

HUMAN RESOURCE MANAGEMENT (HRM) IN CONSTRUCTION: AN EXPLORATION OF ISSUES AND PRACTICE

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In the last two decades, the lexicon of management language had been expanded to include the panoply of techniques that have been proposed as methods by which organisational improvement can occur. The 'quality movement' of the 1980s onwards, especially on the basis of the experience of Japanese organisations using improvement techniques, strongly suggested that more careful and considerate use of the people was a vital aspect. People-management is an explicit part of what is often referred to as total quality management (TQM). Accordingly, all organisations were exhorted to reconsider the way that the human resource component was managed. This message was seen to be as important in construction as any industry. Moreover, one of the 'spin-off' initiatives that stemmed from Rethinking Construction (1998) was 'Respect for People' in which human resource management (HRM) is explicitly propagated as being vital to the aspiration of long-term improvement for the industry. This paper provides an overview of the context in which innovative HRM dedicated to achievement in enhancement of people's importance in construction has taken place. As such, general theoretical components of HRM will be described. This overview will be used as a background by which the way that 'people issues' in a selected number of construction organisations operating in the West Midlands region of the UK may be judged. As the interview data presented suggests, whilst there has been some progress in terms of addressing HRM in the construction organisations in which the respondents are employed, improvement requires constant effort and support. As can be concluded, unless this happens British construction will not attain the desire expressed in Rethinking Construction that it should emulate the example set by so called 'World Class' industries. Crucially, the industry cannot claim that it is making the best use of what should be its most precious resource.

Keywords: commitment, dedication, improvement, people, strategy.

INTRODUCTION

The construction industry has been encouraged to improve its ability to carry out the way that it achieves outcomes; most notably by the authors of Rethinking Construction (Construction Task force, 1998). One of the main recommendations that this report contained was that organisations should collectively improve the way that people are encouraged to enter to the industry – particularly ethnic minorities – and, more especially, the way in which they are treated when in employment. Using industries such as manufacturing and supermarket retailing were presented as

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exemplars of the progress that can be achieved making people the crux of improvement.

Criticisms levelled at construction by the Construction Task may be put into the context of a long tradition that the industry has of completing projects under pressure of both time and cost. Historically, especially in the period when large works were being carried out, railways, and the general infrastructure associated with the industrial revolution, those employed, particularly at operative level, did not enjoy good working conditions. This was usually explained as being necessary either to survive or remain competitive. Acceptance of the culture of treating people in this way continued until very recently. However, because the Construction Task force contained major clients provided a major influence in forcing the industry to confront the tradition of viewing people in this way. As commentators recognised, if clients were demanding that employers collectively improve their practices then positive action must surely follow; especially after the formation of a 'Respect for People' initiative precisely dedicated to propagate the importance of the human input in construction.

As this paper will describe, whilst there is undoubted a belief among all participants that change must occur, the difficulty that confronts managers who are expected to implement change is how much and how soon? More especially, as the data presented elicited from a number of respondents will indicate, there is a difficulty in confronting with the mindset (culture) in which workers are seen as a 'commodity' that can, at best, be effectively managed using personnel policies and procedures; at worst they are simply 'hired and fired' to suit operational needs. The data presented demonstrates that some organisations are more proactive in their approach to HRM. More particularly, it suggests that people can indeed become part of the strategic approach to improvement and client satisfaction that was advocated in Rethinking Construction.

A SHORT HISTORY OF LABOUR RELATIONS IN CONSTRUCTION

Labour relations in construction do not have a glorious past. The industrial revolution heralded a new age of technology and rapid change. Until then skilled craftsmen would typically be employed in a localised area to complete work as required by a client such as a local landowner or the church. The evolution of the guild system became an effective way for the craftsmen engaged in building which required their skills to protect their pay and conditions (Reid, 2005). However, demand for faster ways to manufacture and transport goods that the new factories were producing necessitated workers in construction to adapt to ways of working and pressures that were driven by commercial pressures imposed by the contracting system by which work was divided up and let out to smaller subcontractors who employed "overseers" ('gangers) and the workers (Ball, 1998). The incredible speed at which the canal and railway infrastructure was built meant that contractors most able to respond were in most demand and were able to pay highest rates of pay (Wolmar, 2007). Construction which had always been a somewhat dangerous profession became one in which death and injury became commonplace:

"...profit came before concerns about workers' conditions or safety. Intense competition between rival railway companies to open lines early put pressure on contractors to complete faster. Subcontractors responded by demanding that gangers force their men to work faster and take risks. Injuries were

common and those most seriously disabled frequently faced a life of destitution.’’ (McCabe, 2007:303)

That those workers who were seriously injured might be compensated or that the families of those killed in accidents given money to ease their plight would have been largely perceived as inconceivable. Whilst there were exceptions, the majority of workers expected to work hard, be paid fairly (although that frequently didn't happen), and willingly accept the extant risks to their own and health and safety. The culture of the emerging industry was one in which speed, agility and fearlessness became the prized attributes. Critics of the way that workers were treated were frequently ignored as standing in the way of the progress. Though progress improved the lives of many, especially schemes intended to improve sanitation though the provision of clean water and building of sewers to dispose of the vastly increased detritus that the rapidly increased cities and towns produced, many men paid a very high price.

In the two centuries that followed the industrial revolution the rate of construction ebbed and flowed to cope with the demands of society and commerce. The large-scale contractors who were recognized for their ability to carry out many of the major developments that occurred used the contracting system to cope with fluctuations in workload (Hillebrandt, 1984). Accordingly, it frequently fell to smaller organisations (subcontractors) to consider aspects such as pay, conditions and the future needs of workers through training and development. If a great many engaged in positive actions to enhance the conditions and status of their workers, the incentive to do otherwise proved irresistible to others. The latter tendency was increasingly identified by reports into the industry in the post second-world war period; Phelps Brown, (1968) being especially noteworthy. The National Building Strike of 1972 was an attempt by some of the labour unions involved in construction to remedy some of these long-stranding concerns. In particular, they wanted to eradicate the use of casualised employees who were usually employed on what became known as the 'lump'; payment being based purely on output but with no deduction for tax, insurance or pension contributions (these being the responsibility of the worker). The legacy of the strike was to undermine relations between employers and unions for over two decades.

By the 1970s and 1980s construction had become was typified as having characteristics such as poor quality, inefficiency and an image problem that deterred potential entrants (Ball, *ibid*). Fractious industrial relations and was widely cited in many reports conducted into the industry as the part of the reason that construction was unable to improve (see Murray and Langford, 2003). Rethinking Construction, stridently made the argument for a change and exhorted organizations to emulate the example set by other exemplar industries. Such recommendations were resonant to what the co called 'quality movement' who explained why Japanese manufacturing had been able to achieve remarkable results by applying improvement techniques in conjunction with a more benevolent and proactive view of workers (Sako, 1992).

A BACKGROUND TO THE DEVELOPMENT OF THE IMPORTANCE OF HUMAN RESOURCES IN CONSTRUCTION

Traditionally, though construction experienced localised the occasional skirmish between workers and employers, it had not experienced widespread dispute involving trade unions. This changed in 1972 when a national building strike was called by

major unions representing construction operatives. The demand was that all employees should be paid £30 a week and work no more than 30 hours. In the early 1970s work was plentiful and many workers probably resented what they saw as the interference of unions who sought to reduce their ability to earn. However, as workers frequently experienced, whilst pay was good when work was plentiful, it was non-existent when workloads decreased; as happened in the later period of the 1970s and during the 1980s and 1990s. Using subcontracting, which had proven its worth in the past, was still believed by many to be the most effective way to survive in the latter part of the twentieth century. What its defenders found harder to argue with was the corrosive effect that it had on the people affected; particularly in terms of their pay and conditions. Critically, many argued that subcontracting was the reason for the inability of construction to anticipate change or consider the impact of potential increases in workload requiring greater numbers of skilled operatives and professionals. These were issues that Rethinking Construction directly confronted.

The labour party which returned to government in 1997 were fully aware that if they were to stimulate economic activity they required an infrastructure capable of sustaining business development and innovation. This required a construction industry capable of providing the attributes of built environment that would support commercial activity. Such was the rationale that led then Deputy Prime Minister, John Prescott, to ask the former Chairman of Jaguar Cars, Sir John Egan, to form a group of individuals to form Construction Task Force whose brief was to address ways to deal with the belief that '[there is] is deep concern in the industry and among its clients that the construction industry is under-achieving, both in terms of meeting its own need and those of its clients' (ibid:6). This group were explicit in their belief that people the human element was poorly catered for in terms of conditions and long-term prospects for both them as individuals, their organisations as commercial concerns and the industry as a whole:

In the Task Force's view, much of construction does not yet recognise that its people are its greatest asset and treat them as such. Too much talent is simply wasted [...] We understand the difficulties posed by site conditions and the fragmented structure of the industry but construction cannot afford not to get the best from the people who create value for clients and profits for companies (ibid:14)

'Rethinking Construction' led to a number of initiatives intended to produce change. The most significant was 'Respect for People' which collaborated on aspects of how people could be better employed and treated. Ostensibly they considered how more effective HRM could be implemented and produced two reports (2002 and 2002) which argued that there were three key aspects (Rs) that needed to be addressed:

- Respect
- Recruitment
- Retention

Recognising that there might concerns about their argument being too overtly intended to address the issue of people in isolation to commercial concerns, 'Respect for People' presented a business case which asserted that, similar to the so called 'Deming cycle' that there is a virtuous connection between commitment to people and business results. The former, they explained, creates people who, because they are better paid and trained, are happier and more productive. The consequence of this, it was asserted, should lead to more satisfied clients. Accordingly, the experience of purchasers of cars made by Japanese manufacturers could be emulated in construction.

Clients would receive a better product and service which is delivered on time and budget. 'Respect for People' was presented as being a vital component of the overall intention to improve British construction. HRM, therefore, should be utilised by all construction organisations.

THE RISE AND RISE OF HRM

HRM, according to Pinnington and Edwards, emerged as a 'way of thinking about people' in organisations as a way to consolidate various that had been proposed over along period of time dating back to the benevolent employers such as the Rowntree and Leverhulme families who started their businesses in the 1800s (2000:4). As they explain, HRM was proposed as an alternative personnel management which had traditionally been used in organisations to simply procure employees, setting targets by which to control performance, carrying out administrative arrangements to pay wages and record-keeping to monitor sickness. As such, personnel management was reactive and, it seems, gender-specific:

"Personnel management is most realistically seen as a series of activities enabling working man and his employing organisation to reach agreement about the nature and objectives or the employment relationship between them, and then to fulfil those agreements" (Torrington and Chapman, 1979:4)

Personnel management was practised by all major employers as the means by which to regulate their needs for workers to carry out tasks. It is simply about getting sufficiently qualified and skilled people to carry out the tasks required. Construction contractors were certainly engaged in this approach. Druker et al argue, that such an approach is 'hard' in that it is about reducing cost by using whatever methods are available to employ people on a flexible basis, particularly the use of 'subcontracting and franchising' (1996:406). Accordingly, workers can be legitimately hired and fired to suit short-term operational needs. The historical evolution of construction has traditionally demonstrated that where organisations operate using a very low-capital base in order to expand and contract to suit the prevailing market conditions, such an approach is widely practised (Ball, 1988). HRM, however, is an alternative in which the inclusion of people is managed proactively:

"Human resource management is a series of activities which: first enables working people and the organisation which uses their skills to agree about the objectives and nature of the working relationship and, secondly, ensures that the agreement is fulfilled" (Torrington, Hall and Taylor, 2002:13)

The move towards HRM is described by Torrington et al as being a 'distinctive philosophy towards carrying out people-orientated activities: one which is held to serve the modern business more effectively than 'traditional personnel management' (2005). HRM, they believe, is crucial to the management of people because, even though the organisational objectives should be given primacy they are unlikely to be attained by treating people in either the passive or cavalier way that those who criticise personnel management suggest frequently occurs.

HRM's potential potency for beneficial outcomes was given added legitimacy by observations of the experiences of Japanese organisations using employment approaches which whilst being referred to as TQM (Total Quality Management) are resonant with HRM (McCabe, 1998). In descriptions of how Japanese organisations had achieved their pre-eminence there was frequently emphasis of changing the culture by which both employers and employees developed their relationships.

Advocates of TQM stress that the aim is to ensure workers see themselves as being part of the strategic objective of improvement in every aspect of what goes on in order to achieve client satisfaction. The aspirations of the 'Respect for People' initiative, therefore, can be viewed in the context of a climate in which all organisations were being exhorted to respond to expectations of the need to become part of the drive towards 'culture-excellence' (Burnes, 2004:85)

