DIVERSITY: A DRIVER OF BUSINESS IMPROVEMENT WITHIN THE UK CONSTRUCTION SECTOR?

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The 'Respect for People' (*RfP)* working group of *Rethinking Construction* identified seven action themes within their report *'A commitment to people – our biggest asset'*. One theme concerned the need to diversify the workforce, to which was attributed a range of significant business performance benefits including, enhanced innovation and creativity, increased workloads, and an expansion of the customer base. In common with the other *RfP* improvement areas, *Rethinking Construction* developed an associated 'toolkit' for diversity; a practical checklist and scorecard that can be used to implement good equal opportunities and workforce development practices, and benchmark performance. Despite the undoubted importance of diversity to improving respect for people in construction, it has been a problematic area in which to engage construction companies and to induce positive change. In particular, it has proved difficult to secure the commitment of small-medium sized companies (SMEs)[1] in the evaluation trial of the toolkit. This paper reports on a research project commissioned by *Rethinking Construction* and the Construction Industry Training Board (CITB) to evaluate the effectiveness of the diversity toolkit and to establish why construction companies have thus far been unwilling to embrace the toolkit and the need to improve the industry's workforce diversity. The paper explores employer perceptions of the diversity issue and explores the toolkit's relevance, effectiveness, usability and impact. Interviews were carried out with 20 companies involved in the trial programme, many of which are smaller firms. Suggestions are provided as to how the practical utility of the toolkit can be improved so that it helps to mainstream diversity as an integral aspect of improving the performance of the sector.

Keywords: Rethinking Construction, workforce diversity, equality, change, SMEs.

INTRODUCTION

The UK construction industry labour force is fairly homogeneous, comprising mainly white men. For example, recent figures suggest that women constitute only 13% of the construction workforce (Fielden *et al.* 2000). This compares to an economically active female population of 49.5% of the national workforce (ibid). The situation for women in manual trades is even worse where they represent only around 1% of the labour force (CITB 2002). This demonstrates both horizontal and vertical segregation by sex within the construction industry labour market. A similar situation is also apparent in terms of ethnic minority employment. Only 2.3% of the construction workforce are made up of Black and Asian people, compared with an economically active population of 5.2% (Ansari *et al.*, 2002). This defines construction as *the* most white-male dominated of all major UK industrial sectors. It is clear therefore, that

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[1] This paper adopts the standard EU definition for SMEs as those employing less than 250 people.

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despite the positive rhetoric in terms of the industry's efforts to attract and retain a more representative workforce over the past decade, it has a long way to go before it reflects the working population.

Previous research on women in construction in the UK has focused on attracting women to the industry (Gale 1994a; 1994b), the experiences of women in the construction education process (Srivastava 1996), and their transition from higher education into paid work (Wilkinson 1993). More recently, the literature has depicted the experiences of non-traditional groups within the industry. This work has given insight into the nature of women's careers (Court and Moralee 1995; Dainty *et al.* 2000a; 2000b; 2001) and to the reconciliation of work and family (Duncan 2000). There has also been some groundbreaking work, which has explored the career experiences of ethnic minority employees within the sector (Ansari *et al.* 2002). Cumulatively, these studies have demonstrated that construction reproduces a white-male oriented culture in which non-traditional entrants can face harassment and discrimination and/or are often not afforded the same career opportunities as their white male colleagues. The academic community have made repeated calls for the industry to urgently begin to address equality and diversity as core business issues, if the sector is to avoid the crippling effects of skills shortfalls, demotivated employees, and employment tribunals. Similarly, there has been a gradual recognition of the need for workforce diversification from within the construction sector. The Latham Report (1994) recognised that equal opportunities must be vigorously pursued by the industry and a working group was set up which explored the value of diversity and ways of developing people effectively (Construction Industry Board, 1996). Although not a specific theme within the Egan's *Rethinking Construction* Report (1998), diversity emerged as a key issue within the consequent *Respect for People* (*RfP*) working group report. This report outlined a prima facie business case for workforce diversification in the construction industry.

