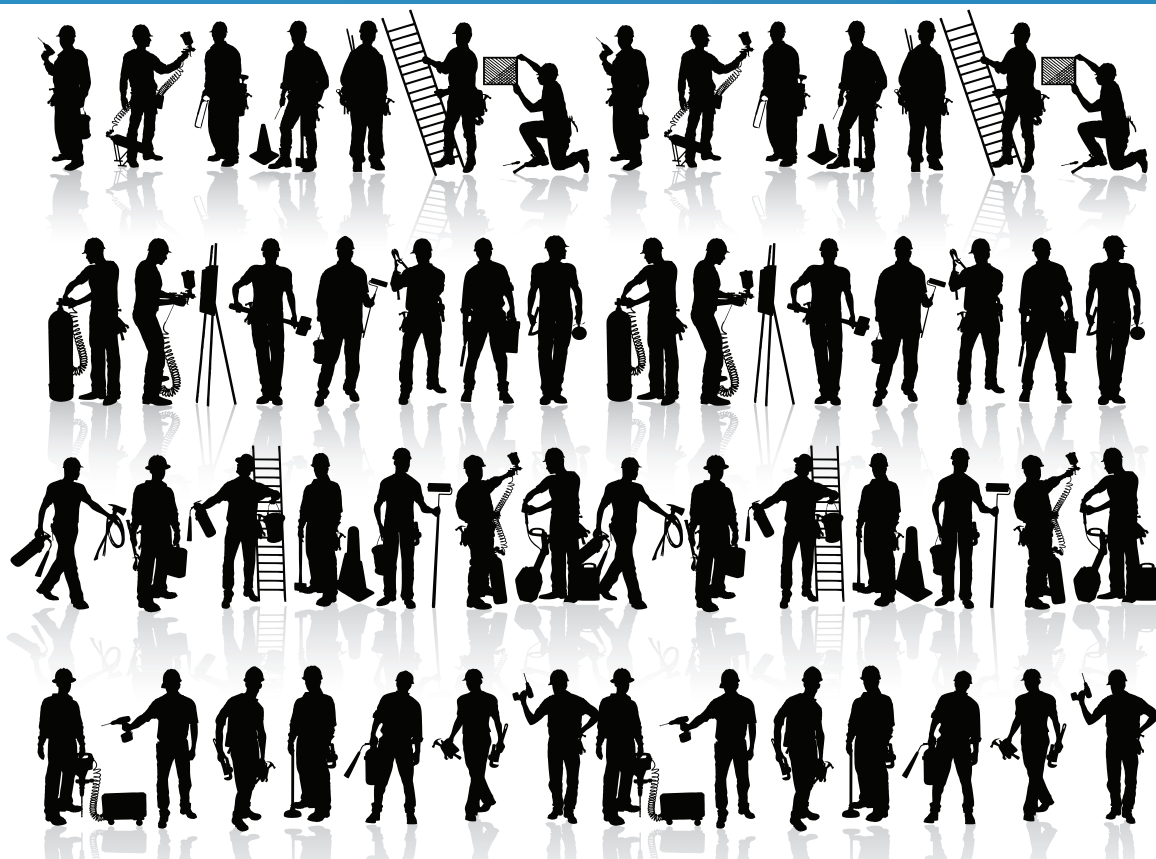


SECOND EDITION

HUMAN RESOURCE MANAGEMENT IN CONSTRUCTION

Critical perspectives



Edited by **Andrew Dainty**
and **Martin Loosemore**



Human Resource Management in Construction

The construction sector is one of the most complex and problematic arenas within which to manage people. As a result, the applicability of much mainstream human resource management (HRM) theory to this industry is limited. Indeed, the operational realities faced by construction organizations mean that all too often the needs of employees are subjugated by performance concerns. This has potentially dire consequences for those who work in the industry, for the firms that employ them and ultimately, for the prosperity and productivity of the industry as a whole.

In this new edition of their leading text, Dainty and Loosemore have assembled a collection of perspectives which critically examine key aspects of the HRM function in the context of contemporary construction organizations. Rather than simply update the previous edition, the aim of this second edition is to provide a more critical commentary on the ways in which the industry addresses the HRM function and how this affects those who work within the industry. To this end, the editors have gathered contributions from many of the leading thinkers within construction HRM to critique the perspectives presented in the first edition. Each contributor either tackles specific aspects of the HRM function, or provides a critical commentary on industry practice. The authors explain, using real-life case studies, the ways in which construction firms respond to the myriad pressures that they face through their HRM practices.

