-in;
- . cash; and
- . days off.

Sick leave cash-in allows employees to cash-in part of their unused sick leave for money. Sick leave trade-in allows employees to trade part of their unused sick leave for vacation or personal time. The cash-in and trade-in may be for face value or for a portion of the value (i.e., one day of pay or vacation for two or three days of unused sick leave). In the 1978 survey of transit systems, 16 percent of the respondents had sick leave cash-in programs, while in the telephone survey, 21 percent had these programs. In the 1983 APTA survey 14 percent had cash-in programs and 8 percent had trade-in programs. Some respondents in the 1983 APTA survey had both cash-in and trade-in programs that allowed the employees to choose compensation or added vacation in exchange for accumulated sick leave. Exhibit IV.7 summarizes the results of APTA's 1985 survey of transit system efficiency incentive plans. This survey showed that over 200 transit systems reported attendance incentive programs, with some systems reporting several programs.

Some systems give cash awards or bonuses and extra days off for good attendance. These programs differ from cash-in and trade-in programs in that they do not affect accrued sick leave. Cash bonuses reported by APTA ranged from a \$50 savings bond to \$500 in cash a year in both 1978 and 1985; days off ranged from 1 to 3 days a year. In the 1978 survey, 5 percent gave cash bonuses and another 5 percent gave days off. The 1983 APTA survey had similar results; 5 percent awarded cash and 4 percent awarded days off. In the 1985 APTA survey, 11 percent of the transit systems with attendance incentives provided cash awards and 7 percent provided extra time off. In the telephone survey, 21 percent awarded cash, 14 percent awarded days off, and 14 percent accommodated day-off requests of employees with good attendance.

Overtime Assignments. Some systems base overtime assignments on good attendance. This system serves as a financial reward. Without such a system, the availability of overtime pay might make it economically viable for operators to be absent on regular work days. This type of incentive for attendance was reported by 111 transit systems in APTA's 1985 survey, making it the most frequently used incentive program.

Attendance Pay. A new and reportedly effective reward program is attendance pay. Two transit systems included in the telephone survey have such programs. One system awards a bonus of \$.10 an hour to operators with no miss-outs,<sup>3/</sup> chargeable accidents, or absences (including sick leave) for six months.

The second transit system's attendance pay program in 1983 included:

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<sup>3/</sup> Missouts is a term meaning tardy frequently used in the transit industry.

EXHIBIT IV.7

TRANSIT SYSTEM ATTENDANCE INCENTIVE PROGRAMS

	<u>NO. OF SYSTEMS</u>
<b>Transit Systems with Attendance Incentives</b>	
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
<b>Types of Attendance Incentives</b>	
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.

- . \$.10 per hour for each full month with no absence;
- . an additional \$.10 per hour for each full quarter with no absence; and
- . an additional \$.15 per hour for each full year with no absence.

Therefore, in 1983 the total attendance pay per hour worked was \$.35. One miss-out per year cost an operator about \$500 in lost attendance pay.

After attendance pay was introduced at this system, operator absenteeism dropped to 2.6 percent and its extra-board dropped from 38 to 10 percent of the operator work force. In 1982, the program cost the transit system an estimated \$75,000 and saved between \$550,000 and \$750,000. At the time of the survey, the transit system was in contract negotiations with the union, seeking to expand the bonus program to about 10 percent of an operator's annual pay. APTA's 1985 survey reported increases in the program with \$.15 per hour for each full quarter and \$.20 per hour per year for no unexcused absences.

#### Banquets and Prizes

Annual awards banquets are another attendance incentive program some transit systems use. Of the 14 systems included in the telephone survey, two hold annual awards banquets. One of the transit systems uses the occasion to distribute attendance pay checks from the prior year and the other system honors its employees-of-the-year for which a good work attendance record is one criteria.

Awarding prizes is another way transit systems reward good attendance. Two of the 14 systems in the telephone survey award prizes. One system has employee-of-the-year awards which include, among other things, two days off and tickets to sporting events. Another system awards operators and maintenance employees two tickets to a dinner theater for each six months of perfect attendance.

#### Other Incentive Programs

The 1978 survey identified several systems that not only record points or days missed for absence as part of their discipline codes, but that also erase points or days missed from employee records after extended periods of good attendance.

The 1983 APTA survey identified other incentive programs that specifically address sick leave:

- . increased sick leave accrual;
- . elimination of sick leave waiting periods; and
- . elimination of doctor's note requirements.

These incentive programs are similar to sick leave restrictions that are implemented as discipline programs. However, the incentive approach reinforces good behavior rather than punishing abuse of attendance codes. The 1985 APTA survey reported a wider variety of these incentive programs which are referred to as administrative actions to encourage attendance. About 34 percent or 68 of the

transit systems reported various administrative actions to discourage employee absence or encourage attendance.

### Improved Working Conditions and Increased Job Attachment

Improved working conditions and increased job attachment are intended to increase job satisfaction and personal commitment to the organization. Included in this category are for example:

- . labor-management committees;
- . employee teams;
- . quality of work-life programs; and
- . social events.

In general, these programs are not used as frequently to reduce absence in the transit industry as are the other categories of programs. The reasons these programs are used less may be that they are a newer concept, their effectiveness is not well-documented, or they are more expensive to implement than many other programs. Increasingly, however, transit systems are initiating programs in this area to improve labor-management relations and employee performance. The reduction of employee absence is generally only one objective of these programs.

