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To cite this article: Janet Druker, Geoffrey White, Ariane Hegewisch & Lesley Mayne (1996) Between hard and soft HRM: human resource management in the construction industry, Construction Management & Economics, 14:5, 405-416, DOI: [10.1080/014461996373278](https://doi.org/10.1080/014461996373278)

To link to this article: <https://doi.org/10.1080/014461996373278>



Published online: 21 Oct 2010.



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Between hard and soft HRM: human resource management in the construction industry

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Received 22 March 1995; accepted 20 February 1996

The rapid change in the economic environment has not resulted in the development of sophisticated human resource management practices in the UK construction industry. There are similarities between personnel practice in construction and 'hard' models of HRM, particularly in relation to manual workers, but non-manual employment resembles more the conditions where 'soft' HRM might be expected. Focusing on the HRM levers developed by John Storey, HRM practices are examined in relation to the role of personnel departments, line management responsibility, performance management, and values and beliefs of personnel managers. The survey results suggest few signs of fundamental or far-reaching innovation in human resource management practice in the construction industry despite the changing shape of construction companies. There are some, though limited, signs of change in respect to expectations of training and employee development in the future.

Keywords: Personnel management, human resource management, people management, line management, employee relations.

Introduction

Over the last decade, changes in organizational structure, through mergers and acquisitions as well as through decentralization, have encouraged the review of management responsibilities. Organizations have tended to shed labour as part of a survival strategy, retaining the more skilled employees or those whose skills could less easily be replaced, and managing the others at a greater distance. Competitive pressures, both in domestic and in global markets, shifted the desired outcomes in the management of the employment relationship away from compliance and quiescence in employee behaviour towards a more positive commitment towards customer and business requirements. Implications for management behaviour and employee relations of these developments have been taken up in the debates about human resource manage-

ment. Ideas originating in the USA, beginning with the argument in the Excellence literature (see for example Peters and Waterman, 1982; Peters and Austin, 1985) that people should no longer be treated as a 'cost', but as a company's greatest 'asset' and central source of competitive advantage, were academically developed by the Harvard School (for example Beer *et al.*, 1985) and at Michigan (by Fombrun *et al.*, 1984). The central contention of these debates is that the new competitive environment requires a more strategic and concerted approach to personnel management, with implications for personnel departments, line managers and corporate strategies. In the UK the ideas have been critically reworked since the late 1980s (Guest, 1987, 1989a, and 1989b; Storey, 1989, 1992; Sisson, 1990), at least partly with the aim of evaluating the extent of change in practice.

Our aim in this article is to highlight those aspects of the recent debates about HRM that are relevant for an improved understanding of personnel management

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in the construction industry in the UK. Our principal objective is to consider whether changing practices identified in other sectors can also be found within the industry. We report on research that we have undertaken in relation to the role and responsibility of personnel practitioners in the construction industry and private employment overall in the UK. Noon (1992) asks whether HRM is a map, a prescriptive model or a theory that can be empirically tested. Our approach uses HRM as a map: a framework for charting change in employment relations. The contour lines are drawn from the work of John Storey (1992), who has developed a detailed list of differences between conventional ideas of personnel management and human resource management. This approach provides a method of ordering empirical research on the extent and limitations of change.

The HRM debates

Over the last decade there has been widespread discussion about the concept of human resource management. The term, in everyday use, has been a replacement for personnel management, but its meaning and significance have been the subject of wider academic debate. The distinctive features of HRM have been identified as its holistic approach to personnel policies and its integrative, strategic approach to personnel issues within the context of business planning and development. In practice this will mean a shift in the locus of responsibility for personnel matters away from specialist personnel professionals towards senior line managers. The management of labour through collectivist structures has less prominence as collectivism gives way to individualism and performance management. Finally, there is greater stress on the initiative of line managers, and on their potential enabling and empowering role (Sisson, 1990).

Within the American debates two broad approaches can be distinguished, identified in shorthand as 'soft' and 'hard' HRM (Guest, 1987). The 'soft' approach to HRM is particularly associated with the Harvard School (see Beer *et al.*, 1985; Walton, 1985), reflected in statements to the effect that 'employees are our greatest asset' and hence the key to organizational success. It is the employees themselves who are adding value to the organization through their creativity, commitment and skills. Human resource have therefore to be managed very carefully to ensure that only the best people are selected, that they are given high-quality and appropriate training and development, that they are suitably rewarded to reflect their value, and (as far as possible), their commitment to the organization is achieved. The management of organizational

culture becomes a key task for senior managers (Legge, 1989, 1995). The emphasis is on the employee, and stands in the tradition of the human relations school (Brewster, 1994).

