

HUMAN RESOURCE MANAGEMENT IN CONSTRUCTION

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This manual is part of the Construction Managers' Library – a set of books related to the wide area of management in construction. The books were created within the Leonardo da Vinci (LdV) project No: PL/06/B/F/PP/174014, entitled: "COMMON LEARNING OUTCOME FOR EUROPEAN MANAGERS IN CONSTRUCTION". Warsaw University of Technology, Civil Engineering Faculty, Department of Construction Engineering and Management was the Promoter of the Project.

The following organisations were Partners in the Project:

- Association of Building Surveyors and Construction Experts (BE)
- Universidad Politécnica de Valencia (ES)
- Chartered Institute of Building Ireland (IE)
- Polish Association of Building Managers (PL)
- Polish British Construction Partnership Sp. z o.o. (PL)
- University of Salford (UK)
- Chartered Institute of Building (UK)

The objective of this project was to create seven manuals conveying all the information necessary to develop civil engineering skills in the field of construction management.

The scope of knowledge presented in the manuals is meant to be the basis for assessing the managerial qualifications of civil engineers by the Association of European Building Surveyors and Construction Experts for the purposes of the European engineering professional card - EngCard.

The following manuals have been developed (in the brackets you will find an estimate of didactic hours necessary for mastering the contents of a given manual):

- M1: PROJECT MANAGEMENT IN CONSTRUCTION (100)
- M2: HUMAN RESOURCES MANAGEMENT IN CONSTRUCTION (100)
- M3: PARTNERING IN CONSTRUCTION (100)
- M4: BUSINESS MANAGEMENT IN CONSTRUCTION ENTERPRISE (100)
- M5: REAL ESTATE MANAGEMENT (100)
- M6: ECONOMY AND FINANCIAL MANAGEMENT IN CONSTRUCTION (240)
- M7: CONSTRUCTION MANAGEMENT (100)

The manuals created for the purposes of the library are available in three languages: Polish, Spanish and English. The manuals may be used as didactic materials for students of postgraduate courses and regular studies in all three languages.

Graduates from the courses will receive a certificate, which is recognized by all organizations – members of the AEEBC, association of construction managers from over a dozen European countries. Polish representative in the AEEBC is the Polish Association of Building Managers, in Warsaw.

More information about the LdV project see:

www.leonardo.il.pw.edu.pl

More information about the Polish Association of Building Managers:

www.psemb.pl

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CONSTRUCTION HUMAN RESOURCE MANAGEMENT

Manual M2 Aims and Objectives:

- To examine the history of HRM;
- To place HRM in a social context
- To place HRM in a political context;
- To view HRM in the current business environment;

INTRODUCTION

This manual is part of a prescribed set of learning manuals. Although the material is self contained this manual should be read in the context of the entire suite. Major linkage points to other manuals are indicated in the text.

This module begins by examining the links between the roles, responsibilities, obligations and duties of the various parties associated with construction activity.

It then considers the links between people and performance at work and concludes with essential considerations for the manager.

The syllabus is equally applicable to consultancy organisations and construction company personnel. However the relevance will vary. To this end the syllabus content is reproduced below with an indicator for the degree of relevance.

CHAPTER 1

INTRODUCTION TO HUMAN RESOURCE MANAGEMENT IN CONSTRUCTION.

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of HRM approaches including the key influence on business practices;
2. Recognise the impact of HRM on the business performance within the industry;
3. Describe and apply appropriate HRM techniques within the context of business performance;
4. Appreciate the strategic importance of HRM both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits of HRM are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven good HRM practice;
- b) Creative in the appropriate application of HRM;
- c) Aware of the strategic importance of HRM;
- d) Stimulated and supported by the synergistic integration of the HRM impacting upon them.

It is important to begin with a major qualification and reservation about this manual. HRM is a strategically important function of any business – the majority of large organisations have specialist employees whose sole

responsibility is to manage the human resources within their organisation. This manual does not aim to replace these individuals, nor does it aim to turn a construction industry employee into a fully fledged human resource manager. The purpose of this manual is to inform those working within the construction industry of the scope and requirements of HRM. Firstly, so that the construction industry person can knowledgably communicate with HRM professionals, and secondly so that all construction personnel comply the basic requirements of 'good' human resource management principles.

No organisation has its own identity; an organisation incorporates the identities, goals, aspirations, values, and culture of all the people that affect the business objectives. Thus the amalgamation of all these stakeholders creates a composite 'identity' which is often inappropriately called the 'Organisational Identity'.

HRM AND THE CONSTRUCTION PROCESS

The term 'human resources' came into existence some 25-30 years ago, not surprisingly this originated in the USA and came to Europe a few years later. Previously the term 'personnel management' had been used. The difference between personnel management and human resource management is viewed in many different ways. Some believe the terms are inter-changeable, others believe the term human resource is demeaning. Old style personnel managers dealt purely with the employees of the organisation, whereas new human resource managers view employees as the most valuable resource, to be integrated with the other company resources, to be handled with greater care than other resources so that the company can maximise the capabilities of their employees, for the greatest possible benefit to the organisation.

What do you think?

Human resource management should be viewed not simply as the responsibility of one manager or one department but the responsibility of **all** managers in the organisation.

Why should this be so?

Human Resources Management will be required for each and every proposed project and will commence as soon as a potential project is proposed and will continue until the project finishes. HRM will be required in detail for the entire range of functions and duties as described in this entire manual. However, the

basic necessity for Human Resources Management is to ensure the care of the company and its employees. HR managers will be needed by the client, each of the Consultants appointed to the project and for the Contractors, sub-contractors, suppliers, etc., in fact HRM will be an integral part of all construction activities.

FOCUS ON STRATEGY

The concept behind this philosophy is that of productivity, including effectiveness, efficiency and benefiting from opportunities whenever and wherever they arise. Identifying where productivity comes from and using this information to achieve competitive advantage. It is most certainly no secret that within the construction industry it is the people that produce and this is generally the case within any industry. Whilst there may be a large quantity that use machinery and advanced robotics, human interaction is still required and therefore the philosophy here is that with regard to organisations, 'competitive advantage' could be achieved only through the efforts and creativity of the people employed by them. In order for an organisation to succeed they must pay more attention to the above statement than merely just paying lip service to the rhetoric. This is to say that rather than having a focus on just profits etc. the organisation should be developing strategies to further encourage the labour force, to motivate them and to make them even more productive.

In general, companies that generate good strategies to resolve issues in areas of the organisation that are failing and implement them through with logical conclusions will inevitably incorporate the development of people skills and the development of the workforce within their corporate strategy, which is highly important to ensuring the work force is fully trained and are the best at what they are doing, and managers will want to call on the expertise of a skilled person in the organisation to get the best input possible. Although it will generally be those within the upper echelons of the organisation that will make all the final decisions regarding the types of resource management to be applied at all levels, and with strategies to be implemented at a management level it is necessary to recognise that people are more than a resource to be managed as efficiently and effectively as any other resource.

Any organisation should not be encumbered with generating strategies internally, but should look outside of the company and ask those within strategic management to advise. Further to this a company should not perceive management staff to be infallible, but should also critically assess these people

to ensure they are incorporating strategies at a production level and are also working to achieve the organisational strategies. Only in this way can an organisation continually improve the labour force, management and the organisation to achieve competitive advantage.

THE BALANCED SCORECARD

Whilst ensuring that an appropriate strategy is being well implemented at all levels of the business there needs to be more than just a strategy. One idea is to consider the balanced scorecard method. The balanced scorecard was considered to emphasise the role of the human resource in the achievement of business strategy. The concept is that as opposed to traditional methods whereby organisations have used exclusively financial results to evaluate the success of their strategy, in a modern working environment it is important to look more in greater detail at the human factors with regards to likes and dislikes, motivation, interests and even as far as the social aspects of work. Although looking at financial results has generally met with a degree of success in the past, Kaplan and Norton proposed that measuring success in only one area is inadequate. The truth is that financial results are in the past and therefore retrospective and the results for one year will not necessarily be met with the same success the following.

It was perceived that in order to maintain and even improve upon success a more balanced approach, is required as represented by the balanced scorecard. Although this can be adapted to any organisation adopting there are four main principles within the concept of the original model:

- Financial results
 - Profits / losses?
 - Net value?
 - Annual turnover? Etc.

- Customer relations
 - How do the employees react with customers?
 - Losses / gains in customer numbers?
 - Order Sizes?
 - Customer opinion, would they recommend the company? Etc.

- Internal processes
 - What is being done to improve employees / management / the Business?
 - Is the operating regimen optimal?

- Is there room for improvement? Etc.

- Learning and development - Are employees being developed?
 - How can skills develop further?
 - Is the training useful / the best possible? Etc.

Although again adopted at an organisational level, adopting the same or similar strategies at a more simplistic or even site level will help the achievement of corporate strategies. As in the case of Tesco's it can and does also help in redefining roles of managers, looking at the importance of all employees contributions to the success of the company and therefore the importance of human resource management. Whilst the implementation of a strategy in one year may have generated a very positive result it may not in the following year. As people enter and leave the company, new competition arises. We either have to develop and evolve them or generate entirely new concepts.

HRM AND GOVERNMENTS

With regard to the position of national governments and HRM there was a firm belief that during the 1980's – 90's with a renaissance of 'market disciplines' and a strong belief that, in terms of economic well-being, too much government was a problem.

Whilst companies try to develop their HRM and build up their companies the government may be perceived as intervening far too much and causing too many problems. The key reason for this is that relatively conservative governments in the UK and the USA provided a political and economic backdrop to the shift in managerial thought and discourse, i.e. moving from a personnel management approach dealing with organisation-union disputes and welfare towards more human resource management based approaches.

Other major trans-European changes reinforced this effect. For example: the reunification of Germany brought about fundamental business difficulties for German companies; the separation of Czechoslovakia into separate republics placed great pressures on private and public resources; the accession to European Union membership of Poland and other Eastern European nations, created a requirement for greater compliance with generally accepted welfare and social equality provisions.

In order to compare and contrast the two concepts of HRM and Personnel Management, personnel management based its legitimacy and influence on its ability to deal with the uncertainties stemming from full employment and trade union growth, HRM concentrated more attention on internal sources of competitive advantage. Today whilst unions still exist, there tends to be fewer disputes between organisations and unions, this is in part due to new management approaches in the form of HRM.

HARD HRM / SOFT HRM

There are two main forms of HRM that of Hard HRM and that of Soft HRM. The two can be simply defined as follows:

- Hard HRM – emphasises the term resource and adopts a rational approach by considering the worker a cost to be controlled.
- Soft HRM – emphasises the term human therefore investing more in training and development and the adoption of 'commitment' strategies to ensure highly skilled and loyal employees give competitive advantage.

Hard HRM is most likely to be taken on by a 'line-manager'. It is whereby the management will treat the worker as a total resource and will therefore use that person in strict adherence to company rules and regulations. The manager will not consider what it is that keeps that person motivated but will simply set tasks and leave them to complete those tasks before setting more. They will give motivation but it will not be at a personal level.

Soft HRM is more likely to be taken on by a 'leader' they have a much more personal approach and see the resource as a human being. They will seek out what interests that person has and will want to develop the potential of the person in order to attain commitment and high productivity. However, in considering HRM there are varying philosophies some with positive attitudes towards HRM and some with negative attitudes. Either way HRM has been seen in a number of ways, creating a new order, creating a sophisticated new approach to personnel management, manipulative management control for work intensification and moulding workers into corporate entities.

As a whole, "human resource management is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities is critical to achieving sustainable competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and

practices.” This says that amongst other things it is people who make the biggest difference to an organisation and its competitive advantage. Only people, amongst other resources can generate the value and therefore they should be listened to, so that an organisation can better motivate them, train them so that they can achieve their potentials and give better productivity and aid in corporate integration and ensure that bonds are developed not only with other members of the workforce but also at a management level.

Another key feature of HRM is the notion of integration. If people are one of the biggest contributors to ensuring competitive advantage and generating ‘value’ through their knowledge, skills and productivity then these people must be integrated within the concepts of ‘employment policies, programmes and practices’ that have been laid out within the organisational strategy that has been adopted. However, before this can happen these policies, programmes and practices must be coherent and well integrated within the organisational structure. If this has occurred, then in order to ensure integration of the human resource the responsibility for HRM activities rests with all line managers. It is therefore all managers’ responsibility to ensure people working in production are fully aware of policies in place and that they understand them and are working to ensure that they are achieved.

The human resource is classified by the traits people bring to the workplace – intelligence, aptitudes, commitment, tacit knowledge and skills, and the ability to learn. These are all very positive attributes and if exploited in the most appropriate manner will lead to some very positive results for an organisation. However the contribution of the human with said skills is typically variable and unpredictable. To get people to function well in the workplace, psychology may provide some of the answers which suggest that the behaviour of people in the workplace is a function of at least four variables (McShane, 2001):

- Ability;
- Motivation;
- Role Perception;
- Situation Contingencies.

There are other workplace aspects to be managed as listed below. If these are examined and understood, and these aspects are incorporated into the working environment an organisation can be successful in achieving a positive atmosphere and high productivity.

Other aspects to consider:

- Sociology;
- Level of ability:
 - Skills;
 - Knowledge;
 - Aptitudes;
- Gender;
- Personality traits;
- Role perception;
- Experience.

THE HISTORY OF CARE FOR EMPLOYEES, A BRIEF SUMMARY

(In chronological order, considering the main European influences)

Before the industrial revolution people lived mainly off the land. The first factories gave people the opportunity to improve their lives with guarantees of employment and subsequent rewards. It is now known that many factory conditions were unacceptable and it is easy to see why initially factory working was resisted.

Workers eventually took up employment and encountered harsh conditions with strict regimes and little consideration for the welfare of workers. Men, women and children worked, were fed and housed in mainly poor conditions. Scientific Management, fathered by FW Taylor and F Gilbreth changed systems of work. Production was looked at in minute details and workers' conditions improved as a result of being part of the production process. At the same time a number of philanthropic employees emerged. They were inspired by social and religious consciences and they greatly improved working and other welfare conditions for their employees. The best known of these were Robert Owen, the Cadbury family, the Rowntree family and the Lever Brothers. In addition to these, social commentators, the best known being Charles Dickens, and later George Orwell, raised awareness and created the climate for improvement generally.

The first personnel managers came into being; known as welfare officers their role was to improve welfare conditions of the workforce, a buffer between worker and manager and to educate workers in health, safety and hygiene matters. The first institute for welfare officers was formed in 1913. The First

World War and subsequent economic depression served to repress the rights of workers and Trades Unions.

In the late 1920's and early 1930's the Hawthorn experiments famously presented by Elton Mayo recognised that better production could be achieved by treating workers as cooperative participants in the process and by considering workers as social and team members.

Following the Second World War there was a period of full employment. Expectations of workers were high. There was a rise in material expectations (originating from the USA) and one powerful vehicle driving change was the Trades Unions. The first personnel managers came into being. One of their prime functions was to negotiate terms and conditions of employment, collectively, with Trades Unions. The responsibility for welfare was still retained, and remains today. Between the early 1960's and the mid 1980's Trades Union influence steadily increased, redressing the balance of previous exploitation.

This influence drastically reduced in the mid 1980's with the confrontations between unions, employers and governments. Legislation drastically reduced the influence of unions and this together with the recession of the late 1980's has kept union influence at its current level. Recently employee's rights are increasing; evidence of this can be seen in EU legislation such as "The Working Time Directive" basically restricting a working week to a maximum 48-hour week. It is expected that further increases in the rights of individuals and trades unions will be introduced through European Directives and then into national legislation.

In the last 4-5 years there have been signs that Trades Unions are again becoming more militant. Strikes and other forms of industrial action are becoming more prevalent, an example being the recent UK fire brigades strikes and their subsequent dissatisfaction with agreements made to settle the strike.

Manufacturing industry in the EU has been drastically reduced. Large manufacturing industries such as mining, shipbuilding, steel production etc. have suffered from greatly increased Asian competition. These industries used to employ many workers all employed on the same terms and conditions bargained (and sometimes fought for) nationally. These have been replaced today with smaller businesses. The service industry has grown as manufacturing has fallen. Peoples' working conditions have changed. A job for life is now a thing of the past. Short-term contracts, job sharing and part-time employment

are recent and growing employment methods. This will lead, in many cases, to greater employee anxiety resulting from greater uncertainty.

Personnel departments have undergone massive changes in the last 20 years. The personnel department traditionally controlled all issues concerned with employees; examples being: recruitment; selection; training; appraisals; keeping of records; etc. Many of these functions are now carried out elsewhere. Consultants recruit and recommend new staff. Line managers carry out appraisals, disciplinary and grievance procedures, outside agencies carry out training and education of staff.

The role of the human resource manager is now to advise the organisation on the resource of people. This could be internal or external to the organisation. This then is the distinction between a personnel manager and a human resource manager. The personnel manager is a worker centred function whereas the human resource manager is a resource centred function. The trend has been for organisations to devolve traditional personnel duties to line managers. Whether carried out by dedicated personnel managers or line managers those duties still exist and will be covered in this chapter.

Chapters 2 and 3 that follow this introduction deal with brief descriptions of the roles and responsibilities of three groups that constitutes the main groupings of stakeholders – in HRM terms – within the construction industry:

- Client Group – the client, financiers, owners, tenants, occupants, etc.;
- Consultants Group – designers, engineers, project managers, cost consultants, building control professionals, etc.;
- Constructors Group – Main contractors, sub-contractors, suppliers, engineers, etc.

The construction industry in its widest sense offers a great variety of services that ultimately lead to providing structures or infrastructure to meet the needs of the 'client' - both the individual and society at large. These services are usually provided as a part of a 'project'. Each 'project' will have different characteristics associated with one or more of the following features:

- Purpose of the project – the Why question;
- Form of the project – the What question;
- Location of the Project – the Where question;
- Design and Technology of the project – the How question.

The aim for the construction professionals delivering the services that provide the solutions to each of these features is to provide a solution in an efficient and effective manner and accepting the opportunity to meet the needs of the client. Many skills and great expertise is required to do this, and in most circumstances no single individual can deliver all the requirements for a successful project. This means that the construction professionals will have to create temporary 'teams' merging the different skills and expertise to provide the construction solution.

The breadth of construction solutions is truly amazing - The Pyramids of Giza, the Taj Mahal, Sydney Opera House, The Empire State Building, the Pan-American Highway, the Golden Gate Bridge, Port Sunlight, the Panama Canal, etc., the list is endless – and each combines different professionals into temporary teams to deliver the finished project. Despite the range of solutions a project (of any form) goes through similar phases:

- Project Evaluation;
- Project Design;
- Project Construction;
- Project Delivery.

It is important to recognise that whilst these phases may appear to be generally sequential, they can overlap and the phases are iterative. The degree of overlap and the level of iteration are dependent upon the form of 'Project Procurement' adopted.

PROJECT EVALUATION

When a 'client' (clients will be defined later in chapter 2) determines that a project is required, that client has a number of options.

Can the project be delivered from within existing structures or infrastructure? Can the project be delivered by existing structures or infrastructure with some alteration? Can the project be delivered by leasing or buying existing structures or infrastructure – with or without some alteration? Does the project require the construction of newly built structures or infrastructure?

The answer to this question is a vital part of the evaluation of the feasibility and viability of the project. The answer will be determined by a feasibility study.

The evaluation stage will generally comprise of the following components:

- Recognition and Definition of the Client needs;
- Examination of the Alternative Solutions;
- A decision of how to proceed to the Proposed Solution;
- Appointment of Construction Professionals as a 'Team';
- Preparation of the Client Brief;
- Appointment of the Building 'Team';
- Identification and location of the 'site';
- Identification of SLEEPT features of the project - Social, Legal, Economic, Environmental, Political, Technological;
- Completion of Feasibility and Viability Analyses;
- Application for Initial Consent to Build.

PROJECT DESIGN

This phase develops alternative ways of delivering the proposed solution. It will involve developing:

- Designs;
- Costings for each design proposal;
- Structural solutions for each design;
- And assessing the SLEEPT implications of each design.

Eventually a tentative proposal emerges from 'team' deliberations that provides a 'Project Scheme' detailing appearance, method of construction, outline specification and cost plan. This 'Scheme' is submitted to the client for approval and financial sanction to proceed further.

In a large proportion of 'Schemes' failure to achieve approval or financial sanction indicates the end of the project.

If a 'Scheme' obtains approval and sanction, further work is executed to finalise the design and prepare production information.

In brief the overall project design scheme stage consists of:

- Preparation and evaluation of alternative solutions;
- Selection of Proposed Scheme;
- Application for Full Consent to Build;
- Completion of Design and verification of structural design calculations;
- Application for Detailed Scheme Details Consent;

- Preparation of Complete Scheme documentation – design and construction drawings, schedules, specifications, detailed bid cost documents, tender documents, contract documentation;
- Seeking bids from prospective 'Contractors';
- Analysis of 'Contractors' tenders;
- Appointment of Preferred 'Contractor'.

PROJECT CONSTRUCTION

With ownership of the proposed site established; all legal construction approvals obtained and a contractor appointed who is supplied with full scheme information; then construction planning can commence. Construction planning will identify the production, management and administration requirements for successful project delivery. Labour, materials and plant will be mobilised to begin construction. Construction will be managed to deliver the contractual obligations specified by the client in terms of cost, quality and time.

The construction phase consists of:

- Validation of all design scheme data;
- Preparation of site layout;
- Preparation of production statements, schedules and plans;
- Application for legal consents, licences, insurances, permits, etc.;
- Establish communication mechanisms for and between, Contractor, Client and Design team;
- Site Establishment;
- Commence construction activity;
- Monitoring of construction activity and assessing against plans;
- Administration of Contractual Obligations;
- Seeking payment in accordance with the contract.

PROJECT DELIVERY

When the scheme or a clearly defined part of a scheme is complete, and following a detailed inspection and formal 'handover' the client accepts delivery and can commence to use the structure or infrastructure.

Details of the project delivery phase could be presented as follows:

- Inspection of the 'Works';

- Completion of 'Remedial Work' and 'Making Good' identified defects;
- Organisation of Occupation and Usage Insurance;
- Provision of 'As-Built' drawings, specifications and other 'Maintenance' and 'In-Use' documentation;
- Provision of 'Plant Test Certificates' and 'Instruction Manuals';
- Preparation of 'Maintenance Schedules';
- Preparation of the 'Final Cost Account';
- Compilation of analyses of structure or infrastructure 'Performance Data'.

This brief description of the construction process of structure and infrastructure schemes is intended to inform the Human Resources details of this manual, and should not be regarded as sufficient for construction management or project management purposes.

CHAPTER 2

CLIENTS AND CONSULTANTS OBLIGATIONS – BRIEF DESCRIPTIONS

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of clients and consultants including their key influence on business practices;
2. Recognise the impact of clients and consultants on the business performance of the industry;
3. Describe and apply appropriate construction project techniques within the context of business performance;
4. Appreciate the strategic importance of construction projects both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits of clients and consultants are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven clients and consultants;
- b) Creative in the appropriate application of client and consultant skills and expertise;
- c) Aware of the strategic importance of client and consultants;
- d) Stimulated and supported by the synergistic integration of clients and consultants impacting upon them.

ROLES AND RESPONSIBILITIES FOR STRUCTURES DESIGN AND ADMINISTRATION

The financial value of a project is frequently the major determinant of the size, scope, and scale of consultants appointed to the client's team. In some smaller projects the designer may execute all consultants' roles. Normally, however, specialist consultants are appointed to the separate roles. Detailed appointment procedures differ throughout Europe.

For smaller projects clients may approach a consultant, previously known to the client, and seek recommendations for other consultants to create the team.

On larger projects it is often necessary to compete for 'project commissions' by making presentations to the client.

Throughout Europe legislation now exists that makes professional fee scales illegal – although this has only been so for the last 20 years or so. Therefore, however, each consultant appointment will constitute an additional fee component of the project cost, even though the appointment of consultants is now on an extremely competitive basis.

Care and attention is needed to ensure that consultants fee bids are compared on an identical basis, just as contractors bids are evaluated. It is an industry aphorism that selecting the appropriate consultant team is as important as selecting the constructor.

It is therefore vital that in selecting the consultant team, the correct team is picked.

CLIENT

The client is the individual or group of individuals, either as individual entities or companies, to whom the construction industry offers its services in fulfilling the client's needs.

Many classifications of clients are possible. Some are offered here:

By Type of Work required by the client:

New Work:

- Creating new structures;
- Replacement of existing structures;
- Additions to existing structures.

Work on existing structures:

- Alterations and adaptations to existing structures;
- Maintenance;
- Renovation;
- Rehabilitation.

New Infrastructure:

- Creating new infrastructure;
- Replacement of existing infrastructure;
- Additions to existing infrastructure.

Work on existing infrastructure:

- Alterations and adaptations to existing infrastructure;
- Maintenance;
- Renovation;
- Rehabilitation.

By Purpose of the structure:

- Housing; Commercial; Education, Health; etc.

By Purpose of the infrastructure:

- Roads; Rail; Marine; Utilities- water, electricity, gas, sanitation; etc.

By Nature of Employment Status:

- Private sector;
- Public sector.

By Source of Finance:

- Private Sector;
- Public Sector;
- PPP – Public Private Partnerships.

Whatever the classification of client, the primary responsibilities of any client are:

- To select and appoint the consultant 'team';
- To approve the method of 'procurement' of the structure or infrastructure;
- Prepare or Approve the Scheme 'Brief';
- Approve Proposed Scheme solution;
- Provide financial sanction for the scheme;
- Communicate with consultants and constructors;
- Monitor progress;
- Pay for 'work' and consultants 'fees'.

DESIGNERS – ARCHITECT, ENGINEER, STRUCTURAL ENGINEER, SERVICES ENGINEER

Depending upon the type of structure or infrastructure that is specified, the consultant holding the majority design responsibility will be an Architect, an engineer, a structural engineer or a services engineer. It should be recognised that under more traditional forms of construction procurement the Architect was appointed as the consultant team leader and team manager. This is not necessarily the case in more modern forms, where a 'Project Manager' – see later, is specifically appointed to this role.

The Architect: traditionally the first consultant approached by the client, and because of this the role has evolved to cover responsibilities for both design and project 'administration'.

The Architects role covers all stages of the project – in brief they are:

Scheme Proposed Solutions:

- Defining and clarifying Clients requirements;
- Identifying the potential alternatives;
- Preparing Cost Outlines – or liaising with Cost Consultant – see later.

Outline Design:

- Evaluating the alternatives;
- Preparation and evaluation of alternative solutions;
- Prepare recommendation report for client.

Final Design:

- Completion of Design and verification of structural design calculations;
- Application for Detailed Scheme Details Consent;
- Detailed Cost Plans – or liaising with Cost Consultant.

Contract Documentation – usually in conjunction with other consultants:

- Preparation of Complete Scheme documentation – design and construction drawings, schedules, specifications, detailed bid cost documents, tender documents, contract documentation.

Bid Preparation and Evaluation:

- Seeking bids from prospective 'Contractors';
- Analysis of 'Contractors' tenders;
- Appointment of Preferred 'Contractor'.

Construction Site Monitoring:

- Establish communication mechanisms for and between, Contractor, Client and Design team;
- Monitoring of construction activity and assessing against plans;
- Inspection of the 'Works';
- Instructing for 'Remedial Work' and 'Making Good' identified defects;
- Provision of 'As-Built' drawings, specifications;
- Compilation of analyses of structure or infrastructure 'Performance Data'.

Administration of Contractual Obligations:

- Contract Management;
- 'Final Cost Account' Management – see cost consultant.

PROJECT MANAGER

The project manager is a modern specialist appointment. They may come from any of the consultant disciplines or from specialised PM consultants. Clients have come to recognise that the Designer may not necessarily be the most appropriate consultant to appoint as team leader. Therefore a specialist can be appointed as the consultants' team manager. This may be particularly so on larger projects, but this does not preclude the appointment of a PM on any size of project.

The administration of contract obligations falls to the Architect in the traditional role as team leader. This may now fall to the Project Manager if one is appointed. It should be noted that the project management obligations represent not a replication of the Architects duties but a transfer of obligations to another consultant who can therefore expend a greater proportion of time and effort on these particular activities.

Administration of Contractual Obligations.

- Contract Management;
- 'Final Cost Account' Management – see cost consultant.

Contract Documentation Coordination– usually in conjunction with other consultants:

- Complete Scheme documentation – detailed bid cost documents, tender documents, contract documentation, and compilation of final design detail packages, schedules and specifications.

Bid Preparation and Evaluation:

- Seeking bids from prospective 'Contractors';
- Analysis of 'Contractors' tenders;
- Appointment of Preferred 'Contractor'.

Construction Site Monitoring:

- Establish communication mechanisms for and between, Contractor, Client and Design team;
- Monitoring of construction activity and assessing against plans;
- Inspection of the 'Works';
- Instructing for 'Remedial Work' and 'Making Good' identified defects;
- Provision of 'As-Built' drawings, specifications;
- Compilation of analyses of structure or infrastructure 'Performance Data'.

The project manager would also offer the client advice on the selection and appointment of all other consultants, advice on statutory requirements and regulations, and may advise on site location and site procurement if necessary.