#### Labor-Management Committees

None of the transit systems included in the 1978 survey used labor-management committees. Many systems, however, said that labor-management cooperation had great potential for reducing absence. In 1983, when the telephone survey was conducted, three of the 14 systems reported that they use labor-management committees to reduce absence.

One system's labor-management committee deals solely with employee absence. It meets weekly and reviews all absences from the previous week. If an employee is frequently absent, the committee meets with the employee to discuss reasons for the absences. The committee then recommends to the Director of Operations what disciplinary action is needed. Two other transit systems use labor-management committees for problems that arise, including absenteeism. While one of these systems reported that it does not use its committee often, the other committee reportedly meets for two to three hours every two weeks.

#### Employee Teams

One transit system included in the telephone survey organizes its operators into employee teams. Each supervisor is responsible for approximately 40 operators.<sup>4/</sup> Supervisors are expected to know and communicate with their vehicle operators in an effort to reduce employee absence.

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<sup>4/</sup> This system stated that it would like to increase the number of supervisors but does not currently have the resources.

The transit system requires its supervisors to:

- . know why a vehicle operator is not at work;
- . visit hospitalized vehicle operators; and
- . talk to vehicle operators during and after their absences to find out why they were absent and to let them know they were missed.

Operators with poor attendance records are given particular attention by their supervisors, since one of the objectives of the program is to reduce the need for disciplinary action by management.

### Work-Life Quality

One transit system of the 14 in the telephone survey has a quality of work-life program. Recently, the transit industry has shown interest in quality of work-life programs as a way of making jobs more interesting, improving productivity, and improving job performance. Such programs may be effective in reducing absence by increasing employees' interest in and commitment to their jobs.

### Social Events

Transit systems that responded to the 1978 survey reported staging social events and competitions as a means of increasing commitment to the organization and reducing absence. The bus rodeo was the most common social event. Some systems hold performance competitions between divisions with trophies, plaques, or social events as prizes.

### Related Programs

Many transit systems in the 1978 survey reported suggestion programs with cash awards. These programs were considered an approach for improving attendance by increasing employee involvement in decisionmaking.

### Employee Support or Assistance Programs

Several transit systems use or recommend various employee support or assistance programs designed to help employees professionally and personally.

- . Counseling/performance appraisals. Many systems in the 1978 survey reported using counseling and performance appraisals to help reduce employee absenteeism. Some systems include counseling in their discipline procedures. Counseling by supervisors may be required when an employee returns to work from an absence, on a periodic basis, or at the time a sick leave claim is made. One transit system interviewed in the telephone survey, requires its supervisors to counsel all employees quarterly. Another transit system uses counseling as an important element of its disciplinary procedures and requires supervisors to meet with employees after each absence.
- . Alcohol and drug rehabilitation programs. Thirty-two percent of the systems in the 1978 survey reported alcoholism programs and 23 percent reported drug rehabilitation programs. In the telephone survey, one

transit system reported an alcohol and drug rehabilitation program. These programs attempt to improve employee absence by dealing with one of its causes.

### Personnel Programs Supporting Attendance Improvement Efforts

This final category of attendance programs is the most diverse. It includes programs often developed and administered through the transit system personnel or human resources department. A well-managed transit system includes a number of programs in this category, in part to complement and reinforce other attendance programs, especially discipline and rewards programs. In addition to attendance objectives, these programs serve numerous other management objectives. In fact, the concern with attendance has often been a secondary reason for implementing the programs described below.

#### Management Information Systems

Transit system managers interviewed as part of the 1978 survey emphasized the importance of access to absence information, either through manual or automated management information systems, to monitor and improve employee attendance. They recommended integrating attendance reports with the payroll systems. All 14 systems in the telephone survey had management information systems that reported on employee attendance. Three of the transit systems had computerized systems. They stressed how the use of computers made data reporting efficient and effective and made attendance information readily accessible.

#### Pre-Employment Screening

Screening of applicants' past employment attendance records and tenures can be effective attendance improvement measures since they eliminate applicants with histories of poor attendance. Seventy percent of the systems in the 1978 survey reported that they screened applicants' prior attendance records. Interviews with these systems revealed that attendance records are a major factor in rejecting applicants. Of the 14 systems in the telephone survey, 11 screened applicants on the basis of prior attendance performance and 10 screened on the basis of prior employment tenure.

A less common but potentially effective program to improve employee attendance is screening employees with poor attendance during their probationary period. All transit systems in the telephone survey have probationary periods for new employees but only one system's probationary period of one year was long enough to effectively screen employees for poor attendance. The other systems had probationary periods of only 60 or 90 days. The 1978 survey included no transit system that purposefully screened employees for attendance during probation and found that few employees were terminated during the probationary period.

#### Recruiting

Closely associated with applicant screening is recruiting. Most transit systems have sufficient applicants for the position of operator and, therefore, do not recruit applicants. Recruiting may be a way of reducing absence by targeting prospective employees believed to be good vehicle operator candidates.