The 'hard' approach, associated in the USA with the Michigan School (Fombrun *et al.*, 1984), puts the main emphasis on strategic business objectives, and treats 'human resources' like any other factor of production without according it an *a priori* central status in achieving competitive advantage. The cost of labour is to be minimized, and to this end labour should be used as flexibly as possible. The word 'people' is often substituted for 'employee' in the 'hard' version of HRM to reflect the fact that relationships may be based on outsourcing, subcontracting and franchising (Brewster, 1994). The 'hard' approach may be seen as having some kinship with the calculative approach associated historically with scientific management. The two approaches are of course not necessarily contradictory; in high value-added industries a strategic approach to employment might very well resemble the 'soft' approaches of high commitment and high development. However, in mass production industries, where labour costs are a major part of competitive advantage, a strategic approach might prescribe opposite policies, with the aim of minimizing labour costs and flexible short-term approaches to employment (Legge, 1989, 1995).

These broad divisions can also be applied to the British debates, with Guest in particular interpreting the HRM debates in the 'soft' direction, while the HRM interpretation of Hendry and Pettigrew (1986, 1990) puts the main emphasis on the strategic 'hard' level. Much of the British discussion has been characterized by scepticism about both the coherence of the new approaches as theoretical or prescriptive models of new management approaches, and the extent to which such patterns can be found in practice (Legge 1989, 1995; Guest, 1991; Blyton and Turnbull, 1992). To some extent the British responses were developed to test the new models and submit them to empirical and analytical scrutiny. Storey (1992), who has undertaken extensive research with case studies including the motor industry, the public sector, engineering, and process technology enterprises within manufacturing and service sectors, has concluded that indeed extensive change has taken place in employee relations but that such change is occurring in a more ad hoc and incoherent manner than predicted by the models. The problems of short-termism and the limited development offered to managers in British industry have been identified in general terms as impediments to the full development of HRM practice (Guest, 1990; Storey and Sisson, 1990). On the whole, British research indicates that personnel policies

and employment practices are changing, but casts doubt both on the strategic focus of these changes, and particularly on the coherence of 'soft' approaches. There are a few dissenting voices, however: for example Wood (1995), who suggests from survey evidence that it would be simply false to describe high commitment policies as ad hoc and random.

Construction and personnel management

The construction industry provides an interesting research alternative to other sectors because of the effect of contracting arrangements and the problems of uncertainty in a constantly changing business environment, with less scope for improvement of productivity through routine work systems or for technological innovation than in some other industries (Bresnan *et al.*, 1985; Ball, 1988; Bon, 1989). The economic pressures determine personnel strategies very directly. Firms in the construction industry, with an irregular flow of work, have experienced significant pressures to reduce the core workforce and to create and sustain flexibility in working arrangements (Bresnan *et al.*, 1985; Hendry and Pettigrew, 1986; Hendry, 1995). Legal changes, in particular the deregulation of employment, have set a markedly different context for the implementation of personnel strategy, diminishing the significance of national multi-employer collective bargaining relationships (Evans, 1989; Druker and White, 1993). The number of firms with seven or fewer employees increased by 28.3% between 1983 and 1993, from 143 444 to 184 095 firms (*Housing and Construction Statistics*). As firms with seven or fewer employees represented 94.3% of all firms in 1993 it might seem that the construction industry is a model of small-enterprise culture, yet it is the larger firms – including multinationals – that, in their dealings with clients, set the framework within which the employment relationship must be considered.

The growth in self-employment has been well documented (Hakim, 1989). The number of self-employed reported by the Department of the Environment rose from 385 000 people in 1981 to 715 000 in 1990 (*Housing and Construction Statistics*) falling back to 613 000 by April 1995. Direct employment declined from 679 000 in 1981 to 350 000 by 1995 according to the same source. Despite the decline in direct employment, the construction manager has still to deal with the complexity of management, with particular attention to quality, to the

relations within a complex network of direct workers and sub-contractors. (Beardsworth *et al.*, 1988)

The effects of recession during the 1990s have compounded these problems, and have contributed to a change in organizational shape and priorities, which deserve further attention.