The case for workforce diversification
The basic concept of diversity recognises that there are visible and non-visible differences between people which will include factors such as sex, age, background, race, disability, personality and work style. Harnessing these differences should create a more productive environment, in which everyone feels valued, where their talents are fully utilised, and in which organisational goals are met (Kandola and Fullerton 1998: 8). 'Managing Diversity' is depicted as being distinct from 'equal opportunities' in several ways, as is shown below.

Equal Opportunities	VS	Diversity
-Externally initiated		-Internally initiated
-Legally driven		-Business needs driven
-Quantitative focus (improving numbers)		-Qualitative focused (improving the environment)
-Problem focused		-Opportunity Focused
-Assumes assimilation		-Assumes pluralism
-Reactive		-Proactive
-Race, gender and disability		-All differences
Kandola and Fullerton (1998: 13)		

Throughout the 1990s a business case was developed for the diversification of the workforce. This essentially rests on three premises: firstly, the exclusion of certain groups as employees results in the under-utilisation of the full range of skills and talents available within society; secondly, projecting a more pluralistic image widens the pool of potential customers; and thirdly, diversification allows organisations to increase their efficiency and effectiveness (Bagilhole 1997). Proponents of workforce diversification also argue that it leads to a better informed, more adaptable organisation which is closer to its customers (Ross and Schneider, 1992; Coussey and Jackson, 1991; Greenhaus and Callanan, 1994). Indeed large construction companies have begun to realise that workforce homogeneity is detrimental to their long-term growth (Dainty 2000a). Similarly, the *RfP* Report (Rethinking Construction 2000) attributed a range of significant business performance benefits to workforce diversification. These included enhanced innovation and creativity, increased workloads, and an expansion of the customer base. It was on this basis that the diversity issue emerged as a key driver for performance improvement in the industry.

The industry's response to addressing the diversity issue
In common with other *RfP* improvement areas, such as, health and safety, training and development, and employee satisfaction, *Rethinking Construction* developed an associated 'toolkit' for diversity (*RfP* 2001). This comprises a checklist and scorecard that can be used to implement good equal opportunities practices, monitor workforce composition, and take action to improve performance. The intention of the toolkit is that it is used on a regular basis to ascertain whether levels of performance are being maintained, or improved upon, following action taken. The toolkit is broken down into seven interrelated sections which cover the development of a diversity policy, recruitment and advertising, selection and promotion, retention and exits, diversity training, management procedures and practice and monitoring and strategy review. However, the toolkit has been rated as the worst performing of all the 15 toolkits that have been piloted by the *RfP* team, in terms of both the take-up amongst the trial community, and user satisfaction of those involved (Rethinking Construction, 2001). In particular, smaller firms, who make up the vast majority of the industry in terms of both turnover and employment, have not engaged with the diversity trial programme, and have expressed a great deal of dissatisfaction with the toolkit's usability and effectiveness as a continuous improvement tool.

This paper reports on an empirical study, which set out to evaluate the '*Diversity in the Workplace*' toolkit in terms of its relevance, effectiveness, usability and impact. The aim was to use this evaluation to develop recommendations and improve the toolkit's practical utility, so that diversity becomes accepted as an integral aspect of continuous improvement as promoted by the *RfP* movement. Conducting this research has allowed the research team access to a wide range of companies involved in the trial programme, who were questioned as to their attitudes and perspectives on the diversity issue more generally, as well as on the effectiveness of the toolkit under examination. As such, this paper provides an insight into the attitudes and perspectives of a wide range of construction firms on diversity and equality issues.

METHODOLOGY

The evaluation and development of the toolkit was undertaken in two broad phases. Phase one involved an in-depth analysis of the experiences and perceptions of companies involved in the *RfP* trial programme in terms of their experiences of using

the diversity toolkit. The principal research method used for this phase was in-depth semi-structured interviews conducted with a total of 20 organisations. Of these, 13 had attempted to trial the diversity toolkit; these represented all of the companies who had actively engaged in the diversity in workplace toolkit trial. The remaining seven comprised a broadly stratified sample of firms who, whilst being involved in the trial programme (thereby demonstrating an interest on *RfP* issues), had declined to trial the diversity toolkit. These firms provided a control sample, as their opinions and perspectives on workplace diversity had not been affected by their experiences of using the diversity toolkit.

