IMPROVING EMPLOYEE RESOURCING WITHIN LARGE CONSTRUCTION ORGANISATIONS

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An important function of human resources management (HRM) within large construction companies concerns the deployment of managers and professionals to project teams, departments and operating divisions. Managed effectively, appropriate employee resourcing will allow employees to fulfil their own career expectations, whilst also meeting their organisation's succession management needs. However, effective resourcing is problematic within the fluid and dynamic environment that the construction industry presents. Consequently, resourcing is often a reactive process, which can lead to inconsistent and inappropriate deployment decisions and hence, disillusioned employees. This paper reports on the initial findings of an on-going ESPRC funded research project which is seeking to address the current ad-hoc approach to HR scheduling. Its aim is to develop a framework to inform the strategic deployment of human resources within large construction companies. By exploring current resourcing practices within the sector, two contrasting resourcing paradigms used by large construction companies to develop and retain core employees are identified. The implications of these resourcing policies are discussed in the context of strategic HRM priorities, and a proposal for a more efficient resourcing process is presented. On the basis of these initial results it is argued that neither a centralised nor a fragmented HRM framework offers an effective resourcing paradigm, but that a balance between these two extremes may provide better Human Resource Planning within the industry.

Keywords: employee resourcing, human resources management, employee development, human resource planning , career, project performance, scheduling.

INTRODUCTION

Construction managers and professionals require careful management and development if they are to contribute positively to organisational performance, and be retained in the long-term. Egan (1998) recognised this when he identified the need for 'a commitment to people', as one of the key drivers required to promote change and improvement within the industry. He called for a wider commitment to training and development of managers and supervisors as part of his 'Rethinking Construction' report (1998:17). However, the susceptibility of the industry to economic fluctuations makes the applicability of many of the established mechanisms for developing human resources questionable (see Bresnen *et al*, 1985; Hendry, 1995; Huang *et al*, 1996). Challenges include the temporary nature of construction teams; the unexpected changes in resourcing requirements that occur during the construction process; and the changing nature of professional and managerial skills within the sector. Thus, it unsurprising that short-term and reactive approaches to HRM have prevailed within

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the industry when these unique challenges are taken into account (see Hillebrandt and Cannon, 1990: 158).

HRM must be viewed in the context of organisation theory, policies are designed to maximise organisational integration, employee commitment, flexibility and quality of work (Guest, 1987). In most sectors, personnel management has been replaced by HRM as a strategic management process, as it purports to offer long-term solutions to labour force planning issues and other strategic business advantages. It relies upon a set of empirical and conceptual observations about the factors affecting organisational structure and the social behaviour of people in organisations, and provides a strategic approach towards acquiring, developing, managing, motivating and retaining employees (Storey, 1992). However, many construction companies have retained approaches which reflect a 'hard' systems HRM framework, where employees are treated as any other factor of production (Druker et al, 1996). This approach is more akin to 'personnel management' than strategic HRM (Guest 1987). Guest argues that HRM is fundamentally different as it integrates human resources into strategic management, and seeks behavioural commitment to organisational goals. Table 1 summarises the key differences between personnel management and human resource management, and indicates some of the difficulties in examining the people in an industry.

Table 1 presents a persuasive argument for advocating the HRM framework for construction. Indeed, Druker *et al* (1996) suggest that the industry may suffer from its reliance on the hard, personnel management framework. This is because employers must develop more effective ways of rewarding and developing their work forces if they are to avoid losing their best staff to their competitors (Druker and White, 1996:15). This concern could also be applied to the issue of retaining construction managers and professionals to the sector as a whole (Dainty, 1998). Accordingly, Egan's *commitment to people* could be said to reflect a wider need for the industry to adopt the developmental aspects of HRM to ensure employee development and retention.

	Personnel Management	Human Resources
	Compliance	Management commitment
Psychological contract	Fair day's work for fair day's pay	Reciprocal commitment
Locus of control	External	Internal
Employee relations	Pluralist, Collective, Low trust	Unitarist, Individual, High trust
Organising principles	Mechanistic, Formal/defined roles,	Organic, Flexible roles, Bottom-
	Top-down, Centralised	up, Decentralised
Policy goals	Administrative efficiency, Standard	Adaptive work-force, Improving
	performance, Cost minimisation	performance, Maximum
		utilisation

Table 1: The distinction between HRM and Personnel Management (Source: Guest, 1987, from Bratton and Gold, 1999).