The construction industry is also interesting because it has a network of personnel practitioners. Construction members of the Institute of Personnel and Development (formerly the Institute of Personnel Management) sustain regular contacts and formal organization structures that are less common in other parts of the private sector. The term 'construction' embraces a wide variety of organizations in this context, and membership of this forum includes multinationals that have a product division concerned with the construction industry; national contractors whose main business may be within construction but who may have one or more product divisions concerned with manufacturing or quarrying; and other businesses, including a small number that are based in professional construction services. While the organizations are diverse, they share a common core element in terms of construction activity, and on this basis their representatives are able to sustain a formal programme of meetings and less formal contacts and networks.

Our objective is to consider whether changing practices identified in other sectors have impacted on the management of people within the industry. The factors we have described above point to the development of 'hard' human resource management, particularly towards the manual workforce. However, similarly present are factors that would suggest the centrality of more 'soft' human resource management practices: the importance of design, innovation and teamwork suggest the appropriateness of more developmental and commitment-based approaches. Given that construction companies have shed much of their more operational employment through subcontracting, and have focused on retaining the professional and skilled employees, in many ways one would expect a longer-term developmental approach to these staff. At the same time, longer-term changes in the labour market, related to demographics and to changes in the demand for skilled and educated people in the economy overall, require a proactive and longer-term approach to manpower planning (Agapiou *et al.*, 1995).

The personnel manager has a pivotal role in this, and, if changes have been implemented, it is to be expected that they will be reflected in the role and responsibilities of the personnel function and in the relationship between personnel and other managers, as well as having more far-reaching effects in organizational management.

management of congestion in the context of short time horizons; the implementation of evolving and often problematic designs; the management of delicate

Methodology

Recent research, including two surveys, one from the University of Greenwich and one from Cranfield University, provides information on personnel practice in construction. It allows us to evaluate the impact of these diverse pressures on personnel management in the construction industry. Research conducted from the University of Greenwich focused specifically on personnel practitioners in the construction industry. The research was initiated during 1992, when a series of interviews were undertaken with strategic and line managers in two large contractors (one publicly quoted company and one private company), to explore changes in work organization and the implications for employment. Following this, in 1993 interviews were held with representatives of employers' associations and trade unions as well as construction companies, combined with a postal survey questionnaire. The questionnaire focused on three broad areas of personnel practice. The first was the size and composition of the personnel department and its position within the organization and secondly there was the responsibilities of the personnel department, distinguishing between responsibilities in relation to manual and non-manual employment. Thirdly, the questionnaire asked personnel practitioners to identify and to rate the importance of their contribution and the extent of their control on particular issues compared with that of line managers. It also provided an opportunity for respondents to comment, in response to an open question, on personnel practice in the construction industry.

The sample for distribution of the questionnaire was compiled on the basis of the (1993) membership of the (southern-based) Construction Group of the IPM, together with membership (for 1992) of the National Contractors Group. Having allowed for overlap, 134 organizations were mailed during the summer of 1993, with a response rate of almost 40%.

As the survey was biased towards organizations that were known to have personnel professionals, it is not surprising that the majority of respondent organizations indicated that they had a professional personnel department. Nor is it surprising that, in line with findings from the Workplace Industrial Relations Survey (Millward *et al.*, 1992), it was the larger organizations – those with over 200 employees – that confirmed that they had such a department. The average number of employees in the companies surveyed was 1 621. The largest company employed 25 000 employees, but the next largest was 9 000. The median figure for all respondents was 500 employees. For those companies without a personnel department, the average employment size was 202. Nevertheless,

one firm employing 550 people did not have a personnel department, while another with 85 staff did have one.

Employment in the organizations surveyed was predominantly non-manual, an indication of the growth of subcontracting and self-employment in the industry (see Table 1). The higher the proportion of non-manual employees within the organizations surveyed, the more likely the organization is to have a personnel department. This is significant, as the balance of employment in the larger organizations is likely to have shifted against manual workers and in favour of non-manual and professional employees over recent years. It is a factor to which we shall return in considering the levers that are used in managing people.

The second set of data on human resource management in the construction industry is derived from the Price Waterhouse Cranfield Survey (PWCS), a comparative survey of human resource management trends in public and private sector organizations in Europe (Brewster and Hegewisch, 1994). The survey covered the broad range of personnel policies in recruitment, remuneration, training, employee relations and flexibility; it also covered the planning and evaluation of personnel policies and the division of responsibility for personnel policies between line managers and personnel departments. While the survey was not specifically designed for the study of human resource management in the construction industry, it allows us to compare practices in the construction industries with those in the overall private sector in the UK. Eight thousand organizations with 200 or more employees in the UK were approached; of the 1243 organizations responding, 795 were from the private sector, and of these 53 were from the construction industry. A separate response rate for the construction industry is not available.

