



Alberta's construction industry is in the throes of a major expansion. Since 1997, both construction volumes and optimism have steadily increased. Indeed, construction activity and optimism indicators are now surpassing the energy boom days of the 1970's and '80s. Alberta's major construction projects inventory contains over \$60 billion in current and planned investment. And, during 2000 the number of people employed in the construction industry reached 140,000 – eclipsing the employment levels experienced during the previous energy boom. The overwhelming majority of these tradespeople are working with employers who operate on an “open shop” basis – that is, without having a collective bargaining relationship with a union. Because it is ultimately up to employees to decide whether their company will work through a union, or remain union free, their attitudes on merit/open shop construction are important. So, how do construction tradespeople working in the open shop sector feel about their current employment situation?

the changing construction
industry employment landscape

While change over time is inevitable, some changes can be more dramatic than others. Consider the revolutionary impact computers have had on daily living and business activities since the 1980's. And, though it may not be classified as “revolutionary”, consider how dramatically the construction industry employment landscape has changed over the last 20 years – particularly in western Canada.

the open shop workforce:
new challenges, new attitudes

During the 1970's and early 1980's, the overwhelming majority (80% by most accounts) of the non-residential construction workforce was affiliated with large U.S.-based building trade construction craft unions. When North America's various economies began faltering, the impact was particularly severe for the energy sector and the construction industry. In a few short years, the industry's workforce ranks, which had once strained to keep up with construction demands, were decimated. Employment was virtually halved and competition for work and jobs reached unparalleled levels of intensity. Wage rates went into free fall and costly union benefit plans were abandoned.

In short order, the market shares between unionized and open shop sectors reversed. By 1985, an estimated 80% of the little construction that was being done was being done on an open shop basis.

In 1986, a group of Alberta contractors determined a new orientation in human resource practices and manpower development was needed. Modelled in part after the U.S.-based Associated Builders and Contractors, the Merit Contractors Association was established. It's primary objectives were to bring construction contractors together to provide comprehensive human resource programs and services to employees working in the open shop sector of the construction industry.

This new orientation meant challenging some traditional tenets which were a cornerstone of unionized construction. For example, each craft union maintained a separate health and welfare plan. To improve economies of scale, Merit's plan was established as a universal and portable plan for all participants regardless of craft. The result is that in any given month, upwards of 17,000 employees are covered under Merit's benefit plan at about half the cost of comparable union plans. The pension plan, once the embodiment of all that was both good and bad about the union movement, was replaced by retirement savings plans controlled by individual employees as opposed to

joint union-employer committees and union administrators.

Contractors also recognized that their employer-employee relationships were different. Where communications, wages, benefits, manpower recruitment and work assignments were spelled out in collective agreement provisions hammered out by multi-employer and union bargaining teams, individual contractors now found themselves responsible for all aspects of their workforce. Recognizing this, an extensive supervisory training program aimed at teaching fundamental human resource practices and principles to foremen and lead hands working in the front lines was developed. Over 1,200 supervisors have successfully completed this program.

One need only listen to some participants in these supervisory classes to appreciate how the industry has evolved. Most veteran supervisors have experienced the ups and downs of the industry. In particular, the initial restructuring posed incredible challenges for contractors and tradespeople alike. Having successfully undergone this transformation, there is now little doubt that the open shop/merit sector has secured an enduring and significant place in Alberta's construction industry.

Yet some, particularly those in the unionized sector, continue to deny that the realignment of Western Canada's construction markets is more than a temporary phenomenon. They continue to predict that the collapse of the open shop sector is imminent.

Some union organizations across Western Canada have also used their political affiliations to co-opt governments into establishing policies and laws that attempt to legislate unionized construction. Others have developed organizing and harassment programs such as COMET to foment employee discontent with employers at individual companies and projects. And periodically, the various unions affiliated with the U.S.-based American Federation of Labor/Committee for Industrial Organization (AFL/CIO) announce major organizing drives that they pre-

dict will bring construction workforces back into the union fold. The minimal number of certification orders that have emanated from the various labour relations boards across the west attest to the marginal success of these drives. And, the inability of the traditional unions to regain their former membership levels among industry tradespeople in these buoyant economic times speak to the solid roots merit shop contractors have in the industry.