HRM in Dynamic Organisations: Construction Companies as Flexible Firms

Construction companies need to be responsive to the dynamic market in which they operate, and so by inference must retain flexibility in managing their human resources. In seeking an appropriate framework of the way in which construction companies operate in the context of this fluid environment, Atkinson's (1994) framework of '*The Flexible Firm*' appears particularly appropriate. This framework responds to the economic pressure faced by construction companies and embodies the way in which many organisations adapt their labour force to market needs. Atkinson's framework implies a hierarchy of importance of three fundamental 'flexibilities':

- *Functional flexibility* refers to a firm's ability to deploy employees between activities and tasks to match changing workloads;
- *Numerical flexibility* refers to a firm's capacity to adjust labour inputs to fluctuations in output, via the use of 'non standard employment contracts'; and
- *Financial flexibility* refers to a firm's ability to adjust employment costs to reflect the state of supply and demand in the external labour market, in a way that is supportive of the objectives sought by functional and numerical flexibility.

Figure1 shows Atkinson's framework of *The Flexible Firm*. Within the framework, *the central core* is a group of employees who form the primary labour market. These are highly regarded by the employer, well paid and involved at the centre of the activities of the organisation (i.e. those which give it distinctive character). Other features of this group are that they are full-time, secure, have good career prospects and offer 'functional flexibility' to the employer. However, there may be difficulties in dealing with different professional groups, as their functional loyalties may be outside the management of the project. Druker and White (1996: 159) use the example of a quantity surveyor who may perceive their managing surveyor as their 'line manager', rather than their project or contracts manager. Thus, there must be an understanding of the organisation and the corporate objectives, in addition to the diverse professional groups to be managed at this functional level, if the firm is to achieve flexibility. This complication has significance for the construction industry where there are professional and organisational loyalties to be dealt with.



Figure1: Atkinson's model of' of 'The Flexible Firm' (Source: Hendry, 1995, p.394)

The *peripheral* workers falling outside the core are in layers. The *first peripheral group* will also be full-time, but unlike the core they will enjoy less job security and have reduced career prospects. Their roles are defined by the specific function for which they were employed; these are usually less skilled and are more easily hired and fired. Hence the turnover of this group is higher and they are termed 'numerically flexible'.

The *second peripheral group* is made up of part-time, job share, temporary, and agency staff. This group also adds to the numerical flexibility of the firm allowing it to cope with an uncertain market/economic climate. This group will have HR implications, but their function is essentially temporary and disposable. Beyond the scope of the core and the two peripheries are the *external workers*. These are employed to fulfil a certain function, usually in a given time frame. Atkinson suggested that it would be difficult for a member of one of the peripheral groups to enter the core group. However, members of the external group could enter the core if they progress their careers within the external group. These may be employees of high skill levels and competencies, which could be required in the future.

The focus of this research is on the *central core* of employees who form the primary internal labour market, and those within the *first peripheral group* who form the numerically flexible supporting group of employees. Additionally, the influence of the second peripheral and external group will be recognised. These two groups comprise the key employees for the long-term development of construction organisations, and are those who demand the most careful management development if they are to be retained and developed by the organisation. However, all employees, be they core or external, offer differing skills to the *flexible firm* at different phases. As such, all groups should be incorporated in any future human resource planning (HRP) measures so that they contribute to the strategic priorities of the organisation. This requires the careful matching of their abilities and needs with the opportunities available, a process known within the HR literature as employee resourcing.

EMPLOYEE RESOURCING

Employee resourcing refers to the allocation of staff to project teams, departments and operating divisions within an organisation. It encompasses the role definition, resource planning, selection, performance management and release of employees from an organisation. Resourcing decisions should be based on a candidates ability to do the job and to make a contribution to the organisation's effectiveness, and their potential for development (IPD, 1999). If managed effectively, employee resourcing strategy contributes to the formulation of business strategy (by identifying opportunities to make the best use of resources) and the implementation strategies (in terms of employee acquisition, retention, development, utilisation, flexibility and downsizing) (Armstrong, 1996: 409). As such, it has an important role to play in developing construction organisations for the challenges that they face in the new millennium. These include the onset of global markets, technological developments, competitive labour markets, shifts in employment trends and the working practice implications of signing up to the Social Chapter. Furthermore, along with reward systems, training and development and management of the HR functions, it forms one of the key HRM systems necessary for effective business process re-engineering and improvement (Oram, 1998).