The survey was conducted by means of a postal questionnaire sent to personnel managers in the winter of 1991–2; in almost two-thirds of responses the questionnaire was returned by the most senior personnel manager in the organization. Of the companies replying, 4% did not have a personnel department, but in construction the figure was 8%.

Together, the two surveys allow an evaluation of developments in the construction industry in relation to the four central themes of HRM: strategic and business-centred approaches; line management responsibility; individualism and anti-collective approaches; and high commitment approaches (Sisson, 1990). While the Greenwich survey enables a differentiated look at the treatment of different employee or worker groups, the PWCS provides comparison with the broader picture of UK employment practices.

Table 1 Workforce composition in respondent companies: Greenwich survey, 1993

Companies	Less than 60% non- manual	60–74% non- manual	75–99% non- manual	100% non- manual
All	47%	24%	14.5%	14.5%

Personnel and HRM in construction: research findings

Personnel and strategic management in construction

Strategic involvement has been identified as a key distinction between old-style 'personnel' and the new HRM (Guest, 1989a; Storey, 1992). Traditional labour management is identified as short term and piecemeal in its approach. Strategic HRM is identified, in contrast, as offering a longer-term solution for complex problems, directed by key decision takers towards the achievement of competitive advantage (Miller, 1989; Starkey and McKinlay, 1993). Storey (1992) sees HRM as customer oriented, integrated in approach, centralized on the corporate plan and rapid and responsive in decision taking. These divisions cannot be neatly replicated in the construction industry, where survey results suggest that the personnel function is centrally located, close to strategic decision takers, but with line managers retaining responsibilities for personnel issues.

According to our evidence, the creation of a personnel department is normally an outcome of strategic decision taking, with 75% of departments owing their structure and responsibilities to decisions taken by the chief executive. Departments are small; the PWCS indicates that the majority of personnel departments in construction employ a total of ten staff or less, and that this is smaller than one would find on average in companies of similar size in other industries. There is no significant difference between the size of personnel

departments in construction and the private sector overall, in spite of the above-average size of employment in the construction industry (Table 2).

The majority of personnel managers work in multidisciplinary teams, rather than in large, dedicated, company-wide personnel departments. Apart from being smaller, personnel departments in the construction industry are also more likely to be administrative, with smaller shares of personnel specialists than in the private sector overall (Table 2).

While 85% of personnel managers report directly to their chief executive, according to the Greenwich survey, less than one in three companies accord the personnel manager equal status with other directors through a place on the board. In those companies that are multidivisional, decentralized organisations, a matrix structure also provides for an additional, functional line of responsibility to be retained through to a group personnel manager or director, although in a small number of cases, divisional or regional personnel managers report to a group personnel manager.

The question of board-level representation has been seen in some quarters as a key indicator of organizational commitment to human resource management. The absence of such representation might seem to indicate a lack of 'strategic' positioning. Board-level representation in other UK private sector companies is almost twice as high as in the construction industry (54% compared with 28%), according to the PWCS.

While personnel practitioners are unlikely to find direct representation at strategic level, there is nevertheless wider evidence of a significant consultative and advisory role, close to key decision takers. It is possible to overstate the significance of board-level representation in a context where there is much wider provision for functional representation at second-tier or management committee level. The regularity of contact with strategic decision takers and the direct reporting responsibility to chief executive level may be as significant in practice as board-level representation, although it would be inappropriate to deduce that this

Table 2 People employed and professionals employed in the personnel function (including wage administration and training)

	People employed (construction) (%)	People employed (private sector) (%)	Professional staff employed (construction) (%)	Professional staff employed (private sector) (%)
1–10	44	46	73	64
11 or more	43	47	13	20
No personnel function	8	4	–	–

Source: Price Waterhouse Cranfield survey, 1992

Table 3 Primary responsibilities of line management and HR departments for major policy decisions: pay and benefits (Pay), recruitment and selection (Recruitment), training and development (Training)

	Pay		Recruitment		Training	
	Construction (%)	Private sector (%)	Construction (%)	Private sector (%)	Construction (%)	Private sector (%)
Line management	51	29	66	45	43	30
HR department	48	67	32	55	53	67

Source: Price Waterhouse Cranfield survey, 1992

Table 4 Primary responsibilities of line management and HR departments for major policy decisions: industrial relations (IR); health and safety (H&S); workforce expansion and reduction (Workforce)

	IR		H&S		Workforce	
	Construction (%)	Private sector (%)	Construction (%)	Private sector (%)	Construction (%)	Private sector (%)
Line management	43	29	64	46	79	66
HR department	53	67	30	51	19	32

Source: Price Waterhouse Cranfield survey, 1992

gives a generalized 'strategic' dimension to the personnel role. The PWCS indicates that the majority of respondents are involved in corporate strategy from the outset, while most of the remainder are involved in a consultative capacity.