## Sick Leave Surveillance

Strict surveillance of sick leave may be an effective attendance improvement program. Transit systems reported using three general methods of sick leave surveillance:

- . Doctor certification. The 1978 survey found that doctor certification of illness was among the most common attendance programs. Many transit systems used in-house, designated, or employee-chosen physicians and required employees to have certification for illnesses. Ten of the fourteen transit systems in the telephone survey had the authority to require doctor certification. Most of these systems, however, reported that they required doctor certification only from abusers of sick leave policies or from employees with prolonged periods of absence. An exception is one of the transit systems which has a health maintenance organization (HMO) for its employees and requires doctor certification for every sick leave occurrence.
- . Telephone calls. Twenty-four of the 57 transit systems in the 1978 survey and 6 of the 14 in the 1983 telephone survey monitor sick leave by telephoning absent employees at their homes. Many transit systems only spot-check employees or contact employees after a minimum period of absence. Other systems do not routinely telephone absent employees. Instead, telephone surveillance is at the discretion of employees' supervisors.
- . Home visits. A less common means of sick leave surveillance is home visits. Nineteen of the 57 respondents in the 1978 survey and five of the 14 systems included in the telephone survey use them. Home visits are mostly used to check on employees with frequent absences with longer periods of absence. However, some systems visit every operator at home on the first day of each absence.

The telephone survey found that sick leave surveillance was not usually uniformly or consistently applied. The systems that did apply it uniformly and consistently appeared to find it a useful deterrent to absenteeism.

## Sick Leave Restrictions

The 1983 and 1985 APTA surveys reported several forms of sick leave restrictions used by transit systems to discourage sick leave abuse.

- . Vacation time. Three systems charge sick leave and vacation to the same account. One system does this only for sick leave of periods less than three days.
- . Hospital stays. One system limited five of the twelve paid sick days to hospital stays and associated doctor visits.
- . Minimum time requirement. One system pays only for sick leave with a duration of three days or longer and limits total sick leave pay to three days per occurrence.

- . Lower accrual for new employees. One system reported that, for the first four years, sick leave accrued at half the normal rate for new employees.

### Compensation Programs

Many systems designed their compensation programs to support attendance improvement efforts:

- . Overtime restrictions. With this program, systems base overtime availability on hours actually worked during each one or two-week period (i.e., employees must work at least 40 hours per week before they are eligible for overtime assignments). This program is common and is used by 46 percent of the 225 systems included in the APTA survey.
- . Partial pay for sick leave. Some transit systems in the APTA survey offered pay for four or six hours for each eight hours of sick leave.
- . No paid sick leave. In the 1983 APTA survey, 35 systems do not provide paid sick leave. Many of these systems are located in the heavily unionized industrial Midwest and Northeast. While the number of systems without paid sick leave is reportedly declining, the 1985 APTA survey included 38 transit systems that reported no sick leave.
- . Workers' compensation limitations. The 1978 survey found that some transit systems try to mitigate the attractiveness of workers' compensation benefits by reassigning employees to lighter duty, aggressively litigating claims, and deferring payment on contested claims.
- . Fringe benefit termination. The 1978 survey included 25 systems that discontinued fringe benefits after a specified length of disability leave. The length of leave ranged from three months to five years, with almost half the 25 systems discontinuing fringe benefits after one year. Nine systems discontinued benefits if an employee rejected an alternative work offer. Six of the nine discontinued benefits immediately; the others waited up to one year after rejection of the offer before benefits were discontinued.
- . Friday payday. Absence is generally higher on Fridays than other days of the week. This has been attributed primarily to the attractiveness of long weekends, but also at some systems to the receipt of pay on Thursday and the resulting feelings of release, or spending sprees. In the 1978 survey, systems suggested that Friday absences could be reduced by distributing paychecks on Friday.
- . Police protection. Because of the often-mentioned stress of transit operator job responsibilities, improvement in job environment through provision of police protection was suggested in the telephone survey as a means of reducing absenteeism.
- . Transportation. Encouraging car pooling or providing scheduled paratransit services might improve employee absenteeism. Provisions of such services would overcome employee transportation problems.

## V. MODEL FOR ATTENDANCE PROGRAMS

Developing and administering an effective program to improve employee attendance is a challenging and demanding process that requires considerable effort. However, the rewards are substantial for organizations that are successful in these efforts. This section introduces a model for improving employee attendance based on the findings and conclusions presented in the previous four sections of this report. To improve employee attendance, an organization should:

- . prepare a strategic plan based on an understanding of the nature and extent of its absence problem;
- . develop a balanced attendance program of rewards and sanctions that are responsive to the organization's needs; and
- . provide the necessary management support to successfully administer the attendance program. This management support includes training managers and supervisors, communicating with employees about the program, implementing an attendance monitoring system, and conducting periodic evaluations of program results.

Too often organizations focus only on isolated methods to reduce absenteeism. These methods generally result in an ineffective, piecemeal approach to attendance improvement. A suggested model for an employee attendance program is presented in Exhibit V-1 and described below.

