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## Understanding construction employment: the need for a fresh research agenda

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## Guest Editorial

### Understanding Construction Employment: The Need for a Fresh Research Agenda

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#### Structured Abstract

**Purpose** - As a backdrop to the empirical contributions contained within this special issue, this guest editorial reviews the context of construction employment. It summarises the challenges inherent in construction work which have impeded the development of human resource management within the sector and discusses the mutually supporting contributions of the papers in furthering our understanding of how to improve the performance of the industry.

**Design/methodology/approach** – The operational context of the sector is reviewed briefly, before the efficacy of the industry’s employment practices are examined through a review of the contributions contained within the special issue.

**Findings** – The papers reveal the interplay of structural and cultural factors which have led to the skills shortages currently impeding the industry’s development. There is a need for the sector to modernise and formalise its working and employment practices if performance and productivity improvements are to be achieved.

**Originality/value of the paper** – By revealing the interconnected nature of the construction employment perspectives presented within this special issue, this paper presents a case for adopting a fresh transdisciplinary research agenda for addressing the industry’s employment concerns.

## **Employment in Construction: Drivers for change and Obstacles to Improvement**

Despite recent advances in technology and production management techniques, the construction industry remains one of the most people-reliant industrial sectors. The sector employs almost two million people in the UK and contributes in excess of 6 per cent of total GDP (CITB, 2002). It is currently experiencing its best period of sustained economic growth since the late 1980s, with substantial public sector investment supporting ongoing activity within the commercial and housebuilding sectors. However, given its vast size and complexity, the construction industry is not easy to define and there is little consensus as to its size and scope, even between governmental departments. The reason for this, at least in part, is the casualised nature of employment in the sector. The industry's labour market is characterised by non-standard employment practices, particularly self-employment which is believed to account for around half of the industry's total employment (Loosemore *et al*, 2003), although many self-employed are in fact thinly disguised employees (Rainbird, 1991). This sector has always been characterised by insecure work (Tressel, 1914/1957) and years of quasi regulation and voluntary codes of practice have done little to mitigate the drive towards further outsourcing. The few large construction firms which operate in the UK are virtually all exemplars of hollowed-out 'flexible' firms (Atkinson, 1984), with very few employing any direct labour.

This fractured workforce is extremely diverse and includes unskilled, craft, managerial, professional and administrative workers. These groups operate as part of a largely itinerant labour force, working in teams to complete short-term project objectives in a variety of workplace settings (see Cox and Thompson, 1997). This in turn creates

additional pressures to ensure flexibility in both employment and working arrangements (Bresnen *et al.*, 1985; Yaw and Ofori, 1997). Aims which, for many groups, may be mutually exclusive. Unsurprisingly, it is the project-based nature of construction that presents one of the most serious challenges to the management and organization of the people employed in the sector. Stranger teams, brought together for short periods of time and often operating under stringent cost constraints, are expected to rapidly establish co-operative working relationships. To make matters worse, it is often assumed that productive groups need little attention and project managers traditionally focus on structuring and planning operations, with relatively little attention paid to human resources (Belout, 1998). The specialised and temporal nature of project-based working also inevitably leads to fragmentation in the production process and to competing demands for those working within them.

The problems of such a fragmented industry are most acute in the area of skills. Employers who do not offer any long-term job security are, understandably, reluctant to invest in developing their employees' skills for fear the relationship will not last long enough for them to realise that investment. In construction, as in other industry sectors, full-time permanent workers who are already highly educated and highly skilled are far more likely to receive training (and to receive long-term training) than their insecure and unskilled colleagues (Forde *et al.*, 2005; Cully *et al.*, 1999). Yet behaviour that is rational at firm-level creates considerable problems for the sector as a whole. When every firm is reluctant to invest in skills development, shortages hamper productivity and damage work quality. Jobs may be redesigned to cater for this, by attempting to reduce the skills required or shift them to other points in the construction process, but there are limitations to this strategy. As Clarke and Wall's, (1998, 2000) work shows, in Britain, where

construction projects are dominated by unskilled labour and the onus of securing both control and quality rest on managers and supervisors, projects are characterised by high error rates and numerous return visits are required after the completion date. By contrast in Germany, where most construction workers are vocationally qualified or working towards such qualifications under professionally trained mentors and where everyone is expected to take responsibility for monitoring quality, workers are almost never required to return to the site after their work is finished.