EMPIRICAL EVIDENCE – A METHODOLOGICAL STATEMENT

The evidence presented here is intended to demonstrate the experiences of a number of individuals who were observed and interviewed to ascertain the progress of 'Respect for People' and, in particular, their opinions on the importance of people within their own organisations. There is no intention to comply with the tenets of 'scientism' (Keat, 1981) in attempting to create causal relationships. Rather, the data serves to provide typical insights. The desire was to comply with the belief that significance is found in the explanations provided by those who experience the changes to their patterns of work caused by implementation of new initiatives or outside pressures. As such, this was not a wholly ethnographic endeavour in which the authors worked among the individuals whose responses are provided. Rather, the intention is to provide accounts of those interviewed that faithfully record what they believe is happening in their organisational worlds. In accordance with Rosemary Stewart who believes that management research should focus upon the meanings and 'constructs that particular individuals use to think about their jobs' (1989), the interview data is presented as a 'lens' through which the reader can understand what the respondents believe is really happening from the perspective of those directly involved.

The actual findings were somewhat difficult to present in a neat categorisation that matches any of the theoretical models of HRM that the authors have consulted. However, it is acknowledged that managers selectively describe the importance of issues that they believe affect them in carrying out their jobs. Therefore, the way that data has been presented is provided in the following schema: 'Issues of socio-history', 'Getting people involved in understanding the importance of clients' requirements, 'The harsh realities of contemporary supply chain priorities!' and 'So, have matters really changed that much?.'

The number of individuals interviewed was ten. Most were interviewed at their normal location of work. Some preferred to be interviewed outside their workplace. In all cases it was important that the location was one in which the interview could be conducted without interruption from other activities or distractions. All interviewees worked for organisations directly involved in construction, either on-site or in the planning and procurement of production activities. Importantly, all were involved in active involvement with people on a daily basis. The results of this study are intended to produce an admittedly small cross section of views from managers involved with aspects of HR in organisations in the West Midland region. Using Tony Watson's seminal study of management activities as presented in his book *In Search of Management* (1994), the findings should be seen as a valiant attempt to generalise about 'processes' that managers are engaged in rather than generalising about HRM in all of the construction industry.

EMPIRICAL FINDINGS FROM THE INTERVIEWEES

Issues of socio-history

In terms of the main thrust of the desire for improvement in people we addressed the historical context in which the managers we interviewed operated. In particular, we wished to understand whether the events of the past have any significance on relationships today. Very few acknowledged that they believed that there was any importance; some only having been employed since the late 1990s. However, one did indeed have longer experience and offered his views as to the effects:

‘‘You have to be aware that there was no alternative to improvement. We could hardly have been any worse in the way that we treated people. Too many believed that because fortunes had been made by using and abusing, that was the way to manage. It was crazy. Whilst not many people in the firm that I was employed with then [1972] agreed with the tactics of the unions, it was hard not to agree with their argument. What a way to manage people. It was no wonder we got into the state of affairs that we have experienced in recent years where it was hard to find decent well-trained people at every level’’.

Another who was a training manager concurred with the belief that the industry had come a long way since the 1970s. He stressed the need for all organisations to remain committed to the desire to improve through people but suggested that it was not a stance that he could entirely confident would continue should workload in the industry decline:

‘‘Here we’ve started to see benefits from having developed a much more strategic approach to the way that we manage all employees. This starts from the way that we procure them in the first place, develop them through training and all the other aspects of improvement that are available and ensure that there is a career structure to keep them here. In the past we simply recruited and dispensed with people with no concern for what happened to them. It was no wonder that many became disillusioned with this industry. My fear is that whilst our senior managers claim that they can see the benefits, I wouldn’t be convinced that come any downturn in work they will go back to the old ways of hiring and firing.’’

One manager, even though he experienced problems with people being taken away from his department to attend training courses, agreed with this sentiment:

‘‘Sure, it causes problems when you lose people to attend courses. But no-one can deny that as long as the course is appropriate [he gave examples of some which he thought were a waste of time and money], the person should benefit which, in turn should make them a better employee. If we can get people to see themselves as being crucial to success then they tend to rise to the challenge. I don’t mind new ideas being tried as long as they can demonstrate where they learned them. The trouble will be when we start to slow down and haven’t got the overhead to support the training department’s budget.’’