Together the contributions encourage the reader to rethink the HRM function and its role in defining the employment relationship. This provides essential reading for students of construction and project management, and reflective practitioners who are interested in theoretically informed insights into industry practice and its implications.

Andrew Dainty is Professor of Construction Sociology at Loughborough University, UK.

Martin Loosemore is Professor of Construction Management and Associate Dean at the University of New South Wales, Australia.

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Martin Loosemore**

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Dedication

We dedicate this book to the memory of our dear friend and colleague Professor David Langford (1950–2010). Dave was in the process of preparing a chapter for this book when he sadly passed away in 2010. An inspiration and mentor to many and forever an advocate of the ‘counter-vailing view’, Dave’s enthusiasm for a text which questioned the norms of practice within our industry was a key driver in developing this book. We hope that the range of critical perspectives and positions gathered here in some way reflect the values for which he was known and respected by so many within the construction management research community.

Preface

When we set out to develop the first edition of this book we had a clear orientation on developing a text which provided theoretically informed, but practical advice to construction practitioners on how they could manage their human resources more strategically. The book had an overtly performative orientation in that it sought to identify practices which could help deliver strategic goals. As we stated in our preface to the first edition *‘If we can persuade project managers of the strong link that exists between HRM performance and project performance, we will have succeeded in our aim’*.

At that time we perceived there to be a need to combine our understanding of construction organisations and projects with established perspectives on managing people from the mainstream HRM literature. At that time, HRM research within the construction research community was fairly nascent, with most studies firmly anchored in supporting the dominant discourse of the need for radical industry improvement. Leading texts from the mainstream HRM field were similarly replete with strategies for maximising the value of people to organisations, and of aligning the behaviours of organisational members with corporate objectives. We sought to emulate this approach through the application of such thinking to the construction industry context. Arguably, such a perspective was valuable at the time, especially as it enabled us to foreground the importance of people management within the performance improvement agenda.

Almost a decade on from writing the first edition, we would argue that a new set of challenges now confront the people management function in the industry, challenges that require a different set of perspectives and reflections. For example, industry reforms have been implemented in many countries; a global financial crisis has affected the priorities and strategies of many construction organisations; productivity improvement has become a priority in many countries; partnership approaches, alliance contracting and integrated supply chains have become more widespread; some countries have suffered from massive skills shortages (and a subsequent reliance on migrant workers), whilst others are facing considerable skills oversupply.

At the same time, in academia a more critical perspective on people management practice has emerged which sits alongside those which emphasise the need for continual improvement in performance. These more critical perspectives on HRM have begun to influence and shape the construction research literature, and arguably provide a set of interesting counterpoints to the perspectives which dominated in the 1990s.

In this edition we have sought to both recognise the importance of HRM in supporting industry development and performance, and also the need to *challenge* industry practice and to induce new lines of thinking about people management in the industry. In order to do this we have enlisted the contributions of leading researchers from built environment and business schools around the world who are renowned for their critical insights into how to better understand and challenge current construction industry practices. We have deliberately coalesced contributions from scholars who have, through their own research and practice insights, questioned some of the established orthodoxies within the sector. Others are leading researchers from the HR field whose work has shaped thinking across many industries and sectors. Rather than being prescriptive, we have encouraged our authors to take their chapter in whichever direction they feel contributes to debates within their field – directly challenging issues raised in the first edition of this book where appropriate. In approaching this edition in this way, we hope that this book builds on the first edition by critiquing and extending current debates within our own research community and the construction industry at large. The new title also reflects this orientation.

All of the chapters are based on contemporary research and have been written in a clear, easy-to-read style. Many use case studies and vignettes to illustrate their perspectives and/or to ground their commentaries on existing industry practice. Together, the contributions reveal both the intended and unintended consequences of HRM to both those who work in the industry and the organisations which employ them. The chapters provide a fresh set of reflections, provocations and potential trajectories for both the industry and the research community to explore in future. We hope that you enjoy them as much as we have.

Andy Dainty and Martin Loosemore
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Acknowledgements

We would like to thank all of the authors of the chapters of this book who have delivered an eclectic, theoretically informed and above all fascinating set of perspectives on various facets of the human resource management function, the construction labour market and the nature of industry practice. We would like to extend a special acknowledgement to Helen Lingard, co-author of our original text. Although Helen was unable to co-edit this edition with us, she has generously provided a deeply thought-provoking chapter within this volume.