In each case, the person responsible for managing the implementation of the toolkit trial was interviewed. Depending on the size and nature of the organisation, this included HRM specialists, senior managers and directors. Together, the 20 companies covered virtually every type of construction employer including clients, consultants, main contractors, specialist sub-contractors, and suppliers. They were also well stratified in terms of their geographical location and size, both in terms of their number of employees and annual turnover.

Phase two of the research involved investigating best practice approaches from both within and outside of the construction sector from which examples could be drawn to address the weaknesses found within the existing toolkit. This review of existing initiatives included a desktop survey, telephone surveys of relevant bodies and interest groups, and face-to-face interviews with a range of providers of specialist diversity advisory services and experts in the diversity field.

All of the data collected using these methods were tape-recorded and transcribed verbatim, before being conceptually labelled and analysed under themes emerging from the transcripts as embodying the views of the informant group. Key findings under each theme were then explored according to particular informant groupings, such as whether they had been involved in the toolkit trial, the type of organisation and their size in terms of the number of employees and turnover.

KEY FINDINGS

The key findings are presented below, in terms of general attitudes and perceptions towards the diversity issue, followed by specific comments on the efficacy of the diversity toolkit as a performance improvement tool.

Perceptions of diversity and its significance as a business issue

To open the interviews, informants were asked to discuss their perception of what 'diversity' meant for their company and its significance as a business issue. There were wide-ranging responses to this question, including some clear misunderstandings of what the term meant amongst many of the companies interviewed, even those involved in the trial programme. In particular SME businesses had generally misunderstood the meaning of diversity:

> *"Diversity is how many different things you can do successfully to make money, skills perhaps, how many different skills one needs to earn money."* (SME Sub-Contractor)

> *"It's a number of issues not a single topic…diversity in the workplace is about getting people to change and not just do one type of work"* (SME Sub-Contractor)

However those with a greater understanding believed diversity to be synonymous with "equal opportunities" and discussed their externally-driven legal obligations as employers. Diversity was described as being a new label for an old concept, for example:

> *"What are they trying with diversity? It's a new name for the old thing [Equal Opportunities] or is it something else?"* (SME Sub-Contractor)

Very few of the companies treated diversity as an internally driven, business improvement issue and hardly any referred to the advantages of harnessing differences and/or fully utilising their employees' talents in order to improve business performance. Only the larger organisations tended to fully understand the diversity concept, and it is important to note that the majority of the informants in these companies were from HRM backgrounds or had undertaken specialist training in equality and diversity issues.

A third group of firms viewed diversity in an opportunistic way, seeing it as a marketing tool which could enhance their company profile. For example, several organisations commented that an explicit commitment to diversity was increasingly becoming a prerequisite to getting on to local authority tender lists:

> *".… maybe we will score more brownie points if we include some words on diversity, so when a Local Authority client asks for our policy they maybe impressed somewhat…but I don't believe diversity is an issue within our organisation and it seems a nonsense to have to do it"* (Consultant).

As such, the business case argument did not appear to be the primary driver behind companies engaging in the diversity toolkit trial. As one contractor commented:

> *"This business argument is fine words with fine goals, but where's the evidence?…the reality for us is what we can do for our staff and make a profit at the end of the day"* (Main Contractor).

Motives for addressing diversity and equal opportunities issues tended to stem from a need to comply with externally driven equal opportunities legislation or to mitigate skills shortage problems, and not for potential business improvement benefits.

In the interviews carried out with H.R specialists there was recognition that the industry puts unfair pressure on people's social and private lives, offering little opportunity for the effective reconciliation of work and family lives. The implications included difficulties in retaining new recruits after initial experience on the job. In such instances, informants indicated that although diversity is important to them as H.R specialists, it is less important to senior management and company directors, who were consequently reluctant to address this issue. Indeed, many of the line managers interviewed dismissed the notions of flexible working and job share as means of accommodating a diverse workforce and even ridiculed them as irrelevant to the industry.