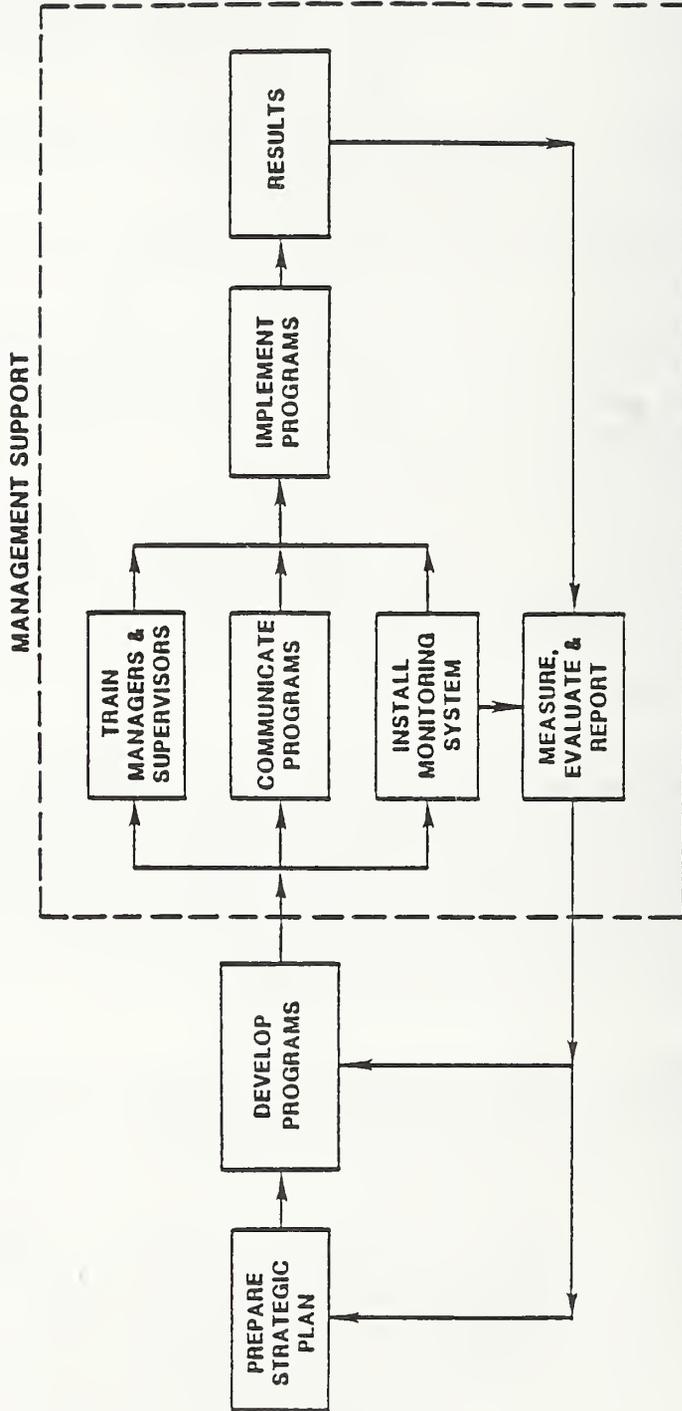
### ATTENDANCE PLAN

The preparation of a strategic plan is often the critical step that distinguishes successful programs for improving employee attendance. The plan preparation need not be a lengthy, costly, or excessively time-consuming effort. As is discussed in Section IV of this report, transit systems often prepare such plans without outside technical assistance or financial support. The important activities in developing an attendance plan include (1) defining the nature and extent of the absence problem; (2) deciding what can be accomplished reasonably, based on near- and long-term performance targets; and (3) preparing an overall strategy.

The development of an attendance plan should begin with a review of employee absence patterns, including both the nature and extent of absence, and an assessment of the strengths and limitations of existing efforts to improve attendance.

Attendance measures should be developed and data collected. Attendance data included in employee attendance and personnel records should be examined, identifying absence patterns for individual employees, employee work group/units, and departments. Seasonal and cyclical attendance patterns should also be examined. The analysis should not focus exclusively on attendance problems but should also focus on individuals or departments that have good attendance. Additional information on attendance can be gathered through interviews with employees and supervisors or through small group interviews. Considerable insight into the possible causes of absence can also be gained through this type of information gathering.

EXHIBIT V.1  
ATTENDANCE IMPROVEMENT PROGRAM ELEMENTS



- . Day Care Centers. Recognizing the increasing proportion of working spouses and households headed by single parents in the work force, transit systems in the 1978 survey suggested that day-care centers would improve employee attendance. Some systems attributed a significant portion of the increase in absence to child-care problems.

### Improved Supervision

Improvement in the supervisory function has the potential of significantly improving attendance. Two ways of improving supervision include:

- . Increased supervisory ratios. The ratio of supervisors to operators may affect absence rates. This ratio is relatively low in the transit industry as compared with other industries. In the 1978 survey the number of operators per road supervisor ranged from 12 to 100 with an average of 31. The number of operators per dispatcher (station clerk, mark-up clerk, etc.) ranged from 16 to 250 with an average of 35. In the telephone, survey one transit system, with 40 vehicle operators per supervisor, stated that it would like to increase its supervisory ratio.
- . Supervisor training. Several systems in the 1978 survey indicated an interest in supervisor training to reduce absence. This training would provide supervisors with techniques for reinforcing organizational commitment and more effectively administering reward/punishment policies.

### Operator Training

Several types of operator training programs have been implemented with the intent of reducing both short- and long-term absence.

- . Initial training of operators on job requirements and organization policies and procedures serves to ensure that employees understand the importance of consistent attendance and the implications of excessive or abusive absence.
- . Most large transit systems have occupational safety programs and a few look to these programs to reduce injury-on-duty absences and costs. For example, a system included in the 1978 survey padded all its fare boxes after frequent reports of operator injuries on fare boxes.

### Improved Labor Utilization

Finally, an effective means of reducing employee absence can be improved labor utilization. Labor utilization can be improved by:

- . Reducing overtime use. Several transit systems in the 1978 survey suggested that reducing available overtime was effective in reducing absence. Systems reported, in fact, that when an operator could miss work on a workday and then work an off day at time-and-a-half pay, the absence problem was compounded. Therefore, by reducing the overall amount of available overtime, systems may reduce absence rates.

- . Reducing extra-board. A few transit systems reported reducing absence by reducing the extra-board assignments. Operators are assigned eight-hour runs which make their work schedules more regular. Reportedly, the regular schedules encourage vehicle operators to come to work and have allowed the transit systems to reduce the overall work force through lower absenteeism.