1 HRM in construction: critical perspectives

Andrew Dainty and Martin Loosemore

Introduction

Despite its size and socio-economic significance, the construction sector remains a poorly understood industry, particularly in relation to its people management practices. While industry reports and textbooks alluding to the ‘importance’ of people abound, too many firms treat people like any other resource to be efficiently managed, or worse to be exploited as ‘human capital’ in the cause of improved performance (Dainty *et al.* 2007). Given the importance of people in the industry, it is surprising that so little research exists on HRM in the sector. As with HRM practices in other project-based enterprises, there appears to be an assumption that project-oriented firms have specific HRM requirements, and yet research in this area remains limited also (see Huemann *et al.* 2007). Arguably a greater focus on the management of people in construction would better frame debates around management practice and its effects on those who work in the sector.

The management of people within the industry has not been immune to the ubiquitous ‘performance improvement’ agenda. This movement has arguably tended to subjugate people management as a mere component part of a broader performative agenda. Within the UK, for example, a *Respect for People* working group, itself stemming from the influential *Rethinking Construction* report (Egan, 1998) has produced two significant reports and guidance documents (*Respect for People* working group 2000; 2004). Using critical discourse analysis Ness (2010) reveals how these reports can be drawn upon to legitimise particular arguments, which can result in a further entrenchment of existing power relations just as much as they can improve conditions for workers. As Ness states ‘The velvet glove of respect for people covers the iron fist of instrumental rationality’, *ibid.*: 490. Thus, whilst it is important that the role and prominence of people management research is foregrounded in current debates around industry change and development, it is similarly important that the power-effects of such debates are understood in relation to their impact on those who work in the industry.

This book is predicated on the view that a crucial first step in reframing the debate around HRM in the construction sector is to expose both the

nature of practice, and the dominant theoretical positions used to understand them, to greater critical scrutiny. Since the 1990s critical management studies (CMS) is a label that has been attached to work that has questioned elements of managerial knowledge and practice, including project work (see Cicmil and Hodgson 2006; Alvesson and Willmott 1992; Fournier and Grey 2000). Up until relatively recently, there has not been a particularly strong tradition of mobilising overtly critical positions on practice within the construction management research field (Ness 2010). Rather, the field has tended to pursue outcomes typically rooted in cost-efficient performativity and ‘best practice’ panaceas. Interestingly, there seems also to be some reluctance to adopt critical perspectives within the HRM field. Here too, a consensus perspective has maintained a performance focus, thereby avoiding theorising on the socio-political and moral implications of HR practices (Keegan and Boselie 2006). There is arguably a need, therefore, for a more critical discourse around HRM practice within construction.

Another overarching aim of this text is to encourage ‘reflective practice’; that is for those reading the perspectives presented here to consider the perspectives offered and to make sense of them within the context of the complex realities of their own professional roles (cf. Schon 1983). The positions mobilised within the ensuing chapters are all very different and many run counter to each other. Several contributions level specific criticisms at the editors’ earlier book on HRM in Construction Projects (Loosemore *et al.* 2003), especially for its prescriptive and normative nature. In contrast with the earlier edition of this book, our authors do not lay claim to having found answers to the problems which beset the industry, nor do they suggest that the perspectives and issues discussed will necessarily resonate across all industry contexts and organisations. Rather, the value of their more critical approaches is in the questioning of established managerial orthodoxies which have seemingly done so little to reconcile the needs of those who work in the industry with those who employ them. In order to achieve this, many of the authors draw upon theories from outside of construction to interrogate industry practice. Others explicitly *challenge* the relevance of such theories to the complexities of construction work practices. Thus, rather than positioning construction as a sector which lags behind others, in this book we seek to develop a deeper understanding of the conditions faced by construction firms, the influences on their strategy which result from such practices and most importantly, what these practices mean for those who work in the industry.

In this chapter we begin by briefly exploring the industry as a context within which to manage people. We explore the reasons as to why theoretical perspectives tend not to resonate with the construction industry context, and we speculate as to what a more critical orientation might offer the industry in rethinking the ways in which people are managed. We then review briefly the contributions of the chapters within the book to highlight some of the debates to which they contribute. All of the chapters relate in

some way to practice, with many containing case examples taken from industry. The intention here is to contribute to the broader 'practice turn' in organisational and management studies, a turn which arguably has specific relevance and importance in construction management (Bresnen 2007). We also draw inspiration from the example set by Smith (2007) in relation to sense-making in projects (cf. Weick 1995), in that our authors seek to make sense of people management practices in construction through an understanding of how they are experienced. It is then up to the reflective practitioner to make sense of these contributions within the context of their own understanding and experience.