In the absence of the appointment of a PM it is usual for the Architect to provide these additional services to the client.

COST CONSULTANT – QUANTITY SURVEYOR, TECHNICAL ARCHITECT, ENGINEER

The cost consultant advises throughout all phases of the project on all financial and contractual matters. The Cost consultant is a direct appointment to the client; however it is usual that the appointment will rely on a recommendation from the Architect or PM.

For financial and contractual advice to be as effective as possible, it is important that the cost consultant is appointed as early as possible. The major responsibilities of the cost consultant are:

- Prepare Preliminary Cost advice;
- Prepare Initial Scheme Cost Plan;
- Prepare Preliminary alternative solution Cost plans;
- Predict cost implications of design decisions;
- Provide finance and taxation advice;
- Provide additional cost planning services – for example Life cycle costing, financial and project depreciation, etc.
- Provide Total Budget advice to client;
- Prepare Cash Flow forecasts of financial demands;
- Prepare tender documentation and contractual documentation;
- Advise on prospective bidder selection;
- Advise on tender bids and contractual bid qualifications, reservations, exclusions and non-compliance;
- Recommend contractor for appointment;
- Advise client on compliance with 'Contractual Conditions';
- Recommend payments to constructor and sub-contractors; suppliers;
- Monitor project costs and report to client;
- Monitor cost of contractual 'variations';
- Agree 'Final Account' in accordance with 'Contractual Conditions';
- Analyse all costs and provide feedback data.

APPROVED BUILDING CONTROL PROFESSIONALS

The Building Control profession differs across Europe. In some nations, the UK for example, the BCP is a representative of the local government executive. In France, the BCP are appointed by the project insurers. In Spain, the BCP are independent consultants licensed by the regional government.

Whatever the form of employment, the BCP is responsible for ensuring that the proposed structure meets the requirements of all appropriate national and local legislation. Work on site must not commence until authorised by the BCP. All drawings will be scrutinised by the BCP and satisfactory approval will be followed by the issuance of a series of authorisations, permits and notices. Upon commencement on site, various phases of the work must be inspected and approved before work continues. This is especially so for structural aspects that may subsequently be covered up, for example foundations, drainage etc. Inspection protocols vary throughout Europe, but generally inspection will occur at the following stages:

- Commencement of the Works;
- Excavation of foundations;
- Completion of foundation structure;
- Work rises to ground level;
- Drainage tests before and after covering;
- Completion but before 'Handover' and subsequent 'Occupation'.

CHAPTER 3

CONSTRUCTION COMPANY OBLIGATIONS – BRIEF DESCRIPTIONS

There is no clear distinction between structure and infrastructure projects. However, the easiest distinction is between descriptors used by the companies. Generally structures projects are executed by Building Contractors and infrastructure projects by Civil Engineering Contractors. However, some companies call themselves both Building and Civil Engineering Contractors. This chapter will treat each as separate and will try to generate the distinctions between the two types of organisation by describing the roles of their respective employees.

It should be noted however, that an individual employee with a particular set of professional and technical skills and knowledge could be described by one role descriptor in a Construction company and by another different descriptor in a Civil Engineering company.

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of construction companies including their key influence on business practices;
2. Recognise the impact of construction companies on the business performance of the industry;
3. Describe and utilise appropriate construction company roles within the context of business performance;

4. Appreciate the strategic importance of construction companies both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits of construction companies are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven construction companies;
- b) Creative in the appropriate application of construction company skills and expertise;
- c) Aware of the strategic importance of construction companies;
- d) Stimulated and supported by the synergistic integration of construction companies impacting upon them.

ROLES AND RESPONSIBILITIES: BUILDING CONSTRUCTION PROJECTS

Main Contractors Staff

The organisational structure of the construction company is designed to meet the needs of an organisation that constructs projects. However, each project sets a different context and content problem. The technical complexity of the proposed solution and location of the site, create unique problems which have to be resolved within the existing company capabilities. The roles and responsibilities of individuals will therefore differ significantly. Generic descriptors of typical job titles are provided as follows:

Site manager: The senior construction company representative on site. The site manager will generally be responsible to an office-based 'contracts manager'.

The site manager's role is the supervision and management of all site based staff employed by the company to ensure that the project is delivered within the contractual obligations. The major responsibilities of the role are:

- Advise and assist in overall planning;
- Plan and coordinate the supply and utilisation of resources;
- Monitor and control progress and quality;
- Communicate with the Consultants team;
- Provide feedback and reports to client;

- Conduct all aspects of the project in accordance with statutory requirements;
- Conduct all aspects of the project in accordance with company policy;

The site based staff will consist of some or all of the following personnel:

- General foreman;
- Trade Foreman;
- Ganger;
- Operatives;
- Site Engineer;
- Planner;
- Other Support Staff:
 - Bonus surveyor;
 - Contractors cost controller;
 - Buyer;
 - Clerical staff

The Sub-Contractors Site Staff

Generally each sub-contractor will have a number of his employees on different sites. A 'contracts supervisor' based at the sub-contractors offices will travel to each site to ensure the efficient and effective execution of their contractual works. The contracts supervisor's main duties are:

- Liaise with the site manager with regard to regular progress of the works;
- Coordinate the supply of all sub-contract resources;
- Attend site meetings and progress meetings as required;
- Ensure the quality and safety of the sub-contract works.

On each site the contracts supervisor will be assisted by a chargehand. The chargehand will be permanently site based and will have responsibility for the supervision of all sub-contractor employees. Dependant upon the number of sub-contractor employees this post may be a full time supervisory post, or it may be part-time, in which case the chargehand will also work in the physical execution of the sub-contract works.

'Client's Representative' on site

This person is directly appointed by the client; however, it is usual that this person is an employee of one of the consultant's organisations.

For example: in the UK the nominal term for the client's representative is the Clerk of Works.

The main duties of the Client's Representative are:

- Inspection of materials and 'Workmanship' for compliance with contractual obligations;
- Arranging testing of material as required;
- Maintaining written records as required by the Architect or PM;
- Advising Architect or PM of any outstanding information requirements;
- Verifying and endorsing contemporary records of labour and materials expended on the Works;
- Verifying and endorsing contemporary records of 'variations' to the original contractual obligations.

For smaller projects, the client's representative will probably be an employee of the Architect, and may only be based part-time on site. On larger projects, this role would be a full time site based role. On exceptionally large projects the client's representative would be the project manager, who may have several other clients' reps reporting to the PM.

Government Inspectors

During the course of the execution of the Works it is the contractor's obligation to comply with all legislation. This will involve liaising with Approved Building Control Professionals and all other Government officials that have statutory rights of inspection.

The rights of inspection vary throughout Europe, in some cases, for example, in the UK, certain inspectors (HM Factory Inspectorate Officials for example) have unrestricted rights of access at any time; others like the Building Control Inspector have right of access by arrangement.

ROLES AND RESPONSIBILITIES: INFRASTRUCTURE PROJECTS

The generally larger scale of infrastructure projects has generated a divergence in roles and responsibilities, both in design and administration of projects.

Those roles that are considered exclusive to infrastructure projects are described below. However, most of the descriptors for Building Construction would also

generally apply in civil engineering, perhaps with minor modifications to the roles because of the use of the civil engineering specific personnel.

Consultant Engineer

The consultant engineer would act as the overall project manager in infrastructure projects not employing a specialist project manager. The Engineer could be a Civil Engineer, a Structural Engineer, a Mechanical or Electrical Engineering, or any other specialist Engineer having the skills to manage the project.

If a project was of a particular nature, for example a Nuclear Power Station, and the individual Nuclear Engineer was not deemed sufficiently experienced to manage the lead role, then another engineer could be appointed.

As well as the lead engineer, other specialist engineers can be appointed to the 'design team' of consultants.

The main responsibilities of the Consultant Engineer are similar to those of the Architect in structure projects, and would also include:

- Undertake or coordinate site and specialist investigations as required by the project;
- Prepare site reports and feasibility reports based upon these investigations;
- Prepare viability reports in consultation with cost consultants.

Resident Engineer

As a result of the scale of infrastructure projects it is normal that a senior client's representative is based permanently on site to represent the client through the Consultant Engineer. The typical responsibilities of the resident engineer are:

- Inspect the Work for line, level, materials and workmanship;
- Execute or arrange for testing as required by the contract;
- Keep records of all Inspections and Testing;
- Oversee the measurement or measure quantities of Work in agreement with the civil engineering contractor's staff;
- Record details of any work that may create a 'variation' to the contract;
- Verify and record progress and provide full details of any variance from contract requirements;
- Liaise with contractor's staff;

- Attend site and progress meetings as required by the Consultant Engineer;
- Prepare reports as required by the consultant engineer.

Civil Engineering Contractor's Staff

The on-site organisation will vary in accordance with contractual obligations and the size, scale and complexity of the project. It will also vary with the organisational structure of the particular contracting organisation and each project.

The site organisation should support the delivery of the client's project objectives and permit the rapid response to particular project difficulties that may be incurred.

The senior contractor's representative on site is the Agent. This person will be an experienced engineer who acts as the leader of the contractor's organisation on site. The role is to oversee the administration of the contractual works in accordance to the contract documents and to satisfy the legitimate requirements of the resident engineer

Sub-agents may be required for larger projects, and these would typically have administrative responsibility for defined parts of the whole project. They would exercise direct control over the production workforce through section engineers and general foremen.

The Agent may be supported by one or more of the following personnel:

- Field Service Manager – responsible for control of service departments, such as plant, maintenance, testing, etc.;
- Production Control and Costing Engineer – responsible for detailed activities relating to planning, progress, and costing functions;
- Administration Manager – responsible for non-technical functions on site;
- Site Civil Engineer – responsible for the accuracy of the Works;;
- Managing Cost Consultant – responsible for the calculation of quantities for payment purposes.

RELATIONSHIP MANAGEMENT BETWEEN CONSTRUCTION TEAMS

With so many and so varied personnel contributing to the delivery of a project the interactions between them are critical to the success of each and every project.

Such factors as the formal inter-company relationships, intra-company relationships, and informal relationships all impinge on the contractual obligations of project delivery. The individual personalities of the different personnel also make a major additional feature of the management of a project.

Inter-Company Formal Relationships

The typical structure of infrastructure project creates a large array and a varied range of contractual obligations. Each consultant organisation and each contractor organisation will have a contract which establishes; by the specified law of a defined country; the rights and duties and obligations and liabilities of each company. Each organisation will also usually have to comply with the membership regulations of a national or international employers' organisation.

Each individual will have a contract of employment that specifies the rights and duties; and obligations and liabilities of each individual. Professionally qualified consultants and professionally qualified contractor's staff will also have to comply with the rules of professional conduct of their professional institute or institution.

Written contracts, however well defined, still give scope for interpretation. A number of 'Standard Contracts' have been developed to cater for a variety of project types. Even these, still require interpretation, and it is usually by discussion and negotiation that detailed resolution to difficulties can be achieved. In the event of non-agreement, the contracts typically specify how a dispute will be escalated through the levels of the disputing organisations, and / or referred to separate 'dispute resolution techniques'.

Intra-Company Formal Relationships

This is typically a matter of organisation managerial control.

Informal Relationships

It is not possible to legislate or contractually control all construction activities that constitute either a construction organisation or a construction project.

Management systems are promulgated and implemented to try to achieve effective and efficient delivery of schemes. Much research has shown that individuals amplify or modify any system to their own individual needs, which may not necessarily match with other peoples' individual needs or those of any particular organisation.

The 'informal' relationships created between individuals often smoothes the formally defined process and reflect the ways that individuals have attempted to overcome the deficiencies in the formal systems.

Stakeholder Relationship Management

Within every organisation and every project, key stakeholders hold a power to support or inhibit the success of a project. The relationships with all stakeholders therefore need carefully management.

DEVELOPMENTS IN CONSTRUCTION ORGANISATIONS: PEOPLE AND ORGANISATIONS

The construction industry across Europe has suffered from a poor public perception. The industry is one with low productivity, poor quality and poor delivery time reliability. National Governments, client groups and a European Commission have all examined the industry, each group making recommendations for change – that have had more to do with the report sponsors' wishes than for the benefit of the industry.

Client Led Developments

This has been a divergent area across Europe. In many European nations the clients have been developing their in-house skills. Major clients, major public utility companies and local government authorities, have been creating multi-disciplinary consultant teams – employees of the client body in order to control project developments. They have frequently up-skilled internal works departments so that they have the direct capability of handling a large proportion of schemes without resorting to appointing external consultants. Portugal and The Czech Republic are examples of this approach.

Other European nations have embarked upon creating procurement processes that are dedicated to a particular 'style' that they prefer. For example, the British Property Federation, have created a suite of contracts that their

membership should use, - having removed provisions that they believe created the major problems – ‘management target contracts’ that moves the balance of risk away from the client and towards the contractor.

Yet other European nations have embarked upon restructuring and re-skilling particular client groups. For example, in the UK many local government authorities have created long term ‘partnering’ relationships with private sector consultancy groups. In Poland, government agencies have created links with education and training agencies – for example Universities, to provide continuing development courses.

These client led initiatives are not mutually exclusive, some nations have adopted a mixture of approaches, yet they all tend to increase the in-house expertise of the client.

Project Manager led developments

It has previously been stated that the ‘traditional’ Architect and Engineer roles have been modified when clients have chosen to employ a project manager. This project manager has come from one of the original professions associated with construction – yet puts aside the discipline role to concentrate on control and co-ordination of the other disciplines.

The discipline of project management has developed to the extent that professional organisations have developed to regulate and systematise the delivery of PM functions. The Institute of Project Managers is one such international body. To this end consultants practicing as project managers can have dual-registration with their original profession and with a PM group. However, the role is developing such that academic programmes have been delivered that offer qualifications in project management alone. It is anticipated that in the future project management will come to be a separately recognised construction discipline in its own right.

Architect led developments

Some Architects and Engineers have been delighted with the development of project management, since it frees them from administrative duties, and allow them to concentrate on design – which is what the bulk of their professional training is focused on.

However, some European countries have adopted a different approach to project management. For example, in Spain, the architectural design functions have

remained and costing and administration are performed by Technical Architects. In the UK, the benefits to be obtained from this approach, particularly on smaller projects where the extra project management fee cannot be justified, have been approached by creating Technical Architects professional qualifications.

Other approaches to changing management styles in construction have led to the development of multi-disciplinary consultant companies. This approach has been supported by European deregulation. For example, it had historically been a mandatory requirement that all 'partners' in a consultancy had to hold the appropriate professional qualification. Thus a Chartered Engineering consultancy could only have Chartered Engineers on the management board. Architects, Chartered Surveyors, etc. all had similar restraints. Now, the provisions have been reduced, to the extent that provided each member of the management board affirms that they will adhere to the professional regulations governing the group; then professional membership is not essential. An effect of this change is that consultancies have been created with board members from many different professional bodies. The difficulty then arises as to which set of professional regulations dominate in the event of a clash.

Reference to the original background of the consultancy may no longer be a useful pointer to the regulations applying to an organisation. Consultancies are no longer always 'Unlimited Partnerships'.

'Private Limited Partnerships', 'Private Companies' and 'Public Limited Companies' are now generally permitted throughout Europe, and as such the financial rules and regulations of national statutes now apply.

Traditional and Negotiated Contracts

Reference has been made earlier in this chapter to developments associated with changing client demands. Clients have sought greater liaison between the design and construction elements of a project. The traditional approach was that a design was prepared by the consultant team – with no consultation with the prospective constructor of the scheme – and then this design was handed to the selected contractor for delivery. The opportunity to benefit from the particular skills of the contractor was dramatically reduced – 'buildability' expertise could not be utilised since the design was fixed at handover.

A newer approach was to incorporate the potential constructor into the design phase as a 'quasi-consultant'. The design team could then benefit from the

practical construction expertise of the constructor. This constructor expertise had a tendency to be organisation specific –thus unless the ‘quasi-consultant’ constructor was then appointed to build the project, most of the benefits were lost.

An alternative approach was to begin the design phase by negotiating directly with a preferred constructor. This initial appointment meant that the constructor could provide advice that would benefit the scheme, because the constructor providing the advice would subsequently build the scheme. However, this approach placed additional responsibilities on the client and contractor in relation to establishing the design quality, and the contract price. There were many alternative methods to establish the final cost of the scheme, ‘cost-plus’, ‘cost plus fixed fee’. Lack of effective ‘price competition’ was a major hurdle and some clients – with a statutory duty to demonstrate full competition – could not use this approach. As a response to these difficulties other procurement approaches have arisen.

Design and Build

The complete transfer of the design phase into the construction phase is a contracting approach commonly referred to as ‘Design and Build’. The client provides a brief of his technical requirements and a contractor provides a detailed, costed, scheme proposal. Frequently as many as three or four contractors will be competing on the contract. Since the contractor is required to develop a detailed scheme in competition with others, there was a tendency for the scheme proposals to become repetitive and consist of standard components, since scheme development costs would not be recovered on unsuccessful bids.

The advantage of design and build was that there was no separation between the designers and the builders and generally this approach created time savings over the more traditional approaches. This approach was successful in many areas, for example, housing, industrial and commercial buildings.

The approach has undergone many transitions and fills a useful place in the array of alternative approaches.

Management Contracting

Many building companies have undergone change so that they carry very limited in-house capacity for direct production. They are essentially a management company that coordinates the direct production of subsidiary companies or sub-contractor companies. It is a short step from this

organisational form, to relinquish all direct production work and concentrate exclusively upon the coordination and control of the site activity of others. This allows the contractor to become involved at the inception of the project - based on a consultancy style fee – and yet provide competition by controlling the tenders for work sub-contract packages.

PPP – Public Private Partnerships

Earlier reference has been made to ‘partnering’ between private consultancies and government bodies for the re-skilling of government departments. This arose as a consequence of a political approach resurrected by the UK Government in the early 1980’s. It has proved politically attractive and the approach has spread rapidly across Europe and the rest of the World.

PPP is a variation on the very old concession approach from earlier history. The Public Sector wants a facility or service and does not have the revenue to fully fund the project at this point in time. For example, it wants a bridge crossing a river. The public sector partner approaches the private sector and seeks a partner who will design the bridge, build the bridge, obtain the finance, and operate and maintain the bridge for a concession period (often 20-30 years) in return for an annual payment in each year. The annual payment may be in the form of a direct payment from the local government partner or it may be in the form of permission to charge and keep toll fees for use of the bridge. At the end of the concession period, the ownership of the project is transferred to the Local Authority at no additional charge.

Alternative Procurement Approaches

Traditional, Design and Build, Negotiated, Management Contracting can be mixed in many combinations to create different approaches to project delivery.

CHAPTER 4

CORPORATE STRATEGIES & MANPOWER PLANNING

To make a case for planning is easy. Without planning there is chaos. Without the clear setting down of objectives in a corporate plan it is not possible for an organisation to coordinate all its efforts into a common purpose, to create the synergy, where the sum of the collective effort is greater than the sum of the individual parts.

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of manpower planning including its key influence on business practices;
2. Recognise the impact of manpower planning on the business performance of the industry;
3. Describe and utilise appropriate manpower planning approaches within the context of business performance;
4. Appreciate the strategic importance of manpower planning both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits of manpower planning are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven manpower planning;

- b) Creative in the appropriate application of manpower planning skills and expertise;
- c) Aware of the strategic importance of manpower planning to construction companies;
- d) Stimulated and supported by the synergistic integration of manpower planning impacting upon them.

THE PROCESS OF CORPORATE PLANNING

Alfred Chandler (1962) contested that “structure follows strategy” so that the first stage was to set the strategy, the organisation could not be structured without this in place.

Alternative definitions of corporate planning are:

“The systematic planning of the direction and total resources of an organisation in order to achieve specified objectives over the medium to long term”

“The formation, evaluation and selection of strategies involving a review of the objectives of an organisation, the environment in which it is to operate and an assessment of its strengths, weaknesses, opportunities and threats for the purpose of preparing a long term strategic plan of action which will attain the objectives set. “

“The determination of the long term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary to carry out these goals”

The Alternative View is much narrower and involves only assessing the quantity and quality of resources necessary for maximum utilisation in achieving maximised productivity.

The reality in construction is probably somewhere between the two views.

Research has consistently contested this traditional application of corporate planning. The most authoritative researcher Mintzberg found that boards of directors were reactive rather than proactive. They made decisions constantly which shifted strategies with no recourse to mission statements and corporate

plans. Mintzberg advocates a fluid approach to corporate planning, a constant moving of position to realign the company with internal and external factors.

If an organisation is to go through the process of a strategic review of its aims then a 'SWOT' analysis is a method often used. The process should be carried out by a panel of "experts", from all sections of the organisation, reflecting internal and external forces.

The review will take a qualitative and a quantitative approach. The process will rely heavily on forecasting, which is one of the major reasons for the process being so difficult.

Stages of Corporate Planning:

- Assessment;
- Objectives;
- Strategies;
- The Plan;
- Human Resource Strategies.

It is generally held that human resource strategies should be developed with the corporate plan; research has shown that this is not always the case. John Purcell [32] identified three levels of strategic decision making:

- Long-term goals - principals of the organisation;
- Medium term strategies - senior managers' decisions concerning organisation structure;
- Short term - middle managers' decisions based on budgets.

Purcell found that the majority of human resource strategies were formulated in short term planning.

A MODEL FOR HUMAN RESOURCE MANAGEMENT

The strategy that develops within an organisation is strongly tied to the structure and the culture of the organisation.

Using the taxonomy developed by Purcell long term planning is implemented by medium and short term strategies. The Japanese are often held in business terms to be a careful and thoughtful employer. For example in the 1990's when

opening new manufacturing plants in the UK they often employed and trained new staff well before production actually starts.

Planning such as this seeks to:

- Create the environment where new staff are introduced into the company philosophy early;
- Mitigate the need for last minute employment;
- Implement training and education;
- Foster good team spirit;
- Organise worker / employer committees and liaison structures;
- Allow manufacturing trials to take place in time.

QUANTITY AND QUALITY IN PLANNING

Human resources are likely to be the single largest cost in project delivery. Direct production labour, support personnel, site staff and head office personnel all contribute to the cost of project delivery. A significant part of the planning process is the determination of the 'correct' quantity and quality of manpower. A difficulty associated with this aspect is a 'systems theory' concept known as 'equifinality'

Equifinality states that in systems terms it is possible to vary the combination of inputs and still achieve the same final output. An example will probably help. An excavation is required that is 10m x 4m x 2m deep.

It is possible to dig this hole entirely by manual labour, using a pick and shovel. But how many men should be assigned to the task?, two, three, or twenty? An alternative is to utilise an excavation machine, a driver and a banksman.

At the end of the process a hole 10x4x2m is dug. The same final output but different input resources. The planning manager determines the resource combination based upon the availability of labour and plant and the criticality of the timing of completing the activity. This is balanced against other competing and complementing activities in 'resource smoothing' and 'resource maximising' approaches.

Having the appropriate production targets, accepting all of the production vagaries associated with the defined task, and all other associated tasks are important for effective and efficient production. Having an appropriate number

of bricklayers to meet the brickwork production target is an essential function of planning. However a bricklaying gang can vary its production output by the gang mix, by the individual incentives and bonuses, by the availability of bricks and mortar, etc. Yet it would be unthinkable for a planner to anticipate using carpenters to build the brickwork, simply because some carpenters are available at the required time. Thus the quality and quantity of available labour are both equally important.

But production performance can also be varied by the management approach of the site staff, from site manager, general foreman and trade foreman. Later chapters of this manual will identify alternative approaches to assessing the quantity and quality of resources required.

By implication this chapter has identified two alternative approaches to resource planning.

MAXIMISE UTILISATION

Direct labour is typically employed on an 'available hours' basis. This means that if they are on site and fit for work they should be paid, regardless of whether it is possible for them to work. Thus if the production schedule shows that it is planned to work on a roof and it is snowing and the temperature is -10°C then the workforce would be entitled to receive payment even though it is physically impossible. There is nothing to stop the planner rearranging the work schedule, in these circumstances, but if no alternative work is available they are still paid.

The planning objective here would be to ensure that as far as possible every operative has sufficient work to fill all of the available working hours – thus maximising utilisation of the available labour.

This would also entail that the work force numbers are constantly changing to maximise utilisation. However, it is a recognised difficulty of this approach of 'Hiring and Firing' labour, that if you only offer limited available hours then labour may not be available when you want it, and may not be prepared to stop and start working at the behest of the site management. If they are prepared to accept this approach it may be on condition that the wage rates are enhanced.

MAXIMISE PRODUCTIVITY

An available approach is 'resource smoothing'. In this approach the aim of the plan is to ensure maximum continuous availability of work for site labour, without the necessity for making frequent and dramatic changes to the total labour force. Even to the extent that some activities are executed outside of the 'critical path', since retaining an available workforce has significant management and financial advantages for the contractor.

These approaches are not mutually exclusive and effective and efficient planning for resource utilisation typically uses a combination of both.

LABOUR TURNOVER RATES

The planning schedule will dictate the optimum combination of direct production trades to be employed. However, it should be recognised that overall productivity is affected by many factors contributing to the 'Learning Curve', such that newly appointed labour are unlikely to be as productive as existing labour.

Conversely, existing labour that know that there are few current tasks available, may be inclined to prolong the existing work.

Thus labour turnover rates have a direct influence on the effectiveness and efficiency of the delivery of a project. This may not be a particular problem when labour resources are freely available, but in times of scarcity it could be extremely detrimental to a project.

It should also be noted that labour turnover is also a factor of site staff activity. Hiring and firing, recruitment, induction, etc., all have a work component for management staff. Excessive labour turnover could place a financial burden on 'overheads'.

PLANNING FOR THE FUTURE

HR planning is concerned with the employment and retention of the correct quantity and quality of manpower – at all levels within the organisation – to ensure that the company can fulfil its contractual obligations in such a way as to secure sufficient profits to ensure the continued existence of the organisation.

The main objectives of HR Planning are:

- To employ the correct quantity and quality of 'workforce';
- To obtain maximum utilisation of existing workforce resources;
- To anticipate potential surpluses and shortages;
- To forecast problems associated with the existing workforce.

WORKFORCE PLANNING CYCLE

HR planning is an integral component of 'organisational strategy'. It would typically involve an iterative process of the following activities:

- Establish Organisation Plans;
- Assess Existing Workforce Availability;
- Assess External Factors;
- Identify Requisite Staff Development and Retention Activities;
- Produce and Implement Staff Development Plan;
- Evaluate Forecasts;
- Feedback to Organisation Plan.

COMPANY WORKFORCE PLANS

Workforce planning can only be effective if it is carried out within the context of the overall company strategy and its objectives. Those objectives and the strategy will not be achieved if they fail to account for the likely future availability of the workforce.

Larger companies have the expertise and resources to accomplish this, smaller companies may buy in external expertise. However the plan is generated, it is the responsibility of the senior company management – the Board of Directors or equivalent – to agree the plan and how it will be implemented.

The plan will show answers to a number of fundamental questions about the organisation:

- What are the company objectives;
- How are the objectives inter-related;
- What are the metrics by which the objectives will be assessed;
- What is the market(s) for company activity;
- What is the competition in each market;
- How is the competition performing;

- What data exists about the future of each market;
- What are the Opportunities and Threats in each market;
- What are the Strengths and Weaknesses of the company in each market;
- What are the products and services for each market;
- How would the current and future performance of these products or services be classified for each market.
- Etc, etc.

Many of the markets within construction are readily substitutable; organisations have low entry and exit barriers from the markets, so that current activity can be largely opportunistic. However, it is imperative that an accurate description of the quality and quantity of resources required by the organisation is available to direct the staff development and retention activities.

Just as it is possible to improperly utilise plant, it is possible to ineffectively utilise the workforce. A company would not want a design architect to execute the cost control function. Just as the company would not want a cost controller to inspect and verify the quality of work. Much in the same way that a company would not want a carpenter to do a bricklayers job!

But, just as a failure to recognise the skills required of individuals is important, it is equally important to recognise the future requirements. A seventy year managing director will have how many more years as the chief executive? What are the plans to replace the post-holder upon retirement? Are the same skills and expertise going to take the company forward into the future with security?

ASSESSING CURRENT MANPOWER

All planning depends upon the accuracy of information and assumptions. Basic information can be obtained from within the company and from external sources.

Workforce records can provide data on:

- Workforce Age Distribution;
- Job Experience;
- Length of Service in Company;
- Salary and Wage Patterns;
- Management or Trade Position;
- Current Performance Appraisals;

- Education, Skills and Qualification Levels;
- Training and Development Needs.

Careful analysis can yield information that would influence the programme of staff development and retention. It will yield short term and long term needs. Short term needs may be resolved by recruitment, longer term needs can be resolved by recruitment and staff development.

Yet this is only a part of the vision that is needed. External information is needed – frequently this can be ‘benchmarked’ against external competitors.

HR STRATEGIC PLANNING AND EXTERNAL INFLUENCES

Corporate planning manifests itself in a company mission statement. This will be set down, usually in brief (and often in gushing terms) the direction and main aims of the organisation. Organisations will then have a more detailed corporate plan, usually confidential, which will have been formulated to justify and explain the aims.