In summary, numerous personnel programs provide support to attendance improvement efforts. On the basis of the APTA and telephone surveys, it appears that many of these support programs are implemented individually and are not part of a comprehensive attendance program. Those that appear most effective are part of more comprehensive attendance programs.

Taking time during the strategic planning process to examine the causes of employee absence greatly enhances the probability that the attendance program will be successful.

- . First, it directs attention to attendance programs that are most likely to succeed.
- . Second, it helps develop consensus regarding what type of an approach should be taken.
- . Third, it helps assess current attendance programs and identify barriers and constraints that exist.

The review of current attendance policies serves to further clarify the types of programs and management actions that may assist in improving attendance. The review may result in adding elements to or deleting elements from the current attendance program. Alternatively, the review may result only in changes in the way the existing attendance program is administered.

It is important to remember that employee attendance can be affected by many elements of an organization. Exhibit V-2 identifies the functions in a transit system that generally include policies and practices that relate to employee attendance. Efforts to improve attendance can focus on any or all of these functions.

#### BALANCED ATTENDANCE PROGRAM

The development of a balanced and complete attendance program should ensure greater program effectiveness. Such an attendance program should discourage further absence of poor attenders, encourage better attendance from employees who are occasionally absent, and recognize employees with excellent attendance records. Consequently, a mix of strategies including, at a minimum, discipline together with rewards and/or other programs which support good attendance is advisable. The inclusion of efforts that improve working conditions and job enrichment may also be considered.

Exhibit V-3 provides an illustrative listing of the types of strategies that should be considered to develop a balanced attendance program. The exhibit includes programs currently being used or recommended by transit systems in the United States.

Irrespective of the specific characteristics of the organization's attendance program, a balanced and complete attendance program includes:

- . a clearly written policy statement which defines the program, stresses the importance of attendance to the organization, and specifies the effects on employees of good and poor attendance; and
- . an improvement or forgiveness factor which allows employees to correct a bad attendance record so that when a good job record is established the employee may receive rewards or recognition, as appropriate.