The regulated provision of vocational education and training, as in Germany (Crouch *et al.*, 1999; Whitley, 2003) provides considerable support for skills but attempts to reproduce this without employment security, strong collaborative links between unions and employers and robust educational input are seldom successful. The Construction Industry Training Board (CITB) was one of the few bodies to survive when the British government dismantled most of the collective, sectoral arrangements for developing skills in the 1980s and it is now (after a bewildering number of changes of structure, if not name) the construction sector skills council (<http://www.citb.co.uk/>). It does a great deal to support activities in Britain, but compared to its German counterpart, has extremely limited powers (Clarke and Hermann, 2004). Other attempts to encourage construction skills are often imaginative, but tend to be small scale and limited to individual projects. Cohen and Braid (2003) and Hart and Shrimpton (2003) describe some of the excellent training initiatives devised by Canadian firms, which were required to offer skills development as a condition of winning government contracts. In the absence of such regulation, competitive markets discourage skills development. In the USA the highest construction apprenticeship figures are in states with collective agreements which include an apprenticeship levy. Where these regulations have been repealed, activity levels have plummeted (Bosch, 2005).

In Britain, the official response to industry-wide skills shortages and fragmentation has been a series of government-backed reports, exhorting the sector to address its lamentable performance on people management issues as part of a wider 'performance improvement agenda' (Latham 1994, Egan 1998). Most recently, the industry's 'Strategic Forum' has laid down challenging targets for the improvement of its people management practices within its *Accelerating Change* report (Strategic Forum for Construction 2002).

Unfortunately, this agenda consists largely of simplistic exhortations to the construction industry to 'change its culture' with little acknowledgement of the internal structural constraints which impede change. These reports seem to view culture change as a 'cure-all' universalistic nostrum that can resolve both the tensions in the employment relationship and the skills shortages in the sector. Moreover, in viewing culture as a solution to all ills, they are strangely disconnected from existing academic work on the subject (see, for example Legge, 1994; Smircich, 1983; Ogbona and Harris, 2002; Willmott, 1993). This is not to argue that employment in construction is unworthy of study, rather that it would be a pity, for both practitioners and academics if all activity were re-cast into the language of culture. Human resource issues are seriously under-researched by the construction research community and there is little evidence of cross-disciplinary learning from other relevant fields (CRISP 2002). Joined-up research, which could further understanding of the industry and its employment practices may be a vital first step in addressing the performance concerns of the sector as well as the interests of those who work in it.

This special issue has its origin in two transdisciplinary Economic and Social Research Council (ESRC) research seminar series. The seminars aimed to bring together leading researchers from a range of different disciplines to facilitate an understanding of the employment issues facing the construction industry. Both aimed to subject the nature of employment within the industry to critical, cross-disciplinary analysis. The papers presented here are taken from those seminars, as well as an open call, published in *Personnel Review* and publicised by the editors. The first three articles (Clarke and Herrmann; Lockyer and Scholarios; and Forde and MacKenzie), examine the context of employment within the sector and the damaging legacy that casualisation has had. Together, these contributions elucidate understanding of the construction labour market and the wider implications of the employment practices which predominate within it. The second group of contributions (Chan and Kaka; and Serpell and Ferrada) focus on how the industry might begin to address its past failings in response to the performance improvement imperative. This special issue represents an attempt to bring together a range of empirical cross-disciplinary perspectives on construction employment. The articles examine both the reasons for the industry's unenviable labour market position and ways in which the sector can begin to address its past failings.

### **New Perspectives on Construction Employment**

The articles published in this special issue of *Personnel Review* provide a range of empirical contributions, each of which offers fresh insights into employment in the sector. In the first article, Clarke and Herrmann examine how internal and external labour markets operate in housebuilding, focusing on how firms develop human



resource policies and their response to skill shortages. Based on a large-scale questionnaire survey they show that skill shortages are worsening, particularly for managerial and trades positions. Despite this, firms continue to rely on traditional and informal methods and procedures, to use experience (rather than qualifications) as the main criterion for selection, and to rely on 'poaching' staff, using recruitment as a substitute for training, effectively abdicating responsibility for resolving skills shortages. Many of the HR practices were informal; although firms operating in the social housing sector had higher levels of direct employment, lower levels of subcontracting and a wider range of HR policies in place. Clarke and Herrmann suggest a package of formal HR practices for directly employed staff coupled to an industry-wide training and obligatory skills certification scheme to shift the nature of employment from a craft to an occupational labour market.

The impact of the industry's employment practices are further examined by Lockyer and Scholarios, who examined the nature of employment practices and localised networks in the Scottish construction sector, and developed a model of the selection decision process which facilitates both understanding and assessment of apparently unsystematic practices. This study provides a rare exploration of the recruitment and selection processes of construction firms. The research involved two phases; a survey of recruitment and selection practices in Scottish construction firms followed by case studies which explored the recruitment networks upon which the firms relied. Lockyer and Scholarios explain the tendency of construction firms to devolve power away from centralised personnel departments to site managers, which in turn leads to informal recruitment processes. They suggest that rationalistic models of selection decision making do not reflect reality in construction firms which are required to

develop local industry knowledge and networks in order to meet their resource requirements. The authors argue that certain features of selection practice in construction are more an indication of future trends towards relational forms of management than an anachronism.