In summary, the prevailing attitudes of the construction firms interviewed, indicate a 'systems orientated approach' in which equal opportunities statements were developed and recruitment procedures reviewed to ensure that they were 'fair' or *seen* to be 'fair' (Ross and Schneider 1992). However, this can be interpreted as meaning, equal treatment on the basis of conformity to the culture of the organisation; usually a culture reflective of 'white male' norms and values. Subsequently, the results of this study indicate that the construction 'culture' remains unresponsive to the different

needs of a diverse workforce, and suggests that the industry's commitment to culture change remains somewhat questionable. It seems, from this study, that the positive rhetoric surrounding the need for change is not reflected in the reality of the actions taken by construction companies to address its white, male culture.

Views on the *RfP* diversity toolkit

The toolkit was praised by a majority of informants for being very comprehensive in its coverage, and as being effective in raising awareness of the range of equality and diversity measures that companies can put in place to improve their employment practices. Most of the companies involved in the toolkit trial programme thought that it was logically structured, guiding the user through the formulation of a diversity policy and including detail on how to manage recruitment, retention and the benchmarking of diversity performance. The use of a 'radar chart' was particularly commended as an effective visual aid and presentation tool for scoring performance against the toolkit headings and for quickly evaluating a companies particular strengths and weaknesses.

However, despite these positive comments on the toolkit's scope and structure, no company involved in the trial had actually used it in the way in which it had been designed. Most had either misunderstood the nature of the scoring system, or had not completed every section of the toolkit, because they felt it was too complex, onerous, or irrelevant to the needs of their business. The SMEs within the sample, in particular, felt that to use the toolkit effectively required formal HRM mechanisms and support. They criticised the toolkit for being normative and for effectively treating the industry as a homogeneous sector in not recognising that different companies have different needs and employment capabilities.

A fundamental criticism of the toolkit was that it was seen as being rather prescriptive, focusing on what employers *should* do, rather than objectively measuring the efficacy of existing strategies, and encouraging the examination of these with a view to action appropriate for internal improvement. The majority of informants also considered the toolkit to be too bureaucratic and focused on monitoring procedures. Many smaller firms had become discouraged because they consistently recorded low scores on monitoring questions, even through they believed that workforce monitoring was largely irrelevant to their type of business. Indeed, many interviewees felt that the toolkit did not give enough credit to companies beginning to address equality issues. As such, it discouraged, rather than encouraged, firms to begin to take action to redress the workforce imbalance.

DISCUSSION: A FRAMEWORK FOR WORKFORCE DIVERSIFICATION

In order to address the concerns of the participating companies, recommendations are outlined below, which could act as a framework for improving the overall format and practical utility of a revised toolkit. These recommendations centre on developing the existing toolkit in a way which should encourage greater engagement with the diversity and equality agenda. The recommendations have been developed from ideas and approaches suggested by the companies participating in the evaluation trial, good practice examples from the construction industry, and exemplars from other industries.

Addressing SME needs within the diversity agenda

The findings of this study suggest that the existing toolkit does not respond effectively to smaller businesses that account for around 90 per cent of the industry's output and employment. Many SMEs argued that the requirements of toolkit were largely irrelevant to their businesses and required a greater commitment than they could afford to give to equality issues. In addition, the larger organisations, at whom the toolkit appears to be aimed, are more able to address their own diversity issues given that they tend to have dedicated HRM specialists and other resources. Accordingly, specific and targeted advice and support must be provided to smaller companies, if their needs are to be addressed in the future. Recommendations put forward included the use of a flowchart to act as a decision-support tool for deciding on which issues were relevant to the user's business. This would guide the user to the sections of the toolkit relevant to their particular needs.