Despite its importance, employee resourcing is often an under-managed aspect of HRM within many organisations, and is often dealt with in a reactive way, with an absence of any link to organisational strategy (Torrington and Hall, 1995). Effective resourcing is particularly problematic within the fluid and dynamic environment that the construction industry presents. This is because project requirements and client demands must be met, whilst simultaneously offering employees appropriate training and development opportunities. In many cases positions will need to be filled quickly, and thus there is pressure to identify the candidate and begin the process.

The tasks of internal transfer and external recruitment are complex, as companies must balance the resources available with the skills, competencies and experience requirements. However, the process often remains reactive, with team composition depending primarily on employee availability.

This research aims to develop a practicable framework to integrate these criteria within construction companies HRM strategies. The emphasis is to facilitate the practical requirements of assembling effective project teams, implementing efficient HRP and promoting staff retention. Accordingly, it aims to provide a deployment framework for meeting employee and organisational needs in a way which efficiently resources individual project teams and operating divisions. The aim is for the framework to act as a tool to facilitate HRM decision making in terms of project allocation, employee development and training provision. Using the framework, staffing profiles would be able to be developed by the organisation, which would take account of individual preferences, training needs, organisational workloads and staffing priorities. By attaching the framework to a human resource database, it would provide a systematic, needs-based deployment assessment tool. The method proposed differs from other approaches to manpower planning, which have been based on purely quantitative demand/supply frameworks. These normative approaches are complex, and their development outstrips their industrial application (Walker, 1980). This paper presents the findings of the initial phase of this research, which sought to identify current approaches to managing the resourcing process within large construction companies. The aim was to establish weaknesses in current approaches, and to identify a broad framework from which to base a more appropriate resourcing framework.

METHODOLOGY

In order to understand the ways in which the process of deploying people to project teams is currently managed, in-depth interviews were held with those responsible for making resourcing decisions and managing the development of human resources within two large construction companies. In order to take account of the diversity of current approaches to HRM, these organisations were selected for their markedly different strategic approaches to HRM. The first (Company A) maintained control of all HRM functions within a central HR department led by an HR director. In contrast, the second (Company B) devolved responsibility for all resourcing and HRM decision making to senior line managers within its operating divisions. By exploring companies whose HRM strategies represented opposing HRM and resourcing paradigms, an insight into the advantages and disadvantages of both modes of operation was possible.

A semi-structured research instrument was used, in which key staff involved in the administration and management of the HRM and resourcing functions were asked to explain their organisational approach to employee deployment, appraisal, training and development. In addition, they were also questioned on their organisational HRM policies with regards to recruitment, retention and succession management. By examining current approaches to resourcing and HRM in the context of the dynamic construction market, the aim was to identify strengths and weaknesses of existing frameworks, and to identify an appropriate set of framework from which an improved resourcing framework could be developed.

FINDINGS

Initial exploratory interviews with the HR Directors of the two participating companies confirmed that each used radically different approaches to manage human resources within their respective organisations. These are explained below:

Company A: Integrated HRM and centralised control

Company A's approach reflected a fully integrated and strategically determined process of HRM and employee resourcing. Resourcing decision making was managed at a main-board level within the organisation, and the HR director retained centralised control of all aspects of performance management, training and career development. This was facilitated by an intranet-based employee database, which held details of employee skills, abilities and circumstances. This was accessible to all of those involved with resourcing decision making, and included information on training and appraisal records for reference and updating by HRM staff. The actual resourcing process involved directors taking on board line management, client and individual employee priorities, but was managed as a subjective process. Communication of resourcing decisions was communicated via team briefings and in-house publications. Recruitment was generally devolved to agencies in the first instance, but with key line management having input into final selection decisions through their membership of interview panels. The rationale behind retaining control of employee deployment at a main board level was to translate the strategic priorities of the organisation at an operational level through the resourcing decisions made.