EXHIBIT V.2

AREAS THAT RELATE TO ATTENDANCE

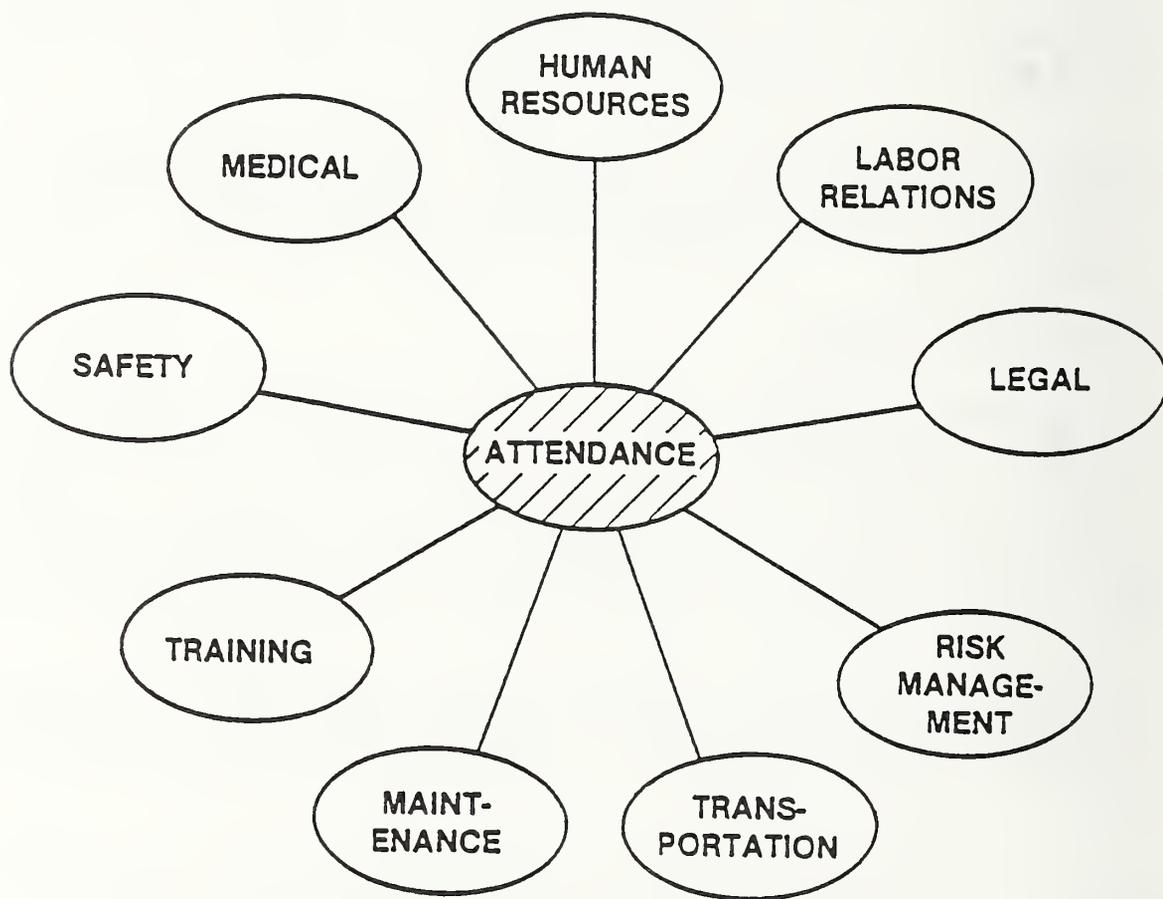


EXHIBIT V.3

LIST OF ATTENDANCE PROGRAMS

DISCIPLINE	INCENTIVES FOR ATTENDANCE	IMPROVED WORKING CONDITIONS AND INCREASED JOB ATTACHMENT	PERSONNEL PROGRAMS SUPPORTING ATTENDANCE IMPROVEMENT EFFORTS
<ul style="list-style-type: none"> <li>Discipline Codes</li> <li>Termination for Excessive Absence</li> <li>Extra-Boards Assignments</li> <li>Insitution of Sick Leave Restrictions</li> <li>Waiting Periods</li> <li>No Sick Leave Pay</li> <li>No Accrual</li> <li>Reduced Accrual</li> <li>Doctor Certification</li> </ul>	<ul style="list-style-type: none"> <li>Attendance Recognition</li> <li>Time-Off Incentives</li> <li>Sick Leave Trade-in</li> <li>Days Off</li> <li>Financial Incentives</li> <li>Cash Awards</li> <li>Sick Leave Cash-in</li> <li>Attendance Pay</li> <li>Increased Sick Leave Accrual</li> <li>Elimination of Sick Leave Restrictions</li> <li>Waiting Periods</li> <li>Doctor Certification</li> <li>Annual Awards Banquets</li> <li>Lotteried Prizes</li> <li>Day Off Assignments</li> <li>Overtime Assignments</li> <li>Discipline Record Erasure</li> </ul>	<ul style="list-style-type: none"> <li>Labor/Management Committees</li> <li>Worker Teams</li> <li>Quality of Work Life Program</li> <li>In-House Newspapers</li> <li>Social Events/Competitions</li> <li>Suggestion Programs</li> </ul>	<ul style="list-style-type: none"> <li>Management Information Systems</li> <li>Manual</li> <li>Automated</li> <li>Applicant Screening</li> <li>Attendance</li> <li>Employment Tenure</li> <li>Probation</li> <li>Recruiting</li> <li>Sick Leave Surveillance</li> <li>Doctor Certification</li> <li>Telephone Calls</li> <li>Home Visits</li> <li>Sick Leave Restrictions</li> <li>Vacation Time</li> <li>Hospital Stays Only</li> <li>Minimum Time Requirement</li> <li>Lower Accrual for New Employees</li> <li>Compensation Programs</li> <li>Overtime</li> <li>Partial Pay for Sick Leave</li> <li>No Paid Sick Leave</li> <li>Workers' Compensation Limitations</li> <li>Fringe Benefit Termination</li> <li>Friday Payday</li> </ul>
<ul style="list-style-type: none"> <li>Employee Support Programs</li> <li>Counseling/Performance Appraisals</li> <li>Alcohol and Drug Rehabilitation Programs</li> <li>Police Protection</li> <li>Transportation Services</li> <li>Day Care Centers</li> <li>Improved Supervision</li> <li>Increased Ratios</li> <li>Supervisory Training</li> <li>Occupational Safety Programs</li> <li>Improved Labor Utilization</li> <li>Reduced Overtime Use</li> <li>Reduced Extra-board</li> </ul>			

These two features, together with accurate attendance data and consistent administration of the attendance program are particularly important since employee termination may be arbitrated. Arbitration requirements are described in more detail in Section III of this report.

### MANAGEMENT SUPPORT

A critical element of an effective employee attendance program is management support. This support includes:

- . training supervisors to ensure that the program is clearly understood and will be properly and consistently carried out;
- . communicating with employees so that they are aware of and familiar with the program, its importance, and how it may affect individuals with good or poor attendance;
- . installing an attendance monitoring system which defines the collection and maintenance of accurate attendance data; substantiates the reward or discipline of employees based on attendance records; and allows regular feedback on attendance performance to employees, supervisors, and management, as desired; and
- . evaluating and measuring program results which serves as the basis for assessing attendance program effectiveness and identifies the need to refine the program.

Each of these efforts reinforces the attendance program objectives and demonstrates management's commitment to the importance of employee attendance.

### Supervisor Training

The supervisor is important to the success of an attendance program. Regardless of the specific characteristics of the program, the supervisor sets the tone and serves as management's representative on a day-to-day basis.

Providing training for supervisors is, therefore, essential to an attendance program's effectiveness. Training ensures that supervisors understand the mechanics of the program and encourages supervisors to use the program. Furthermore, supervisors should be trained to develop and reinforce interpersonal skills and to motivate employees since they will reward and discipline their subordinates.

### Communication with Employees

All attendance policies and programs in an organization should be clearly communicated to all employees. Current employees should be informed about changes to the attendance program while new employees should be informed about the current program when they are hired. A failure to communicate with employees will probably result in grievances and related problems and may undermine future efforts to modify the attendance program.

The key to successful communication is repetition. Different employees learn best through different information channels. Thus, a variety of

APPENDIX A  
LITERATURE REVIEW

These tables provide a brief description of the documented attempts to improve attendance and the results of these efforts. The different programs are categorized and arranged alphabetically. For each study, the investigator, date, population, the control method, research design, and results (measure) are provided.