The construction organisation in context: a problematic arena for effective HRM practice?

Virtually all of the chapters within this book discuss the nature of the industry's structure and implications for the ways in which people are employed and managed. Key concerns in this regard relate to defining the sector, its size and structure, all of which have direct implications for the ways in which firms operate the HRM function. These are explored and problematised by Ness and Green in Chapter 2, but it is worth highlighting some of these salient features in terms of how they relate to the later contributions.

Although highly exposed to the vulnerabilities of economic cycles of boom and bust (see Dainty and Chan 2011), construction output is set to grow rapidly over the next few years. According to Global Construction 2020 (2011) the global industry is set to grow to \$12 trillion by 2020, an increase of almost 70 per cent. However, defining the 'construction industry' is especially problematic given its complex and multifarious nature. This problem stems in part from the fact that the industry spans so many different production and service sectors, leading to a set of what can be described as 'narrow' and 'broad' definitions (Pearce 2003). The former excludes many activities that would normally be included within the definition of construction (such as engineering and design services) and so a broader definition which sees construction representing around 10 per cent of gross domestic product is probably more appropriate (see Dainty *et al.* 2007). However, although more accurate in portraying the full spectrum of products and services that it delivers, it also renders it extremely nebulous and complex, especially from a people management perspective. Those working in the industry transcend unskilled, craft and professional occupations, all of whose input must be coalesced within a temporal project-based environment.

Other structural characteristics are important in defining the employment context of the sector. For example, within the UK the deregulated nature of the industry brought about by privatisation and taxation policy has led to an ingrained reliance on large-scale self-employment (Briscoe 1999;

Briscoe *et al.* 2000; Chan *et al.* 2010). This phenomenon has arguably undermined training and skills reproduction within the sector, with larger firms in particular having a declining significance as direct employers (Green *et al.* 2004; Gospel 2010). It is little surprise, therefore, that construction is dominated by small firms who account for the majority of the industry's productive capability (Harvey and Ashworth 1999; Dainty *et al.* 2005).

The outsourcing undertaken by larger firms has had significant implications for both the definition of skills (Dainty and Chan 2011) and the actual employment of labour, which tends to be discarded as levels of demand change. Labour is usually employed contingently through sub-contracting chains (Debrah and Ofori 1997; Forde and Mackenzie 2004; 2007a; 2007b; McKay *et al.* 2006). These can often extend through many layers with profound effects on both the implementation of coherent HRM strategies (Green *et al.* 2004) and for an organisations' ability to control processes for which they no longer have direct responsibility (Grugulis *et al.* 2003). Perhaps more profoundly, this can also be seen to have shaped the 'casual' nature of the employment relationship (Forde and MacKenzie 2007a). Employees and employers have little loyalty towards each other, preferring instead to move between employment opportunities as they emerge. Another corollary of the reliance on contingent labour has been the tendency of most larger construction organisations to act as 'flexible firms' (cf. Atkinson 1984). This organisational typology, which was discussed in the first issue of this book (Loosemore *et al.* 2003) and elsewhere (Langford *et al.* 1995; Johnstone and Wilkinson; and Raidén and Sempik – this volume), represents an enduring model of operation, but one which has similarly profound implications for the investment in people and the reproduction of skills. The few direct employees who do remain in such organisations must, of course, provide flexible skills and behaviours if such organisations are to maintain their competitive positions (Lim *et al.* 2011).

It could be expected that employment policies would have addressed the failures which characterise the flaws in the employment context, but the low barriers to entry and the weak regulatory framework which underpins the industry's labour market (see Gospel 2010) militate against this. Indeed, given this structural employment context and the weak employment relationships which emerge from it, it is little wonder that calls for construction to improve its people management practices have been largely ignored, as Dainty *et al.* (2007) state:

Human resource issues too often lie outside the remit of project managers who neither know nor care about the employment status of many operatives on the project for which they are responsible. What results is an employment relations climate characterised by separation, conflict, informality and a reluctance to embrace change.