The full involvement of personnel practitioners in strategic corporate decision making in the construction industry may actually be constrained by the competitive contractual process. One of the key changes in terms of employment practice has been the shift from direct employment of operatives to the use of self-employed labour via specialist or labour-only subcontractors, as outlined above. Decisions on the form of labour engagement at site level derive in large measure from the estimating and tendering process conducted by professionals outside the personnel area. This suggests that there is little involvement from personnel at the point when important decisions are being taken about employee resourcing.

Line managers

The devolution of personnel functions to line managers has been identified as one of the central features of the HRM model. Storey (1992) sees HRM as having transformational leadership, with a top-level commitment that is replicated amongst general or line managers. His research emphasizes the responsibility of line managers in terms of communication, motivation and

development of the workforce in the motor industry, in public sector organizations, in electrical and mechanical engineering and in process industries. Within this model the role of the personnel function changes from a function concerned with the enforcement of central rules and procedures, and the maintenance of industrial peace, to a service function responding flexibly to requests from the line.

The strong tradition of project management has meant that, in line with the findings of Bresnan *et al.* (1985), line managers in construction are already accustomed to a direct responsibility in relation to employment issues. In this respect, human resource management initiatives in other industries appear to be following the pattern already evident in construction. Although the PWCS does not distinguish between responsibility for manual and non-manual employees, overall it confirms that personnel management decisions in the construction industry, compared with the private sector, are more likely to be line management led in each of six areas covered (Tables 3 and 4).

As one personnel manager commented (Greenwich survey),

The real power lies outside the personnel department, generally in the hands of site managers. The personnel manager is able to influence but not control . . . a lot of responsibilities but not much real authority.

In the large majority of organizations there has been no recent change in line management responsibility.

Line managers have simply retained the responsibility that they traditionally held.

The Greenwich survey suggests a stronger personnel influence than does the Price Waterhouse Cranfield survey. This may be explained in part by the fact that the PWCS does not differentiate between manual and non-manual, whereas the Greenwich survey asked respondents to differentiate their responses in relation to manual and non-manual employees. The results demonstrated the fundamental difference in approach to management of these two groups. Decisions on recruitment and selection, on the use of self-employed labour, on health and safety, on performance management, on work organization and on manpower planning are perceived by a majority of personnel practitioners as more likely to be decided by line managers of manual employees (see Table 5). Yet responses in relation to responsibilities for non-manual employees suggest a greater degree of influence on the part of the personnel department (see Table 6). This would apply to non-manual employees at site level as well as to those in the context of the office situation.

The shift from direct employment to the use of self-employment has been particularly marked in the construction industry, and although it is not possible for construction firms to rid themselves completely of their employment responsibilities, the use of self-employed labour appears to have replaced the employment contract with a commercial contract for many activities at site level. According to the Greenwich survey, the use of self-employed labour ranked highest within the list of issues more likely to be decided by site (or line) managers, rather than by personnel managers, in relation to manual employment. This is confirmed by Table 4 from the PWCS, which demonstrates that the expansion and the reduction of workforce size is more likely than any other policy area to be under line management control.

This difference in the level of personnel responsibilities for manual and non-manual employees, and the divergence in management practice in dealing with these two component parts of the workforce, are distinctive features of the construction industry. Personnel specialists differ in their response to the demands that this creates. There is evidence of a more sophisticated 'internal customer' approach, in line with the HRM model, in the comment from one management fee contracting firm (which is 100% non-manual):

The relationships built up with line management are special. These are all important if proper advice and assistance on all matters relating to human resources are to be provided by the personnel department. Maintenance of a good 'internal customer' function is

Table 5 What does the personnel department deal with? Manual employees. Respondents were asked to identify the extent of their own involvement (% of respondent companies that have a personnel department and employ manual workers)