Getting people involved in understanding the importance of clients’ requirements

Lessons learned from working with enlightened clients had demonstrated the virtue of getting employees to develop confidence in themselves and their ability to improve day-to-day processes. As a manager in a medium-sized contractor explained, even

though many he worked with needed to be convinced of developing what were seen to be a radical approach to people management in terms of ‘letting go’ (rather than being in control), his experience suggested the results can only be beneficial:

“If you go into a shop these days the level of service you receive will dictate whether you go back. This is not something that can be produced in people by brain-washing and the imposition of procedures. We tried that with QA and it produced little or no benefit. No, the key to success is to get people at the “sharp end” thinking for themselves. They must see that problems that we have are not someone else’s fault and be used to create blame. If we encourage them to think creatively in order to develop solutions that work then that is fine. This approach is easy to theorise about but not so easy to implement; especially with some of the people who have been around for a while. Being able to produce the best quality for our clients is vital to business and we need to have people for whom this objective is second nature.”

The harsh realities of contemporary supply chain priorities!

During the course of the research there were some who were cynical in their belief that proactive HRM can really work in construction. One, in particular, was scathing about what he believed was the industry’s willingness to continue to embrace change when markets became more challenging:

“Once margins become tighter all this people stuff will go ‘out the window’. I’ve seen it all before. The subcontractors and suppliers will be squeezed and they squeeze their people. Everyone suffers and we all end up trying to ‘screw’ one another to survive.”

Another backed this view and pointed to the degree of exploitation that he had heard about among recently-arrived Eastern European workers:

“It’s hard to listen to all the crap about making people crucial to the future of the industry when we continue to use cheap labour who cannot argue about the way that they are being treated. They know that if they make a fuss they will get no work.”

When asked whether the industry should ensure that such methods of apparent exploitation by greater regulation one respondent who is employed in a large contractor stated:

“What can we do? We employ subcontractors who have put in a good price and say that they can guarantee quality. If they use workers from abroad and pay them less than the going rate we usually don’t know. Besides, the problem is that everyone has been so desperate to get the work done that they don’t ask difficult questions.”

So, have matters really changed that much?

The sentiment presented in the previous section suggests that the industry may not be as fully committed to the aspirations of a proactive and dedicated workforce as those advocating change argue is essential. Some interviewed accepted that the inherent issues that exist in construction are so embedded as to mean that there is always a temptation to do things in the way that worked in that past. One summed it up as follows:

‘‘The difficulty is that the last few years there has been so much work that it was easy to make good returns. Investing in workers and staff was not a problem. In fact, it was the only way to keep good people from leaving. Once workloads start to ease off it will be another story. There will be less money available and training will decrease and jobs cut. I’d love to think that our senior managers will stick with the current approach but that would need them to have guts. I believe that they will look for savings wherever they can. If they don’t and lose work they know they will get the blame.’’

He added that what he saw happening in other industries showed that even those that considered themselves to be the best were not beyond criticism:

‘‘Look at car manufacturing. The decisions are taken by faceless managers on the other side of the world. They move their production facilities and suppliers to wherever the cheapest labour is. Supermarkets are no better.’’

Such opinions were not exceptional. However the belief among the majority of those interviewed about people issues was largely optimistic. One summed up this mood:

‘‘Ultimately, we need business to survive. No work, no job. As long as we continue to produce finished products that clients buy we are okay. This will require a ready supply of good people at every level. Therefore, as an industry we must continue to invest in every aspect that contributes to having a workforce that can cope with whatever changes and innovations that clients expect of us. If we don’t we can hardly complain if they go elsewhere. That’s what happened in other industries and we can expect no favours. I am confident we can rise to the challenge though.’’

CONCLUSIONS – A CASE OF RECIDIVISM OR BACK TO THE FUTURE?

The research data presented here, albeit not extensive, suggests that where HRM is being given the seriousness and support that it requires can assist construction organisations to develop people who will positively contribute to success. Given the somewhat problematical and ignoble past that construction has in terms of its treatment of people, any improvement is to be welcomed. The study carried out and reported on in this paper would appear to show that proactive HRM is a major contributory factor towards making British construction more effective and efficient. HRM, therefore, will assist in securing the aspirations of creating a ‘world class’ industry similar to manufacturing; as the authors of Rethinking Construction suggest is possible.

It was recognised that there was some scepticism among the respondents who considered that HRM may merely be a fad which will decline in importance if workloads reduce (due to the recession which is threatened at the time of writing). If this proves to be the case then construction collectively can be justifiably accused of reverting to its traditional approach of treating workers in a cynical and exploitative way. As one interviewee believed, ‘clients who cannot have their requirements met in the future may not be willing to wait for the industry to sort itself out again’. When asked to explain what this meant he explained that they might simply turn to manufacturing to meet their needs and completely bypass the existing network of suppliers and contractors. If that happens, construction may not be allowed another opportunity to improve its employment practices.

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