The following terms are defined to clarify the meaning of these tables:

- . Quasi-experimental: A treatment group is compared to a control group. Often the data are collected over time so a longitudinal analysis is also possible.
- . Longitudinal: Data are collected before and after the program was implemented. Typically, this represents a case analysis of a single organization.
- . Population (n): The population represents the group from whom the data were collected. The n indicates the number of individuals from whom data were collected.

communication methods should be used including letters home, employee meetings, memos on bulletin boards, and videotapings.

### Attendance Monitoring System

Attendance data must be accurate, understandable, and timely. A monitoring system, whether manual or automated, should compile individual attendance data and provide information to employees, supervisors, and management. Automation of the attendance data is increasingly necessary to meet legal requirements for information accuracy and timeliness.

Simply collecting and examining attendance information reinforces the importance of attendance to supervisors and employees. Analysis of this data helps supervisors and management quickly identify the employees, workgroups, or departments that may be developing an absence problem and allows for early corrective action. Furthermore, statistical analysis can also serve to identify weaknesses in the attendance program and contribute to program refinement.

### Evaluation and Measurement

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.



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.
Richolson & 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 term insurance covers treatment in hospital. Sought Union cooperation. (Alcoholism)	Long (1 year)	Absenteeism reduced 4.7%.
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 to 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 1974 reduce by 22%, but causal relation not definite.
<u>FLEXIBLE AND NON-TRADITIONAL WORK SCHEDULES</u>				
Pocock, Ser- gean & Taylor (1972)	Shiftworkers at Mfg. 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
Hord & 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, Illies & 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)	Mfg. 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 production workers	3 day/4 day week- 12 hour shifts	Longitudinal (9 months)	Absenteeism rate did not change.
Magoon & Schmicker (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 & Hillies (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 implementa- tion 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 et al. (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
Kim & Hammer (1976)	Unionized employees in service-type job for a telephone co. (113)	Evaluative/non-evaluative 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)

GOAL SETTING & FEEDBACK

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
Fopleman & 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%
Hautaluoma & 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 & Schacter (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 hierarchies of job classifications 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 experimental group compounded to 51% increase for control group. Variable schedule - no significant positive results.
Stephens & Burroughs (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
Latham & Kinne (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.
Haynes (1978)	Male employees (245)	<u>HYPERTENSION/SIRESS</u> Identification & treatment of hypertension	Longitudinal	Absenteeism increased for those persons diagnosed with hypertension even if they entered therapy to correct the problem.
Davis & Valfir (1966)	Military equipment repair (11 shops with 18-33 employees in each shop)	<u>JOB ENRICHMENT</u> Job enrichment	Quasi-experimental (paired comparisons)	Absenteeism did not differ between groups (absenteeism was already low among both groups).
Lord (1969)	120 women at telephone 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, Sirota & 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)	Absenteeism was lower in 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 & Russo (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)	Mfg. 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 treatment groups - no difference between groups which expected results & groups that did not expect results.
Janson (1972)	Keypunch 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%
Glaser (1976)	Instrument dept. Corning Glassware	Job enrichment	Longitudinal	Absenteeism decreased from 8.5% per month to 3.4% per month. Absenteeism decreased
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
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.
Mallin & 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
Pedolino & Gamboa (1974)	Hourly employees in a mfc. 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 & Blackman (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.
Hord (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)
Hord (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 & Blackman (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 differences between the significant reductions in absenteeisms for both fixed & variable reinforcement
Szilagy (1980)	Non-supervisors 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
Orpen (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 significant 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 organization employees	Time bank & well pay	Longitudinal	Absenteeism reduced in both organizations
Schneider & Kopeelman (1983)	Industrial textile Workers (213)	Attendance bonus plan	Longitudinal	Absence occurrences increased 13.9%
Winkler (1980)	5/ public schools in California and Wisconsin	<p style="text-align: center;"><u>SICK PAY PROGRAM</u></p> 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%
Stewart (1976)	Data entry dept. (250)	<p style="text-align: center;"><u>TEAM BUILDING</u></p> Installation of a new computer system - team approach encouraged	Longitudinal (3 years)	Absenteeism decreased 35%

DOCUMENTED ATTEMPTS TO IMPROVE ATTENDANCE

INVESTIGATOR (DATE)	POPULATION(N)	CONTROL METHOD	RESEARCH DESIGN	RESULTS
Billings, Klimoski & Breaugh (1977)	Dietary dept. of a large hospital (123)	<u>TECHNOLOGICAL CHANGE</u> Technological change (job changed but were not enriched)	Quasi-experimental	Absenteeism did not change over time or differ with control group.
Copenhaver (1973)	Food service employees in a hospital	<u>TRAINING PROGRAMS</u> Supervisors received human relations training - supervisors involved in implementing job enrichment	Longitudinal	Absenteeism decreased 1% during training period
Vexley & 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 B  
INCENTIVE ATTENDANCE PROGRAMS  
USED BY U.S. TRANSIT SYSTEMS

## INCENTIVE ATTENDANCE PROGRAMS USED BY TRANSIT SYSTEMS

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. A brief concluding statement is provided.