Yet corporate planning necessarily changes in response to external factors. This is particularly important in delivering key organisational objectives. For example, there is little benefit in an organisation deciding to develop new skills in road-building, to enter the road-building market, if the national government has just announced a seven year moratorium on road building.

A corporate plan is a forecast into the future. Typically on a three, five or seven year planning cycle. There should be a rolling programme of review and renewal to ensure that the plan is congruent with the external influences on the market.

HR PLAN IMPLEMENTATION

Having compared the current and future position of the organisation in comparison to the external environment, the programme for implementation can be commenced by:

- The future workforce structure can be identified;
- The current workforce groupings can be forecast;
- The future workforce discrepancy can be established;

- Potential existing workforce losses can be estimated;
- The future workforce gap can be determined;
- Formulate recruitment or redundancy plan;
- Calculate feasibility and viability of plan;
- Obtain Management Sanction;
- Implement plan.

Some phases of this programme will require iteration before moving to later stages, but the general flow is shown by descending through the list of activities in sequence.

It is almost inevitable that a gap will exist between currently available workforce and future required workforce for different management and production roles. Some of these gaps may be positive and some may be negative, but remembering the non-fungibility between roles – carpenters can't replace bricklayers nor can cost controllers replace site managers – each role gap will require a different action:

Sufficient manpower is available for a company role: The HR Plan will be to monitor the situation to ensure that changing circumstances do not alter the balance.

Long Term Excessive manpower is available for a company role: Consultations must begin with employee representatives regarding the reduction in manning levels. This may be done through natural wastage, retraining, reassessment of company objectives, redundancy. Each of these alternatives has an increasing time cycle for implementation.

Short Term Excessive Manpower is available for a company role: Consultations must begin with individual employees. This may involve negotiation of redeployment to temporary alternative duties, intensive re-skilling, short term education and training activities, short term additional leave – paid or un-paid, etc. Each of these alternatives have financial implications for the company and the individual.

Long Term Additional manpower is required for a company role: An operational plan for promotion, recruitment, retraining and induction must be developed and implemented. The decision as to which alternative to take will have subsequent effects on the role or other closely allied roles. For example,

promoting trade foremen to general foremen resolves the general foreman shortage but creates a shortage at trade foreman, etc.

Short Term Additional Manpower is required for a company role: The easiest option is to implement a programme of 'overtime working' by currently employed personnel. This is a typical stop gap measure – but it is generally ineffective if the overtime continues for prolonged uninterrupted periods of time. Temporary promotion can also be considered, but this merely shifts the shortage – however it may shift the shortage to a role that has excess capacity. Temporary contracts can be considered for new recruits. This has a consequential effect on other roles associated with employing staff. Temporary contracts can also be a useful way of evaluating the performance of an employee before committing to a permanent contract of employment.

These manpower planning alternatives provides the flexibility to control as long as the forecast manpower demand is compared with actual requirements.

EVALUATE FORECASTS AND FEEDBACK

Forecasts will compare and allow corrections to be made due to:

- Predicted changes in activities;
- Unpredicted changes in activities;
- Current and future trends;
- Forecast and actual External factors;
- Forecast and actual Manpower losses.

PROGRAMMES OF STAFF DEVELOPMENT AND RETENTION

The manpower planning cycle can be used to identify differing combinations of the following potential HR difficulties:

- Manpower Shortages;
- Manpower Surpluses;
- High Labour Turnover – generally or in specific roles;
- Poor Productivity Performance – generally or in specific roles;
- Poor Role Performance – generally or in specific roles;
- Unacceptably High Accident Rates – generally or in specific roles;
- An Imbalance in Age Groupings – generally or in specific roles;

- An Imbalance in Sex, Race, Religion or Creed Groupings – generally or in specific roles;
- Unacceptably high absenteeism levels – generally or in specific roles;
- Overcapacity and or redundancy in particular skills or experience;
- Overcapacity and or redundancy in particular professional qualifications;
- Etc.

The solution to some of these difficulties may only be reached by alterations and changes in company policy or recruitment practices. For example, if the company salary for a particular type of employee is greatly below that typical in the industry then only a change in the salary level is likely to reduce the company shortage and or reduce the turnover rate.

However, a programme of staff development and retention plans might overcome or ameliorate other difficulties.

Training is seen as the main element of these plans. Fuller details of personnel development and retention are provided later. It is important to identify three categories of potential training:

Induction Training: which familiarises new employees with their roles and with the company. This should allow a new recruit to settle in to the new role much more quickly and should avoid misunderstandings and frustrations from new company systems.

Skill Training: which is designed to improve the employee in the performance of current role tasks.

Development Training: which provides a mechanism for 'personal development planning' and creates a potential career structure without frequently changing employer.

There is an old assumption that skills training is for production roles and development training is for managerial and technical staff. This is a misnomer, much management and motivation research has shown that most workers can be increasingly motivated as a result of the acceptance of new and additional responsibilities and the acquisition of new skills and knowledge; with the proviso that they also be given the opportunity to utilise these newly acquired skills and knowledge. The lack of opportunity to use them can act as a de-

motivator – hence careful planning and appropriate timing is required before offering opportunities to the workforce.

CHAPTER 5

ORGANIZATIONAL BEHAVIOR, CULTURE AND 'PEOPLE POLICIES'

Organisations behave in ways that are particular and sometimes peculiar to them. Organisations are seen as entities. Of course they are made up from a collection of individuals however any study of group behaviour will highlight the differences between individual and group behaviour patterns.

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of organisational behaviour including their key influence on business practices;
2. Recognise the impact of culture on the business performance of the industry;
3. Describe and utilise appropriate 'people policies' within the context of business performance;
4. Appreciate the strategic importance of organisational behaviour, culture and 'people policies' both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven 'People policies';
- b) Creative in the appropriate application of organisational behaviour skills and expertise;

- c) Aware of the strategic importance of culture on the performance of a construction company;
- d) Stimulated and supported by the synergistic integration of organisational behaviour, culture and 'people policies' of companies impacting upon them.

THE ORGANISATION

A unique organisational culture will exist in all organisations. Joan Woodward (1965) highlighted this; she concluded that what may be the correct approach for one organisation may be the incorrect one for another. Take these two distinct definitions:

“Corporate culture is the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration.”

Schien (1985)

“The way we do things around here.”

Deal and Kennedy [25]

Roger Harrison (1972) identified the following four types of dominant cultures:

- Role Culture;
- Power Culture;
- Achievement Culture;
- Support Culture.

Much modern research has been done, predominantly in the USA and Japan, regarding business and organisational behaviour. The most prominent of these being Tom Peters and William Edward Deming.

SUCCESS, CONFIDENCE AND TIME SCALES

All business organisations, including those in the construction industry, go through the cycle of:

- Birth
- Development;
- Maturity;
- Decline;

- Death.

At each stage circumstances will interact to affect the organisation by enhancing or detracting from the potential growth of the business. Each stage is affected to a differing degree by many features, including:

- Factor Conditions;
- Investment Conditions;
- Innovation Conditions;
- Wealth Conditions.

FACTOR CONDITIONS: Factor Conditions are considered to be comparable to Cartesian economic factors of production. Typically these factors of production are classified as labour, material, plant, and capital. They are however, too broadly grouped to allow useful differentiation in the consideration of organisational growth. Therefore, to understand the role of factors of production, it is necessary to discriminate among types of factors. A model (Fig. 5.1) can best explain this discrimination.

BASIC	GENERAL
ADVANCED	SPECIFIC

Fig. 5.1 Factor Conditions: Discriminatory Matrix

Basic Factor Conditions include, inter alia: natural resources, climate, location, unskilled and semi-skilled labour, and debt capital.

Generalised Factor Conditions include, inter alia: the quality of the infrastructure systems, the supply of well-trained and well-motivated personnel.

Specific Factor Conditions may include, inter alia: the availability of specialised construction equipment, the availability of specialised construction personnel, the availability of specialist and proprietary technical knowledge, high levels of customer care, responsive to client needs, client management systems.

Advanced Factor Conditions may include, inter alia: digital communications infrastructure, highly educated skilled personnel, access to sophisticated research, and professional control and regulation of these advanced factors.

Basic and General Factor Conditions independently may only contribute rudimentary sources of competitive advantage to the organisation, permitting some growth and development. Nevertheless they can yield significant opportunity when combined in some way to create an Advanced or Specific Factor Condition.

Specific and Advanced Factor Conditions can create more decisive and appropriable sources of growth.

It is not necessarily the existence of any particular factor condition that is required per se for growth, but the possibility of factor condition combination to create potential development in a particular activity. Thus the four factor condition elements inter-link to permit the growth of the organisation.

This mix of factors (referred to as factor proportions) can vary enormously and still yield growth potential. The most significant and sustainable growth can be achieved (utilising only Factor Conditions) when the quality and availability of Factor Conditions leads to sufficient quantity and continued growth in those Factor Conditions.

The significance of the factor conditions will vary over time, the emphasis will move from basic to advanced factor conditions, and from general to specific factor conditions over time is indicated below (Fig. 5.2).

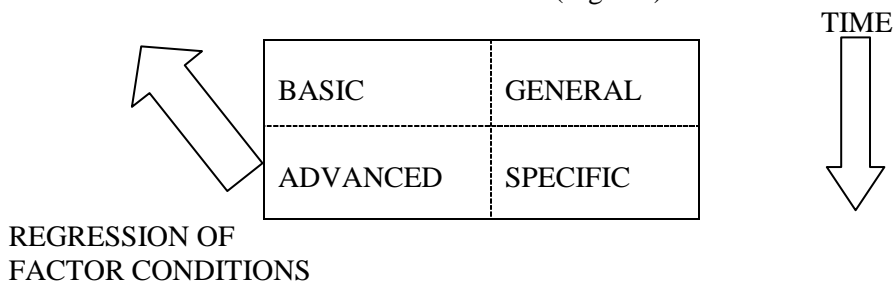


Fig 5.2 Factor Condition Trends

This is most noticeable as the Factor Conditions begin to deteriorate.

Factor Conditions will inevitably deteriorate over time. There are numerous comparisons that can be drawn from other industries, especially the UK coal-mining and shipbuilding industries. This also demonstrates the dynamic nature of the Factor Conditions. The utility of a Factor Condition in creating and

sustaining growth must continually rise. Thus the rising factor standards of rivals contributes to the continual regression of a firms own Factor Condition. For example, an Advanced Factor Condition associated with the utilisation of computer software is negated if a rival has access to the same software. Indeed if the rival has access to superior software then not only is the growth potential negated but the source of that growth potential has effectively been appropriated by the rival.

This illustrates two essential elements of the temporality of Innovation Factor Conditions; the necessity for up-raising Factor Conditions standards; and that there will always be rising Factor Conditions specialisation. Current Specific Factor Conditions will over time become General Factor Conditions. For example, a source of competitive advantage associated with the use of a bespoke CAD (computer-aided design) package regresses to a General Factor Condition source when off the shelf CAD packages are available to rivals. Perversely the lack of factor condition advantages can also lead to the formation of sources of growth. The firm will strive to create missing factors or it can strive to adjust the factor condition typology so that missing factors cede significance. These elements will inevitably force the firm to develop towards appropriating Investment Conditions sources of growth.

INVESTMENT CONDITIONS EPOCH: When organisational growth derived from factor conditions has ceased to yield an acceptable profit for the firm, (or alternatively, rivals have progressed to appropriating the growth source utilising Investment Condition factors) the firm must attempt to appropriate growth at the Investment Conditions Epoch or it will concede business potential to competitor firms. This investment condition is characterised by increasing demands for capital to support business developments.

At this time the specific and advanced factor conditions are adsorbed within the firm and technology and advanced methods are brought in-house. The firm seeking development starts to create refinements to its products and processes. These refinements are often seen as a way of upgrading the provision of service or product provided. Elements of specialisation and segmentation arise, but the firm is still competing in relatively standardised markets and prospective purchasers are extremely price sensitive.

At this point the firm seeking investment conditions for growth needs capable rivals to create truly competitive behaviour.

The purchaser must become sufficiently informed to allow rational decision making to take place. The firm can no longer exist on erroneous decision making by the purchaser.

Markets and clusters start to develop international competitiveness. The indigenous national market no longer provides adequate profit potential and firms will seek to exploit international opportunities. These international opportunities are often successfully bid by utilising advanced and specialised factor conditions. This advantage is however unsustainable because of the ultimate deterioration of such factor conditions as previously described.

The barriers to entry into the market are becoming higher. Economies of scale and scope start to have more significance in the competitive arena.

Products are still relatively primitive, yet employment conditions bid up wages of the labour force (since a significant source of factor Innovation resides with the individual, and the firm must respond to retain the work force) and rapidly increase factor costs. Primitive products and increasing factor costs causes a deterioration of factor condition advantage and as a consequence necessitates an appreciation of factor condition specialisation.

The economic time horizon of the firm must increase; long-term growth must be favoured over short-term profitability. This is essential as the quick-fix strategies have been exploited and what remains requires a longer implementation period. Economic accounting practices to assess viability should now allow longer pay back periods. Failure to modify the time horizon will lead to the inappropriate rejection of necessary strategies.

Political and economic security is important, and access to political influence to counteract special interest lobbies is necessary. Market stability is sought.

INNOVATION CONDITIONS: As investment condition sources of growth and development wane the organisation should up-grade these sources or move towards exploiting sources of Innovation potential. The inexorable deterioration of investment sources will eventually force an organisation seeking continued existence to move towards the appropriation of innovation sources.

An alternative approach is to harvest capital from investment sources and to degrade the business enterprise. This can only be a short-term strategy since the liquidation of these Innovation sources will accelerate the degradation of these same sources. Eventually no Innovation potential will remain and the

organisation can have no realistic expectation of survival. To avoid such business failure the organisation must move towards appropriating profit through innovation. There are numerous reasons why this must occur. Some of the most significant reasons are now presented.

Just as an organisation develops so too does consumer sophistication. This leads to demand changes within the market. The successful organisation must respond by creating a dynamic equilibrium between what it can supply and what the consumer requires. A good example of this innovation process is the motor industry. Henry Ford's Model T customers in the 1920's could have any colour they wanted as long as it was black! Consider the number of paint options that are now available from an industry that is now clearly in the innovation epoch.

The response time of the construction industry to changes in demand is such that the successful exploitation of innovation sources resides almost exclusively with the organisation that:

- Anticipates changes in demand;
- Promotes these changes in demand.

These changes in demand can be anticipated or promoted by endogenous organisational developments. For example the organisation can change its internal structure by creating specialist units and segmenting its business operations. This specialisation, segmentation and internal elaboration is a readily recognisable feature of organisational development over time. These developments create a mutually supportive environment. The improved ability to maintain dynamic equilibrium between demand and supply thus becomes a source of innovation.

With internal specialisation, the organisation creates the opportunity to respond to demand sophistication from prospective clients. For example, a proprietary construction material manufacturer could develop to provide in-house design services. These 'free' design services create a source of innovation by committing a client's design team to the use of construction materials from the proprietary material manufacturer! Such specialisation and segmentation continues to develop and discrete business segments can become mutually supportive. For example, a professional practice offering project management services to a client could also offer cost consulting services. Vertical integration through the 'value chain' may occur. For example, an Architectural Technician practice appointed to execute a condition survey could offer services as project managers for the repairs and renovation contracts and as facilities managers for the client.

Organisations will absorb technology developments in-house. The specialisation of tasks will lead to the development of specialist tools. A practice offering forensic diagnosis of post-construction defects would need to develop a forensic construction diagnostic tool-kit. It could then 'spin-off' a service to offer a pre-construction defect analysis service. This would utilise the same technological tool-kit.

Organisations will enter niche markets with niche services. For example, a cost consultancy practice with a specialist motorway development group can offer a highways risk management service. This would utilise the in-house expertise.

The construction industry has a reputation for volatility. Frequent and rapid changes in demand can occur. However effective an organisations environmental scanning is, it will never be able to anticipate all of these changes in client demand. Some changes may be the result of exogenous factors beyond the scope of the construction industry. Typical examples would be a fundamental shift in Central Government policy. For example, the introduction of the planning directive that virtually eliminated new out-of-town-shopping developments. Thus the selective advanced and specific factor condition sources of profit associated with out-of-town-shopping centre development are eliminated. Indeed they switch to become a disadvantage causing a radical realignment of the organisation. It is forced to up-grade any retained sources of innovation to maintain its existence. This up grading will inexorably lead to the development of new innovation sources of innovation. Failure to create these new sources will inevitably lead to the financial failure of that specialist unit. Innovation obtained through factor cost sources is rare at this stage. The reasons for this are related to standard economic theory and the temporal deterioration of factor conditions as explained above.

A typical defensive response to the necessity of developing innovation sources is to promote the harvesting of investment sources in a widened market. Firms develop a global strategy for the maximum appropriation of profit from factor and investment sources. This capitalisation of these sources is utilised to finance the necessary development of the new innovation sources. A further response from the organisation is to develop a resistance to the harmful consequences of macro economic and exogenous events. The organisation seeks immunity from such events. Specialist units seek contractual opportunities that offer security from adverse extraneous events. The 'risk-taking orientation' of the organisation changes as senior management becomes more risk-averse. Attention is turned towards industry control rather than business control.

Industry conduct is regulated by institutional directive. Senior figures within an organisation accept institutional and regulatory roles within the industry.

Government intervention tends to increase at this point. The major organisations have succeeded in establishing a major presence in the construction industry. Quasi-monopolistic economic behaviour is exhibited and Government seeks prevention of un-competitive behaviour through regulation.

Prominent individuals within these major organisations seek to obtain a role in influencing Central Government activity. Signals and industrial directives are derived from this industrial advice. Thus the emphasis has changed from creating innovatory sources to sustaining existing sources of innovation. The major organisations at this point move towards wealth sources of growth.

WEALTH CONDITIONS EPOCH: At this point in the temporal typology those few firms that reach this stage, change orientation once again. The firm seeks to create wealth sources of growth and development. Organisational orientation changes from product and process innovation to management and stewardship of cash flow. The firm wants to protect its present position, including the generation of profit levels. The risk orientation of the firms' management becomes more risk averse. The financial benchmarks against which new ventures are judged tend to rise, since many internal business units are competing for the same investment capital.

A firm at this stage exhibits many features that can be evidenced in other industries. Most significant is that the firm generates a large excess of cash. Acquisition of other companies rather than the development of internal sources of innovation is frequently used to achieve business expansion. There is evidence of diminishing rivalry, some previously competitive rivals have failed to attain sufficient profit from innovation sources to challenge effectively, and others have ceased to exist either through failure or merger and acquisition.

A wealth source of growth is derived from previous cumulative investment; other firms find the cost of entry into the market prohibitive.

Yet consumer demand continues to become more sophisticated and advanced. The growth derived from 'environmental supra-system' 'scanning' creates early mover advantage for the firm. They have access to liquid assets that can be utilised with little delay.

Any remaining growth potential from retained factor conditions is likely to be due to the firm's factor endowment. For example, the sources of construction aggregate reside within the business portfolio of a small number of companies. The scarcity of these sources means that other firms will struggle to replicate development derived from the control of aggregate supply. Significant anti-competitive behaviour will be controlled by Government policy.

Competing demands from business units within the firm leads to under investment in some business units. These units then need to compete via price, rather than sophisticated and differentiated product. This reinforces the lack of investment and as a consequence failure to meet demanding profit targets leads eventually to de-clustering and retrenchment.

In a 'wealthy' firm the most significant sources of development rest with the employee. These employees try to appropriate additional pay. As a consequence labour relations tend to harden as management try to preserve the previous profit margins.

Prominent individuals within these major organisations use political roles to influence Central Government activity. Signals and industrial directives are derived from this industrial advice. Thus the emphasis has changed from creating new and additional sources of innovation to sustaining and protecting existing sources. The major organisations at this point move to exploiting and harvesting wealth sources of innovation.

These growth and development strategies are the factors that determine whether and how successfully construction organisations fare. The condition stages are time related in developmental sequence, but not necessarily in identical time periods. Organisations grow and develop at different rates, largely determined by the management expertise within the organisation, but assisted frequently by a large helping of luck.

ORGANISED GROUPS

Within any organisation there will be a number of long term formal work groups, most often defined by the organisational structure of the company. Other formal work groups may cross the boundaries of the organisations formal structure, and informal groups may arise with no apparent structure.

Formal groups are created to achieve the benefits of teamwork:

- Improving productivity or efficiency;
- Improving quality;
- Encouraging and supporting innovation;
- Benefiting from technological advances;
- Improving employee motivation and commitment.

Informal groups arising within an organisation are formed to foster the same aims as formal groups, but are more likely to have intrinsic benefits for the individual members rather than the company:

- Mutual companionship and support;
- Synergy;
- Collusion;
- Belonging and group identity;
- Guidelines for group behaviour;
- Protection;
- Arranging workarounds of impractical formal systems;
- Reducing work related stress.

Informal groups may lack the continuity and coherence of more formal groupings, but they have a powerful influence on the motivation and morale of employees. Informal groups can eventually be incorporated into the 'formal' culture of the organisation. Differences created by informal groups may often be subtle. The social aspects of informal groups may have a significant effect on the rate of turnover, for example.

The impact of groups is based upon the principle that a group has a common purpose. Positive aspects of this may be:

- The group's work may become highly focused and efficient;
- Group members may be more flexible in order to achieve a group objective;
- Individuals within a group may unofficially 'share' workload to achieve greater efficiency;
- Individuals within a group may unofficially 'mentor' other members in training.

However the impact may have negative impacts:

- Groups may limit the amount of information passed to management;
- Groups may keep a greater 'PDI' (Power Distance Index) from supervisors and managers than is the company norm;

- Groups may unduly influence the time taken to complete tasks – either quicker with more errors or more slowly;
- Working practices of groups may conflict with those of other groups that need to interact;
- Group pressure to 'hide' problems from supervisors or managers;
- Group decision making difficulties.

'Group decision making' can have the following limitations:

- Too much emphasis on harmony;
- Too much discord;
- Modifies the risk profile of the organisation;
- Engenders individual feelings of powerlessness.

EXPECTATION OF QUALITY OF GROUP SURVIVAL

All groups are formed with the expectation that the group will exist for a specified or indefinite period of time. Groups do not expect to fail. To attain a realistic chance of group survival the groups have to pass through a defined process of development. 'Tuckman's' model is well regarded and has four phases:

1. Forming – initial formation, develop leadership patterns and define individual roles and responsibilities;
2. Storming – people know each other a little better and so feel able to express their opinions. This phase is full of conflict;
3. Norming – co-operative strategies emerge, guidelines and standards develop;
4. Performing – effective use of the group structure to actually execute tasks.

Great difficulties emerge if stages are incomplete before moving on – failure may be inefficient and ineffective groups, loss of opportunities, or group collapse and decline.

ORIENTATION OF QUALITY OF GROUP SURVIVAL

In the formation of groups team members will define their own informal roles and may also define their formal roles, although formal roles may be predetermined. A group needs compatibility of group members, the group size

must be appropriate for the anticipated task and must have realistic expectations of success. Group members must offer a variety of skills and expertise. Major difficulties can be expected if all group members have similar backgrounds, experience, skills and expectations from group membership.

'Belbin' has suggested that teams should contain eight role-players – although an individual can complete more than one role:

- Company worker;
- Chairperson;
- Shaper;
- Plant;
- Resource investigator;
- Monitor – evaluator;
- Team worker;
- Completer – finisher.

VALUE SYSTEMS

Of course the culture of an organisation and the structure that exists in that organisation are closely connected. There are a number of recognised organisation structures, which are explored below. These structures affect and are affected by the 'Value systems' of the entire company workforce. These 'Value systems' are a composite of the formal, informal, technical systems of the organisation and the personal beliefs of each and every person. However please remember that to ignore the culture and value systems of an organisation when considering the structure is not correct.

Typical Organisation Structures:

- The Entrepreneurial Form;
- The Bureaucratic Form;
- The Matrix Form;
- The Independence Form;

Other Factors to Consider:

- Down Sizing, de-layering, regeneration, constant change;
- TQM - Working in Groups and Teams;
- Partnering Agreements;
- IT - Changes in the way work is done, eg video conferencing, E – Commerce.

CULTURAL DIVERSITY

Assuming that a managerial practice that is effective in one organisation will be equally effective in another is an extremely dangerous assumption. The particular culture of any organisation is unique to that organisation.

This is more important when considering international organisations or companies with a great diversity of nationals within the organisation. Some forces are creating converging pressures:

- Advances in technology;
- Economic growth targets;
- Improvements in standards of living;
- Etc.

Other forces are creating greater divergence (after Hofstede):

- Alterations in National and organisational PDI – Power Distance Index;
- Masculinity and femininity preferences of 'culture';
- Uncertainty Avoidance preferences;
- Individualism and Collectivism preferences.

Hofstede suggested that these dimensions indicated cultural differences and also affected the design of organisational structures and the management styles within these organisations. 'Perlmutter' has identified three distinct approaches to dealing with cultural diversity within organisations:

- Ethnocentric approaches (Home Country Emphasis) – a higher concentration of practices are based on the characteristics of the original home nation of the company;
- Polycentric approaches (Host Country Emphasis) – practices are adapted to local requirements;
- Geocentric approaches (World emphasis) – an emphasis on the commonality and universality of its culture and management style. A common world-wide approach in head office and all local offices.

There is no single appropriate approach; rather, it is important to recognise that a clearly defined approach to cultural diversity is required. It may be appropriate to make the selected approach explicit, so that there can be no misunderstandings.

CHANGE MANAGEMENT IN HRM FOR CONSTRUCTION ORGANISATIONS

The HR manager will take a key role when change is introduced to the organisation. The more dynamic and powerful the change force the greater the effect on people and the more important will be the handling of people in the organisation. Strategic change may come about due to:

- Takeovers, mergers, joint ventures etc.;
- Switch of company emphasis or direction;
- Key client demands;
- Revolution in technology or production;
- Etc.

The HR manager is a two-way conduit to communication within an organisation. Most strategic change come from top-down, but remember also, that change can be caused by factors, which are largely out of the control of the company. The role of the personnel manager will be to:

- Communicate the change to the workforce;
- Advise senior managers on the effects of the change;
- Continue to communicate both-ways throughout the change process;
- Monitor and advise on the ultimate success of the process.

Change theories recognise the role of a change agent. The change agent is the person or company that drives through the change. The human resource manager could be this change agent. Kurt Lewin and Edgar Schein developed theories on change and identified three distinct phases of a change process:

- Unfreeze existing behaviour; introduce the new concepts to all stakeholders;
- Change the behaviour of the organisation and adopt new concepts, change procedures and behaviour of the staff that implement the change;
- Refreeze the new behaviour, reinforce the new concepts, monitor the change and assess its effectiveness.

TYPES OF CHANGE

The sources of change may originate within the organisation – endogenous sources, or external of the organisation – exogenous sources.

Endogenous Sources may include:

- Profitability;
- Reorganisation;
- Conflict within the organisation;
- Changes in the company culture and social environment.

Exogenous sources may include:

- Market forces;
- Legislation;
- Tax structures;
- New technologies;
- Political Change;
- New competitors;
- Alternative or substitute products or services;
- Etc.

In order to promote effective and efficient change and to adapt to opportunities that become apparent it is essential that the organisation has the mechanisms in place to define the origin of the change source and the nature and implications of the change.

Having identified the source of the change, either endogenous or exogenous it is then appropriate to review the nature of the proposed change. Such change can be:

- Evolution – incremental, largely associated with endogenous sources;
- Revolution – fundamental, rapid change largely associated with endogenous sources;
- Adaptation – incremental, largely associated with exogenous changes of the business environment;
- Reconstruction – fundamental, largely associated with exogenous sources.

CHANGE ANALYSIS

Having identified whether the source is internal to, or external of, the company the predominant direction of change should be identified. Pushing or pulling can operate in either direction; hence it is possible to have:

- Internal Pushing and External Resistance;
- Internal Pulling and External Reluctance;

- External Pushing and Internal Resistance;
- External Pulling and Internal Reluctance.

The order of the above list is significant in that those items lower in the list are more difficult for the organisation to accommodate and therefore they are more difficult to implement efficiently and effectively.

Examples may help: Internal Pushing and External Reluctance occur when the change is being developed within the organisation and promoted as an internal benefit. However the change is then occurring to a product or service that is widely perceived by the external consumer as being fully meeting expectations. The change can then be viewed externally as either an attempt to reduce the 'quality' of the service at an unchanged cost, or else as an attempt to increase the cost of a service with no external benefit to the consumer, both of which are likely to be resisted by the external consumer; External Pulling and Internal Reluctance occur when a major external consumer changes a long standing service specification and demands that the producer complies with this. The producer is reticent to change from well tried and tested service delivery and is seen as being reluctant to change the service. In a monopoly supply situation the internal reluctance can actually prevent the change from occurring. With a monopsonic client the producer is almost forced to comply or lose the only source of demand for that service.