In the third paper, Forde and MacKenzie explore the ways in which employment practices have reinforced the skills shortages described earlier. They explore the complex relationship between the use of contingent labour and skills shortages in the sector by examining the attitudes of employers to a range of alternative contractual arrangements. Their findings, drawn from a national postal survey of construction employers, reveal the widespread use of contingent labour which has increased over recent years. Despite the fact that many firms argued they had made a conscious shift away from contingent to direct labour. The authors suggest that the relationship between contingent labour and training is not straightforward; firms using extensive amounts of contingent labour were no less likely to offer training to their directly employed staff.

In the fourth paper, Chan and Kaka compare the differences between the perceptions of managers and operatives with respect to the factors that affect construction labour productivity. They contend that, whilst productivity has represented the absolute performance measure for construction projects for many years, previous studies have failed to identify different stakeholder views of the factors which can underpin productivity improvement. Their findings, which are based on a large scale questionnaire survey, suggest that fundamental differences exist between managers and workers in terms of the factors which underpin productivity improvements in the

industry. Their study points towards a need for greater involvement from the construction workforce in addressing performance concerns. Chan and Kaka advocate employee involvement through approaches such as task participation and teamworking as a route to future productivity improvements.

In the final paper, Serpell and Ferrada focus on identifying and imparting the requisite skills to bring about change. They report on a new approach towards the management of competence and performance of first line supervisors in Chile. They focus on the site supervisor's role, particularly first line supervisors who have the crucial responsibility for directing the execution of construction project operations, and for communicating the project's objectives to the workforce. Based on an examination of the activities undertaken by supervisors, they develop a competency framework which includes both hard performance standards and behavioural/attitudinal requirements for the role. This is used as the basis for proposing a training plan to support the development of site supervisors in the future. They argue that through modular training, companies can create more objective schemes for the design and implementation of training programmes. To deliver this they propose programmes which move away from imparting technical knowledge to site supervisors to ones which encourages them to take responsibility for their own learning and development.

### **Discussion: Towards a Transdisciplinary Research Agenda**

There are a number of key issues here. Probably the most significant is the fragmented nature of the industry. Despite early optimism that networks of small firms and independent workers would facilitate specialisms free from bureaucratic

regulation (Castells, 1996) the reality of outsourcing and sub-contracting has been much less glamorous and has raised many problems as organisations attempt to exert control and monitor quality over processes they are no longer able to manage directly (Grugulis *et al.*, 2003). As the recent Gate Gourmet dispute shows, outsourcing work also means that firms can exert pressure on costs more forcefully than they would were tasks still undertaken internally.

The plethora of different contractual arrangements, complicated by project teams on site, mean that managing a construction project is a complex affair. They also mean that the responsibility for skills development is devolved, often repeatedly, until they rest with the individual unskilled worker who is least likely to have information, resources or inclination to embark on a lengthy training programme. The CITB's activities notwithstanding, skills shortages in the British construction industry are severe (Hillage *et al.*, 2002).

These elements have a very real impact on both the speed at which work is produced and its quality, something that is well illustrated by an anecdote currently circulating about construction at Heathrow's new terminal five. There the workforce is multi-national with East Europeans more common than British workers. The new recruits to the site included some craft-trained German builders who were shocked at what they saw. They protested at the quality of the building, the resilience of the materials and the way work was organised. After two weeks they were sent back to Germany. High skills can improve productivity, but only when jobs are designed to accommodate them and firms compete on the basis of quality rather than cost.

Given these structural factors, it is hardly surprising that repeated calls for the industry to improve its HR practices are ignored. The most vocal, and most publicised requests come from official reports and industry projects that suggest improvements in people management practices could impact on efficiency, productivity and cost effectiveness. The Egan report (1998) in particular gave rise to a wide range of performance indicators against which improvements might be measured. But there are also trade union campaigns which attempt to reduce accident rates, improve terms and conditions and develop skills. Few are effective, it seems that in this sector, neither markets nor morality help to improve HRM.

It is against this background that this special issue was devised. Despite the complexity of its structures (which offer challenges to academics as well as practitioners) and its importance to the economy the construction sector is under-researched. This issue has brought together academics from construction departments, schools of business and management and specialists in employment in order to begin to remedy this omission (a diversity that is reflected in the editorial team as well as the contributors). It has attempted to provide empirical evidence on activities in the construction industry and the impact that they have on both parties to the employment relationship. Much remains to be done but at least the first step has been taken.

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