The company's high staff turnover level indicated significant problems with the operation of this resourcing mechanism. Clearly, the distance of the directors and senior managers with responsibility for HRM decisions from the operating environment created some potential for inappropriate resourcing decisions to be made, and team changes had to be made in some projects where performance targets were not being met. The variable market had led to considerable problems in maintaining work force profiles. This had left resourcing as a fairly reactive function, with many compromises having to be made when selecting teams.

Company B: Fragmented HRM with line management autonomy

Company B's approach was dichotomously opposed to that of Company A in both operation and ethos. The company had deliberately sought to devolve responsibility to line managers within the divisions. They did not operate a centralised employee database, preferring instead to empower divisions to make resourcing decisions based upon their own operational. This provided line manager autonomy for recruitment, training, appraisal (including the format of the appraisal system), promotions and remunerative increases. Project-level staff dealt with recruitment for their own projects without reference to the head office HR department. The inevitable result of this policy was that the HRM department merely dealt with administrative and legislative aspects of the HR function. They were also involved in administering agency recruitment and advising in interviews, but distinct mechanisms had developed in each division to deal with the strategic and other operational aspects of the function. The core strategic role of the HRM department was to develop annual divisional HRM targets and to advise on how they could be achieved. This policy was informed by employee surveys and influenced by board-level directives.

Problems inherent with this approach to resourcing stemmed from its status as an operationally determined function, focused on meeting the needs of divisions,

departments and projects, as opposed to being dictated by the overall strategic HR priorities of the organisation. Consequently, there was little coherence across the organisation on issues such as recruitment, appraisal, training or development, and it was difficult to maintain employee records. Furthermore, the organisation could not benefit from the advantages of transferring staff between its operating companies. This could also have negative implications for organisational communication, organisational learning and could lead to duplication in administrative and office-based support functions. Whilst the company had a lower staff turnover than Company A, it still remained high in comparison to other sectors.

DISCUSSION: TOWARDS AN IMPROVED RESOURCING FRAMEWORK FOR CONSTRUCTION

Despite their contrasting strategies towards resourcing and the HR function, both of the participating organisations experienced similar difficulties in managing the resourcing process. This is to some extent reflected in their willingness to participate with this research. Both had suffered from similar problems in terms of high staff turnover, employee disillusionment and poor resourcing decision making. Both also commented that resourcing was currently a reactive process, with a heavy reliance upon agency recruitment the widespread use of temporary staff. Both believed that there needed to be a more appropriate way of managing the process which combined a degree of line management autonomy with central control that ensured that decisions met both strategic and operational priorities.

The principal objective of this research is to improve the deployment of people to individual project teams. Thus, any resourcing framework must be fully compatible with the stages in a project's development. In searching for an appropriate framework on which to base the development of this resourcing framework, Bee and Bee's (1997) framework of a project appears particularly appropriate. Bee and Bee explored project teams within five industries, from which they derived a simple project life cycle framework shown as four distinct phases (Figure 2). The resourcing requirements at each stage of this are explained below as a suggested resourcing framework.

Phase 1 – Conception: This is the 'ideas' phase, where the project is in the final stage of preparation. The company must identify the critical success criteria, and build a project team which best meets its needs from existing and new resources. At this stage there are many interested parties (the stakeholders), with each having their own agenda, success criteria, biases and preferences. The management of the competing interests of these groups remains an important criterion throughout the project. Channels of communication must also be defined for the remainder of the project. Within this phase issues surrounding resourcing include the identification of who will be recruited, their required skills and from where these will be obtained. The ease of forming the team will depend upon the information held within personnel databases and information systems.

Phase 2 – Planning: In this phase, decisions regarding the cost and availability of resources are made, and key decisions regarding the specific tasks, responsibilities and activities of individuals finalised. As with phase 1 the emphasis is on time-scales, but the issues will have shifted from the overall time-scale of the project to that of the length of time for each individual component of this resourcing stage. The necessity to resource the project within budget and with the 'best' skill mix and resources remains

paramount. Lines of communication and systems of 'team briefing' must be finalised and systems put in place to enable staff changes later in the system. The management team will be able to be fully briefed about personnel for whom they are responsible and update the records. The inputs of such data throughout the lifecycle will enable data such as, ability to cope with change to be recorded, it will also hopefully be more balanced and with less personal bias.