MANAGING CHANGE

The 'culture' of an organisation can encourage or discourage change. The culture of the organisation develops 'NORMS' that can assist or hamper the development of change behaviour. O'Reilly found a high degree of consistency in these norms, both between managers and between different industries. He also found that staff accepting these norms found change more readily achievable and that the subscribed norms were helpful when faced with conflicts that emerge during the development AND implementation of innovation and change.

O'Reilly's Norms to Promote Creativity (and Change with some additions):

Acceptance of the necessity for RISK TAKING:

- Freedom to try things and fail;
- Allow discussion of 'dumb' ideas;

- Acceptance of mistakes;
- No punishment for failure;
- Regular challenges to the status quo;
- No memory of the past;
- Willingness to think 'longer term';
- Expectation that innovation is part of the job;
- Positive attitudes to change;
- A drive to continuous improvement.

Creation of an organisational culture of OPENNESS:

- Open communication;
- Shared information;
- Improved listening skills;
- Open access;
- 'Bright people';
- Acceptance of 'strong egos';
- Supra-system scanning;
- Thinking the unthinkable;
- Scenario Planning;
- Importing multiple stakeholder viewpoints;
- Move people around;
- Encourage lateral thinking;
- Adopt a 'customer focussed orientation';
- Accept criticism;
- Not too sensitive;
- Continuous development and training;
- Intellectual honesty;
- Expect and accept conflict;
- Willingness to consult others.

CREATION OF AN ORGANISATIONAL BEHAVIOUR THAT CONFERS REWARDS FOR CHANGE:

- Respect for new ideas;
- Build into the structure;
- Budgets;
- Opportunities;
- Time;
- Tools;
- Resources;

- Promotions;
- Top management attention;
- Top management support;
- Celebration of achievements;
- New ideas are implemented;
- Individuals receive encouragement and aid.

O'Reilly's Norms to Promote Implementation of Innovation and Change.

COMMON GOALS:

- Sense of pride in the organisation;
- Teamwork;
- Willingness to share credit;
- Flexibility in:
 - Jobs;
 - Budgets;
 - Functional Areas;
- Sense of ownership;
- Elimination of 'Mixed Messages';
- Management of Interdependencies;
- Shared Vision;
- Common Direction;
- Build consensus;
- Mutual Respect;
- Mutual Trust;
- Concern for the Whole organisation.

BELIEF IN ACTION:

- Emphasis on quality;
- Emphasis on results;
- Acceptance of imprecision – vagueness (sic Fuzzy systems);
- Attention to Timeliness;
- Value getting things done;
- Eagerness to get things done;
- Hard work is expected and appreciated;
- Empower people;
- Deliver on commitments;
- Avoidance of bureaucracy;

- Can do attitudes.

AUTONOMY:

- Power at lowest possible level;
- Responsibility at lowest possible level;
- Accountability at lowest possible level;
- Delegation;
- Decentralised procedures;
- Freedom to act;
- Expectation of action;
- Belief that the individual CAN make a difference;
- Quick and flexible decision-making;
- Minimise the bureaucracy.

CHANGE TACTICS

Having achieved an acceptable change 'culture' within the organisation and having designed an appropriate change strategy it is now important to develop the appropriate change implementation process. This process is fraught with difficulties. The change may have inherent content flaws; there may be implicit constraints that will affect the implementation. These content dependent issues need to be addressed. However even with a perfected change content there are numerous context issues that must be addressed to improve the probability of successful implementation. However at this point it is necessary for the change manager to carefully review the potential tactics and determine the most appropriate tactic for the particular circumstances of the specific change process. It is impossible to define a hierarchy of tactics, each of the possible tactics described have advantages and disadvantages. The Change Manager will have to evaluate the content and context to determine which tactic is likely to be the best approach. There is no certainty about this process, it may be largely an intuitive process, but early deliberation can only improve the probability of success. The following tactics all relate to the organisational context. They will invariably relate to the idiosyncratic mindsets of all stakeholders. Therefore the implementation process may involve differing tactics to manage the various stakeholder groups. The choice of tactic will depend upon a complex array of these interdependent factors for each of the interdependent stakeholder groups.

Part of the evaluation process will involve an assessment of the relative power of each stakeholder group, both in relation to the change and relative to each other.

A further part of the evaluation will be the determination of the change time scale. Quick implementation will inevitably make certain tactics much more difficult. Slow implementation may improve the potential benefit of certain tactics.

A further part of the evaluation is the psychological factors associated with any change. Change tends to be more acceptable, and hence less resisted when:

- It is understood;
- It does not threaten an individual;
- Those affected feel engaged in the creation of the change;
- Those affected feel engaged in the implementation;
- There is a previous history of successful change;
- It has genuine benefits to an individual's workload;
- The outcome of a change is reasonably certain;
- The implementation process has been mutually planned;
- The implementation timescale has been mutually planned;
- There is significant evidence of senior management support for the change.

Change tactics is as much about changing individual mindsets as about the implementation of the perceived change content.

There has to be co-operation and communication for the effective implementation of change.

Tannenbaum & Schmidt (1973) have suggested an escalator model for change, using:

- Education and Communication - as a first phase or where there is a lack of information, followed by;
- Participation and Involvement - where the individual needs more information to design appropriate implementation systems or more power to ensure effective implementation; this is followed by;
- Facilitation and Support - because employees resist being changed. This is followed by;
- Negotiation and Incentives – for when those that resist changes have the power to resist and may lose out in the change. Followed by;

- Manipulation and co-option – where other tactics don't work and the individual needs to be included for the innovation to succeed. Followed by;
- Coercion – where threats are the only option left.

The innovation tactics have been collated from various sources (Henry 2001, Furnham 1997, Hamden-Turner et al 1993, McKenna 1996) and the nomenclature of the tactics has been adopted from [19].

Fellowship: This is a tactic appropriate to stakeholders that have similar power to the IM, or to stakeholders that may be able to mobilise significant resistance to the implementation process. The emphasis is upon achieving personal commitment from the stakeholder. The tactic concentrates on announcing and discussing what needs to be changed and how. This is typically achieved through seminars, dinners and dedicated events. This tactic is conflict averse and because it concentrates on the 'What' and the 'How', issues of 'Why' and 'When' are frequently missed. If this tactic is utilised it may be appropriate to link the 'What, Why, When & How' to the SLEEPT mnemonic, to ensure that all the issues are discussed.

Political: This is a tactic that relies on identifying the official and unofficial leaders of stakeholder groups. These leaders are targeted because of the large constituencies that they control. The Change Manager can bargain and compromise to achieve an agreement with these leaders. But, just as with central government politics the 'flattery' of these leaders is obviously a devious tactic, there is a continual ebb and flow of 'political' power and persuading these leaders to make a true commitment is difficult. This approach is usually achieved through confidential discussions and private meetings. In utilising this tactic there is a concentration on the 'How' with limited discussion of the 'What' and 'When'. The 'Why' is frequently ignored. This approach often has problems with maintaining credibility, both of the activated stakeholder and of the change.

Economic: In this approach the logical presentation of the economic value provides the necessary information to allow a stakeholder to determine the merit of the proposed change. There is an assumption in this tactic that 'everyone' is motivated by money. This tactic concentrates on the 'Why', but only delivers the economic details, thus the other SLEEPT factors are ignored, as are the 'What', 'When' and 'How'. This approach is achieved at formal presentations, where the opportunity to question is limited. This tactic can be seen as 'buying-off' resistance, and there is some evidence that such effects are short term.

Therefore if the implementation period is prolonged the 'buy-off' effects may have disappeared before full implementation is achieved.

Academic: In this approach the information and correct facts are presented. There is an assumption that the stakeholder will accept the change given sufficient 'facts'. This approach is usually presented at formal presentations where the content is supported by commissioned reports, often by consultants. This approach can often be undermined by a time delay in commissioning and agreeing the content of reports and presentations, such that when they are presented the context has changed to such an extent that the 'facts' are out of date. The overwhelming difficulty with this approach is achieving stakeholder support for a change that lacks much 'community ownership'. The disenfranchisement of stakeholders is often reinforced by the remoteness of experts and consultants to the perceived 'realities' of a particular stakeholder group.

Engineering: This tactic is based upon the premise that if you change a sufficiently large proportion of the technology then the relevant stakeholders will of necessity have to change. Comparisons to the Luddites of the English cotton industry can be made. This approach suffers from being impersonal and is typically restricted to high level managers and ignores the major social imperatives of change management. Commitment from stakeholders other than management personnel can be difficult to achieve and the approach can be very disruptive, the technological changes can break effective teamwork and individuals from low PDI (Power Distance Index) nations can be particularly averse to this approach, disliking the feeling of being treated as 'a machine' or 'process input'.

Military: This tactic is reliant on brute strength and ignorance! Power and influence are rewarded and adherence to the plan is a fundamental requirement. This tactic is implemented by a demonstration of direct action. Implement the change and control the resistance from stakeholders on a 'fire fighting' basis. An assumption in this approach is that the change once implemented will soon be subsumed as the organisational 'norm' and resistance once met and overcome will not reappear. There is much anecdotal evidence that this 'brutal' approach is ineffective, and initial resistance may well harden if a perceived grievance is poorly managed. Revenge and disruptive non-compliance can accompany this approach if it is used on a stakeholder with an ability to seriously affect the change process.

Confrontational: The tactic is to address the issue of 'How' to implement the change. The stakeholder is utilised to implement the change without debate on the other components. It is typically a direct action approach and may deliberately cause a confrontation with a different stakeholder group. The approach assumes that by generating a perceived injustice in the current circumstance that is significantly to the detriment of a particular stakeholder and offering that stakeholder the opportunity to eliminate the 'injustice' then a change can be successfully introduced. It is a tactic that may polarise opinion and can cause a backlash from other stakeholder groups.

A cautionary note is needed at this point. The tactics are listed in a descending order where the likelihood of disengagement and disenfranchisement (and indeed the deliberate resistance) increases as the order descends. However the timescale necessary for effective implementation decreases as the order descends. As previously stated it is a delicate balance between all the aspects of the implementation, however what can be asserted with some confidence is that an inappropriate tactic can cause more harm (using whatever measures and metrics are required to quantify) than the initial definition of 'Why' the change was necessary and that any one tactic will not be equally appropriate for all identified stakeholder groups. Indeed, the implementation of a particular change may actually introduce new stakeholders into the environmental supra-system of the organisation introducing the change.

Few of these tactics ever occur in the 'raw' form. There is insufficient research into the consequences of these tactics and clear definitive results of an impure approach are impossible to achieve. Other than by analogy!

It should be noted that each tactic has its pros and cons. Careful deliberation and explicit analysis should be undertaken before implementing a change strategy. Unfortunately most of us have experienced just such tactics and they tend to arise from the particular 'management style' of the manager rather than as a carefully considered approach to the successful solution of a particular problem.

CHAPTER 6

HUMAN RESOURCE MANAGEMENT

HR Management is that function concerned with people rather than finished products or services. It considers individuals, teams, groups, sites and the whole organisation as possible levels of inter-action.

It also concerns the inter-relationships of the individual and the organisation and their contributions to personal development.

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of HRM approaches including the key influence on business practices;
2. Recognise the impact of HR on the business performance within the industry;
3. Describe and apply appropriate HR techniques within the context of business performance;
4. Appreciate the strategic importance of HRM both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits of effective and efficient Human Resource Management are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven good HR practice;
- b) Creative in the appropriate application of HRM;

- c) Aware of the strategic importance of HRM;
- d) Stimulated and supported by the synergistic integration of the HRM impacting upon them.

OPERATIONAL AREAS

The following gives a generic representation of the areas that may be considered to be HR related, and must be carried out by an organisation in some form:

- Organisational analysis;
- Employees' salaries and wages;
- Administration and Employment Records;
- Industrial Relations;
- Employee Services;
- Manpower development and training.

RECRUITMENT, SELECTION AND RETENTION

Dealing with human resources is fundamental to the success of an organisation. Many people are ambitious and have well developed goals and personal ambitions. Working, to most individuals, is one of the most important activities of their lives. Compatibility between the needs of the organisation and the aspirations of the individual is critical. It is this interface that is explored here.

Whilst the concepts and ideas relating to motivation are all relevant and necessary in maintaining a workforce and ensuring it is productive it is of course necessary to principally have a workforce to motivate. The following chapter looks at recruiting a work force and how to go about retaining a good workforce beyond just keeping them motivated. The two primary factors methods are recruitment and selection.

With regard to this a simple breakdown can be given. Selection is when a firm chooses an applicant for a post from a pool of applicants already employed by the organisation; selection can be for a number of positions. A job opening may appear within the company in the higher echelons, and rather than offering the position to those outside of the company it will be offered to those currently working within the company to apply and from this someone within the company pool will be selected, this will then be seen as a promotion (generally).

Recruitment however is the opposite to this, recruitment involves filling a post from a pool from outside the firm. When a position arises within a firm, this position will be open to applicants from outside of the company. In general terms new members of the firm will be recruited to the team.

It is the intention of all recruitment and selection processes that the aim is to assess psychological differences between individuals and their relationship to subsequent job performance. Simplistically to assess the psychological nature of those people that the applicant for the job will be working with to be able to try and acquire someone for the position that will be of the same psychological character. This will aid in integration to the work force much more quickly and thus the successful applicant will settle into the role much faster. Further to this it is necessary to consider what experience the applicant has in the same or similar roles previously and how successful they were within that role. If they were good previously they will have a good idea of the types of work they will be undertaking within this role and will be able to perform productively quickly.

Most adults have been through this process, many with mixed feelings and experiences. Work is of two kinds, firstly, altering the position of matter at or near the earth's surface relative to other such matter; secondly, telling other people to do so. The first is unpleasant and ill paid; the second is pleasant and highly paid [33].

There are two main processes considered to be involved in the process of recruitment and selection and these are the attraction to the job for the applicant and an assessment of the applicant their previous records and trying to understand why they want the job and how suitable they would be for the position.

ATTRACTION

The idea of attraction is classed as a two-way power relationship. This idea constitutes that the applicant holds a power over the company in a small way should the organisation like him/her as after all it was the applicant that decided to apply for the position that the company needed filling, but by the same rule the company holds a large quantity of power over the applicant as they need to aim to ensure that they hold fast to the 'job specification' and are not swayed by how an applicant reacts during interview for example, but must keep factual items in mind.

ASSESSMENT

The area of assessment is the process of looking intensely at the job vacancies and uncovering exactly what the job will require with the intention of selecting the best tools for use to evaluate an applicant's suitability. These tools include references, curriculum vitas (CV's), autobiographical application blanks (bio-data), interviews, ability and personality psychometric tests and work-sample methods.

The applicant will also use the process of assessment when selecting job vacancies to apply for. Not only will they assess the job opening to see what skills will be required but they will assess their own skills and abilities to ensure that they have the necessities to be able to undertake and successfully complete that job role. The applicant assessor must be aware of the possibility that applicants may carefully consider the skills and work CV's or interviews to their advantage and gain the confidence of the organisation that they have the appropriate skills. Where there is a sense that this is occurring, other skills, such as psychometric tests or work-sample methods, can be used to ensure the abilities are available. An organisation should not be afraid to use these additional methods.

Assessment of an applicant should be taken at the most serious level not only to ensure that the applicant is the correct person for the job, but also to try and define potential. Whilst the necessary credentials may be present, experience may not, but if potential can be seen, this may be a vitiating factor in hiring someone, selection and recruitment processes are the *first* part of finding and identifying potential. However, with potential identified a company must ensure that by employing an applicant the organisation will be able to aid the realisation of that persons potential, identifying potential is different from its realisation: the complete success of these processes depends on the subsequent integration and retention of the applicant.

RETENTION OF EMPLOYEES

Having had the general theme of retention of employees becoming much more achievable, through various techniques such as 'motivation' and through 'Rules and Regulations from the EU', there are various other ways that this can be utilised. A key method that is currently employed by various companies is that of an 'appraisal system'. Appraisals are whereby a short interview is held between an employee and their line manager, to see which direction they both

believe the employee should be heading in. From this they examine the key skills they believe that employee needs to develop to improve their productivity. An agreed set of objectives will then be developed between the two parties and over a period of time, for example six months, that employee will have to do their utmost to try and succeed in achieving those objectives.

Organisations are increasingly recognising that individuals now have higher expectations in life, "Work-life balance" is the current phrase. Work is increasingly a means to an end, rather than, as employers have traditionally believed an end in itself, which has been the case for nearly two centuries.

MANPOWER PLANNING - DETERMINING A VACANCY

A vacancy may come to light due to:

- Staff leaving;
- Expansion;
- Development;
- Reorganisation.

Before an organisation decides on recruitment it should have a clear vision of the capabilities of its own staff. Effective knowledge management is needed in order for the company to know their employees. Databases and other IT solutions are typically used. If existing staff cannot fill employment gaps then a recruitment analysis will be required. In simple terms the analysis should identify the gap between what expertise is required and what already exists.

Managers may request overtime work; issue a short term contract; employ agency staff etc.; all to fill the void. Ultimately a decision is required to permanently recruit to the organisation.

In a perfect world a subordinate would step into the vacant role (by internal recruitment) and a new trainee would be taken on as everyone "shuffles up the promotions ladder". As we know this rarely happens. Internal recruitment is preferable for a number of reasons:

- Recruitment risk is reduced – the internal candidate's abilities should be readily known;
- Recruitment time is reduced – notice periods may not apply on internal movements;
- Recruitment cost is reduced – external advertising is not required.

In the event that an internal recruit is not available, then external recruitment will commence. Regardless of whether internal or external recruitment is being utilised, the following procedure should be followed, however, some phases may be omitted for internal candidates.

RECRUITMENT

It is function of the Human Resource Manager and the HR department to oversee the process of recruitment and selection. However it may be the line manager's responsibility to select the recruit and the HR department will play a supporting role. Two documents need to be created that need to correspond to each other (the originator of these documents varies dependent upon the individual organisation):

- A job description;
- A personal specification.

The Job Description describes in as great detail as possible the duties and responsibilities of the job and the lines of management accountability associated with the job. See later appendices for sample job descriptions.

A Personal Specification describes the qualifications, skills and knowledge required to execute the job role as specified in the job description. These qualifications, skills and knowledge are typically defined as essential, desirable, or attainable.

Essential is a mandatory requirement – which in their absence would mean that the person could not satisfactorily execute the job description.

Desirable is a preferred attribute – which in their absence would make the execution of the job less effective or efficient, but would not necessarily make the person lacking this attribute unable to do the job in some form.

Attainable is a potential attribute – which is capable of being attained by education or training whilst performing the job.

Great care is required in defining the qualifications, skills and knowledge requirements and the classification into essential, desirable or attainable. Too many essential requirements may limit the total potential recruits available for the post. Too few essential requirements may make the potential recruit pool so large that it will be very difficult to restrict the qualified potential recruits for interview.

It should be noted that strict national guidelines exist as to the exact definition of attributes that can be defined in a personal specification. In most cases attributes related to, for example, gender, age, race, creed, colour, sexual orientation, current relationship status, physical and mental disability, nationality, etc., cannot be specified. It can be a criminal offence to attempt to specify these attributes, and in most instances there will be a civil liability for damages if these attributes are shown to have been used in selecting a recruit.

In most EU nations, a candidate can ask for feedback on the reasons why the application was unsuccessful. It is vital that the reasons for rejecting a particular candidate relate specifically to the assessment of attributes defined in the person specification – other reasons (not listed on the personal specification, including items that have been omitted from the personal specification in error, may give rise to a civil liability for damages for claims of discrimination.

Rogers and Munro have identified the following as items to consider when compiling a personal specification:

Rodger's seven point plan:

Physical make-up;

Attainments;

General intelligence;

Special aptitudes;

Fraser's five-fold grading:

Impact on others;

Qualifications or acquired knowledge;

Innate abilities;

Motivation;

Disposition; Adjustment or emotional balance.

Interests;

Circumstances.

From Roger's plan the specific attributes of the recruit can be defined that will permit the candidate to satisfactorily execute the job role as specified in the job description. The personal specification should also describe how each attribute will be evaluated. For example, a particular qualification will be evaluated by documentary evidence provided by the candidate with the application, or alternatively provided at the interview. An attribute such as good communications skills could be tested by questions at the interview, or by a short practical test, etc. Once again it is essential that the method of testing each attribute complies with the personal specification, variances to the test schedule can give rise to potential claims for discrimination.

ATTRACTING SUITABLE CANDIDATES - METHODS OF RECRUITMENT AND SELECTION

Curnow [13] established, following a survey of over 1000 personnel professionals, the different methods used for recruitment.

THE SELECTION PROCESS

Following the presentation of a notice of a job vacancy (this may be by placement of an advertisement) there has to be a selection process. Often in response to replies to advertisements employers send out a company brochure as well as a blank application form. The brochure is to provide background information to inform the applicant of the type of organisation that is seeking a recruit.

Alternatively some organisations request a CV from the prospective candidates.

The selection process should be free from bias and discrimination. There should be a set procedure, which is followed and can be proved to have been followed. The procedure should also be able to be validated or audited.

The selection procedure is a two-way process. The organisation has to choose the individual and the individual has to choose the company. Jenkins (1983) discovered the response to a job advertisement as follows:

Responses to advertisement	321
Return of application form	127
Job offers made	23
Accepted	19
Actually started	15

SELECTION METHODS

There are a variety of selection methods available to be used. Most organisations will use a combination of the following:

- Application forms;
- Personality testing;
- Aptitude testing;
- Interviews, structured and unstructured;
- Assessment centre, programme of selection (mainly recruitment consultants);
- Self assessment;
- Telephone screening;
- Group selection methods, tasks and problem solving;
- References, character and aptitude;
- Others for example body language, palmistry, astrology, graphology (handwriting) etc.

ENGAGEMENT AND TERMINATION OF EMPLOYMENT

National Employment Laws have established certain rights for the individual. These rights become national minimum legal requirements. There is a wide variation on many of these rights. However, European Union nations are being propelled towards more commonality by 'European Union Directives' (see later). There is no constraint on any company offering improved terms and

conditions of employment to employees, indeed this is the main differentiator between competing firms in their attempts to recruit new employees.

A new recruit is offered a position within a company on the basis of a formal written Contract of Employment.

THE CONTRACT OF EMPLOYMENT OF THE INDIVIDUAL

The contract of employment is between the individual and the organisation. The contract is not transferable. Individual contracts may contain clauses which recognise that agreements have been made with collective organisations. An example of this is the UK 'National Working Rule Agreement' which is an agreement between construction unions and construction employers associations.

A contract of employment is a legally binding agreement. Various parts of the National Employment Rights Act require the employer to give the employee a written statement of the contract within 2 months of taking up employment. If there is a change of circumstances then a further statement must be given within 1 month of the change. The employment statement comprises:

- The names of employer and employee;
- The date when employment commenced;
- The scale or rate of remuneration;
- The intervals at which the remuneration is paid;
- The hours of work and how they are distributed through the week;
- Holiday entitlements, how these are financed and how these may be taken;
- Sickness entitlements (if any) and how sickness will be notified;
- Pensions entitlements, and how these are financed;
- The period of notice for termination of employment;
- The job title;
- The duration of employment (if relevant- for example for a fixed term contract);
- The place of work (this is particularly relevant for mobile employees – especially in construction – since much national legislation affects salary entitlements and tax liabilities depending upon location);
- Any collective agreements that apply to this particular job title;

- Disciplinary and grievance procedure details (can be by reference to company rules and procedures, if contained in printed documents that are 'freely' available to the employee).

These items are required in virtually all written employment contracts throughout the EU.

Other Items to consider for inclusion in the written contract are items that are not necessarily required to be included by the national governments of all EU nations:

- Termination of Employment and Redundancy;
- Unfair and Constructive Dismissal – internal procedures and escalation procedures;
- Equality of Opportunities and Commissions requirements;
- Anti-Discrimination policy and National requirements;
- Anti-Disability Discrimination policy and National requirements.

There are many other statutory rights for individuals in employment, some of the major ones are listed below:

- Rights to notice and reasons for dismissal;
- Redundancy payments;
- Protection of wages;
- Itemised pay statements;
- Guaranteed payments;
- Time off work for trades union activities, public duties eg. Magistrate, seeking alternative work, if on notice of termination, pregnancy, maternity and paternity leave.

TERMINATION OF EMPLOYMENT

The temporary nature of most construction projects has created a culture of 'casual labour' for most site operatives. Managerial and supervisory staff has traditionally had more security of employment. National 'Working Rule Agreements' (NWRA) have developed to provide protection for employees and to provide terms that are generally better than the legal minimum. These NWRA contain rules for circumstances particularly specific to the construction industry. In particular all NWRA of European Union nations contain provisions for the following:

- Site Transfer;

- Dismissal Procedure;
- Summary Dismissal;
- Period of Notice;
- Unfair dismissal;
- Redundancy;
- Temporary Lay-Offs;
- Etc.

SITE TRANSFERS

To reduce the uncertainty of employment, the NWRA have created a provision for some mobility in the location of employment of employees.

Any operative can, at the discretion of management, be transferred from one site to another. There are individual national rules for calculating a financial remuneration for extended travelling time.

If an employee is required to live away from home – commonly referred to as lodging – then written consent is usually required from the employee. In certain circumstances after an extended period of lodging – which varies from nation to nation, then the employer may presume that consent is implied by previous consent.

These provisions are subject to European legislation on ‘equality’ (see later).

DISMISSAL PROCEDURES

National employment law typically contains specific details of the dismissal process to be followed. This can be contained in the actual legislation or by reference to Statutory Instruments or Codes of Practice.

Wherever the details are contained they specify the procedure to follow in all cases of dismissal, other than for gross misconduct at any time or for dismissal during an initial trial period. Dismissal during trial periods is highly variable throughout Europe, some trial periods can be as short as 6 working days, and others can be up to 12 months.

The procedure for dismissal in normal circumstances follows a similar format to the following:

An oral warning should be given if a worker fails to meet the expected standards of conduct or competency required of the job as specified in the employees contract of employment. It is good practice for the warning to be given in front of an independent witness;

Any second warning for the same issue, if necessary, should be in writing. If the employee is a union member it is recognised good practice for the union representative to be informed of the issue of the written warning;

If the individual subsequently repeats the same offence, which resulted in the previous warnings, then the employee can then be dismissed.

In all cases the reasons for the dismissal must be clearly stated in writing.

It is important to note that national procedures do vary slightly, and it is vital that national requirements are complied with exactly. Failure to comply with the exact requirements may give the employee grounds for a claim for 'unfair dismissal' and or other 'grievance procedures'. In most instances, a failure by the employer to comply with any of the requirements would reset the dismissal process to the beginning of the procedure again.

The manager should keep accurate and contemporary records of all warnings. Documentary evidence will be required to substantiate a dismissal in the event of an appeal by the employee.

SUMMARY DISMISSAL

Summary dismissal (or instant dismissal) is reserved for the most serious offences. Typically the reason for summary dismissal is that the conduct of an employee was such that no 'reasonable' employer would tolerate the conduct of that employee and would then not contemplate continued employment.

The permissible reasons for summary dismissal procedures to be invoked vary across Europe. It is usual that the reason for summary dismissal is related to an event or action taking place on site. Events off site, particularly in the construction industry are less likely to permit the employer using summary dismissal.

In the event of an employee being indicted for criminal offences, it is typically a provision that the employee cannot be dismissed until the outcome of the offence is determined by a court and the employee is found guilty. In these circumstances, whilst dismissal is not an option, the employer could ban the employee from the site, but would still be required to pay the employee as though they were still working.

PERIOD OF NOTICE - EMPLOYER

Should the employer decide that further employment is not warranted, either because of a lack of continuity of work or for another permissible reason, then a notice period is required to be given to any affected employee.

The duration of notice periods vary across Europe. They are typically one of the items specified in the NWRA. In the absence of specific details in an applicable NWRA then national statutory requirements will apply.

Periods of Notice applicable in the UK are as follows:

Table 6.1

Periods of Notice applicable in the UK

Period of continuous employment	Period of Notice
Less than 6 days	2 hours to expire at end of working day
6 days – 4 weeks	1 day to expire at end of working day
4 weeks - 2 years	1 week to expire at end of working week
2 -12 years	1 week for each full year of employment
Over 12 years	12 weeks

PERIOD OF NOTICE - EMPLOYEE

Should the employee decide to leave, then a notice period is required to be given to the employer.

Table 6.2

Periods of Notice when employee decides to leave applicable in the UK

Period of continuous employment	Period of Notice
Less than 6 days	2 hours to expire at end of working day
6 days – 4 weeks	1 day to expire at end of working day
4 weeks - 2 years	1 week to expire at end of working week
2 -12 years	1 week
Over 12 years	1 week

UNFAIR DISMISSAL

National laws protects the employee against unfair dismissal.

Unfair dismissal can occur in the following circumstances:

The termination of a contract without notice or with incorrect notice periods;

The termination of a fixed term contract before expiry of the duration;

The termination of any contract by the employee because of the incorrect behaviour of the employer – this is typically referred to as Forced Resignation or Constructive Dismissal. Examples of incorrect behaviour of the employer are: reduced pay; increased hours; changing the nature of the work as specified in the contract of employment – all contrary to the contract of employment or without the employees written consent.

An employee, who considers that unfair dismissal has occurred, can refer the case to an 'Employment Tribunal' for determination. The employee must prove that dismissal occurred, and then the employer must prove that the dismissal was legitimate.