Area	All (%)	Some (%)	None (%)
Employment	83	13	7
Employee relations	68	25	7
Training and development	52	22	20
Pay and benefits	46	31	22
Health and safety	33	20	45
Employee recruitment	25	38	40

Source: Greenwich survey, 1993

Table 6 What does the personnel department deal with? Non-manual employees. Respondents were asked to identify the extent of their own involvement (% of respondent companies that have a Personnel Department)

Area	All (%)	Some (%)	None (%)
Pay and benefits	94	4	2
Employment law	92	6	2
Employee relations	90	4	4
Training and development	83	10	4
Employee recruitment	75	23	2
Health and safety	31	29	36

Source: Greenwich survey, 1993

all important if proper communication of company policies, procedures and intentions are to be maintained.

On the other hand, line managers, preoccupied with completion of the job, sometimes at the expense of employees, are sometimes perceived as part of the problem, rather than the solution. As one respondent commented:

Personnel management in construction will always be a necessary evil for line managers. Since managers tend to neglect employee relations in order to get the job done as quickly as possible, inevitably a cavalier approach results in personnel problems. Only when things get out of control are personnel managers brought in to sort out the mess.

Key levers of HRM

We shall now briefly consider the evidence on the uptake of policies associated with human resource

management. Storey (1992) identifies various key levers of HRM, which are typical for the new, more individualized and performance-centred approach to employee management, and which are seen to distinguish HRM from more traditional personnel management approaches. These are: the handling of the recruitment and selection process as an integrated and key task; a move away from collective labour management, with shop steward representation, towards individual contracts, based on a reduced number of jobs grades or categories; and the move to performance-related pay. Levers towards HRM are also found in the positive approach to managing the climate and culture of the company, and the emphasis on the 'learning company' approach to employee development.

Recruitment and selection

Once employees are recognized as the key to competitive advantage, particularly in jobs relying on innovation, initiative and team-working capacity, selecting the right person for the job becomes a much more important task. This is particularly so, for managerial positions, but extends to other tasks. Careful and sophisticated approaches to recruitment and selection are particularly important in the 'soft' interpretations of strategic HRM (Townley, 1989; Beaumont, 1993; Iles and Salaman, 1995). The evidence suggests that this is not a major focus for new policies in the construction industry. We have already seen (Table 3) that recruitment and selection decisions are more likely to be decentralized to line managers than in other industries, and that for a significant number of companies personnel departments have no input in recruitment decisions, even for non-manual employees. In itself this of course does not say anything about the quality of selection decisions. On average, however, the PWCS suggests that it is also less likely that selection in the construction industry will be made with the help of psychometric tests, assessment centres or panel interviews, compared with other sectors.

Terms and conditions

The fundamental dichotomy between construction-based companies and those in other sectors is the sharp differentiation between manual and non-manual employees in construction. The policies employed for the various categories of employees have differed in form and in substance, although inevitably both have been modified in the face of shifting labour market requirements of the 1990s. There is a wide gulf between the employment status of operatives and that of non-manual employees. National, industry-level collective

agreements have been retained for manual operatives, although the extent of their application and the influence of their procedures may be in question.

The shift towards individualized contracts has been most in evidence through the increased use of self-employment, which has tended to undermine collective agreements. Trade unions have been marginalized as they have found it difficult to recruit and to retain members in the fragmented employment structures associated with construction management and subcontracting. Shop steward organization has been inhibited for the same reason. Construction firms are more likely than other private sector firms to report a decrease in trade union influence over the last three years, and not a single company in the PWCS reported an increase in trade union influence (see Table 7).

Collective bargaining provides conciliation procedures as an insurance policy for employers who remember the impact of industrial action. It plays little real part in collective representation of the workforce at site level in building and civil engineering, other than on very large or prestigious sites (Druker and White, 1994). Collective agreements provide that the shop steward should be in the employment of the 'main' contractor, but if the management contractor is responsible solely for engaging subcontractors, there is no reason to employ a shop steward. Social values and tax concessions have reinforced a small business culture in which there may be doubts about the genuine employment status of the 'self-employed', but there can be few doubts about the individualizing effects of the surge in self-employment.