Redefining the diversity issue

The findings indicated that 'diversity' and 'equal opportunities' are both contentious issues within the industry and their meaning is widely misunderstood, particularly within smaller firms. Consideration should be given to renaming the toolkit in order to make its meaning clearer and generally to using more accessible language when discussing these issues. A suggestion was put forward to use the term 'equality' in place of diversity; a simple concept with a clear meaning amongst most companies which many saw as less contentious than equal opportunities. 'Equality' is also the term used by government-backed initiatives, such as, *Equality Direct.* Therefore, renaming would align the toolkit with other initiatives and guidance for SMEs. Ensuring understanding of the issues amongst construction employers must begin with ensuring their understanding of the terms used.

Producing a clear business case and equality guidance and for the industry

All of these should be presented as part of a set of well-supported business case arguments for taking action on diversity. Many companies did not understand the relevance and/or importance of some sections of the toolkit towards improving their business performance. It is important to note that a significant number of firms interviewed remain unconvinced by the business case for diversity. As such, these benefits should be promoted alongside the moral and legal cases to help form a more robust argument for addressing equality issues. A brief and simple business case rationale presented at the outset of each section would ensure that users understood the importance of each section and how they could contribute to their overall business performance.

Most of those interviewed believed that there was scope to use the toolkit as a framework by which organisations can meet legislative requirements. This may be particularly useful for SMEs given that further equality legislation from the European Union relating to religion, age, sexual orientation and disability will be implemented in the next few years. Many companies suggested that they would benefit from a comprehensive, but concisely written guidance document specifically targeted at their needs. This would need to contain a glossary of terms clearly defining the terminology used within the equality/diversity field, the necessary components of a diversity policy, and details of help-line numbers and web addresses of informative websites. Finally, they required detailed advice on monitoring and setting equality targets, together with best practice examples.

Encourage and reward efforts to improve diversity performance as part of good people management practices and *mainstream* the diversity issue

Many companies commented that, as long as diversity is not at the top of the strategic agenda, the industry needs to do what it can to reward those firms attempting to improve their diversity performance. Performance improvement is likely to be evolutionary rather than revolutionary given the ingrained male-oriented culture of the sector. Engendering incremental change requires that firms taking initial steps to improve the composition of their workforce be rewarded in the form of recognition of their efforts. One way to achieve this would be to mainstream diversity-related issues into the other performance enhancing toolkits to ensure that more companies take action on such issues in the future. This would ensure maximum exposure of the diversity issue, even to those companies who have chosen not to use the diversity toolkit. It was also suggested that by signposting users of the other toolkits to the diversity toolkit, this would ensure the wider acknowledgement of the diversity issue in the future.

CONCLUSIONS AND RECOMMENDATIONS FOR FURTHER INVESTIGATION

Unlike some of the other *RfP* focus areas, diversity is a difficult and contentious issue to tackle. Thus, the unwillingness of construction companies to embrace the diversity agenda may reflect a failure of the industry to accept the arguments for workforce diversification, rather than a direct criticism of the toolkit itself. The case for diversity is not founded on detailed and proactive legislation, unlike other areas such as Health and Safety. Most equal opportunities legislation states what employers should *not* do, (i.e. discriminate) rather than prescribing what they *can* do to improve their employment practices. Therefore, it is very difficult to impose and enforce the diversity issue from outside of organisations. Hence, the key challenge is to convince construction companies to embed diversity as an integral part of good employment practice.

This evaluation study has shown that diversity and equality will remain well down the strategic agenda, even of companies fully committed to good people management practices. Although it has identified some clear actions that can be taken to improve the toolkit, it is now necessary to establish why SMEs and other construction companies have failed to recognise the advantages of diversifying the workforce. This is important in order to develop the rationale that underpins the diversity theme and to explore how this should be more effectively communicated.

Due to time and cost limitations, this study has only been able to consider a fairly limited sample of companies taking part in the trial programme. As such, it is important that further research be carried out to ensure that a revised toolkit fully addresses the needs of its target audience. In particular, any redevelopment of the diversity toolkit should be carried out in close collaboration with SME construction companies in order that the toolkit is responsive to industry needs regarding equality and diversity.

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