The normal legitimate reasons that substantiate a dismissal are:

The employee was incapable or unqualified for the job, as defined by the essential attributes of the job specification. This normally occurs

when an employee is found to have falsified application details, which are subsequently

Confirmed as being false;

The employees conduct was unacceptable and the correct dismissal notifications had been delivered;

Redundancy with correct notice period (or payment in lieu) being given;

A national legislative provision being enacted that makes continued employment impossible;

Other substantial and documented reasons to the satisfaction of the Tribunal.

Managers in trying to determine an appropriate sanction against an employee for an infringement should consider the test of 'Does the punishment fit the offence?' since this is a measure that will be considered by an employment tribunal. Each individual case is considered on its own merits; however, each national Employment Tribunal builds up precedent from previous cases.

The following are issues for the manager to consider before dismissing an employee:

- Employees should rarely be dismissed for their first offence;
- A full and extensive enquiry must be carried out before a dismissal;
- A dismissal case must be determined solely on the facts available at the time;
- A 'reasonable belief' may not be sufficient to warrant a dismissal;
- The dismissal decision is based upon the actions of a 'reasonable manager';
- The employee must be informed in writing that he is being dismissed for the committed offence as stipulated.

There are certain circumstances, where the case is so complex or where national law may specify additional protection, when the manager should always seek further advice, for example:

- Dismissal for reasons related to trade union activity;
- Dismissal of pregnant staff;
- Dismissal of temporary replacement staff;

- Dismissal associated with industrial action or a labour dispute;
- Dismissal associated with pressure from a third party;
- Dismissal of an employee that could fall within the remit of 'Equality legislation'.

REMEDIES FOR UNFAIR DISMISSAL

European and national legislation provides that in the event of a dismissal being declared unfair by an employment tribunal then the following remedies are available for the employee:

- Reinstatement;
- Reengagement;
- Financial compensation – a basic award and an element of compensation.

In certain European nations the financial compensation may be reduced by up to 50% if the aggrieved employee refuses to be reinstated or reengaged, or if the tribunal declares that the employee's behaviour was considered to have contributed to the dismissal.

REDUNDANCY

Redundancy is a 'fair' reason for dismissal. It is defined as:

The employer has ceased or intends to cease the business for which the employee was contracted;

The employer has ceased or intends to cease the business in the place where the employee was contracted;

The work for which the employee was contracted has or is reasonably anticipated to cease or substantially diminish.

It is apparent that construction workers will almost inevitably be in a position of potential redundancy when the demand of a contract has diminished or ceased.

Redundancy must follow specific procedures to ensure compliance with NWRA and national legislation. It is recommended as good practice that site managers, who are contemplating making significant redundancy provisions, should seek additional legal advice. It is also seen as good practice to inform trade union representatives of the likely implementation of redundancy provisions.

Certain nations have mandatory requirements to notify local Departments of Employment (or similarly titled national agencies) in the event of impending redundancy.

Typical notification periods are as follows:

For less than 10 redundancies - notification as soon as practicable;

For 10 – 99 redundancies – notification of a minimum of 60 days;

For more than 100 redundancies – notification of a minimum of 90 days.

More nations across Europe also require that recognised trade unions are given notice of impending redundancy, and the employer is also required to provide documentary evidence to substantiate the necessity for redundancy at a particular site. This evidence typically contains:

- Reason for redundancy;
- Proposed numbers and types of employees;
- Total number of similar employees within the organisation;
- Total number of full employees;
- Proposed method of selection for redundancy;
- Proposed method and timescale for carrying out the dismissals.

Failure to comply with these and similar provisions can mean that the employer may become liable for additional payments to the employees and may be liable to a fine or penalty.

Redundancy has a structure that is replicated across Europe with only minor alterations:

All redundancy should follow a fair selection procedure – within each job title or grade it is normal to follow a 'last in first out policy'. This also significantly reduces the financial burden on the company.

All redundancy should be implemented following good practice and should be in good faith.

An employer may avoid redundancy by offering alternative 'suitable' employment and this may be done by means of site transfer. The term 'suitable' may depend upon NWRA issues associated with travel and lodging.

An alternative to redundancy may be temporary lay-off.

TEMPORARY LAY-OFF

On certain projects and particularly in certain countries, external factors, such as the weather, may make work unavailable or impossible to execute. National WRA cover this issue. As an alternative to redundancy an employer may chose to utilise a temporary lay-off provision.

The lay-off provisions vary markedly throughout the European Union. The maximum periods for which temporary lay-offs may be applied vary from 4 to 13 weeks.

In certain circumstances, when the maximum period has elapsed, an employee can elect to have redundancy provisions applied to the contract of employment.

In the event that a site manager is forced to consider temporary lay-offs it is recommended good practice to seek additional advice and seek informal negotiations with trade union representatives.

APPRAISALS AND REWARDS

Clearly without rewards for our labour the individual, and arguable our current society would not be able to function as it does. In an open market there will exist a market rate for a product or service. The market rate will be paid as a fee, a salary, a wage or an agreed contractual amount. Factors which affect wage and salary differentials include:

- Physical endeavour;
- Manual skill level;

- Mental skill level;
- Working conditions;
- Responsibilities;
- Status, both perceived and actual;
- Custom and practice;
- National, regional or local negotiations;
- Legislation;
- Local market conditions.

Payments and rewards are not always viewed as fair. Take for example the so called “fat cat” payoffs where executives of companies get large sums of cash as a lump sum payment, even when they are seen to have failed in their jobs.

Employees' expectations and their aspirations will rarely be satisfied. Clearly the negotiation process for the individual will be far different to that of a group. How do employers satisfy the gulf between expectations of employees and their inability to often reward up to that expectation?

There are three recognised methods of payment:

- Payment for function;
- Payment for attendance;
- Payment by results.

These categories are not mutually exclusive and construction and property companies conform to these definitions to various degrees.

Payment by results can be split into two distinct categories. The first is when payment is only by results, the limited company or sole operative will have Tax Deduction Certification under a national income tax scheme. The second category is where the individual employee is paid by a company incentive scheme, the results of which can be added to a lower basic salary – than that of operatives paid for by attendance only.

Many organisations in construction have their own bespoke incentive schemes. Clearly, as with any other scheme, the benefits to be derived from the implementation of a scheme must be more than the cost of implementing the scheme.

An alternative approach is a profit sharing arrangement. This is especially useful in construction where teams (rather than individuals) undertake specific

tasks, which are either profitable or not. A team should be equally rewarded for the sum of their collective efforts. This would engender team spirit, cooperation, collective effort etc. The drawbacks to this are lack of trust and disproportionate efforts from team members

Of course benefits other than monetary rewards exist, some of these are:

- Expenses;
- Meals;
- Company transport;
- Welfare and health care;
- Holidays;
- Pensions;
- Sick pay;
- Loans;
- Removal expenses;
- Subsidised rents;
- Discounted purchases;
- Time off for other activities;
- Sports clubs;
- Etc.

In the UK construction industry a National Working Rule Agreement governs levels of reward and other employment conditions for construction operatives. This is a 3-yearly agreement between employers and trades unions, which many view as outdated and providing a minimum safety net only. The agreement also deals with issues such as welfare, safety, rights to periods of notice, training disciplinary action etc. Other National Agreements exist in other EU nations. The general intent is similar to that of the UK although the details differ.

APPRAISALS

Cowling [11] defines appraisals as:

“Stimulating a two-way flow of useful information between managers and subordinates that continuously clarifies roles and objectives and engenders support in the pursuit of mutually agreed goals.”

Appraisals can either be linked to payment or separated from it. If payment is separated then the appraisal concentrates on development. If it is linked, then

payment is viewed as essential to the development process. Opinion is divided, as to which approach is better.

Formal appraisal schemes at their worst can be bureaucratic, can cause antagonism between manager and subordinate and fail to meet objectives. At their best formal appraisal schemes can engender trust and mutual cooperation and can align the individual to the objectives of the organisation.

Appraisals are excellent in ensuring that an employee feels like his/her peers are committed to their development and also it takes away fears that if they were to go to their managers to discuss issues with performance they will be sacked. On a company scale, establishing clear, defined objectives helps employees to focus on specific tasks and company goals, resulting in all employees working hard for the company and all working towards the same thing. Appraisals will only work however if both parties are fully committed to the system and want it to succeed. A *structured appraisal system* can help employees feel that their good work is recognised and that they are valued. It can also provide the opportunity to discuss any weaknesses or problems they may have, and to come up with solutions. This method of working will allow an already feeling of satisfaction as workers are praised for successes and will also permit a feeling of security in knowing they have someone to identify with if there is a problem.

In order to retain employees through the appraisal system, managers should set out clear objectives, ideally with quantifiable targets, so that employees understand what is wanted from them, although this may seem like it is a demanding technique, the truth is that as these targets are discussed with the employee they will generally identify areas they need to improve in and thus will be satisfied in aiming to achieve the targets. Whilst in general the targets laid down will help to improve the employee in various ways and potentially make them feel valued and understand better their role within the company, they will in turn also seek to improve the business, monitor business success from efforts put in by an employee, identify areas for business expansion and so on due to targets being based around, for example, as an employee you must improve sales by 12% over 12 months. Appraisals give the line manager the opportunity to give *constructive feedback* and to *praise staff* for their good work.

A key note to remember when undertaking appraisals is that objectives could (and so as to lessen the risk of sapping confidence, should,) use the SMART system. This means making objectives:

- Specific;
- Measurable;
- Achievable;
- Realistic;
- Time-based.

In this fashion employees will generally always be successful in achieving some if not all of the objectives and may even exceed them, so that in all circumstances they will be rewarded even in a small way and this will aid in them wanting to remain with the company.

Notes and records on each employee should be taken over the course of the year regardless of objectives with good and bad occurrences discussed with the employee as and when they happen, but at the end of the year these records form the basis of the appraisal.

As with any success, with the appraisal system being no exception, rewards are required to boost morale and job satisfaction. However an organisation structures its rewards, reviews need to be tied in with the personal appraisal system. Various schemes that are in place in varying companies are one-off bonus payments, taken as a percentage of the employee's salary and how far the employee has achieved their objectives over the year; a pay scale increase, and other non-monetary schemes that will be identified later. A typical UK based financial award system is:

- Below average performance – no pay increase;
- Average performance – 2 per cent pay increase;
- Above average performance – 3 per cent pay increase;
- Excellent performance – 5 per cent increase.

These are, of course, only suggestive examples. Alternatives may include offering free shares in the company, but where consistently good performance arises there should potentially be scope for promotion.

COMPETENCY SCHEMES AND BEHAVIOUR SCALES

It should be behaviour rather than attitude and personality that is being appraised. Therefore a behaviour scale can be established which feeds into a competency scheme. There is a need to audit and validate each appraisal schemes.

Behavioural Anchored Rating Scales (BARS), statements about work behaviour are created, individuals then being tested against the scales to assess performance.

PERFORMANCE MANAGEMENT

The ultimate aim of the organisation should be to link individual, team and company objectives to the same end. Fletcher and Williams (1992) found that only 20% of organisations have adopted this approach. They found that there could be a tendency for over-complication, too much 'red tape', a climate of fear and other barriers to these schemes.

COMPETENCE

Competence can be measured. Clearly the terms need to be well defined and understood by all participants. One of the benefits of defining and applying competence ratings is that the scheme can be audited and validated, guarding against accusations of bias and discrimination.

CHAPTER 7

LEADERSHIP, MOTIVATION AND MORALE

Clearly an effective leader will be concerned with motivation of subordinates and if their motivation is strong, then, superficially, morale will be high. But is this true?

Consider the following statements:

- Do individuals respond to leaders in the same way?
- Are people all motivated by the same factors?
- What about the effect of motivation on individuals and how this affects teams?
- Isn't it possible to have an employee who is positively and strongly motivated, but whose morale is low?
- Isn't it possible to have an employee whose morale is high, but whose productivity is low?

The terms manager and leader are not synonymous, however, the differences between the two are not as obvious as they first seem.

Effective leaders have many attributes.

What about this leader?

"I don't mind how much my ministers talk, as long as they do what I say."

Margaret Thatcher, Observer 27th January 1980.

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of leadership and management approaches including the key influence on business practices;
2. Recognise the impact of morale on the business performance within the industry;
3. Describe and apply appropriate leadership techniques within the context of business performance;
4. Appreciate the strategic importance of leadership and management both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits of high company morale are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven good leadership and management practice;
- b) Creative in the appropriate application of morale building schemes;
- c) Aware of the strategic importance of leadership and management;
- d) Stimulated and supported by the synergistic integration of the leadership impacting upon them.

Many studies have been carried out into leadership, and the traits and characteristics of effective leadership. The following is a list of accepted leadership qualities, leaders:

- Have intelligence and the ability to solve problems;
- Use their initiative, are independently minded and are inventive;
- Are self assured, confident and competent;
- Are perceptive, they can see a solution through complicated data;
- Have personal enthusiasm and are able to enthuse others;
- Set high standards and have a track record of achievement.

Golzen and Garner [22] identified the following influences and personality types of successful leaders:

- High parental expectations;
- Early experience of leadership;
- Ability to establish and communicate clear objectives;
- Propensity to take risks that succeed;

- Autonomy, are allowed by circumstances to act alone;
- Psychological and physical stamina;
- Ability to pick people;
- Awareness of personal strengths and weaknesses.

MOTIVATIONAL THEORY

Before the existence of HRM there was the idea and concept of scientific management.

THE SCIENTIFIC APPROACH

This idea was brought about by Taylor, and was based around the principals that the American industry was “woefully inefficient because of the absence of any systematic approach to management.” From this Taylor proposed four key factors that should be used as the basis for better productivity: “

- The development of a true science of work;
- The scientific selection and development of workers;
- The co-operation of management and workers in studying the science of work;
- The division of work between management and the workforce.

Although all of these elements contain a scientific approach, hence the terminology “scientific management,” the ideas continued to exert a powerful influence on American managers well into the 1980s – until the rise of HRM, in fact.

MANAGEMENT STYLES (SOME EARLY THEORIES)

Douglas McGregor (1960) named managers in the style of Theory X or Theory Y managers.

Assumptions of a theory X manager:

- Work is an onerous chore and must be performed in order to survive;
- Human beings are lazy and have an inherent dislike of work and will avoid work if they can;
- People must be coerced, directed, controlled and threatened in order to produce sufficient effort to achieve the objectives of the organisation;
- The average person has little ambition, prefers to be directed, avoids responsibility and above all desires security;

Assumptions of a theory Y manager:

- Human beings do not inherently dislike work, indeed work may be a source of satisfaction;
- People will exercise self direction and self control towards achievement of objectives to which they are committed;
- Commitment to objectives is a function of the rewards associated with their achievement; External controls and threats are not the only means for bringing about effort;
- The average human learns, under proper conditions, not only to accept but to seek responsibility;
- The capacity to exercise a relatively high degree of imagination, ingenuity and creativity in the solution of organisational problems is widely distributed in the population;
- Under the conditions of modern industrial life, the intellectual potentialities of the average human being are only partially utilised.

McGregor's traits of managers, although universally accepted is criticised as it defines opposite ends of a spectrum. Managers have theory X and theory Y traits and these come out in various situations. A manager therefore may change and situations may change in order to stimulate a change in style.

Blake and Moulton (1964) developed a scaling grid that established to what extent managers were people or production orientated. From their studies Blake and Moulton (1964) identified the following manager types:

Impoverished Management: Effective production is not attainable because people are lazy, apathetic and indifferent. Sound relationships are difficult to achieve and conflict is inevitable. Minimum effort is exerted in order to get work done to a quantity and standard acceptable enough to avoid dismissal. This manager scores badly on people and production criteria.

Country Club Management: Production is incidental to lack of conflict and good fellowship. Thoughtful attention to people's needs and satisfying relationships leads to a comfortable working atmosphere, but perhaps limited production. This manager scores highly on people management and poorly on production management

Middle of the Road: An adequate job is done by balancing the need to get work completed with the need to maintain satisfactory morale. This manager scores in both categories

Task Management: Operatives are resources like machines. The managers' responsibility is to plan, direct and control the work of those subordinate to him. Efficiency in operations results in arranging work so that the human element interferes to the minimum degree. This manager scores highly in production and poorly in people.

Team Management: The task and human requirements are integrated into a unified system towards the achievement of organisational goals. Inter-dependence through consultation and joint decision making leads to mutual respect and trust. High scores in both categories.

Even with new and evolving theories with regard to best management practice today, the original concepts are significant and still potentially useful in adapting them and integrating them into today's environment. The key reason for this is that although these are the original concepts, from a HR perspective, the spread of scientific management placed greater weight on the careful selection and systematic training of employees. Associated with this trend was an increased attention to job design, working conditions and payment systems, and thus regardless of their age, they still have a very positive effect.

However, the use of purely scientific management poses some serious implicit problems, namely:

- High levels of labour turnover and absenteeism;
- Low levels of employee motivation.

Therefore other schools of thought came about from the criticisms of scientific management leading to the three key principles that make up HRM:

- Human relations or behavioural perspective;
- Human capital theory;

- Excellence.

The third reaction centred on a seminal consultancy text *In Search of Excellence - Peters and Waterman*.

So while the ideology has remained very much similar it is now far less scientifically based.

HUMAN RELATIONS PERSPECTIVE

Experiments by Mayo led to the surmise that individuals have more than just material needs i.e. they have social needs, or need to belong. That is to say sometimes there is no need to spend huge amounts of money improving lighting or desks, or chairs etc. but simply by paying a small amount of attention to the employees can considerably improve productivity. Encouraging the formation of 'social groups' / activities etc. within the workplace and socially outside of it gives a sense of belonging and therefore a sense of wanting to achieve and produce. Rather than simply looking at employees as being only to be encountered in the workplace consider looking outside of this and look to build ties, bonds and relationships with these people to encourage better productivity as a belief that management are interested in them boosts morale.

HUMAN CAPITAL THEORY

The Human Capital Theory is an economic theory that traditionally regarded labour as a cost rather than an asset. It does not consider the human as a human but more of a resource. This is something to be avoided as it can encourage low motivation and thus low productivity. Attitudes have changed and due to 'rules and regulations' both nationally and internationally the workforce should be considered in a more humane way. The terminology human capital can be construed as an umbrella term encompassing competencies, values, attitudes, capabilities, information, knowledge and organisational processes that can be used to generate wealth. It causes managers to perceive labour as more like tools than people; causing a de-humanisation effect.

Hoffman states that "a firm's action is seen not as a choice among an unlimited array of possibilities determined by purely internal arrangements, but rather as a choice among a narrowly defined set of legitimate options. Obtaining legitimacy is not simply a matter of complying with legislation, it also involves

abiding by the unwritten, tacit codes peculiar to the firm's setting. Thus, firms are located in settings not only of legislation but also of cultural and social norm to which they have to react."

This is a philosophy to be considered as it clearly suggests that whilst complying with the rules managers must also use their own intuition and knowledge and also common sense with regard to the workforce rather than simply holding power over them.

Having made reference to this topic area within the introduction to HRM it is best to therefore continue with this theme and discuss in greater detail the idea of motivating the work force, what can be achieved through this and how managers can go about achieving motivation and morale boosting.

Further to just good management control of the various scenarios and situations that occur within different working environments of construction, it is also necessary that HR practitioners have a major contribution to make in bringing down the absence levels in organisations where they are unacceptably high. It is the task of HR professionals to 'benchmark' and target best-practice performance levels and to encourage a climate of 'continuous improvement'. As it is a HR function to record all types of absenteeism within a company it should primarily be these people that take primary action in seeking what the principal causes of absenteeism are, and devise good solutions in trying to resolve the situation. Whilst policies are devised and put into practice, how each function performs should also be benchmarked by these people with the aim of rectifying each policy to make it more successful.

Psychological contract: Primarily there exists a legally enforceable contract between the employee and the employer. It has also been suggested that the employment relationship can be perceived as a psychological contract. Schein is mainly responsible for this philosophy; this is not an enforceable contract but more a set of generally understood arrangements or rules that form the basis for a series of expectations on the part of the employee and employer which can build up a considerable degree of morale force. This adds a psychological aspect to motivating people and whilst not actively motivating those people there is a control that can be held over them through implanting the notions such as:

- That employees will be treated fairly and honestly;
- That the relationship should be characterised by a concern for equity and justice and that this would require the communications of sufficient information about changes and developments;

- That employee loyalty to the employer would be reciprocated with a degree of employment and job security;
- That employees' input would be recognized and valued by the employer.

If an employee bears these ideas in mind all the time they believe that they have a steady job with good prospects that they do not want to lose and will thus work hard to maintain said position. In general terms these statements are backed up by similar philosophies of Equity and Justice; Security and Safety; Recognition of Worth; and Input and Self Fulfilment (Roethlisberger and Dickinson, Maslow, Herzberger).

Beyond the psychological contract are areas of job satisfaction. Guest, after conducting a survey, found that 70% of those questioned, rated the opportunity to use their initiative and abilities whilst at work, in effect to be stretched in terms of problem solving and creativity, as essential or very important.

This indicates a high possibility of being a motivational factor as it appears that people in their place of work appear to be happier when given the opportunity to express themselves and their opinions as well as their creativity and ideas. This should be permitted with caution however, as there is potential for the freedom to become uncontrolled. Further studies have given us breakdowns of which work sectors are happiest, WERS (Workplace Employee Relations Survey) shows that:

54% of those surveyed are satisfied with their employment

- Employees tended to be least satisfied with pay;
- Managers tended to be more satisfied than other occupational groups;
- Older workers tended to be more satisfied than younger workers;
- Part-time workers were more satisfied than full-time workers.

This enables the identification of sectors of the workforce which need to be dealt with more intensely in order to give them satisfaction.

MANAGEMENT

Leadership is an ability that is developed by someone and it subsequently gives that person the necessary skills and abilities to not only control a workforce but to also take that labour force forward and develop them in the areas which in

turn are necessary for maximising the various aspects of an organisation. Generally being a leader is a natural ability, but in many circumstances training on being a successful leader can be obtained.

As a manager, leadership is just one of the many assets a successful manager must possess. From this statement we can infer that a manager will also need to be a leader. However, within this statement, leadership is defined as being an asset and not necessarily an essential one.

This therefore makes it apparent that even without the ability to lead it is still possible to be a very successful business manager. The main aim of a manager is to maximise the output of the organisation through administrative implementation, and whilst leadership is a good attribute to hold in helping to be a better manager there are various other key skills which are more important to being a success. Some of the most basic yet key roles of a manager are:

- Organisation - Organising the best workforce for the job;
 - Organising the materials in preparation;
 - Organising the arrival of the above to be in good/ appropriate amounts of time; Etc.
- Planning - Planning a job to start and finish on time;
 - Planning the jobs to be undertaken within the grand scheme to be done within a certain time scale; Etc.
- Staffing - Ensuring you are not over / under staffed;
 - Ensuring the staff are happy in their work;
 - Ensuring all staff members are capable of functioning as a unit / alone (where necessary); Etc.
- Directing - Giving good / correct direction;
 - Ensuring the work force has a sense of direction in what it is they are trying to achieve;
 - Directing the labour forces in their activities (co-ordinating).
- Controlling - Controlling the workforce to ensure they are working their maximum potential;
 - Controlling the flow / types of work taking place at anyone time;

- Controlling the flow of money (Financial); Etc.

These 5 key skills are above all the most important skills required by a manager in order to ensure they have at the very least the minimum skills to be able to successfully control a major project and its counterpart work force.

Whilst these key skills are important for a manager, a leader must also carry the key skill of delegation which it may generally appear takes its concept from the understandings of being a manager.

A key aspect of leadership is delegation. Unless you delegate tasks to your subordinates, your team will become inefficient and demoralised. Simply designating a task to a team of workers will not cause them to function most productively, by breaking the task down and delegating certain areas of works to various individuals will not only make the task appear much simpler but will also mean each individual will have a strong sense of direction and focus and will work harder to achieve their goal.

Poor Delegation

- Team Motivation / Morale is down;
- You are always working late;
- Your team is confused / conflicting / tense;
- You get questions about delegated tasks too often.

How to delegate

- Identify a suitable person for the task;
- Prepare the person;
- Explain the task clearly;
- Make sure that you are understood;
- Leave room in the task description for ingenuity / initiative;
- Make sure the person has the necessary authority to do the job properly;
- Keep in touch with the person for support and monitoring progress;
- Do not get too close;
- Accept alternative approaches;
- Praise / Acknowledge a job well done.

Delegation when done correctly will result in higher efficiency as people are trained in all kinds of different fields. Maintaining a good workforce will also be more likely as the feeling that individuals get from being delegated to undertake new tasks and the increased sense of responsibility that they achieve

will give them a feeling of wanting to continue with the organisation. Certain tasks however should not be delegated and should remain full responsibility of the manager.

Although this is a good philosophy to carry, the idea of leadership or being a leader must be assessed so that a manager can make the most informed decisions about whether they are / are not a leader or whether they have to attributes / desires to become one.

Continuing with this in mind on a positive theme, one researcher into the topic states that groups are often more loyal to a leader than a manager. This loyalty is created by the leader taking responsibility in areas such as:

- Taking the blame when things go wrong;
- Celebrating achievements, even minor ones;
- Giving credit where it's due.

Leaders are observant and sensitive people. They know their team and develop mutual confidence within it. Whilst from this it is apparent that a manager being more controlled in their personal feelings and opinions will be less likely to take the blame or celebrate achievements with their labour force a leader being much more open about what it is they are striving to achieve will be able to build up a much better rapport with the workforce they control and therefore build better bonds and ties which again will increase productivity whilst making for a better working environment.

Whilst this is a very positive action, it would seem that without having the asset of being a leader built into the range of abilities one should seek to combine with their other management attributes, a manager will simply never get the best from their workforce.

This is not entirely true. A manager is someone who is obeyed whereas a leader is someone who people will follow through their own choice. Leaders may be new to an organisation and have only bold, fresh, new ideas but without the knowledge or wisdom that comes from a prolonged period of time with an organisation, this could potentially cause a situation to arise whereby those members of labour who have had significantly more experience within the organisation can take advantage of the new, inexperienced leader and potentially work the manager's good nature to best suit themselves. In which case, the perception that leaders are people the work force naturally follows is a bogus one. Therefore a combination of management and leadership skills where

available will generally always ensure the highest order of motivation and team commitment.

For any 'change' initiative to take hold, senior management must be involved and act as a role model. This role cannot be delegated.

Whilst aiming to become a leader may be on the mind of any manager the best concept to keep hold of, according to Predpall, is to be at the very least a good role model to the work force.

A manager is always in the limelight and it is to the manager that the labour force will come to for advice as a resource of hope that there is still yet time to better ones self. Therefore a manager must maintain this good role model in order that the work force will follow that example with the aim of trying to aim higher and achieve more which subsequently will be reflected within their productivity.

An alternative view is that demonstrating leadership quality is not always the best path to follow in terms of being a manager. There are a number of reasons for this:

- Managers think incrementally, whilst leaders think radically;
- Workers are governed by their emotions rather than their intelligence.

However, if the above statement by Fenton holds some truth (as it most probably does) being a leader may therefore cause more harm than good. If a major problem occurs within a project but as a leader you give your own opinion to continue the flow of work without seeking appropriate advice from the relevant parties then what may appear to be a success may in fact be a serious problem for the client at the end of the project. Once again it is all about balance having a strong stance in a management style with a good amount of leadership abilities could result in greater success.

To further re-iterate the above point about balance being a strong way forward, again by the same author, "Leaders stand out by being different. They question assumption and are suspicious of tradition. They seek out the truth and make decisions based on fact, not prejudice. They have a preference for innovation."

Thus whilst maintaining a managerial stand point with regard to the traditions of the organisation there can often be very little harm in seeking out your own leadership views and ideas to 'come down to the labour forces level' in order to gain their trust and confidence and improve motivation with the implemented

psychological belief that you as a manager are not working against them, but are working with them.

Effective leadership is not always a necessity or a guarantee of success. It can be viewed through the idea that in some circumstances, leadership is not required. For example, 'self motivated groups' may not require a single leader and may find leaders domineering.

Although generally most of the workforce within any organisation will take their instructions from one designated person such as a supervisor / manager; some groups may that they know what their role within that organisation is, better than the manager does, and so are therefore 'self-motivated'. In these circumstances a leader with a different opinion on how someone should be working etc. may be perceived as a domineering figure to the said worker and this will in turn have a significant impact upon their productivity as they try to maintain a role within their own boundaries whilst trying to please their leader above.

Taking the study of leadership further still, there are a number of theories that have evolved with regards to what makes a leader, a good one. These theories are considered to be:

- Trait theories;
- Behavioural theories;
- Contingency theories;
- Transformational theories.

Traits are considered to be those natural abilities a person carries within their demeanour; whilst they can be adapted to any situation or circumstance, in this instance the traits to be considered will of course be applied to the concept of leadership.

Bennis, whilst re-iterating points previously discussed states "Leaders are people, who are able to express themselves fully. They also know what they want, why they want it, and how to communicate what they want to others, in order to gain their co-operation and support. They know how to achieve their goals."