Unions are not alone in predicting the demise of the open shop sector. Some industrial relations experts in the academic community remain unabashedly supportive of unionized construction. Parroting the rhetoric of union officials, these academics have argued that the growth in open shop construction is the result of companies concocting elaborate "end runs" to frustrate employees from obtaining union representation. Moreover, in the early 1990's, one noted academic predicted that the loyalty of both contractors and tradespeople to the open/merit shop approach in the west would quickly evaporate once economic conditions improved. Given the exponential growth of Merit as an organization and the steadily increasing numbers of tradespeople working with member companies, it is apparent that increasing numbers of contractors and employees alike are supportive of the open shop approach.

what employees are saying

By all accounts, the economy and the fortunes of the construction industry have vastly improved over the past decade. While any number of economic and employment indicators will validate the permanent realignment of Alberta's construction workforce, employees working in the industry provide the best source of information.

In 2000, several employees had the opportunity to speak candidly about Merit. Gene Tkachuk is an electrical superintendent who has worked for the same Merit contractor for eight years. He speaks enthusiastically about Merit and opportunities available in an open shop environment. In

fact, he was instrumental in having his employer join Merit. "Merit is a great organization, a great alternative to unions," he says. Gene believes many electrical workers will not work for unionized companies due to the militant attitude of their unions. Instead, he sees Merit as a strong alternative.

Like many others, Darrell Mills, another electrician, is proud to be a part of Merit. "It works really well, and the benefit package has grown tremendously in the past few years. My employer treats me well. They have been pushing the Merit system. Indirectly, I guess that is why I like it so much." Darrell has been with the same firm for 15 years. He says comparisons between Merit programs and those of unions often come up in discussions. "Merit has tried very hard to provide a good service, to keep up with the very demanding standards expected by today's workers. I am happy to have such a good benefit package. Merit serves us well."

Bryan Zwiers is also upbeat about working with a Merit contractor. "I am confident what I am receiving is competitive with anyone in a union shop. I've never had any problems as a result of being in Merit. They offer you a lot of opportunities." Bryan especially likes the employee training and employment programs. "They shop around for you if you get laid off. The educational benefits are very important." He also feels there has been a major improvement in safety consciousness at his workplace, at least partially due to Merit's involvement. Bryan believes Merit expansion and improvement is only a "matter of time and membership." Having been with the same firm for 11 years and Merit since its inception, he "wouldn't want to work for anyone else. This company is well worth being employed by. It is a very forward thinking group."

While individual testimonials are important to gain insight into subjective employee attitudes, more scientific approaches are needed to measure the views of employees in general. This is why every two years, Merit undertakes a formal scientific survey

Merit's benefit plan was established as a universal and portable plan for all participants regardless of craft. The result is that in any given month, upwards of 17,000 employees are covered under Merit's benefit plan at about half the cost of comparable union plans.

to measure employee attitudes among member companies. More than just a whim to judge opinions, the survey reveals a great deal about the work habits and ethics of the open shop construction industry.

lies, damn lies and statistics

In the early 1800's, an English philosopher commented on the relative veracity of statistics. He said, "There are lies, there are damn lies, and then there are statistics."

Of course, today, the true value of scientifically prepared surveys and public opinion polls, and the statistics they generate, are well known. Many elections are foregone conclusions, echoing the sentiments expressed by the electorate in polls taken during the campaign. Through extrapolation, these statistics also provide an objective basis for evaluating the success of past programs and services and ideas for possible new directions.

This is a particularly important activity for the open shop sector to undertake. In the past, both federal and provincial governments have based much of their public policy decisions on information supplied exclusively by construction unions. As a result, it was often taken for granted that problems experienced in the unionized sector of the industry were being experienced across the industry as a whole.