Thus, HRM activities are often regarded as marginal activities within construction firms whose focus tends to reside in site-based production activities and not on the broader labour market capacity and capability of the organisation or wider sector. But this lack of focus on innovative people management practice has implications which extend far beyond the industry's ability to reproduce skills, especially as it reinforces the entrenched fragmentation and parochialism which is widely acknowledged to lie at the heart of the problems that it faces (see Latham 1994; Egan 1998; Wolsthenholme 2009). An elevation of the profile of HRM within construction research and practice is arguably long overdue.

Towards a more critical perspective on construction HRM ...

It could be expected that the industry landscape discussed above might challenge the relevance and applicability of mainstream HRM theories to construction organisations. However, very few commentaries on HRM within the sector have challenged or problematised mainstream theories in relation to the operating context that such organisations confront. As Huemann *et al.* (1997) point out in their review of HR research on project-based environments, previous texts (e.g. Langford *et al.* 1995; Loosemore *et al.* 2003) have tended to apply standard HRM thinking to the industry, rather than exploring whether the industry needs a different approach. This has several implications which form key foci for this book.

First, much mainstream HR theory is fairly normative in orientation and tends to prescribe actions which are geared around performance outcomes. Known as a 'best practice' orientation, this literature suggests that there are certain approaches which will enable companies to achieve competitive advantage (Torrington *et al.* 2008: 21). A more critical perspective on HRM emerged in debates within the UK literature in the 1990s, where the inherent contradictions between HRM models and the rhetorical nature of the discourse were debated (see Gill 2007). However, this criticality has seemingly failed to pervade the literature around HRM in construction. Even recent perspectives on managing and deploying people have grouped human resource inputs into the 'personnel factor' (Belout and Gauvreau 2004), or have focused on the cost implications of labour which is effectively treated as another factor of production (Lin 2011). Whilst such perspectives are certainly valid from a performative perspective, it could be argued that there is a need to balance this debate with perspectives which tackle HRM from an ethical standpoint. Rather than see people as resources to be optimally deployed to production tasks, this sees employees as possessing special attributes which need to be harnessed, nurtured, developed and understood.

A second implication concerns the characteristic of much of the writing on HRM in construction (as well as project-based environments more generally) to focus on how people management can be used to enact

improvements in project and organisational performance. The relationship between HRM practices and performance lacks theoretical support, even within the HRM field (Fleetwood and Hesketh 2007). Within the project management field, doubts have been cast as to the potential of HRM (or 'personnel factors') to influence project outcomes (Pinto and Prescott 1988; Belout and Gauvreau, 2004). Thus, it is important that practices that claim to improve performance and productivity are questioned, and that the implications of new business processes are evaluated for the people that work in the industry. This is not to diminish the need for HRM practice to contribute to broader business objectives, but to emphasise the concurrent need to consider the broader effects of HRM practice. A good example of this is provided by Green (1998, 2002) who questioned the implications of lean processes which have been enacted as part of the performance agenda stemming from the Egan Report (Egan 1998). His analysis reveals how such practices, and their tendency to mobilise 'machine metaphors' in pursuit of performance outcomes, could have negative consequences for those expected to deliver them. It is essential, therefore, that the unintended consequences of such practices are better understood, and factored into decisions of how to enact them.

A third need for a critical perspective on HRM in the industry rests on the need for fresh theories which account for the unique circumstances of the construction firm. It is tempting, especially given the shortcomings in our understandings, to simply examine construction HRM practice through a range of established theories of HRM. In reality, however, it is far from certain that such ideas – many of which have been derived from much more stable production and service environments – will resonate with the uniquely complex and fluid environment that the industry provides. This is particularly the case in relation to establishing an employment environment in which people are managed in an ethically responsible manner (see Huemann *et al.* 2007). What seems clear is that the unique context of the industry renders the applicability of such a theory questionable, at least without a proper recognition of the ways in which context shapes it (Dainty and Chan 2011). Extant theories should not be taken uncritically without thought to their applicability in a project-based setting. Indeed, construction offers an ideal arena within which to test the robustness and generalisability of existing HRM theory given its complex and highly dynamic nature.

One way in which a critical orientation could contribute to addressing these apparent failings in extant perspectives is to encourage project-based organisations to break out of managerialist and prescriptive agendas to open up a concurrent trajectory of work which focuses on the individual perspective (Huemann *et al.* 2007). All too often the perspective adopted by researchers reflects those with positional power within construction organisations. This arguably reinforces asymmetrical power relations and tells us little about the actualities of people management practice.