They are therefore very confident people who have a clear focus on what they want from their careers / life and have effective communication skills that they are able to use well. From this we can also infer that they have a good ability to

take charge of a situation and control the workforce in a good manner so as to achieve their aims to the highest standards; most importantly with co-operation and support from those people working for them.

Gardner considers that the following are traits necessary to be a good leader; some of which are simple in nature and others that are self taught and others where training can be given:

- Physical vitality and stamina;
- Intelligence and action-oriented judgement;
- Eagerness to accept responsibility;
- Task competence;
- Skill in dealing with people;
- Need for achievement;
- Capacity to motivate people;
- Courage and resolution;
- Trustworthiness;
- Decisiveness;
- Self-confidence;
- Assertiveness;
- Adaptability / flexibility.

Sadler, suggested the idea that wherever crisis or conflict occurs, leaders have naturally minimized the impact of the situation.

Although traits are an important part of leadership there are many other factors that need to be considered with the overall conclusion being that leadership and the style of leadership along with the various components i.e. personal traits, behaviour etc. will vary according to the situation; it appears possible to link clusters of personality traits to success in different situations.

BEHAVIOUR

There are a number of principals that a person must apply to be a leader, that go beyond traits. The way in which leaders behave was the next consideration. It was proposed that a combination of both a particular behaviour and the proposed traits are needed and then applied to the situation.

The behaviours are:

- Concern for task – It is necessary to have concern for the task that a manager and employees are undertaking. A manager showing concern for the task will support employees to show caring and commitment; with a belief that their leader believes it is a necessity for the organisation.
- Concern for people – Not only with regulations, such as the 'Human Rights' legislation, implementing concern for people and the labour force should generally be considered a natural ability of any leader (or manager for that matter); showing compassion where necessary, advising where possible, and take a general interest in the people that work for them.
- Directive leadership – Directing the labour in a fashion that achieves optimal productivity, this refers back to delegating and breaking down the task. Working in this fashion the leader does not necessarily get involved in any of the activities that have been stipulated, but will give a good sense of direction, and will be available for advice where required.
- Participative leadership – Participating within the activities that have been laid down whilst taking full control of the situation. The leader will work alongside and with the labour in achieving the activities. This can be time consuming and must be used with caution as it can take the manager away from other tasks that need completing; but, on a positive note, it can have an extremely positive effect on labour motivation.

SITUATIONS

Traits and behaviour theories whilst excellent in theory are of course only excellent in practice when the appropriate items are applied to the situation.

Fielder argued that effectiveness depends on two interacting factors:

- Leadership style;
- Degree to which the situation gives the leader control and influence.

Three things are important here:

- The relationship between the leaders and the followers;
- The structure of the task;

- Position of power.

Effectively this gives a hierarchical style to leadership which gives a new dimension to leadership application dependant upon bonds / relationship between those at the top tiers of the organisation and those lower in the hierarchy.

Hersey and Blanchard identified four different leadership styles that could be drawn upon to deal with contrasting situations:

- Telling (high task / low relationship behaviour):
 - Gives a great deal of direction to subordinates;
 - Defines roles and goals;
 - Subordinates viewed as being unable / unwilling to do a good job;
- Selling (high task / high relationship behaviour):
 - Most direction given by leader with an attempt to get people to “buy into” the task;
 - Coaching approach;
 - People are motivated / willing but lack maturity / ability;
- Participating (high relationship / low task behaviour):
 - Decision-making shared between leaders and followers;
 - High support, low direction;
 - People are able but unwilling / insecure;
- Delegating (low relationship / low task behaviour):
 - Leader identifies problem / issue, responsibility for carrying out response is given to followers;
 - People have high degrees of competency / maturity.

AUTHORITY

A final point is the role of authority. Authority is often seen as the possession of powers based on formal role. In organisations, for example this may be the managers' role i.e. Managers are people that are perceived as having the right to direct, and therefore the authority to do so. They are obeyed as their exercise of power is seen as legitimate. The workers may also fear the consequences of what may happen if they do not follow instructions / orders / demands / requests. Managers may also be followed because they show leadership qualities, but this is generally seen as something more informal and beyond the

essential requirements of management. Managers can cope with normal circumstances; but, leaders have to show that crises or unexpected events and experiences do not faze them. Leaders may have a formal authority, but they rely in large part on informal authority.

DIRECT FINANCIAL SYSTEMS

A traditional view of motivation theorists is that labour works harder when they are offered a direct financial incentive. This has led to the establishment of rewards systems based upon measures of productivity and or output. The objectives of these schemes are to:

- Increase productivity;
- Encourage efficiency in methods of working;
- Provide the opportunity for increased earnings without increasing unit costs.

There are many alternative schemes and each scheme can be adapted in a huge variety of ways such that no two schemes appear to be the same. However, a number of classes of incentive schemes are presented:

- Daywork;
- Piecework;
- Target Hours;
- Geared Schemes;
- Group Schemes;
- Plus rates;
- Job and Finish;
- Profit sharing.

DAYWORK

Daywork provides payment of an hourly rate for attendance at work. This is the default scheme adopted by NRWA. The hourly rate distinguishes skills and expertise and the rates are paid in accordance with a grading for each employee as defined in their individual contract of employment.

This payment mechanism has no direct link to productivity, but it is simple and efficient to operate. However, this basic payment mechanism is usually supported by some additional form of reward scheme.

The advantages of the daywork scheme are:

- Easy to calculate and understand;
- Low complexity of wage computation;
- Facilitates flexibility of labour.

The disadvantages of this scheme are:

- No differential rewards;
- Slow workers gain at the expense of faster workers;
- Supervision of attendance is necessary;
- Supervision of productivity and quality of output is necessary;
- Production output forecasts are difficult to calculate.

PIECEWORK

Piecework provides a uniform payment for a completed unit of output. The reward is thus geared towards efficiency of production. The faster worker earns more than the slower worker. The system is most useful for projects with large volumes of simple units of output. It is not practical for difficult or complex units of output.

The advantages of this scheme are:

- Direct incentive to increase output;
- Simple to calculate and understand;
- Constant wage cost for units of output.

The disadvantages of this scheme are:

- Direct supervision of quality of output is essential;
- Targets need to be recalculated in the event of wage rate increases;
- Scheme fails to provide incentive when linked to NWRA minimum guaranteed wage.

TARGET HOURS

A Target Hours system provides a lump sum of hours for a specified task. Upon completion the worker is paid the difference between the target as set and the hours taken to do the task.

The advantages of this scheme are:

- Incentive related to effort;
- Guaranteed minimum wage;
- Provides limited cost control;
- Quality control easier to supervise.

The disadvantages of the scheme are:

- More expensive to operate;
- Favours only the fast worker;
- Requires significant and accurate data;
- Causes early task learning problems.

GEARED HOURS

In certain circumstances it may be necessary to reward operatives who work more slowly than average. This may be necessary in periods of high labour turnover when retention of labour is critical or in instances when attention to detail and accuracy is vital.

The target hours saved are accumulated from many operatives and redistributed in an agreed proportion, for example 75:25 or 50:50. In the 75:25 scheme 75 % of the bonus is kept by the individual and the remaining 25% is shared equally amongst all workers. In a 50:50 scheme only 50% is kept by the individual and the remaining 50% is distributed equally. A 50:50 scheme is more advantageous to a slow worker than the 75:25 scheme.

Advantages of this scheme:

- Useful to accommodate changes in the labour pool on site;
- Provides some incentive for inexperienced or slower workers.

Disadvantages of this scheme:

- Faster workers are not fully rewarded;
- Can encourage 'group' imposed productivity ceilings.

GROUP SCHEMES

When an operation cannot be carried out by an individual operative, but requires different operatives to contribute different hours, then a group scheme may be useful.

Table 7.1

Group schemes part 1

Operative Grade	Agreed bonus share ratio	Hours worked	Group scheme ratio
Chargehand	1.5	5	7.5
Tradesman 1	1.25	15	18.75
Tradesman 2	1.25	15	18.75
Tradesman 3	1.25	10	12.5
Labourer 1	1	15	15
Labourer 2	1	10	10
Totals		70	82.5

Target Hours = 100

Bonus Rate = €10/ hour saved

Hours Saved = Target hours – Hours Worked = 100 – 70 = 30

Bonus earned = Hours saved x Bonus rate = 30 x 10 = €300

Bonus per share = Bonus earned / group scheme ratio = €300 / 82.5 = €3.64

Table 7.2

Group schemes part 2

Operative Grade	Bonus share	Group scheme ratio	Bonus due (€)
Chargehand	3.64	7.5	27.30
Tradesman 1	3.64	18.75	68.25
Tradesman 2	3.64	18.75	68.25
Tradesman 3	3.64	12.5	45.50
Labourer 1	3.64	15	54.60
Labourer 2	3.64	10	36.40
Totals		82.5	300.30

The minor discrepancy is due to rounding errors.

Advantages of this scheme

- Assists in the identification of slow groups of workers (from hours saved data);
- Flexible to cope with differing circumstances and conditions;
- Encourages intra-group cooperation.

Disadvantages of this scheme

- Increased computation required;
- Faster workers within a group subsidise slower workers;
- May discourage inter-group cooperation.

PLUS RATES

Where additional payments are required for essential issues, but unrelated to productivity, then a simple mechanism is the use of plus rates. This may be required to aid retention of labour in times of high local demand for labour. These are simple payments over and above the standard daywork rates. They may be percentage addition to the daywork rate or a lump sum bonus. A lump sum weekly bonus is sometimes referred to as a spot bonus.

Advantages of this scheme

- Can aid retention of labour in periods of high local demand.

Disadvantages of this scheme

- No link to productivity;
- No differential in rewards for faster or slower workers;
- No link to production output forecasts.

JOB AND FINISH

A fixed quantity of work is specified for a fixed lump sum payment. When the fixed quantity of work is finished the employee can leave work without financial penalty.

Advantages of this scheme:

- Direct link to productivity;
- Direct link to production output costs.

Disadvantages of this scheme

- Favours faster workers;
- Requires sound and accurate data;
- Supervision of quality is required.

PROFIT SHARING

A lump sum payment is made to individual workers based upon the total company performance, either annually or bi-annually.

Advantages of this scheme

- Direct link to profitability of the company.

Disadvantages of the scheme

- Prolonged period between activity and reward;
- No differentiation between fast and slow workers;
- No link to the contribution of sites or individual workers.

PRINCIPLES OF AN EFFECTIVE REWARD SCHEME

Any combination of the basic schemes is possible. The reward scheme needs to be linked to the particular circumstances of the company and the project. Common features of an effective reward scheme are:

- Reward to the individual should be proportional to individual effort;
- There should be no upper limit to the available reward;
- Targets should be realistically attainable by the majority of the workforce;
- Targets should be published for all activities before work commences;
- Targets should remain unaltered unless conditions change;
- Schemes should be simple and quick to compute;
- Quality standards should be maintained and vigorously monitored;
- Time losses due to mismanagement should be excluded from calculations;
- Delays and production disruptions should be minimised by exceptional planning;
- Groups and teams should be as small as practicable, but must include all people that affect productivity;

- Payments should be readily verifiable by the workforce;
- Payments should be regularly made;
- Payments should be as soon as practicable after the task is finished.

INDIRECT FINANCIAL SCHEMES

Much research has shown that non-monetary rewards can be as effective as direct schemes in motivating employee productivity. Non-financial rewards had traditionally been regarded as the prerogative of salaried staff, and particularly senior management personnel. This has been shown to be misinformed. Non-financial rewards can be effective for all personnel, particularly those whose function is difficult to measure, either in particular contribution to particular teams or groups, or to particular units of production.

Typical non-financial schemes are:

- Security of Earnings;
- Subsidised services and facilities;
- Domestic expenses;
- Share ownership schemes.

SECURITY OF EARNINGS

Assuring a guaranteed income when the operative is not working is recognised as a major incentive by most workers. The level and style of guarantee can vary greatly. For example:

- Sickness benefit schemes;
- Holidays with pay;
- Life and accident insurance;
- Retirement pensions;
- Private medical insurances;
- Etc.

Many of these benefits are subsumed within NWRA. However the variety and variation in benefits across Europe is still quite wide. It is anticipated that closer convergence will be required by subsequent European legislation.

The site manager is particularly referred to national conditions of work and requirements for posted and trans-national migrant workers (see later).

SUBSIDISED SERVICES AND FACILITIES

The organisation can arrange for subsidised, and in some instances free facilities for the site workforce. The degree of subsidy can vary from 100% downwards and the variation and variety of services is remarkably different across different European nations. Examples of services and facilities are:

- Food and drink services;
- Off site lunch vouchers;
- Sports facilities;
- Social Facilities;
- Local transport – minibus, company car or van, private vehicle mileage payments, and / or fuel cards or payments;
- Expense accounts;
- Company credit cards and discount cards.

DOMESTIC EXPENSES

These schemes may be considered as being more appropriate for head office or peripatetic staff, where the conditions of the job make direct productivity assessment extremely difficult. These schemes have attracted much national government attention, as they have been perceived as a way of providing 'tax free' perks to staff. Careful attention is needed if these incentives are provided as the company and or the individual could be creating significant tax liabilities. However they are considered as sufficiently attractive so as to warrant careful consideration. Schemes vary from full payment to various levels of subsidy. Examples include:

- Subsidised mortgage payments and house purchase loans;
- Subsidised housing or vehicle rentals;
- Relocation expenses;
- Vacations;
- Children's school fees payments;
- Mobile telephone and portable lap top computers;
- Shopping voucher schemes;
- Etc.

SHARE OWNERSHIP SCHEMES

Companies can offer free or subsidised distributions of shares in the organisation. This is seen as providing a direct incentive to support the development and profitability of the company, since the shareholding would, under good trading conditions attract a bonus and profit share. This mechanism provides annual or biannual cash incentives and longer term capital growth opportunities.

NON- FINANCIAL SYSTEMS

So far the rewards have been extrinsic motivators. They have provided an opportunity to enhance, directly or indirectly, income levels and facilities away from work. However, research has shown that a much broader set of motivating factors should be used to increase motivation and retain this motivation over a sustained period of time. The social and physical conditions within the work create a possibility to create rewards systems based on intrinsic motivators – that is motivators internal to the worker.

THE PHYSICAL WORKING ENVIRONMENT

European and national laws have been necessary to specify minimum standards of 'welfare' that are controlled by site management (see later).

THE SOCIAL WORKING ENVIRONMENT

Interpersonal contact between worker and manager is inevitable on construction projects. Cooperation between them is necessary to ensure effective and efficient production, and this cooperation can be enhanced if the manager's and supervisors' attitudes towards these employees are convivial and supportive, rather than oppressive and confrontational (see later).

THE WORK ITSELF

The work tasks can be used creatively to provide intrinsic motivation for the worker. Scientific management studies demonstrated that efficiency can be improved by:

- Breaking down tasks into small elements to reduce the essential skill array required;
- Break down tasks to reduce reliance on individual workers;
- Reduce job fatigue by utilising appropriate mechanisation;
- Increase quality by task standardisation and some task repetition.

However, longer term effects on motivation have been noted:

- An increase in wastage;
- An increase in absenteeism;
- A reduction in labour retention;
- An increase in wage demands;
- A reduction in intrinsic job motivation;
- Unquantifiable contributions from individual workers;
- Increased job and social isolation.

Thus the scientific studies have been superseded by motivational studies, aimed at eliminating the negative motivational effects of scientific methods. Jobs and tasks have been redesigned to achieve greater personal satisfaction whilst retaining elements of the scientific approach, thus:

- Targets can be negotiated by consultation between worker and manager;
- Preparatory and ancillary operations are managed to enhance the productivity of the worker;
- Highly complex and hence demanding tasks are rotated with less demanding tasks to avoid job fatigue;
- Details of tasks and routines are defined by the operatives;
- Management provides fuller feedback on overall and individual performance;
- Management increases worker participation in the organisation;
- Redesign of task philosophy – from individual tasks to group or team tasks.

These alternative approaches are not exclusive and many of them can be combined to create a unique intrinsic motivation scheme.

FINANCIAL REWARD SYSTEMS IN CONSTRUCTION

Operatives in the construction industry operate under a wide variety of NWRA. The skills and expertise of different personnel are usually expressed in the details of these national agreements. The details of particular national agreements vary, but generally contain the following elements:

Weekly Earnings – if the operative is available for work:

- Currently basic hourly rate for contracted grade;
- A guaranteed minimum bonus – to take workings to a competitive level;
- Apprentices, trainees and young employees are paid pro-rata to the adult rate.

Additional payments – for continuous skill and responsibility:

- Trade Charge-hands and gangers enhancements;
- Qualified reinforcement benders and fixers;
- Scaffolders – trainee, basic, advanced;
- Timbering and Shuttering specialists;
- Mechanical Plant operatives;
- Full time maintenance fitters.

Occasional Payments – for short term activity:

- Work at Heights;
- Work at exceptionally high temperatures;
- Furnace and Firebrick work;
- Work at exceptionally cold temperatures;
- Work at great Depth;
- Exceptionally dirty working conditions;
- Exceptionally wet working conditions;
- Other exceptional working conditions – working in special clothing etc.;
- Mechanical cleaning.

Extra Time Working

- Overtime – above basic weekly contracted hours;
- Working on Statutory holidays;
- Shiftwork;
- Nightwork.

Travelling

- Daily Travelling time to site from local base;
- Travelling time – to and from distant lodgings;
- Public transport fares or allowances;
- Lodging allowance.

Tool Allowance – payments for hand tools required to be carried by an operative in order to execute the defined grade of operation, where these tools are purchased and maintained by individual employees.

Payments due under Incentive and Productivity schemes – see above.

NON-FINANCIAL REWARD SYSTEMS IN CONSTRUCTION

Holidays with Pay – provided an employee fulfils a specified minimum number of hours in a working week, the employee is awarded a credit. This credit is accumulated over an extended period and is then exchanged by the employer for a cash payment – in lieu of ‘earnings’ when the employee takes annual or statutory holiday. There is some variability in national schemes, particularly in the amount of reimbursement.

Sickness and injury benefit – similar to holidays with pay – The employee gains a credit for each full week worked, and in the event that the employee is unavailable for work as a result of sickness or injury, the employee will receive a fixed daily payment. There is more variability in this system than holidays with pay. Some national schemes pay for all sickness absences, some only pay after the first three days of unpaid sickness. Others have requirements regarding the certification of illness or injury; in some cases by a medical practitioner, and in others by a self-certification system. The amount of the daily payment also varies between national schemes.

Death Benefit Cover – An employee who dies whilst having a current and valid contract of employment will be entitled to a payment. This payment typically has two components – a payment to a spouse or named partner; and a payment for any named dependents. The employee accumulates an increase in entitlement over the continuous period of employment. There is some variability in national schemes, particularly in the amount of reimbursement. There is some variability relating to the definition of dependents. Some

countries have a specified maximum age limit; other countries have variable dependency conditions to be satisfied before entitlement is confirmed.

INDUCTION, TRAINING EDUCATION & PROFESSIONAL DEVELOPMENT

The relationship between training, education and industrial performance is an interesting one. It is something that has taxed successive European Governments for over a century. We intuitively feel (due I believe to the mass of information that appears in political debate and economic performance) that Europe performs badly when compared to the rest of the industrialised world.

There is a distinction between training and education. Dictionary definitions do not reveal the correct distinction. Training involves the gaining of skills relating to specific jobs and tasks, whilst education involves the development of the individual in addition to the acquisition of knowledge.

Training is vocationally based and involves the gaining of work based information.

Education is known as training for life, with equal emphasis on personal development, vocational and professional development.

People are individuals and they learn in idiosyncratic ways. It would be wrong to train and educate people in the same way; recognition of these differences is the subject of major international debate at this time.

An employee's introduction into an organisation is a vital time for both employee and employer. The employee will be anxious and keen to make an early good impression and the company will seek to carry out statutory duties in addition to introducing the employee into the culture of the organisation, explaining company rules and procedures etc.

HISTORICAL BACKGROUND ON TRAINING

In the middle ages trades were organised by Guilds who had Royal Charters. The Guild organised training, set remuneration levels, settled disputes, etc. By the mid 19th Century the privileges of Guilds were withdrawn mainly due to restrictions of trade, they had monopolised their trades and were secretive and resistant to (in modern terminology) market forces.

The UK Statute of Artificers (dated 1563) stated that all apprenticeships should last for seven years, nominally between the ages of fourteen and twenty one years of age. This has subsequently been reduced, first to five years and then to three. Training has been through a number of major changes over the past 150 years. The latest two major changes were The UK Industrial Training Act (1964) which created many training boards; including the Construction Industry Training Board (CITB) which is still in place, now re-branded as CITB Construction Skills and the setting up of setting up in 1986 of the UK National Council for Vocational Qualification NVQ which introduced NVQ's and GNVQ's into training.

ORGANISATION OF TRAINING

Training and education is carried out by a number of institutions:

- Universities and colleges, with their own degrees;
- Professional institutions, for example the Chartered Institute of Building (CIOB);
- Various National Training Boards, for example, CITB;
- Various National Education Boards, for example, EDEXCEL (the old UK BTEC)
- Employers;
- Individuals;
- Initiatives eg the current "Fair Deal" UK government initiative for long term unemployed;
- Grants through National and Regional Education and Training Boards, for example the UK Training and Enterprise Councils (TEC).

Funding for the above is another issue. For example, the UK CITB raise a levy from all directly employed building personnel; this continues to be a contentious issue. European and National Government funds are available, but

are typically subject to over subscription and frequently are very transient in availability.

There has been much research into how humans learn. The most popular and widely held model is that proposed by Kolb (1974). Honey and Mumford have developed a learning styles questionnaire that when completed allows people to evaluate their own learning style. Honey and Mumford then categorise people into four learning styles of: Activist; Reflector; Theorist; and Pragmatist. People have definite learning preferences and when diagnosis and analysis has taken place, people can develop strategies for better, more personalised learning.

MOTIVATION

To motivate is to: cause a person to act in a particular way; stimulate the interest of a person in an activity. Motivation is a key aspect to keeping the work force of any organisation productive. Whilst it has been well recorded that motivation of a workforce can be brought about in a number of simple ways there are some further potentially more obscure methods of achieving motivation of the workforce. Molander states that if we motivate someone by causing them to act in a particular way by stimulating a 'single' interest, then surely if we were to propose further interest to that person and again stimulate them into experiencing something new, this could only go on to further motivate them.

Having previously looked at motivation of employees through skills obtained through leadership abilities this section will look much more intently at the motivation of employees, ways of achieving motivation and ways of maintaining motivation, industrial relations and how this effects the motivation of people and affects their desires to want to enter or work within the construction industry and employee relations, such as, how well employees interact with one another, what management is like with their employees and so on.

In order to determine just how important motivation is, it is necessary to look at some figures with regard to lost days through absence that isn't illness, authorised, or holiday leave. This may not seem to be necessary, but there would be no unauthorised absence if all members of a working environment were completely satisfied in their place of work and therefore the figures reflect how important motivating and maintaining motivation within the work place is. On average in the UK alone, 200 million days are lost each year through absence, excluding holidays and authorised leave, and the annual cost to the UK

economy has been estimated at £12 billion per year. This is a huge cost and causes a massive reduction in productivity in varying sectors throughout the course of the year.

If the UK construction industry hadn't lost so many working days could we have completed projects on time? With regard to manual construction labour, on which the majority of UK work analysis is based the figures become more critical with each manual worker losing on average close to ten days per year, there are considerably number of manual workers in the UK construction industry so we are losing thousands of days per year.

This may appear to be a huge sum, but figures can be much worse in other industries. Rates of absence between the public and private sectors vary by as much as 40%, but to reduce the shock value from these figures it was found that happily - the best performers are found in **construction**, chemicals and the professional services sector. So whilst it may be very unfortunate that manual workers lose as many as ten days per year, the average for all those employed in construction is only two to two and a half days - considerably better than those in the food and drinks industries who lose as many as 11 days per year. Some of the absence can be attributed to the risks inherent in various construction tasks. It has been found that some of the reduction in numbers of lost days can be attributed to motivational techniques employed, but, the majority stems mainly from top management commitment to absence control, and in the implementation of the appropriate policies and practices.

Whilst it may appear that the subject of motivation is something revolving around each individual, when put in the work place setting as a whole it becomes apparent that in simple terms, motivation can be considered the amount of effort an individual is willing to put into their work. Therefore it is important to ensure that any team is highly motivated towards their work. A lack of motivation in any member of a team can have a negative effect, reducing the group's effectiveness and possibly leading to the de-motivation of others. Whilst motivating the individual is a necessity we must not lose site of the fact that if one individual is demotivated it can and does have a significant effect on the motivation of the rest of the workforce. Therefore from this we can clearly see that motivation is paramount in maintaining a good working environment and high productivity.

In its most simple of terms a break down of how to motivate people may look something like that demonstrated below and that is:

“6 Steps to Motivation”

- Provide opportunities for group members to become acquainted - Team Building; Social Events;
- Indicate the importance/value of the group - Give re-assurance with regard to what tasks they are undertaking (let them know it is necessary not menial); Quote Facts and figures regarding increases in profit within the organisation (increase positivity); Etc.
- Make people feel they are important - Increase responsibility; Delegate tasks; Promotions Etc.
- Clarify goals - Ensure that everyone is working to the same goal / target; Clarify what it is the workforce will be achieving by participating in the task; Etc.
- Identify progress – Meetings; Graphs / charts; E-mails; Letters; Bonuses Etc.
- Acknowledge achievements - Verbal praise; Commendations; Etc.

This may well be perceived as a simplistic approach to what it is that motivates people. More traditional methods of motivation generally emphasise financial gain; historically, it was perceived that the more money paid to someone the harder they would work. As studies into the subject progressed it was recognised that there is much more to motivating someone than simply increasing their salary.

This in today's society may generally appear as “The Carrot and Stick Method,” and whilst it cannot be denied that this does have a tendency to motivate people, never forget that the workforce is after all human. Work has now taken on a much wider social dimension and rather than just being somewhere to frequent to work and be paid for working, it is now considered a place to meet new people, make new friends and even indulge in pleasures with these, people outside of the working environment. Therefore to ensure motivation it is necessary to account for all these factors and try to ensure that the worker is able to access and is encouraged to try more experiences in and around their place of work in aiding an increase in their motivation.

Hertzberg's, study of motivation has been very influential and has had major impacts upon how people perceive motivation and how it should be executed. He designated the hygiene-theory in the belief that what motivates people is “according to the influential motivator-hygiene theory,” The following are the key factors:

- Achievement;

- Recognition;
- Responsibility;
- Career advancement.

While not increasing job satisfaction, improvements in the following areas can lessen job dissatisfaction:

- Supervision;
- Salary;
- Working Conditions.

Monetary gain no longer being the sole motivational factor, motivation now needs to be personalised, what most influences people to want to work hard are things that affect their emotions and feelings.

Achievement and recognition give a positive feeling that what they have undertaken has had a very positive outcome for the company and not just that person but everybody will benefit. Recognition for this encourages to person to want to succeed again. An increase in responsibility gives a sense of climbing the corporate ladder to the top, where the majority of people want to be, which in turn leads to career advancement opportunities. None of these items give any physical gain purely emotional.

CONSULTATION AND CO-OPERATION

With regard to motivation through consultation and co-operation this refers to the workforce being able to express their feelings with regard to the place of work and the company. This is then followed up by actions to try and meet the demands of the employees, but of course not before obtaining for example better production from the employees in order to show a willingness to co-operate with each other to obtain what they require. It was found in a survey, Guest and Conway, that about two-thirds of those surveyed felt that their employers have substantially kept their promises and commitments to them. It is evident from this statement that whilst employees had put across their opinions the company and its management had evidently promised to act upon those ideas in some way and many employees felt that these promises had been kept. This encourages motivation as it will generally not only improve the working environment for the workforce in some way, but it gives a sense that whilst the work force is there to work for the company and its management, the

management are not simply there to control and demand but are willing to co-operate.

COMMITMENT

Commitment to a company is often shown through years of loyal service to that company. It relates to moral involvement, employees positively identifying with and sharing the values and purposes of the organization, that is to say therefore that before commitment can be realised and shown the values and purposes of the organisation must be deeply installed within that person and must cause them to strive to ensure the company achieves its potential. Generally commitment will be shown by those that have a firm belief that what they are doing for the company and what it is doing for the rest of the world is just. This is supported by Legge, that commitment stems from an internalised belief within the employee about the company that leads to constructive productivity by the employee and going one step further (Legge).

Whilst commitment can seem like a simple concept it has been noted that it shows itself in two forms:

- Attitudinal commitment: Commitment in terms of a sharing of values and attitudes, a psychological bond to an organization, an affective attachment;
- Behavioural commitment: Demonstrated by a willingness to exert effort beyond the requirements of contract and / or by a desire to remain a member of an organization.

Whilst commitment can show itself in either form it should to be noted that there may be a reciprocal relationship between the two, with attitudes influencing behaviour and *vice versa*.