Take for example, concerns about the ageing of tradespeople as the baby boom bulge works its way through the various age categories. In 1988, alarm bells rang in Ontario when the Building Industry Strategy Board expressed concern about the high average age of bricklayers and masons. The Canadian Labour Market and

Productivity Centre echoed these concerns a few years later. Its survey found that the average age of unionized cement and plasterers was between 50-60 years old. Government of Canada census statistics, however, indicated that the average age of people working in these two trades was between 35-40 years old. While Merit's surveys do not purport to provide definitive information on open shop construction and employees, these surveys do provide an additional dimension to more traditional and narrower sources of information.

methodology

During July and August 2000, Merit surveyed employees to determine their attitudes on open shop construction. From the Merit benefit plan database of over 30,000 employee records, two random lists were generated. From them, 204 employees covered under the benefit plan and 20 employees not covered by the benefit plan were contacted by telephone. Each was asked a series of questions relating to job satisfaction, training, promotion opportunities, supervision, safety, and working conditions. Responses were ranked on a five-point scale, ranging from "strongly agree" to "strongly disagree". Open-ended questions also allowed participants to provide wide-ranging responses and comments.

employee profile

Who are the employees that will carry the open shop construction sector into the new millennium?

It comes as little surprise that the overwhelming number of employees (98.5%) in the sample were male. Interestingly, the average employee age

was 39.8 years. Though this average is slightly higher than averages noted in previous surveys, it suggests that experienced employees are remaining with Merit member firms despite some of the big money being dangled for work at mega-industrial projects away from home. Perhaps the fact that 76% of those surveyed have spouses contributes to their loyalty since open shop is seen as offering more secure, steady employment opportunities. This was indicated by 92% of respondents who stated that they worked sufficient hours each year to meet their expectations. This is a major advantage when compared to building trades union workers who work as few as 17 weeks per year according to one major study done in B.C.

Reflecting the diverse types of construction sectors Merit members are involved in, the employees surveyed worked in all types of construction: 48.5% worked in commercial/institutional, 27.5% in industrial construction and the remainder in other sectors such as roadbuilding, residential or other unspecified categories.

All major trade groups were also represented. Twenty five percent of respondents worked in the electrical trade, 18% were carpenters, and 10% were plumbers and pipefitters. The remainder worked in a variety of trades and occupations including heavy equipment operators, welders, labourers and other trades. And, dispelling the myth that open shop tradespeople lack qualifications and training, over 80% of employees were either journeymen (or equivalent) or actively involved in an apprenticeship program.

compensation practices

By definition, Merit based compensation systems recognize that employees are compensated according to a broad range of criteria. These criteria may include trade certification, productivity, leadership, safety performance, attendance and market conditions to name only a few.

This approach to wage rates stands in marked contrast to the negotiated standardized wage rates in unionized construction where the “one rate fits

Given the exponential growth of Merit as an organization and the steadily increasing numbers of tradespeople working with member companies, it is apparent that increasing numbers of contractors and employees alike are supportive of the open shop approach.

all” approach dominates. Given the visibility of the various construction union standard rates, and the varying criteria that may be applied to setting open shop wage rates, employee satisfaction with compensation is extremely important. So, while many employees believe that open shop base wage rates are lower than union rates – particularly rates being offered to work on mega-industrial projects – it is interesting to note that most employees believe they are being adequately compensated. Specifically:

- 75% felt they were paid fair wages and that their efforts were suitably rewarded;
- 80% were satisfied that the benefit plan met their needs and the needs of their family;
- 67% said their employer’s pay system made hard work worthwhile;
- 75% said they were paid fairly relative to others in the same company;
- 92% said they worked sufficient hours each year to meet their expectations;
- 64% believe the Merit approach provides greater opportunities compared to a unionized approach.

work satisfaction

While pay rates are often thought to be the only issue of concern to tradespeople, other factors have taken on increasing importance over the years. Today, most working people are placing a higher value on job satisfaction and maintaining a balance between work, leisure and family. Knowing you are making a positive contribution to your work environment and being a valued part of the team may be considered intangible benefits – difficult to quantify and place a monetary value on. Nonetheless, for some employees job satisfaction is a major considera-

tion in deciding to remain with a company. As evident in the following table, it is apparent that an overwhelming majority of employees are satisfied with their present and prospective employment opportunities:

- 84% said their work was satisfying;
- 91% said their work gave them a sense of accomplishment;
- 87% stated they enjoyed their work;
- 92% knew what was expected of them on the job;
- 75% said they were given credit for work well done;
- 75% said their supervisor was qualified for the job;
- 74% stated they were encouraged to make suggestions;
- 82% felt their supervisor was concerned about the welfare of his workers;
- 75% said their company treated its workers well;
- 88% believe they are appreciated by their companies;
- 72% were secure in their future job prospects with their current employer.

training and promotional opportunities

Training and staff development has always been a major focus for Merit contractors. Alberta is recognized as having one of the best apprenticeship systems in North America, both in terms of high participation levels and for developing trade skills. This results in a win-win situation for both industry and employees.

From an industry perspective, developing skilled manpower is essential to ongoing workforce renewal – especially given the challenges the industry faces in attracting young people. From

an employee perspective, making a personal commitment to training and developing skills provides the basis for advancement – both within the trade and beyond, into the many facets of management the industry offers.

The importance of developing and promoting a training culture within the industry is one reason Merit was one of the first construction associations to introduce a tuition reimbursement program for apprentices and to sponsor numerous apprenticeship awards. This philosophy is also the basis for the Willard Kirkpatrick Training Award, which was established to annually recognize a company demonstrating the greatest commitment to training. How is this emphasis on training reflected in the opinions of field employees?

- 65% felt there were opportunities to learn new skills and get into interesting areas of work;
- 73% felt their employer encouraged apprenticeship;
- 61% said promotions were handled fairly;
- 73% felt that high quality work enhanced their chances for promotion;
- 85% were optimistic about their chances for promotion in the next 12 months.

safety

While safety has always been an important issue to the construction industry, it is gaining prominence as a key issue for both purchasers of construction and contractors. Outdated notions that accidents are inevitable are yielding to the attitude that even one accident, is one too many.

Improving workplace safety is a matter of both social and economic importance and the responsibility of everyone in the industry. Yet, it is also an issue that building trades unions frequently cite as being a shortcoming of working on open shop construction projects. Such criticisms are open to considerable debate. During a joint conference on construction safety and competitiveness held in Calgary in 2000, a senior executive from one of North America's largest group of con-

struction companies noted that the safety record of their open shop entities was 33% better than the corporate entities which operated under building trades union regimes. Because of the way tradespeople move around the industry, safety issues tend to be more complex than whether a company is unionized or not.

Today, all companies have access to sophisticated safety programs to increase awareness of hazardous and potentially unsafe conditions. Programs such as the Alberta Construction Safety Association's Certificate of Recognition allow employers to reduce workers' compensation rates by developing and maintaining safe work practices and procedures. While much work remains to be done to improve safety across all sectors of the industry, the survey of Merit contractor member employees indicates there is a high degree of safety awareness in the open shop sector. Specifically,

- 94% of respondents felt that appropriate safety precautions are in place on their job-site;
- 96% of respondents were aware of company safety policies;
- 87% regularly attended tool box or crew meetings on safety upgrading.

conclusion

Alberta's construction industry is rapidly expanding to meet a demand for construction services not seen in almost two decades. The industry – in particular the open shop sector – has responded remarkably well to these increased pressures and demands.

Despite the realignment of a heavily unionized construction workforce to one that is primarily union free, construction union leaders and labour relations experts continue to predict that the open shop sector will collapse as economic fortunes improve and labour markets tighten. In the face of these predictions, survey results, despite their inherent limitations, indicate that the open shop sector and Merit Contractors Association members are maintaining high levels of loyalty and satisfaction among their employees in core areas such as compensation, employee satisfaction,

training, staff development and safety.

While there's always room for improvement, applying the results of the survey across the merit shop contracting sector as a whole indicates that this workforce is poised to successfully respond to the challenges presently facing the industry. OM

*Bill Stewart
Brent Kostyniuk*