Professional, managerial, administrative and clerical staff are not, for the most part, covered by collective agreements, and there is little evidence of trade union recognition for these categories, although in some cases there are staff associations that represent non-manual interests. Terms and conditions of employment are normally set on an individual basis, but construction companies are less likely than other private employers formally to link rewards to individual performance through performance-related pay (see Tables 8 and 9). Typical for these categories of staff are only broadly defined grading structures, with little evidence of a detailed concern with job evaluation. The limited im-

Table 7 Percentage of organizations reporting a change in the influence of trade unions over the last three years

	Construction sector (%)	Private sector (%)
Increased	0	2
Same	48	57
Decreased	52	41

Source: Price Waterhouse Cranfield survey, 1992

Table 8 Percentage of organizations offering merit/performance-related pay

	Construction sector (%)	Private sector (%)
Managerial	45	64
Prof/technical	42	59
Clerical	40	50
Manual	21	26

Source: Price Waterhouse Cranfield survey

Table 9 Percentage of organizations offering individual bonus/commission

	Construction sector (%)	Private sector (%)
Managerial	43	41
Prof/technical	28	34
Clerical	9	8
Manual	17	13

Source: Price Waterhouse Cranfield Survey

pact of appraisal-based performance-related pay was explained by one commentator as the consequence of insecurity in the industry, where a negative appraisal might be superseded or followed by redundancy.

The decline in collectively negotiated terms and conditions, and the move towards more individualized employment practices, create new tasks for the personnel function. Personnel practitioners give a high rating to their responsibilities for employee relations in response to the Greenwich survey, both for manual and for non-manual employees. The formal procedures that survive remain the preserve of personnel, particularly where redundancies and dismissals may have implications in respect of industrial tribunal proceedings. Keeping the company away from industrial tribunals is an important dimension of the personnel role, although one that can be carried through only in cooperation with line managers. The potential for legal problems over a period of massive contraction in activity must have been considerable, and success is measured in terms of an absence of tribunal claims.

Training and development

Vocational training and employee development are issues that are of key concern to personnel practitioners at present, as traditional forms of training are in decline, but there is little evidence of new training initiatives' having achieved a widespread impact for the

core workforce. In part these issues have been given renewed attention as skill shortages have accompanied the growth in unemployment and self-employment (Agapiou *et al.*, 1995). The volume of craft training has diminished despite the precarious survival of the Construction Industry Training Board, and research undertaken by the Institute of Manpower Studies has suggested that the introduction of NVQs is, in itself, unlikely to improve the volume of training activity (Callender, 1992).

The recession of the early 1990s has taken a severe toll of career expectations within the industry. Most construction companies are far from the 'learning companies' of Storey's model, with considerable scope to rethink and to advance their approach to employee and career development. Indeed there is anecdotal evidence that some companies have closed down their management development centres in recent years.

However, there are signs that change may be pending, with over half of all companies in the Cranfield survey saying that they have increased their budgets for the training of manual workers (although one in five companies – twice as many as the private sector average – say that they cut resources in this area). Vocational training and employee development are also highlighted by the Greenwich survey as areas of personnel activity that are most likely to increase in the 1990s (see Table 10). Training is one of the areas in which line management's responsibility has increased significantly over the last three years – but with the extent of self-employment and the decentralization of decisions on training expenditure, there is a question mark over the ability of companies to make a significant impact on skill shortages.

Probably the most important element of new human resource management approaches is the emphasis on corporate culture (Legge, 1989, 1995; Storey, 1992). This is meant to provide the 'corporate glue' that binds employees to the objectives of the organization, as organizational structures become looser and less defined and the emphasis turns from control and compliance to self-motivation and commitment. The management of organizational culture and communications has not been very visible, and received little comment from survey respondents, although questions of employee communication and employee involvement were highly rated as future areas of personnel activity (see Table 10).

Discussion and conclusions

Personnel managers describe their industry as a people-oriented business, with effective teamwork and human initiative perceived as the key to competitive

Table 10 Which areas of personnel activity are likely to increase or decrease in importance in your company in the 1990s? (as percentage of respondents)

Area	Decrease (%)	Stay the same (%)	Increase (%)
Use of self-employed	13	41	46
Industrial relations	10	60	30
Recruitment and selection	4	31	65
Training and vocational education	0	29	71
Discipline and grievance	4	83	13
Health and safety	0	38	61
Performance management	0	40	60
Redundancies and dismissals	42	52	6
Job evaluation and grading	4	76	20
Employee development	0	25	75
Payment systems	2	67	31
Manpower planning	0	58	42
Changing work organization	2	46	52
Terms and conditions of employment	0	67	33
Employee communication systems	0	54	46
Employee involvement and participation	0	54	46