In terms of commitment being a motivational factor, committed employees will work harder, be more productive and innovative and exhibit a greater concern with the quality of their output and customer satisfaction. To further aid in this process of maintaining high and strong commitment, politicians and employees alike are now using the sources of information available to them and developing policies and strategies with the aim of ensuring the best productivity at lowest costs with highest commitments etc. in other words they are trying to achieve a perfect balance and are using concepts such as involving employees more within their organization. This again reflects the personalisation of the company to the employee as demonstrated in previous articles above.

The term involvement does not necessarily denote attachment to the organisation on the part of the employee, it is more the use of initiatives and techniques that make the employee feel more a part of the organization, as for example might be achieved by and through effective communications policies or through the organisation of social events and clubs. Therefore one could perceive from this notion that to obtain commitment from the employee a psychological ethic should be used to lead the employee into the belief they have a strong involvement in the organisation.

Alternative possibilities to achieve commitment from the employee are through team-working, team briefing, quality circles and problem solving groups, the advent of development-led appraisal, multi-skilling and job rotation, enlargement and enrichment programmes as well as engendering the employee and achieving higher levels of job satisfaction. Initiatives such as these all hold their groundings in various ideas previously discussed and whilst there is evidence that employees generally welcome such initiatives, but there is no consistent evidence of their impact upon motivation, performance or industrial relations outcomes. So these are excellent concepts for potentially enabling motivation of the workforce, at the same time there is no clear cut evidence with regard to the effects such initiatives have. These methods in the long-term are simply experimental and therefore the effects of which, as with all other methods, should be recorded in detail for adaptation of controls to ensure the best possibility of being successful in motivating the team. To further support this the WERS findings add that these initiatives engender employee commitment and levels of job satisfaction but not to the belief that satisfied workers are more productive.

Having touched upon the theories of Herzberg, as being one of the most influential people with regard to motivation and motivational factors, he provides further guidance on his theories, man has two sets of needs; one as an animal to avoid pain, and two as a human being to grow psychologically. These are known as the "hygiene" and "motivational" needs. Hygiene in terms of day to day life can be perceived as items we must undertake to ensure we are in a healthy state. Alternatively it is daily maintenance of ourselves. With regard to the workplace, Herzberg considered "'hygiene' needs (or maintenance factors in the workplace are:

- Policy;
- Relationship with supervisor;
- Work conditions;

- Salary;
- Company car;
- Status;
- Security;
- Relationship with subordinates;
- Personal life.

These needs are motivational only for a brief period, once these goals have been achieved they will motivate the person to continue to work hard / harder but only for the briefest of periods. True motivators often come from completely different factors which will have considerably more meaning to the person, notably:

- Achievement;
- Recognition;
- Work itself;
- Responsibility;
- Advancement;
- Personal growth.

Often goals that are much deeper and much more personal will lead to much higher motivational factors and for most people money is not a motivator. Further to it simply being perceived that this is merely the philosophy of one person the truth is that a survey by Development Dimensions International published in the UK Times newspaper in 2004 interviewed 1,000 staff from companies employing more than 500 workers, and found many to be bored, lacking commitment and looking for a new job. Pay actually came fifth in the reasons people gave for leaving their jobs, with 43% leaving for better promotion chances, 28% for more challenging work; 23% for a more exciting workplace to work; and 21% more varied work. It would appear therefore that in order to maintain a workforce a company must incorporate all of these potential factors into regular daily working lives in order to maintain a good solid workforce. The psychological contract can maintain these people, with perhaps delegation or greater amounts of responsibility to individuals in small amounts, leading to a psychological view that they are being promoted in some way or their work is more varied etc. giving them not only greater amounts of motivation but also causing them to want to continue with an organisation.

EMPLOYEE RELATIONS

Too many concepts tend to arise in developing our understanding of employee relations. Employee relations should generally be considered as the relationships / bonds that are held between employee and management, employee and employee and so on. In order for any organisation to function at its optimum these relationships generally need to be at least good and in the best case scenario harmonious among each party.

Unitarism is a method of considering employee relations, and perceives employing organizations as peopled by individuals and groups that have common interests, objectives and values, and that are harmonious and integrated. Management's right to manage is legitimate and rational and management should be the single focus of employee loyalty. This is an excellent philosophy to have with regard to the various types of people to be employed within the organisation since being aware of the types of common interests etc that run through those working for the organisation a company is able to acquire persons with the same or similar traits at the interview stage. This in turn will not only aid in the reduction of labour turnover, but will hopefully ensure the most appropriate people are hired for the organisation. It should be noted however that whilst management should of course be the single focus of loyalty of the employee, this will not always be the case as the employee should hold some loyalty to the company as a whole and further to this where employee and manager collide it may be better if the employee were to hold the sole loyalty to the organisation.

In the context of unitarism, the employment relationship is likely to be perceived to be characterized by co-operation rather than by conflict with management or other representatives.

Pluralism is an approach from the complete opposite dimension to the unitarist approach. It considers all employees as individuals all with their own interests etc. employing organizations are made up of individuals and groups with different interests, values and objectives. Each group is likely to develop its own leadership and source of loyalty. Whilst this is not necessarily the best approach towards employment of people as various interests can inevitably create clashes of personalities which in turn can lead to tension in the workplace, but further to this it can also create niches of people or various groups and therefore segregation of the workforce, but the reality is that people are individuals.

Where conflict occurs in organisations utilising this approach to the workforce and its associate managers, rather than managers exercising their right to control, as in the unitarism approach, managers have found that they can only regain control by sharing it. This is to say that where conflicts occur between different interests, for example, the employee and the finance departments regarding wages, management will resolve the conflict and regain control by involving people from both areas involved within the conflict as opposed to just exercising their managerial right to control the situation how they perceive best.

Unlike the unitarist approach, this is a perspective that argues that the most potential lies in joint approaches to conflict resolution, which creates a much more democratic process with regard to resolving the conflict and will also build bonds between the potentially segregated parties by causing them to hold meetings and discussions and to build ties so that where conflict arises in the future resolution will be civilised and achieved on a much friendlier basis. What should be documented however is that whilst this will in turn appear to be a very good approach given that it deals with people as individuals and will over time permit the bonds between those segregated parties to grow, trade unions are more likely to be created through the use of this approach as without collective bargaining, the workforce leaves itself weak and open to exploitation. This can potentially be negative as it will then involve third parties with regard to conflict resolution.

To continue to achieve productivity targets from the workforce it is necessary to try and maintain motivation. An alternative way of doing this is through delegation. As previously mentioned whilst motivation is generally about dealing with each individual, it is most important to keep the team as a whole motivated. Nothing will be more demoralising for a team than setting a task which seems impossible. Breaking down the task being set into small achievable steps which seem much more realistic is a recognised approach. Whilst it is inevitable that given a large task as a whole, a worker will find a way of breaking it down into small achievable sections of work. By delegating sections of work to be achieved by a specified target, for example, by set dates, is much more motivating than having a huge quantity of work and no formal direction. This can become extremely demoralising. A person that performs these broken-down steps will feel that something tangible has been accomplished, and this accomplishment is reinforced on a regular basis as subsequent stage targets are met. This will help keep morale up and ensure the person keeps motivated as they will want to move throughout the steps from the first to the next and so on.

MORALE

The morale of a workforce is a vital ingredient in the success of a company or project. It is difficult to gauge, impossible to measure but has a major influence on factors such as quality of production, safe working and efficiency of production. Morale was famously identified by Elton Mayo as a result of the Hawthorn experiments; morale is influenced by many factors including:

- Remuneration and fairness of rewards;
- Working conditions;
- Opportunity for advancement;
- Security;
- Opportunity to influence;
- Being able to influence own destiny;
- A sense of being needed;
- A sense of belonging;
- Sharing the vision of the company or project.

Motivation and morale are not synonymous, as illustrated by the following:

Indicators of High Morale:

- A positive work attitude;
- Mutually agreed team goals;
- Little friction;
- Group stability.

Indicators of Low Morale:

- Poor quality work;
- Distrust;
- High labour turnover;
- High absenteeism;
- Informal groups, lack of cohesion.

Misleading Indicators:

- High productivity;
- Tidy and orderly workplace;
- Conflict;
- Tension between individuals and groups.

PERSONAL AND PROFESSIONAL DEVELOPMENT

Critten (1998) writes extensively and perceptively on the alignment between personal and professional development. Critten (1998) has established three principles under each category:

Personal development: There can be no personal development without an individual taking ownership for his/her own development and choosing how such development takes place. If learning is a 'social' (an interaction with others) process, personal development plans can only be realised through developing with others. In opening up our own development to and with others a reciprocal process takes over whereby others are drawn to us in ways we had not previously anticipated

Professional development: The professional is continually developing his/her practice by reflecting on experience of new and changing contexts. To be recognised as having professional expertise requires that one's knowledge and competence are recognised by others, themselves recognised to be professionals in a particular context. Underpinning professional competence are a core set of values which, whilst being needed to demonstrate professional competence in a particular context, have universality of application whatever professionalism is required.

CHAPTER 8

INDUSTRIAL AND EMPLOYEE RELATIONS

Effective industrial and employee relations are a necessity for each nation state and for each and every organisation. The impact of poor industrial and employee relations cannot be overestimated. The construction industry is not immune from this necessity; however, unfortunately, the industry does not have a particularly good record for these relations.

LEARNING OUTCOMES

After studying this chapter within the context of your workplace, you should be able to:

1. Describe the business context of industrial and employee relations approaches including the key influence on business practices;
2. Recognise the impact of industrial and employee relations on the business performance within the industry;
3. Describe and apply appropriate industrial and employee relations techniques within the context of business performance;
4. Appreciate the strategic importance of industrial and employee relations both internationally and within the national industry market place.

These learning objectives furnish the reader with an appreciation that if the potential benefits of industrial and employee relations are to be effectively and efficiently channelled into companies' business practices, companies need to be:

- a) Guided and motivated by ethically driven good industrial and employee relations practice;

- b) Creative in the appropriate application of industrial and employee relations;
- c) Aware of the strategic importance of industrial and employee relations;
- d) Stimulated and supported by the synergistic integration of the industrial and employee relations impacting upon them.

LEGAL FRAMEWORK OF EMPLOYMENT LEGISLATION

Employment law stems from two fundamental sources, litigation and legislation. Litigation establishes principles from disputes, the dispute is settled in law and this settlement becomes the basis to settle other like disputes.

Legislation increasingly has laid down the rules by which society operates. The major pieces of legislation which govern the UK workplace are :- (for details see: <http://www.dti.gov.uk/er/#>)

- The Employment Relations Act 1999;
- The Employments Rights Act 1996;
- The Employment Act 2002;
- The Employment Equality (Sexual Orientation) Regulations 2003;
- The Employment Equality (Religion or Belief) Regulations 2003;
- Equal Opportunities (Employment Legislation) 1999;
- Health and Safety at Work etc. Act 1974;
- The Working Time (Amendment) Regulations 2002;
- The Transfer of Undertakings (Protection of Employment) Regulations 1981;
- Minimum Wage;
- The Human Right Act 1998.

These are examples of UK legislation. Similar examples apply throughout Europe. Employment Regulations across Europe are moving closer together since the legislation acts as the framework for the rules, detail to the framework is added by:

- European directives - which may be added to existing legislation or create new legislation;
- EU Codes of Practice, that add detail to legislation and will be used by the courts to test whether correct procedures have been followed in the event of a dispute. For example the Code of Practice on Disciplinary Practice and Procedures in Employment;

- Case Law - will establish precedents, legal judgements and interpretation of legislation on a national basis

CRIMINAL LAW AND CIVIL LAW

Criminal and Civil Law is nation specific. In deed the philosophical basis of the legal systems vary enormously throughout Europe.

Criminal law aims to regulate society and imposes sanctions on members of society who do not observe the rules. Criminal law typically plays a minor role in EU employment law but can be brought to bear, say for example, for prosecutions against company principals employing unsafe working practices.

Civil law is in place to allow individuals to obtain redress from individuals or organisations that have injured them. The Treaty of Rome allows EU resident individuals the right to challenge the legislation and interpretation of their national governments. Governments are often challenged and changes to legislation are forced upon governments by European Court of Justice.

Tribunals were originally established to speed up the resolution of disputes. In reality disputes and appeals can be lengthy and complex. Tribunals are set up with a minimum of three people considering the issue. A Chairman who is legally trained; a representative of an employer's organisation; and a representative of an employee's organisation (a union). Tribunals consider a wide range of issues from unfair dismissal (the most popular) to discrimination. An individual does not incur costs when bringing a case to a tribunal and may choose to represent themselves in the dispute. National Tribunals can be challenged in the same manner as national civil courts, by representation to the European Court of Justice.

EMPLOYMENT LEGISLATION

Since the introduction of the EU Consultation of Employees Regulations 2004, employees need to be consulted regarding major business decisions. Employers need to set up mechanisms for consultation, examples of these are:

- Employer – Employee Committees;
- Employee forums;
- Employee representation on the Company Board;

- Regular Employee Briefings.

Employment legislation is subject to constant change. Much legislation emanates from European directives; many are promoting the rights of individuals and worker groupings. Much of this legislation has a phased introduction. For example, the UK introduced the EU Consultation of Employees Regulations 2004 in April 2005. Other nations have had introduced this requirement piecemeal. The final date for introduction in every EU nation is 2008, with the exception that derogation can be sought by newer member states for a later date, if it can be shown that the introduction by 2008 would cause exceptional economic hardship, or that there is another significant reason why it cannot currently be applied.

There have been a large number of changes over the last few decades that have had a major effect on employer-employee relations, in construction the major changes have been:

Employers have to consult with their employees regarding health and safety matters. These are dealt with under EU directives, which have largely been turned into specific national legislation. For example these are dealt with for UK unionised companies by The Safety Representatives and Safety Committee Regulations (SRSCR) 1997, and for UK non-union companies by The Health and Safety (Consultation with Employees) Regulations (HSCER) 1996.

EMPLOYEE RELATIONS POLICIES

Organisations should develop, implement and monitor their own employee relations policy. This should be unique to their organisation and to their business. Clearly the policy will be important in skewing the company to their chosen market.

A study in 1988 by Marginson and Sisson found from 175 large multi-national organisations:

- 80% said that they had an overall employee relations philosophy;
- Half of these said they had a written document;
- A small percentage said that they gave their document to employees.

They concluded that UK owned enterprises remained pragmatic or opportunistic in their approach to the management of employees.

In many ways it is beneficial for a large organisation to be able to negotiate with one body; traditionally this has been a trades union. There are benefits and drawbacks to collective bargaining.

NEGOTIATION

Traditionally HR managers were tough negotiators. Yearly collective bargaining agreements honed the negotiating skills of both sides. In the event of a failure to reach agreement, national rules apply. These are significantly different across Europe. Disputes can be resolved in a number of ways, including:

Conciliation, where an independent third party facilitates the negotiation process, seeks common ground does not pose solutions and has no authority to impose decisions;

Mediation, as conciliation, however the facilitator has greater authority both to suggest solutions and attempt to get both sides to agree, however ultimately has no authority to impose a solution;

Arbitration, where a qualified independent third party has to make a judgement based on submissions and investigations, imposes a solution that is binding on both parties;

Alternative dispute resolution, a series of tools and techniques designed to resolve disputes.

For example, the Advisory, Conciliation and Arbitration Service (ACAS) a government funded body can be used to resolve disputes in the UK.

EMPLOYMENT LEGISLATION, KEEPING OF RECORDS

There is a great volume of employment legislation that is both complex and subject to frequent change. The HR manager should be aware of employment legislation and changes to it, so that the organisation is protected from accusations from individuals and collective organisations, such as trades unions.

Each employee in an organisation should have a personnel file. Due to various national Data Protection Acts a company cannot keep the contents of the file secret from the individual. Contents of the file should include (as a minimum):

- Details of application form or other method of recruitment;
- Letter detailing an offer of employment;
- Response to the letter accepting the offer;
- Job description;
- Contract of employment;
- When employment trial period is complete, recognition of this and record of performance of the individual;
- Any changes to the contract, promotions, additional responsibilities etc.;
- Changes to terms and conditions of employment;
- Appraisals;
- Details of any disciplinary or grievances, letters of complaint etc.;
- Record of any warnings, verbal and written;
- Record of any achievements, commendations, rewards etc.
- Etc.

PAYROLL RECORDS

A HR department may have overall responsibility for payment of staff. Clearly there are statutory duties to pay tax, national insurance, holiday stamps, CITB levies and tool allowances. Also the department should implement the company system for recording the hours that are worked by operatives, implementing incentive schemes, times for inclement weather, industrial disputes etc.

OCCUPATIONAL HEALTH AND SAFETY

The national laws of EU countries, as required by EU Directives, attempts to establish responsibilities for employers for the safe working of employees, it also provides compensation for individuals in the event of an accident or occupational health problems. In the event of a compensation claim the plaintive suffering the accident or health problem, must prove either negligence or that a statutory duty has been broken.

Employers are required to take out insurance against accidents; therefore the usual target for the plaintiff is the employer. An employer is also responsible for

the acts of his employees. Therefore if an employee injures a member of the public the employer may be sued by the victim.

Various EU Directives create powers of inspection and enforcement to the national Health and Safety Executive or its equivalent, who's Inspectors generally have the power to:

- Prosecute individuals and / or levy fines and penalties for breaches;
- Bring corporate prosecutions and / or levy fines and penalties for breaches;
- Issue prohibition notices;
- Issue improvement notices;
- Issue site closure notices.

In brief EU and national health and safety legislation imposes a statutory obligation on employers to introduce safe systems of work for all of its employees. Employees themselves, then have a duty to themselves, other operatives and members of the public to follow those safe systems and work safely.

The main evidence that a construction organisation can provide to demonstrate safe working practices are:

- Company safety policy, including induction, training and training evaluation procedures;
- General company procedures;
- Specific 'safe working' method statements;
- Risk assessments;
- Control of hazardous materials assessments, - for example dealing with asbestos;
- Site specific health and safety plans;
- Site specific rules.

EU directives allow for the setting up of worker involvement in safety matters. Union representatives are sought and employees must cooperate with them.

EQUALITY

Having previously considered how an organisation can employ and retain people it is necessary to consider equality. Not only is this a distinguishing factor when hiring and firing employees but it is also highly relevant within the

workplace. There are currently many rules, regulations and legislations that have been put in place to ensure equality across a wide range of areas such as between the sexes, racial, disability and foreign workers. The following looks into some of this legislation with the aim of ensuring that as a manager you and your workforce ensure equality at all times. Given the latest EU promulgated legislation for 2007 with regards to payments for men and women now being brought up to an even level it seems most appropriate to primarily consider primary distinctions of equality before moving onto gender equality then foreign labour and the EU.

It is foreseen that it is possible to distinguish three dimensions of equality – *opportunity, treatment and outcome*.

- *Equality of opportunity* may encompass pre-work experience and circumstances as well as opportunities to compete for work and for advancement within a particular employment organisation;
- *Equality of treatment* may encompass such issues as the allocation of tasks, working conditions, harassment issues and conditions governing dismissal;
- *Equality of outcome* is likely to encompass issues of pay and other substantive terms and conditions of employment, as well as quotas of the working population.

In respect of equality and discrimination it is evident that equality and discrimination are opposite sides of the same coin, in that for example, the right to equality of opportunity or treatment implying at the same time a right not to be discriminated against. So whilst discrimination is generally seen as a “dirty” word, the truth is it can be used to determine a positive effect. Defining the terms discrimination and equality and what they mean is an extremely difficult concept. Equality can be seen as taking a *procedural* approach or a *radical* approach. That is to say, by following the defined rules / regulations, for example, those laid down by the EU, a manager will in turn be ensuring equality and by generating and sampling varied concepts and ideas to ensure equality and seeking the outcome to those ideas the manager is in fact going further than the rules and is being radical in aiming to further improve the situation. Jewson and Mason distinguished between equality policies that were liberal in that they sought to ensure that everyone was treated equally (*procedural*) and those that were concerned to achieve equality of outcome (which they term *radical*).

Ensuring that equality is achieved and that discrimination is prevented is an extremely difficult task. To ensure that competitive equality is achieved, the job

requirements may be amended to stipulate the job is to be worked on a full time basis but job sharing may be feasible.

Whilst the manager is trying to maintain competitive equality, the manager may in fact be discriminating against those that could work in job sharing scheme. Since the prospective job-sharer needs to apply with another person who also wants to job-share. So managers must be careful in considering how each task is to be done and how best to go about ensuring the task is completed in the quickest time and to the best standard, whilst not discriminating against a number of people by simply selecting one person for the task where there is the availability of either another lone worker or a team.

With regard to gender equality there are a number of groups that have developed within the UK and EU as a whole to lay down legislation. The most important of these is the European Institute for Gender Equality. What goes before this however is smaller groups such as the Women and Equality Unit, and the EU high-level group on Gender Main-Streaming. The Women and Equality Unit actively participates in the European Advisory Committee (EAC) on Equal Opportunities for Women and Men. In simple terms these groups actively participate in ensuring that equal rights are received by all women and men and neither is treated differently, this is particularly evident as previously mentioned with regard to equal payment of men and women. Overall their activities equates to them working towards a Community Framework Strategy on Gender Equality (2001-2006).

The second group is the EU high-level group on Gender Main-Streaming. Typically this group works towards implementing legislation with regard to gender equality to all member states within the EU. This aims to ensure a level to be adhered to, so that no matter where EU residents live and work their equality will be respected and maintained.

The key European group for gender equality is The European Institute for Gender Equality. This institute was established in March 2005 and works solely towards gender equality within all EU member states through a series of objectives it was set during its early development, these were to:

- Contribute and strengthen the promotion of gender equality;
- Gender main-streaming in all Community policies;
- Fight against discrimination based on sex;
- Raise EU citizens awareness;
- Provide technical assistance.

Further to this it aims to set up the “Roadmap for Equality between Women and Men 2006 – 2010,” which in turn builds on the Framework Strategy for equality between Women and Men 2001 – 2005. It combines the launch of new actions and reinforcement of successful existing activities. Typically it is becoming a more elaborate version of what was started by the Women and Equality Unit but now seeks to take and advance further still equality into all member states between 2006 and 2010. It also re-affirms the Community’s preferred dual approach of gender equality based on gender main-streaming and specific measures. It should therefore be clearly noted that it places specific measures that will have to be adhered to. There are “six priority areas for EU action on gender equality for the period 2006 – 2010, and whilst The Commission acknowledges that it cannot achieve these objectives alone and that in many of the areas, the responsibility for action lies with the Member States.

It is therefore necessary to acknowledge that these new rules and regulations with regard to implementing strategies, to ensure compliance with regard to gender equality, apply within the construction industry. It may be perceived from this statement that the construction industry does not currently have to adhere to these rules 100%. However, within the UK for example, equality is a serious issue under national law. Managers should seek to ensure that within the work place all personnel are aiming to commit to these rules.

To clarify this issue further still it should be best practice now, as by 2008 these rules WILL be law, The EU Directive 2006/54/EC on the implementation of the principal of equal opportunities and equal treatment of men and women in matters of employment and occupation (re-cast version) came into force on 15 August 2006 and Member States will have two years within which to implement this Directive within their domestic legislation. Following these EU guidelines, before they becomes fully integrated into all EU nations legislation would be considered as best practice and would ameliorate the difficulties and possible sanctions of breaches, once it becomes a statutory requirement.

The objectives of this proposed legislation are brief and are to simplify, modernise and improve the Community law in relation to gender equality by putting relevant Directives into a single text.

They cover:

- Equal pay;
- Equal treatment relating to access to employment, vocational training, promotion and working conditions;

- Occupational social security schemes (Pensions);
- Burden of proof (the standards needed to bring or defend a claim).

To aid the incorporation of this proposal into each member states current legislation, the European Parliament has designated 2007 the European Year of Equal Opportunities for All with the four main principals being the rights of all citizens regardless of gender to have:

- Rights;
- Representation;
- Recognition;
- Respect.

The key reason for all such legislation and of course the requirement for gender equality is through the freedom of movement of people between the member states within the EU. People within the member states are now generally able to live, work and move freely around the associated countries wherever they wish.

The right to move freely within the Union can be viewed as:

- A fundamental right attached to *citizenship* of the Union;
- A means through which *cross-cultural development* and a degree of cultural integration can be achieved;
- A source of *racial* and *ethnic tension*;
- Essential to the process of *economic integration* and the creation of a single market, and more narrowly as an important *adjustment mechanism* available to assist the market deal with inefficiencies and unemployment;
- A threat to national sovereignty and the maintenance of the Union as a union of union states, since the freedom to move has generated pressures for *the abolition of internal border controls*.

As shown above there are some very much positive aspects to permitting freedom of movement, living and working within various countries within the EU, but at the same time it should be noted that there are also some severe negative aspects. By permitting gender equality at this level and by working together to ensure legislation with regard to gender is the same within all member states there is potential to reduce and eliminate some of these vitiating factors. Unfortunately and possibly above all though the freedom of movement is not only a right but is also a prerequisite of labour mobility. Labour from other nations can often be much cheaper than indigenous labour, or may have skills require but unavailable or insufficient within particular national territories and therefore movement is a necessity.

THE EUROPEAN SOCIAL FUND (ESF)

With respect to the movement of people within the EU between member states for work related purposes, with regard to equality for everyone in terms of freedom to move particularly ease of employment, was first clearly documented as early as 1957 in the Treaty of Rome whereby the European Social Fund was established. The idea behind the ESF is that “it shall have the task of rendering the employment of workers easier and increasing their geographical and occupational mobility within the community.” The ESF was designed not only to ensure that wherever workers within the EU migrated to they would be able to find work easily, but also aided in creating wide scale movement of various peoples to seek work in various countries of the EU. This further added to cultural mixtures within the various member states and allowed ideas from various countries to be shared with first hand knowledge, this will in turn create a much more dynamic EU as legislation will begin to incorporate ideas of various countries to ensure that the rules are the same no matter where in the EU one works / lives.

In order to achieve these objectives “the ESF began to operate in 1960 and began to assist mobility through the provision of financial assistance in respect of the costs of movement and resettlement into the areas of the Community in which there were employment opportunities.” Whilst it will of course do all it can to help those seeking work, find work within the EU its main service is to offer financial aid for re-location to that area order to partake in work / job offers.

REGULATIONS 1612/68 AND ARTICLES 48 AND 49

Since becoming a major factor in respect of workforces and those seeking work in various parts of the EU, the EU has come up with regulations that help to define clearly what may and may not be done when seeking work or having work offered to labour from other countries. The key regulations and articles that are most relevant to us are regulations 1612/68 and articles 48 and 49.

Within regulation 1612/68, “The preamble to Regulation 1612/68 states:

The freedom of movement constitutes a fundamental right of workers and their families; mobility of labour within the Community must be one of the means by which the worker is guaranteed the possibility of improving his living and working conditions and promoting social advancement . . .” So from this having

previously looked at the ESF and what it does and touching upon ideas of what else may be brought to account by having this in place, the regulations appear to have taken this further and have considered what may be the further effects of movement. This is how primarily through “promoting social advancement” the concept of social change within member states will be taking place as more foreign workers seek employment abroad changing not only the physical demographics of the country but by bring new and varied cultures from which all can learn.

Equality for all workers within a country will be the same, regardless of their nationality providing they have come from a member state of the EU. To further understanding of the regulations Article 48 specifies in paragraph 2 that: Freedom of movement shall entail the abolition of any discrimination based on nationality between workers of the member states as regards employment, remuneration and other conditions of work and employment.

Given that all members of the EU have until 2008 to incorporate any relevant EU rulings with regard to employment in the various countries, managers must seek to ensure that if not now, by 2008 all workers have equal rights with regard to employment and the benefits that can be received. A good mind set with regard to these issues will help incorporation later on.

Paragraph 3 gives the individual the right to:

- Accept offers of employment actually made;
- Move freely within the territory of the member states for this purpose;
- Stay in a member state for the purpose of employment in accordance with the provisions governing the employment of nationals of that state laid down by law;
- Remain in the territory of a member state after having being employed in that state.

Ensuring that managers keep these four key points in mind when working with foreign labour will ensure that equality to them is on the same levels as would be offered to those who were born, raised and currently living within said country.

The individual has:

- The right to be mobile in looking for work and accepting offers made;
- The right not to be discriminated against on the grounds of nationality;
- The right to be treated the same as a national of that member state.

SOCIAL SECURITY ENTITLEMENTS AND PAYMENTS

Where those individuals that are citizens of a country of the EU and are working there it will be found that they are entitled to social security, where appropriate, and will also be required to pay social security taxes or levies. With regard to migrants choosing to work in a particular member state in order to ensure equality associated to this issue the EU states that, no exclusion of foreign labour to the social security systems present within that country will be permitted. This means that the nationals of one member state working and/or resident in another cannot be excluded from both the obligations and benefits of the social security system in the host country. This extends to include employers' contributions, where appropriate. This same regulation clarifies that self-employed persons are included as are the members of workers' families and their survivors, in the event of the workers death. Therefore whilst most foreign labour should be aware of the situation managers must seek to ensure that they are receiving or paying social security and further to this should make a point that their families (if they have come with them) are to entitled to the benefits of social security.