Phase 3 – Implementation: Having established a project team, they now need to be managed and developed. The project will now be progressing, and so this phase concerns the management of employees, and the exploitation of learning opportunities. Recognising that individuals may be acquiring skills or becoming more competent in an area is important. This information must be recorded for future reference within a continuously updated database.





Figure 2: Derived from Bee and Bee's (1997) description of a Project Lifecycle

Phase 4 – Termination: At the end of the project, a review of the whole process will identify the learning outcomes for all parties involved. This must include a system to look back and use each project as a developmental tool for the organisation and for individual employees. The continuation of the personal development from the last phase is important, and areas of weakness requiring further training, areas of strength and tensions, which need addressing, must be assessed through the performance management system. Again, these should be fed into the organisational database to enable future project resourcing.

The next stage of this research is to build a resourcing strategy on to this framework. This requires an empirical understanding of individual employee priorities and organisational needs, and to develop a mechanism to balance competing priorities against organisational workload requirements. These will be integrated within a performance management and resourcing framework incorporating three sets of variables:

the skill requirements of the organisation - assessed from workload and succession management policy requirements; individual project and divisional skill needs; client priorities; workload expectations; retention/turnover expectations; business development needs; performance management objectives etc.;

the individual preferences of employees - such as geographical preferences; work-type preferences (including the nature, size and scope of projects); divisional preferences;

experience needs (including broadening experience, gaining specialist experience, developing cross-disciplinary experience, international experience etc.); promotional opportunities; statutory training needs etc.;

Information held on the skills and abilities of staff collected through the performance management system - such as competency in technical/managerial areas; experience of working under different project and procurement systems; academic and professional qualifications; interpersonal qualities; management potential; career developmental needs etc.

The aim is to develop the framework to be capable of adaptation to take into account the changing nature of organisational resourcing priorities, workloads, organisational staff profiles and changing business priorities. This flexibility will ensure the applicability of the framework to companies other than those collaborating with this project.

CONCLUSIONS

Effective employee resourcing aims to ensure that core employees meet the long-term needs of the organisation. It can be treated as either a proactive or reactive exercise depending upon the strategic orientation of the organisation as suggested in Table 1. Using a 'proactive' framework, all manpower requirements are dealt with through a pool of competent candidates 'waiting in the wings' for suitable opportunities to arise. Conversely, a 'reactive' or 'ad hoc' approach can be adopted, where employees are externally recruited to meet project-resourcing requirements as they occur. Both approaches can be seen to incur cost; in the former from of under-utilised employees, and the latter through the necessity for current resources to 'bridge the gaps' until external recruitment is completed. The expensive use of agency employees and through a failure to meet the needs and expectations of existing employees. If it is accepted that both frameworks will incur a degree of cost, then the fundamental question is which of the approaches offers the most effective long-term solution for the construction industry.

The findings of the initial phase of this research have shown that useful models do exist (such as Atkinson's). Employee resourcing decisions for construction projects often rely on reactive assessments of employee availability, or depend upon external recruitment which has the potential for inconsistencies, poor allocation decisions and hence, disillusioned employees. Thus, current ill-informed decisions which do not represent an optimal balance of employee needs, skills and preferences with project opportunities, have the potential to contribute to increase employee turnover, and hence, to contribute to the overall inefficiency of the industry.

It was assumed at the outset of this research that many of the problems associated with a lack of HR support in construction would stem from the responsibility for the HRM function being largely devolved to line management. Clearly, HRP should be seen as a commitment by a company, enabling it to maximise the opportunities for employees to develop their careers within the organisation (Armstrong, 1996). It cannot, therefore, be effective if applied to certain divisions and not others, but should be committed across the organisation if respect for people is to be the maxim. However, whilst this approach appears inadequate in meeting organisational and individual needs, centralised control of these functions also appears inadequate in the context of this study. Indeed, as Legge (1995) points out, for organisations to have the capacity to manage planned change and to be adaptive to uncertainties, their structures must

avoid the rigidities and associated inhibitive demarcations among work groups. Thus, it is just an inappropriate to allocate recourcing responsibilities to a centralised HRM department. Any future resourcing framework must attempt to balance the need for centralised co-ordination of the HRM function with a degree of operationally determined decision making.

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