Source: Greenwich survey, 1993

advantage. 'In our market, work is awarded on the basis of the team of people we propose to the client. Managing the personnel function in construction means managing the most vital corporate resource,' commented one typical respondent. The importance of people and the business orientation of the personnel function were seen as two vital features of the industry, and in this respondents echoed the human resource management literature. A strong business orientation was also apparent in responses, reflecting the context of an industry where survival is premised on the ability to win contracts and the knowledge that personnel must be seen as a contributor to commercial success. These comments reflect some elements of personnel management associated with soft HRM. However, the evidence reviewed here suggests that such longer-term proactive approaches are inhibited:

Construction is managed by people who are concerned with cost and production. They are more influenced by the value of 'harder' personnel issues and it is a challenge to achieve credibility for 'softer' issues. (Survey Response, Greenwich)

There are some strong similarities between aspects of management in the construction industry and the 'hard' model of human resource management. Management within the competitive contractual framework of construction activity has anticipated some of the initiatives that have been identified in other industries in recent years – the reduction of the 'core' labour force, for example. The most tangible indication of change has been the increased use made of self-employed labour and the rigorous distinction between 'core' and 'peripheral' staff. There are also other similarities with the HRM models, such as in the limited impact of proceduralism or the decentralization of decision making on personnel issues to the line managers. Yet there is little evidence of the other elements of 'hard' HRM: that is, that these changes are the outcome of proactive and considered changes in approach or of the strategic integration of personnel policies. The research findings here confirm Hillebrandt and Canon's conclusion (1990) to the effect that personnel is a secondary-order function.

The distinction between the treatment of the core element of professional, managerial and technical staff on the one hand, and operatives on the other, cannot simply be equated with the distinction between soft and hard HRM. The construction industry has retained a short-term approach to the management of labour, even including professional and managerial employees. The research appears to support the findings of Kirkpatrick *et al.* (1992, p. 146), who suggested that it is unlikely for longer-term developmental approaches to HRM to survive in a 'decentralised line management environment dominated by short-term pressures'. Future problems of employee resourcing and skills supply have been compounded by significant fluctuations in the volume of activity and the depths of the recession of the early 1990s. Dual structures provide a clear differentiation between the hierarchical controls of professional and administrative employees and the output controls that are sustained at site level: controls that are reinforced through outsourcing in many cases. In neither of these dimensions is there evidence of significant innovation in organizational or cultural approaches to the management of people.

As the promise of HRM has not been matched by its performance in other industries, it might be concluded that the construction industry is no different from other industries – or even that senior construc-

tion managers may have a more realistic perspective of the potential for change than do key decision takers in other industries! In terms both of the relative importance of line manager control of personnel issues and of the extent of outsourcing, the construction industry may have been in advance of the human resource initiatives that are now evident elsewhere.

Yet survey responses suggest that personnel practitioners would not agree with such a conclusion. In many cases, comments reflected frustration with the industry's failure to innovate, through harnessing the human resource dimension of HRM and developing an approach that calls on the creativity and commitment of the workforce. It might be argued that such an approach is not relevant to the site situation. Indeed it could be suggested that subcontracting has offloaded many of the risks and the problems of direct employment, and that there is little scope for the softer techniques of human resource management. Yet the workforce of the larger construction firms is made up of a majority of professional and knowledge-based workers, who might be prime targets for the softer techniques of HRM. Moreover, the diminished proportion of directly employed manual workers provides scope for a review of traditions and of commonly accepted practices. A longer-term view of the construction industry suggests that it is not immune from some of the concerns that have induced management in other industries to review their practice in terms of people management. Problems of quality of output, of safety management, and of skills supply, as well as the quest for competitive advantage in the face of competition from European and even Japanese contractors, are all issues that face UK construction firms.

The shape of construction companies has changed. The emphasis on the management of the construction process and the redefinition of core business to exclude some aspects of the construction process has diminished the 'in-house' requirement for operatives' skills, and has encouraged the utilization of subcontractors and self-employed labour as a norm. This has fundamentally affected the balance of employment between manual and non-manual labour; between craft skills and professional or managerial expertise. The pyramid organization with a large manual workforce has been replaced by a structure that is heavier in its professional and managerial component and much lighter in its directly employed manual base. This change is not unique to the construction industry, but whereas in other sectors it has been accompanied by some rethinking with respect to management style and process, it seems to have had little effect on management traditions in construction, at least at the time of our surveys and accompanying qualitative research.

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