### 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.

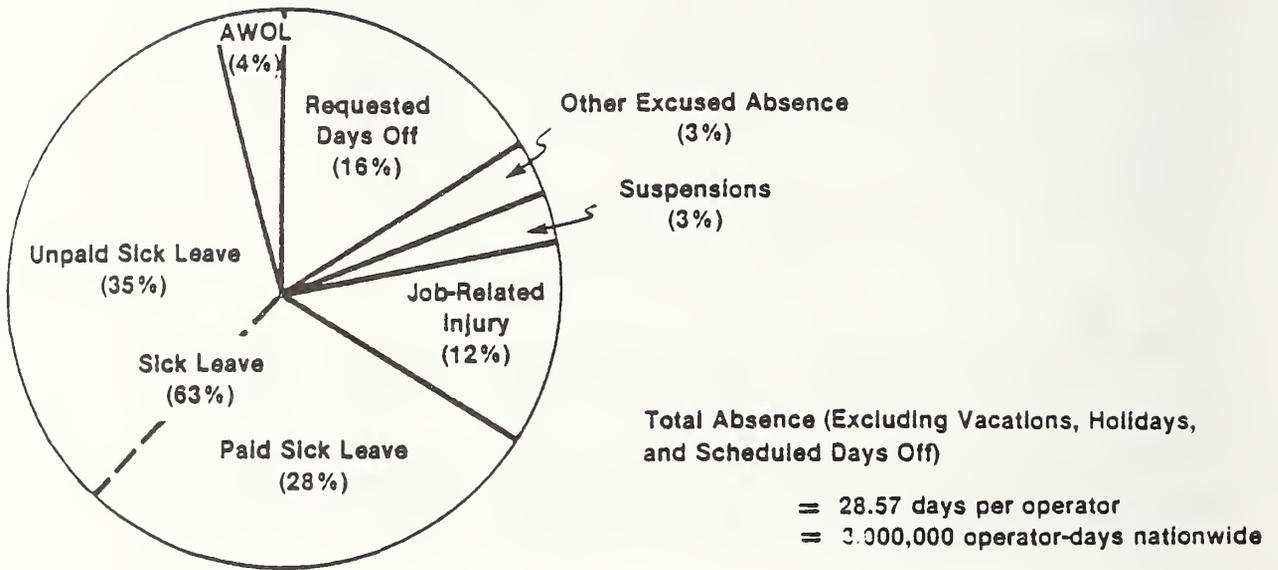
#### Research Findings

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 B.1 summarizes both the extent and the cost of vehicle operator absence as reported in this study.

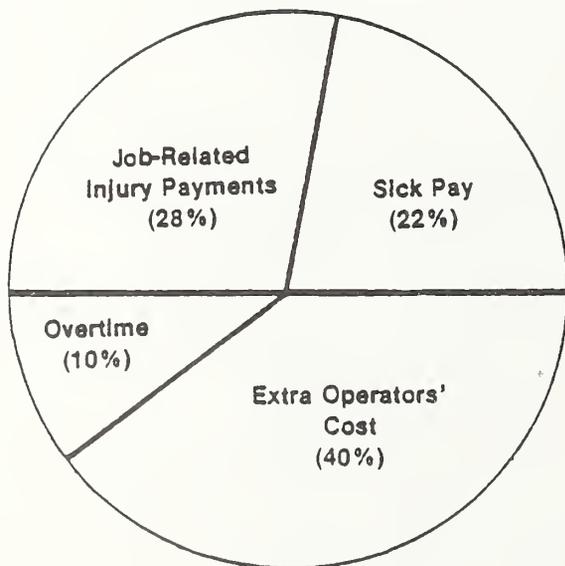
The research effort found that the transit industry had addressed the problem of absence aggressively. Almost all transit systems had a

EXHIBIT B.1

EXTENT AND COST OF VEHICLE OPERATOR ABSENTEEISM: 1978



COST OF OPERATOR ABSENCE



NOTE: This estimate excludes disruption costs (e.g., minimums, waiting time, travel time, spread premium) and administrative costs (e.g., dispatching, recruiting, hiring, training, accounting, claims processing.)

**Total Estimated Cost = \$187 million**  
 \$1,780 per operator  
 27% of federal operating subsidy

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 B.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 B.2

SUMMARY OF EXPERIENCE WITH QUALITY OF WORK-LIFE PROBLEMS

SYSTEM SIZE	EMPLOYEE POSITION				
Large	Bus Operator	Street Supervisors/ Dispatchers	Mechanics	Foreman	Clerical (non-union)
	Incentives Labor Management Committee Task Forces	Job Enlargement Job Enrichment Labor Management Committee Task Forces	Incentives Labor Management Committee Quality Circle Task Forces Work Teams	Labor Management Committee Quality Circle Task Forces Work Teams	Flextime Incentives Quality Circle Task Forces Work Teams
	Medium	Incentives Labor Management Committee Task Forces	Job Enlargement Job Enrichment Labor Management Committee Task Forces	Incentives Labor Management Committee Task Forces	Labor Management Committee Quality Circle Task Forces
Small		Incentives Task Forces Top Level Labor Management Committee	Job Enlargement Job Enrichment Task Forces	Incentives Task Forces Top Level Labor Management Committee Work Teams	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, where 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. Dadrack 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 B.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 B.3

TRANSIT SYSTEM ATTENDANCE INCENTIVE PROGRAMS

	<u>NO. OF SYSTEMS</u>
<b>Transit Systems with Attendance Incentives</b>	
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
<b>Types of Attendance Incentives</b>	
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.

### CONCLUSION

The material presented in this appendix indicates that the U.S. transit industry is aware of and concerned about employee absence. Studies have been conducted to understand the causes, impacts and potential remedies for absence and many programs and policies have been initiated to improve employee attendance.

The review of APTA's 1985 survey of comparative labor practices on attendance incentive programs illustrates the diverse options that are being pursued by transit systems nationwide to support and encourage good and improving attendance. These programs have become more numerous and wide spread during the 1980's.













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