As was alluded to above, a key debate within HR, as it is within other management fields, concerns the issue of whether ‘best practice’ or a ‘best fit’ approach should be adopted when it comes to defining the practices which might enable a better enactment of the HRM function (Torrington *et.al.* 2008: 21). Those advocating a best practice perspective see there being clear deterministic relationships between specific HRM practices and performance outcomes. By implication they also suggest that there are more effective ways to manage. In contrast, the best fit perspective takes a more contingent view on practice which recognises that there is no, one, best solution. A recent contribution in terms of how to enact such practices is provided by Delbridge *et al.* (2006: 139) in the form of ‘promising practices’, where new ideas are effectively appropriated in context by embedding, sustaining and renewing them. This demands capturing not just the abstracted practices, but insights into their situated context if they are to be better understood.

Another potential contribution of critical perspectives is to better understand the informal and emergent nature of practice within many construction firms, rather than seek to characterise, rigidly define or formalise it. In recent years there has been a ‘practice turn’ within organisation and management studies (see Nicolini *et al.*, 2003; Whittington 2006; Bresnen 2009). In this perspective, rather than ‘black-boxing’ industry practice within models or organisational stereotypes, there has been a conscious effort to better understand practice. Such work has sought to contribute to developing ‘theory of practice’ as opposed to ‘theory for practice’ (cf. Cicmil *et al.* 2006). To this end, most of the positions on industry practice presented within this book are rooted in, or at least illustrated by, industry case examples. The authors have sought to shift the focus of the debate away from asking how organisations structure themselves to cope with pressures such as demand fluctuations and the need to maximise cashflow, towards understanding the effects of what they do on the people who work in the industry.

Continuing this theme, authors such as Cicmil (2006); Bellini and Canonico (2008) and Smith (2007) have developed a range of more reflexive and informal perspectives on project management knowledge which underpin a different debate and set of provocations for those involved in project-based forms of organising. In the introduction to their collection of critical perspectives on project management, Cicmil and Hodgson (2006) explain how critical positions provide a wider perspective, a better understanding and insight into ‘.... what determines the position, agendas and *power* of different participants, and how these different agendas are combined and resolved in the process by which the *decisions* are arrived at’ (ibid., 12, emphasis as in original). Their aim is not to suggest that a particular alternate view or form of critical analysis is more appropriate, but, following Alvesson and Willmott (1996), to encourage perspectives from a range of alternative theoretical perspectives in order to counter the

instrumental rationality which pervades much of mainstream project management theory and practice. This line of argument has many resonances for the construction management research field, both because the organisation of construction epitomises project-based forms of working (Dainty *et al.* 2007), but also because so much of the writing on people management in construction has relied upon the normative and prescriptive approaches discussed above. These have effectively legitimised the workplace power relations within which the discourse of performance improvement has become so firmly rooted (e.g. Latham, 1994; Egan, 1998). Essentially, a more critical discourse around HRM reveals that a supposed concern for people may mask a harsher reality of asserting managerial control (Gill 2007; Ness 2010). Such a perspective acknowledges both the productive and negative power effects of discourse, and suggests that it may constrain as well as enable action (cf. Foucault, 1977).

New directions in HRM research for construction

This chapter has thus far argued for more critical perspectives on HRM in the industry in order to provide fresh perspectives and provocations for both the research and practice communities. Our point of departure is that the dominant performative and theoretical perspectives within the construction academic literature with regards to people management must be questioned if we are to address the seemingly intractable problems which confront the industry. We have argued for a more critical focus which *questions* rather than accepts existing HRM theory, which focuses on *individuals* rather than the firm, which focuses on *ethics* rather than performance, which is *contingent* rather than deterministic and which focuses on *best fit* rather than best practice. However, in inviting the contributions within this book we have not imposed a definition of what we mean by ‘critical’, nor have we required authors to ground their perspective within any particular literature or tradition. Rather, we have asked authors to define and convey their own perspective on the issues that they discuss. What unites the chapters is that they all provide a bridge between the research and practice communities by on the one hand, mobilising theory as a lens on construction HRM practice, and on the other by providing an empirical challenge to the ability of mainstream theory to account for the nuances and specificities of construction.

In Chapter 2 Kate Ness and Stuart Green pose a critical and thought-provoking problematisation of HRM as it applies to the construction context. Reflecting many of the following chapters, their position is predicated on the contention that no single interpretation of HRM can account for the multiple contexts which characterise the construction sector. For Ness and Green however, HRM can be seen as a powerful discourse, and HRM practices in construction tend to be framed around debates within this field, rather than issues surrounding the employment of construction