Benefits within each member state undoubtedly vary, and thus where it may be advantageous for those seeking work to migrate to one country the social security offered within that country may not be as beneficial as it was in their home territory. To overcome this EU regulation 1408/71 also provides that certain benefits can be claimed as of right in all member states; these are referred to as *Community Benefits*. These include:

- Sickness and maternity benefits;
- Unemployment benefits;
- Old age benefits;
- Family benefits;
- Benefits in respect of accidents at work and occupational diseases;
- Death grants.

Thus furthermore managers must ensure that they are offering these benefits to foreign labour whilst under their working control.

THE POSTED WORKERS PROPOSALS AND DIRECTIVES

The rules regarding terms of employment may currently vary from country to country even though employees may be working for the same organisation. This

is fine where migrants have signed their contract within the host country and have agreed to work to those terms for a long period. What managers must be aware of is migrants working for the same organisation in one country who have been posted for a brief period to another. In the majority of member states, main terms and conditions of employment are regulated either by law or collective agreement. Posted workers i.e. workers that may be posted to a host country for a brief period to undertake works relevant to its organisation in the home country, are generally not covered by these arrangements; the reason is that they have agreed and signed their contract within the home country and thus regardless of the terms of contract within the host country they must and will work to the agreed terms signed for in the home country.

This issue can become very confusing and whilst a method of avoiding such confusion regarding the arrangements that apply to the “posted worker” would be for the proposed host country to simply restrict the practice; however this is perceived as limiting the role of market forces, and labour mobility and therefore hampering efforts to enhance employment within the EU. With regard to such workers a draft Directive was drawn up Directive (COM (91) 230) “the original proposals . . . were that national regulations and compulsory collective agreements should apply to these categories of workers regarding:

- Maximum daily and weekly hours of work;
- Minimum rates of pay and allowances;
- Minimum paid annual leave;
- Health and safety protection;
- Discrimination and protection of vulnerable groups; and
- Temporary work.

However, it was always intended that the Directive would not apply to mobile employees, such as those in the transport industry, as they generally never stay for a long enough period in any host country. Since the draft of the directive has been agreed by all members and was implemented in 1999 with it initially being discussed that posted workers would be exempt from the application of the directive within the host country for three or four months, however France, Germany and the Benelux countries as the main recipient countries tended to favour shorter periods. France and Belgium preferred no period of relief from the regulations – the zero option – and this is favoured by Germany in respect of its construction industry. It would appear that now the directive has come into force the zero option is what is being applied; posted workers will have the regulations applied upon entering the host country and thus this too is a further factor to enforce with regard to labour.

In simple terms, now that the Directive 96/71/EC of the EU and Council, concerning the posting of workers in the framework of the provision of services, has been put into force, the basic principle of the Directive is that working conditions and pay in effect in a Member State should be applicable both to workers from that State, and those from other EU countries posted to work there.

On a final note for equality is that, commonly, the term '*equal opportunities*' has been used to encompass all of these dimensions and, where governments have sought to intervene, they have tended to intervene in order to grant individual rights. So whilst abiding by all these above regulations and seeking various ways of ensuring equality, if there is ever a serious situation to arise the construction industry will always have the prospect of government intervention defining further still equal opportunities.

It can be seen; that when considering the increase in national and EU legislation; that the rights of the individual are increasing. This extends to the rights of all individuals not simply the majority. In construction; in the UK for example; the majority of individuals employed are undoubtedly white males. An equal opportunities policy should establish equal rights for all the other groups; for all of those who are not white males.

If large organisations are to be successful they should have a good "mix" of individuals. This "mix" cannot come from the one majority grouping. Groups who have traditionally suffered from discrimination include: women; disabled people; groups from minority religious or ethnic background; and part-time workers, who often fit into more than one category. Equal opportunities for all has a strong ethical theme, it may also be the key to the success of an organisation in its behaviour and performance.

European and national legislators continue to pass legislation that further improves equal opportunities, however evidence from research (for example Ross and Schnieder 1992) establishes that legislation has not been particularly successful. For example many studies are carried out that show continuing differences between the pay for males and females, even carrying out work that is essentially the same.

The Regulatory Authorities –controlling equal opportunities vary from one European country to another. As an example, amongst the UK bodies are:

Commission for Racial Equality (CRE) (<http://www.cre.gov.uk/>);

Equal Opportunities Commission (EOC) (<http://www.eoc.org.uk/>);

The Disability Rights Commission (<http://www.drc-gb.org/>);

The UK Commission for Equality and Human Rights (from October 2007).

In the UK the Equality Act, 2006, covers:

- Equality and Diversity;
- Human Rights;
- Religion and beliefs;
- Age;
- Disability;
- Gender;
- Race;
- Sexual Orientation.

This was promulgated in anticipation of the 'European Convention on Human Rights' (see later) and sought to combine a number of disparate acts under a single source. The Acts requirements were phased, and some components are still to become fully operational – although all are expected to become applicable before 2008.

One of the significant features of the Act was that the Equal Opportunities Commission, the Commission for Racial Equality and the Disabilities Rights Commission will cease to exist. In October 2007 the UK Equal Opportunities Commission will be replaced by the UK Commission for Equality and Human Rights. It is implied that the other Commissions' functions would be assimilated into this new body. To date there is very limited release of details of this new Body.

In brief national legislation attempts to ensure equality for all employees. This legislation covers amongst other areas: selection for employment; rewards and benefits once in employment; promotions and redundancies; and training and other employee development. All employees should be treated fairly in all these areas.

Equal opportunity does not mean positive discrimination. If when filling a vacancy the "best" candidate is a white male then that candidate should obtain the post. Equally if the "best" candidate is from another grouping then that candidate should fill the position. It is in the selection and recruitment procedure that "best" should be clearly defined and the procedure should be open and allow for scrutiny and validation.

POSITIVE DISCRIMINATION

Positive discrimination is generally allowed – in most EU nations, largely based upon EU Directives - in both sex and race attributes. Advertisements can positively encourage a minority group to apply; however, if a member of a majority grouping applies, normally the white male, then they must not be discriminated against.

SEXUAL AND RACIAL HARASSMENT

Sexual harassment is defined by the European Commission Council of Ministers in 1990 as:

‘Conduct of a sexual nature, or other conduct based on sex, affecting the dignity of women and men at work, including conduct of superiors and colleagues if such conduct is ***unwanted, unreasonable and offensive to the recipient.***

A person's rejection of or submission to such conduct is used explicitly or implicitly as a basis for a decision which affects that person's access to vocational training, employment, continued employment, promotion, salary or any other employment decision, such conduct ***creates an intimidating, hostile or humiliating work environment for the recipient***

It is important to note the emphasis (added to the quote by the author) that the sole arbiter of harassment is the recipient. Employers must ensure that their employees do not suffer racial harassment from colleagues, superiors, members of the public or people working for other organisations. There is no defence in the claim that such behaviour would not be interpreted in the same way by other employees.

Sexual harassment and sex discrimination are frequently linked when it can be shown that the complaint would not have suffered were they of the opposite sex.

DISABILITY DISCRIMINATION

UK disability discrimination legislation is considered to be superior to the general European legislation. As such, the UK position will be used as an example of 'best practice' that should be aspired to in other European nations.

The UK Disability Discrimination Act 1995 came into force in the UK in January 1997. This makes discrimination against people who are disabled illegal if the discrimination is as a result of their disability. The act applies to employees, job applicants and contractors working for an organisation. Physical and mental disabilities are equally applicable. The Act contained many provisions, the scope of which is beyond this manual. However, these provisions and the associated requirements were progressively enacted to enable time to assimilate to the new requirements.

A Code of Practice linked to the Act gives employers a statutory duty of 'reasonable adjustment' to cater for items such as access, changing working methods etc. The act is relatively new and the full extent of its effect is not as yet clear, it has made many organisations, including construction organisations, radically review their work practices and impacts on all managers, HR managers, occupational health and safety advisors, etc.

EQUAL OPPORTUNITIES POLICIES FOR CONSTRUCTION ORGANISATIONS

Policies should be developed which link back to the aims and objectives of the organisation. A systematic approach is recommended (by the various Commissions) such as:

Develop outline, draft policy;

Prepare an action plan for the organisation; include targets, responsibilities, resources, and monitoring methods;

Arrange consultation within the organisation and with consultants, if necessary;

Provide training for people identified in the action plan;

Audit and review the process. E.g. recruitment, training procedures;

Develop and Write job descriptions ensuring they are non-discriminatory;

Examine the feasibility of flexible work arrangements such as: job sharing; career breaks; flexitime; child care; prayer breaks; exercise periods; reflection time; etc.;

Larger organisations could instigate an equal opportunities board, with constituted powers;

Review and update regularly.

EUROPEAN CONVENTION ON HUMAN RIGHTS

The key principal behind the European Convention on Human Rights (ECHR) was so that the rights contained therein could be enforced within national courts rather than requiring the need for cases to be deferred all the way to the Court of Human Rights in Strasbourg. Where national legislation is found to be incompatible the national judiciary will issue a note of incompatibility and should the defendant wish to continue, they will have to go to the courts in Strasbourg.

ECHR has three defining principals behind its philosophy, these being:

- i. It makes it unlawful for a public authority to violate Convention rights, unless, because of national legislation, it had no choice;
- ii. It says that all national legislation should be given a meaning that fits with the ECHR, if that is possible. If a court says it is not possible, it will be up to the national government to decide what to do;
- iii. Cases can be dealt with in a national court or tribunal. It is not necessary to go to the European Court of Human Rights in Strasbourg.

The six elements of Human Rights are:

- Dignity;

- Freedoms;
- Equality;
- Solidarity;
- Citizens' rights;
- Justice.

These six key elements are extremely important as they are the rights, that when discharging any responsibilities, a manager should ensure compliance and respect. That is to say that before putting people to work a manager must ensure that what they are doing and the way management has talked to them and put them to work do not contravene any of their rights as written within the Convention.

All EU countries have their own version of Human Rights; the ECHR should be viewed as an addendum to these rights. Although the ideas of what are and are not considered Human Rights may vary, the ECHR documents are in place to help citizens of the member states to be much clearer about what rights they have within the European Union itself, for example the right to set up businesses in other member states, rights of access to EU documents etc. and to also further the knowledge as a business and a manager of what personal rights are stipulated.

In terms of incorporating the ECHR into the work and ensuring the rights of all workers, the philosophy is that the peoples of Europe, in creating an ever closer union among them, are resolved to share a peaceful future based on common values. Managers should keep this in mind and therefore seek to ensure that there are common values across the workforce from all member states.

The characteristics of the ECHR are based on the principles of democracy and the rule of law, and must therefore be adhered to under all circumstances. Within the written charter whereby the human rights are laid down clearly the respect for the diversity of the cultures and traditions of the peoples of Europe arises and this should be applied to the workplace and not just at a political level be it national, regional or local.

Dignity:

- Human Dignity;
- Right to life;
- Right to the integrity of the person;

- Prohibition of torture and inhuman or degrading treatment or punishment;
- Prohibition of slavery and forced labour.

Freedoms:

- Right to liberty and security;
- Right for private and family life;
- Protection of personal data;
- Right to marry and right to found a family;
- Freedom of thought, conscience and religion;
- Freedom of expression and information;
- Freedom of assembly and association;
- Freedom of the arts and sciences;
- Right to education;
- Freedom to choose an occupation and right to engage in work;
- Freedom to conduct a business;
- Right to property;
- Right to asylum;
- Protection in the event of removal, expulsion or extradition.

Equality:

- Equality before the law;
- Non-discrimination;
- Cultural, religious and linguistic diversity;
- Equality between men and women;
- The rights of the child;
- The rights of the elderly;
- Integration of persons with disabilities.

Solidarity:

- Workers' right to information and consultation within the undertaking;
- Right of collective bargaining and action;
- Right of access to placement services;
- Protection in the event of unjustified dismissal;
- Fair and just working conditions;
- Prohibition of child labour and protection of young people at work;
- Family and professional life;
- Social security and social assistance;
- Health care;

- Access to services of general economic interest;
- Environmental protection;
- Consumer protection.

Citizens' Rights:

Whilst this is generally not applicable to migrant workers given they will not be considered citizens until application and acceptance is made, there are still certain rights as laid out by the ECHR that they will therefore undisputedly be permitted regardless of current location within the EU.

- Right to good administration:
 - Access to ones file;
 - Right to be heard before any action which may adversely affect him / her is taken;
- Right of access to documents;
- Freedom of movement and of residence.

There are some general provisions that must be considered to ensure not only the correct application of the appropriate rights to the correct parties but to ensure the rights of all people within national territories.

General provisions:

- Scope;
- Scope of guaranteed rights;
- Level of protection – migrants may not be offered the same levels of protection as citizens as citizens may be considered priority?
- Prohibition of abuse of rights.

EMPLOYEE RELATIONS – EUROPEAN UNION

Employee relations within the European Union are an exceptionally mixed and variable lot. It is necessary to ensure awareness that the EU is a strange mix of a largely deregulated single market in terms of the mobility of capital, goods and services and labour, but in which there are also strong traditions of social protectionism at a national level that have not been replicated at the level of the union.

From this there are a number of paths which the EU may follow in terms of its future development. The deregulated approach may continue to advance and this is most likely to occur in the short term, given the current situation of a deregulated single market. This may be extended further into labour markets to cover the employment relationship and thus the European Union will in future have a much greater hold on how we deal with employee relations dependant upon how deregulation will affect national markets.

The alternative to this is that in the longer term, there may be an extension of social regulation at the level of the Union that results in a more common floor of employee rights, protections and constraints upon the autonomy of managements, and therefore the European Union may in fact issue a default set of rules and regulations that all countries within the EU must adhere to, given that legislation adopted at EU level takes precedence over national legislation and in the case of conflict or inconsistency between them it is the EU legislation that takes precedence, and therefore eventually there will be no variation in the styles of employee relations in any countries within the EU and everyone will be equal. In general this could lead to a greater degree of convergence of employee relations systems and practice within the member states and across national borders.

EUROPEANIZATION OF INDUSTRIAL RELATIONS

With regard to Industrial relations and the European Union, it would appear that European Union legislation is starting to have a significant impact upon industrial relations in all of its constituent countries. In particular it has had major impacts since 2001 upon the “crucial three-way relationship between management, employees and Trade Unions. The establishment of European Works Councils and the creation of information and consultation rights have provided new channels for employees to make their voices heard and to influence decisions about the future direction of their company”

The large number of multinationals that treat Europe as a single operational entity, that have sprung up has caused yet a further swing towards the Europeanization of Industrial relations as opposed to individual countries each with their own ideas and concepts towards what industrial relations should constitute. Each year the British-German Trade Union Forum assembles to discuss issues surrounding industrial relations in Britain and Germany. Whilst this only constitutes two of the many European countries, it does help to develop ties and allows for development and learning of practices and policies

thus giving rise to the possibility for the spread of the concept across the board and although it is thought to be the only trans-national body to bring together European trade union activists working at different organisational levels, it could be a blue-print for future development.

The latest component of EU legislation towards industrial relations in 2005 was the Rights to Information and Consultation laws, aimed at “strengthening the voice of employees”. Whilst originally much worker representation within any company would take place through a union, now worker representation will take place throughout two channels, union and non-union. The increased bargaining powers of the workforce under the new law also gave rise to the opportunity for trade unions to establish themselves in unorganised workplaces. The law permits the workforce to voice their ideas and opinions within the workplace and at an international level, not only aiding in motivation within the workplace, but allowing for improvement in the industries in which they work from the entry level. This now means employees can now - for the first time ever – participate in decisions before they are made.

The new laws have a variety of advantages, more so than just developing industrial relations between employee and company, but offer companies an opportunity to foster long-term co-operation rather than focus solely on short-term shareholder value. This means that bonds between those at the lower tiers of the company and those in the upper levels will be tightened and there will be a sense of working together rather than segregation.

WELFARE

The welfare state means a variety of things in various countries. In general the welfare state does not refer to providing facilities beneficial to those in the workplace environment to aid in their comfort.

But it refers generally to what it is their country will provide them with to maintain a comfortable lifestyle when insecurities within their job or job loss occur. To various countries the welfare state means:

- An *Ideal model*: The “welfare state” usually refers to an ideal model of provision, where the state accepts responsibility for the provision of comprehensive and universal welfare for its citizens;

- *An Institutional Welfare* model: Some commentators use it to mean “welfare provided by the state”. This is the main use in the USA;
- *A Social Protection model*: In many “welfare states”, social protection is not delivered by the state at all, but by a combination of independent, voluntary and government services. These countries are still usually thought of as “welfare states”.

No matter into which context the welfare state is put, it generally accumulates to the idea that where work is lost or unavailable for a person, the national government, through national insurance, tax etc. or parties contracted to the government, will provide some form of monetary award to that person to try and ensure they can maintain a reasonable standard of living. Whilst this may seem irrelevant to provision of site welfare it is necessary to understand that as a manager should it be the case of having to lay people off, there is still provision for those people.

Without exception, the different European nations have their own ideas about what a welfare state is. However, three key principal elements always occur:

- A guarantee of minimum standards;
- Social protection in the event of insecurity;
- The provision of services at the best level possible.

The above three elements have become identified, in practice, with the institutional model of welfare: The key elements are social protection, and the provision of welfare services on the basis of right. So whilst this model follows guidelines that have been laid down to ensure the best possible welfare state, the actual welfare provision is far from this. Coverage of welfare provision is extensive with benefits and services being assigned to the various parties dependant upon their circumstances, but these benefits and services are delivered at a low level and the social protection provided is patchy with services tightly rationed.

Whilst it may seem irrelevant to cover the concept of the welfare state, the truth is that although the idea of social welfare is more applicable with regard to maintenance for particular citizens, based upon their circumstances, the concepts can generally be applied to those working in the construction industry with the replacement of the government or state by the organisation. That is to say that where the government will provide monetary values to ensure the best standards of living to ensure people are capable of maintaining some sort of

shelter around them and to keep them alive, construction companies must provide good standards of welfare for its work force, not only for comfort and morale but also for reasons of safety.

In the context of construction, welfare does not mean to look after people when there are no other alternatives. It is simply the provision of items that ensure the workforce is kept safe and healthy whilst at their place of work.

With regard to the welfare of construction workers, the main principals and key concepts come from national health and safety bodies and the general construction regulations.

The items and facilities that must be provided to site workers today range from what are now classified as basic amenities through to more elaborate items.

Primarily construction site workers need adequate toilet and washing facilities, a place to warm up and eat their food and somewhere to store clothing. These are some of the most basic facilities that are required on all construction sites. While this seems self evident these are actually legal requirements, and so whilst it may appear that potentially a manager could neglect some listed items the truth is they must be present.

Toilet facilities are a necessity not only in respect of the effects of not being able to perform basic functions in a hygienic environment but also to ensure site hygiene as the reality is that labour will use the site if nothing else is available. Washing facilities are required for workers personal hygiene and also to remove dirt and possible disease (For example, Weil's disease conveyed by rats) prior to food consumption. A serious point that all site managers should note is that they have overall control of the site, and therefore overall responsibility for making sure that legal requirements for welfare are met. The 'site manager' of the main contractor has a duty to ensure that there are common facilities for everyone. It is not a necessity to provide, for example, an individual toilet for each staff member, but facilities must satisfactorily accommodate all workers. If the legal requirements are not met the manager will be the person liable for any action that is taken against the sites failings.

Whilst this seems like a huge responsibility to take into account, with regard to subcontractors and those self employed, an employer needs to ensure that everyone working under a site manager's control is either provided with, or has access to, suitable welfare facilities. Therefore it becomes the duty of the subcontractor's manager to confirm that facilities on-site are adequate for the

labour. It should be noted however, that if there are any issues to be resolved it is the responsibility of the main contractors' manager to resolve them. It is possible to avert this dilemma completely, and cost-save at the same time, since it may be possible to use permanent facilities already existing at the workplace. This option should never be ruled out and it merely be assumed that temporary facilities will be required.

When planning to ensure that adequate welfare facilities are in place, it is necessary to follow a basic sequence to ensure that as much of the regulation with regard to welfare is covered in the earliest planning stages, so that should any problems occur later, management can confirm, and more importantly provide documentary evidence that the utmost was done initially and the remaining elements were unforeseeable.

The following should be followed and accounted for as far as possible:

Planning:

- Arrangements clearly addressed as per national regulations as applicable;
- Consider facilities, location on site and regular maintenance;
- All equipment should be available, provided, sited and connected prior to commencement of the works;
- Make sure facilities reflect maximum numbers to be using them, and job type i.e. more dirty work requires more washing facilities.

General Requirements:

- All toilet, washing, changing, personal storage and rest areas to be accessible, adequately heated, lit and ventilated;
- Facilities may be required at more than one location for ease of access;
- Ensure someone is responsible for cleaning facilities and how often cleaning will be required. On dirty sites once a day may not be enough.

Toilets:

- An adequate number provided for the maximum numbers on site;
- Men and women may be able to use the same toilets provided they are in a lockable room partitioned and separated from urinals (where provided); otherwise separate toilets will be required;
- Where possible connect to a main drain and ensure they are water flushing. If this is not possible use facilities with a built-in supply and drainage tanks;
- Units for female use should have disposal units for sanitary wear;

- Always ensure adequate supplies of toilet paper are available.

Washing Facilities:

- Located next to toilets and changing areas, they should include:
 - Basins / sinks capable of permitting hands, face and forearms to be washed;
 - Hot and cold or warm running water supply;
 - Soap and towels (cloth or paper) or dryers must be provided;
- If mains water not available use a clean water tank supply;
- More washing facilities may be required, including showers, where work is particularly dirty or workers are exposed to hazardous substances. These will need to be separate from main facilities;
- Specialist facilities may be needed for certain activities e.g. asbestos;
- Men and women can share basins for washing hands, face and forearms;
- Showers can be used by men and women so long as they are in a separate lockable room which can be used by only one person at a time.

Storing and changing clothing:

- Every site should have arrangements for:
 - Clothing not worn on site;
 - Protective clothing needed for site work;
- Separate lockers may be needed, or site office may be suitable provided it is kept secure;
- Where protective site clothing poses a risk of contaminating everyday clothing, store separately;
- Men and women should be able to change separately;
- Make sure wet site clothing can be dried;
- Where electric heaters are used for drying ensure proper ventilation and high temperature cut-out device where possible.

Rest Facilities:

- These facilities should provide shelter and respite from wind and rain and be heated or cooled as necessary;
- They should have:
 - Table and chairs;
 - Kettle or urn for boiling water;
 - A means of warming up food;
- Adequate ventilation should be provided; smokers require a designated area located away from eating facilities and anywhere where non-smokers may pass or be present;

- Under certain national regulations, all rest facilities are compulsorily non-smoking areas, Eg UK from 1st July 2007;
- Take into account the requirements of pregnant or nursing women;
- On small sites a small hut or site office may be suitable as a rest area;
- Plant, equipment or materials should not be stored in rest areas.

Drinking Water:

- Wholesome drinking water should be readily available. Where possible supply from the mains;
- If bottled water is provided ensure it can not be contaminated and that it is replaced frequently to prevent it becoming stale or contaminated;
- Clearly mark drinking water supply to ensure there is no confusion with non-drinking water or hazardous substances;
- Cups / drinking vessels to be provided at the tap unless the water is supplied in an upward jet which can be easily drunk i.e. water fountain.

Heating:

- Use properly maintained electrical equipment wherever possible. Inadequately maintained LPG (Liquid Petroleum Gas) cookers and heaters can produce carbon monoxide or gas may escape from leaking cylinders that have not been properly connected or turned off.
- If not possible:
 - Store cylinders outside of the accommodation in a safe well ventilated area;
 - Provide adequate ventilation to conform to appliance manufacturers specification;
 - Check and double check cylinders are properly turned off. Turn off the tap at the appliance and isolate the cylinder at the end of each working day;
 - Use wall or ceiling mounted carbon monoxide detectors.

Prior to the generation of the national regulations it was noted and documented that chaotic management on building sites has killed and injured generations of building workers and allowed clients, architects and contractors to evade the consequences. As the image of construction has in the past been poor there is a constant need to try and improve this image. National rules have been implanted since the early 1990's which are constantly revised and updated; to not only ensure the health and safety of the construction workforce, but also their welfare. It ensures that safety information about a building is available for construction workers and users of the building of the building after construction

has ended. This means that whilst construction is in progress, for those working on the project, there is clear documentation with regard to what facilities should be available to that workforce and what potential safety aspects may arise throughout the works.

After the construction has been completed various national welfare provisions ensure that the client receives a manual stating all potential health and safety risks that have been noted and taken into account whilst the works have progressed, or that may occur during the life of the building. These two items are known in the UK as the health and safety plan. The UK safety plan applies as follows, similar provisions arise across Europe with minor differences:

H&S Plan applies to:

- All demolition work where safety is enforced by the UK HSE (Health and Safety Executive);
- All building and maintenance work which last more than 30 days or involves 5 or more workers;
- All work not on domestic premises or minor works in occupied offices, shops etc.;
- If in doubt check.

There are various members of the construction team that play a role in ensuring national welfare provisions are adhered to and that the health and safety of the labour force is assured as far as possible. These members and their various general obligations are specified below:

The Client:

- Appoints a planning supervisor and a principal contractor and ensure that they are competent and have sufficient resources to carry out their welfare and health and safety duties;
- Ensures construction work does not commence until a suitable welfare plan has been prepared by the principal contractor;
- Ensure health and safety file is retained and made available for subsequent inspection upon completion of works.

Planning Supervisor:

- Co-ordinate the health and safety aspects of the project design and initial planning;
- Ensure pre-tender safety plan is prepared;

- Ensure safety file is prepared and delivered to client on completion of the work;
- Ensure designers comply with health and safety duties, are competent and co-operate with each other and with appointed contractors as required.

The Designer:

- Ensure structures are designed to avoid risks to health and safety or reduce risks at source if they cannot be avoided altogether;
- Provide adequate information on health and safety and ensure this is passed to the planning supervisor for inclusion in health and safety plan.

Principal Contractor:

- Take over the health and safety plan, upon appointment and ensure it is developed and implemented;
- Ensure all contractors are competent and co-operate and comply with welfare and health and safety duties;
- Ensure all contractors are provided with welfare and health and safety information;
- Ensure all employees are properly consulted, informed and trained;
- Pass information for the health and safety file to the planning supervisor.

UK Health and Safety plan - this plan is a statutory requirement in the UK, other national requirements vary, but it is recommended as good practice that every contractor prepares such a plan. This plan provides contemporary evidence of the steps that a contractor has taken in ensuring the safety of the workforce. It can provide vital evidence in the event of a major incident or fatality:

- Description of the project;
- Arrangements for managing the project and monitoring compliance with welfare and health and safety requirements;
- All identified risks to health and safety;
- Arrangements for the welfare of people working on the project.

Generally, subcontractors and the self employed will seek help from the main contractor to ensure compliance as they will require notification and permission to locate the necessary facilities onsite. Where this occurs, responsibility for compliance should remain with subcontractors and self employed, however, to speed up the process the main contractor's manager may take on the requirements specified by the subcontractors / self employed and thus the

liability will rest with the main contractor's manager. In general to ensure the site as a whole is compliant, the site manager will undertake the entire necessary planning etc.

It is not solely the managers that are liable and will be held to account. Each individual employee must be aware of these regulations and do their best to ensure they work in a way that complies with the regulations, the regulations clearly state with regard to this, that "it shall be the duty of every employee carrying out construction work to comply with the requirements of these regulations insofar as they relate to the performance of or the refraining from an act by the employee. Therefore each employee must take responsibility for their own actions and blame should not be passed between employer / employee.

To summarise in much simpler terms what it is these regulations cover are as follows:

- Falls;
- Fragile material;
- Falling objects;
- Suitability of structures;
- Demolition or Dismantling;
- Explosives;
- Excavations;
- Cofferdams and caissons;
- Prevention of drowning;
- Traffic routes;
- Doors and gates;
- Vehicles;
- Prevention of risk from fire etc.;
- Emergency routes and exits;
- Emergency procedures;
- Fire detection and fire fighting;
- Welfare facilities;
 - As covered above
- Fresh air;
- Temperature and weather protection;
- Lighting;
- Good order and general tidiness;
- Plant and equipment;
- Training;

- Inspection;
- Reports;
- Enforcement in respect of fire;
- Modifications;
- Revocations;
- Exemption certificates;
- Extension of provisions outside of national boundaries.

The last item is extremely significant; because of the variations in regulations across Europe, it has been stipulated that in the event of a contractor working outside of their own national boundaries, then in the event that the host nations regulations are inferior to the home regulations, then the home regulations will be deemed to apply. The intent of this provision is that within European Union member states, all states will eventually converge on the highest level of welfare and health and safety standards currently applicable in any member state. This is an unusual commitment, since a more typical EU approach has been to specify minimum acceptable standards. Thus, even if national standards are not currently achieving these standards, they will have to move towards them. Therefore, those specified above refer to this highest level.

The list may seem extremely simple, but if applied carefully, and each item is considered with respect to their potential for arising in the workplace as works progress, good practice will able all parties to demonstrate that a considerable amount of effort has been expended to try and ensure these items are of minimal risk throughout the progression of the works, and that the works have also fully complied with the regulations.

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