Ethical Dilemmas in Construction
Industry Labor Practices
Presented by
Stan Marek, CEO
Mike Holland, President Houston
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• They don't teach you this in class... that's why Professor Horlen has brought us here!
• Most of you will go to work for a general contractor.
• You will not be a provider of labor.
• Your specialty subcontractors will fulfill that role.

This is what's happening here, now, today in the field.
Purpose

• You will face ethical choices that will shape your career and success in the construction industry and

• You have to take ownership of your role and ethical responsibility for shaping the future of the construction industry.
Current labor model will not work!

- Shrinking economy
- Fierce competition
- Shrinking backlogs
- Projects being “low bid”
- Little concern for skills/safety
- Projects becoming more complex – Design and technology
- Workforce demographics shifting
- Commercial labor costs are 40% or more of total cost in the sector

Result – The market and the industry's image today are being driven by poor labor practices
Today’s Labor Environment

Lousy work environment

- No career path
- No skills training
- Unsafe working conditions and high incident rates
- No performance criteria and standards
- Inconsistent and poor quality
- Language barriers
Today’s Labor Environment

Wage Theft/Misclassification

• Low hourly pay
• 1099s, cash and day laborers
• No overtime pay,
• 60-80 hrs/week, work weekends
• No medical benefits
• No retirement plan
• Undocumentededs
Why this labor model won’t work in the future

• Won’t find vital mid-level craft workers
• Can’t meet demand in growing markets
• Labor and immigration authorities increasing political and enforcement pressures
Irresponsible labor practices create increased social costs

- Threaten your company’s community respect
- Create unpaid tax burden to other taxpayers like you
- Shift medical costs to hospital emergency rooms and ultimately each of us
- Create an unfavorable image for the industry
Is there a solution?
Leadership imperative

We must reach beyond what is merely required by law and elevate ourselves and our companies with ethical standards that transform our current reality into the sustainable and responsible construction industry we envision for the future!
We believe providing our customers with a highly skilled, productive workforce can be as simple as setting expectations and providing opportunities.

**Workforce Programs include:**
- Comprehensive Benefits Package
- Customized Career Paths
- Workplace Literacy Programs
- Productivity and Employability Skills Training

**OJT Helper Training Program:**
- 12-Month, Fast-Track, On-the-Job Training
- 433 Hours of One-on-One Hands-On Training with a Personal Coach in 25 Tasks Deemed Critical to the Trade
- 41 Hours of Specialized Lab Instruction includes:

**NCCER Mechanic Assessment and Certification Program**

**Marek Craft Professional Program:**
- Marek's elite group of craft professionals with a proven record of performance
- Certification in 7 key craft areas

"Being selected for the OJT Helper Program has truly set me on a career path. I am learning more things at a quicker rate. I can now see myself becoming a foreman at a future date."

*Alejandro Robles, OJT Helper Trainee*

Marek Employees participate in English as a Second Language (ESL) at the Harris County Department of Adult Education.

Marek Family of Companies
Commercial Interior Specialists
Our Strategy

- Collaborate with leaders to form alliance
- Develop ethical principles we will embrace
- Commit to the principles in our companies
- Enlist owners and developers with principles
- Teach, advocate and reinforce these principles into the entire industry ecosystem.
How we are doing it

• **Ciswa** - *voluntary* alliance of Owners, General Contractors and Specialty Sub Contractors

• Workforce development and certification programs

• *Construction Citizen* web education, advocacy and collaboration for industry and its image
Our Principles

- Competitive wage rate
- Hourly pay with applicable overtime
- Eliminate misclassification and wage theft
- Pay taxes - unemployment
- Workers compensation insurance
- Contribute to social security
- Worker security – Health insurance benefits
- Retirement or 401k plans
- Craft training standards and certification
- Safety training
Benefits

• Workers
• Employers
• Customers
• Society

....and the construction Industry (and its image)
So what? How does it impact You?

• You will face ethical choices that will shape your career and success in the construction industry and

• You have to take ownership of your role and ethical responsibility for shaping the future of the construction industry.
The Future you will face

- Demand to build 7.4 billion square feet of new office space by 2030 *
- The economy turns around in 2012-2013 and enters a new expansion cycle
- A labor shortage of 1.8 million construction workers between now and 2020

* Brookings and JLL
Your Challenge

• Recognize your ownership of our industry and its image
• Understand the current reality and its implications
• Understand the solutions and embrace your role as leaders
• Help our/your industry make the ethically correct choices
• Shape the future you will inherit
Your call to action

• Be a construction citizen and embrace the principles in your careers and your companies
• Make the right ethical choices in your careers
• Take leadership in advancing a sustainable and responsible construction industry
Engage Now!

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