



Full Length Research Article

THE HUMAN RESOURCE MANAGEMENT CHALLENGES IN CONSTRUCTION PROJECTS IN A LARGE CONSTRUCTION COMPANY

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ABSTRACT

Construction industry operates in a very dynamic environment where demand changes from project to project, making the management of this diverse work force more difficult. The industry's project based structure comprises of diverse range of people from a wide range of occupational cultures and backgrounds, including people in unskilled, craft, managerial, professional and administrative positions. Thus the construction company needs coordination amongst these diverse set of employees, contractors and suppliers to attain the project objectives. The project based structure of this industry creates a problem in usage of central tenets of HRM strategies at operational level of projects. The present study aims at highlighting the various human resource management challenges faced by a large construction company

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INTRODUCTION

Although construction Industry in India is one of the most labour intensive industries, very little importance is given to the human resource management issues. The challenges faced by the human resource in this sector are quite different from other labor intensive industries. The Human resource management function is perceived as centralized head office function though most of the problems arise at operational or project level. The industry's project based structure comprises of diverse range of people from a wide range of occupational cultures and backgrounds, including people in unskilled, craft, managerial, professional and administrative positions. Thus the construction industry operates in a very dynamic environment where demands changes from project to project, making the management of this diverse work force more difficult. The project based structure of this industry creates a problem in usage of central tenets of HRM strategies at operational level of projects. The present study aims at highlighting the various human resource management challenges faced by a large construction company. The paper also gives an understanding of the feasible way forward to cope up with these challenges keeping into account the unique and complex nature of construction business.

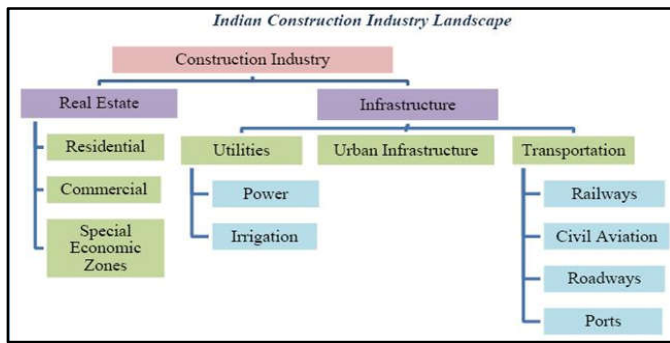
The construction industry is the second largest industry in India after agriculture. It accounts for about 11% of India as GDP. It makes significant contribution to the national economy and provides employment to large number of people. There are mainly three segments in the construction industry like real estate construction which includes residential and commercial construction; infrastructure building which includes roads, railways, power etc; and industrial construction that consists of oil and gas refineries, pipelines, textiles etc. Construction is an essential part of any country's infrastructure and industrial development. It is the second largest economic activity next to agriculture. Broadly construction can be classified into 3 segments as Infrastructure, Industrial and Real Estate. Infrastructure segments involve construction projects in different sectors like roads, railways, ports, irrigation, power etc. Industrial construction is contributed by expansion projects from various manufacturing sectors. Real estate construction can be sub-divided into residential, commercial, malls/multiplexes etc.

Indian Construction Industry Landscape

The construction industry in India is highly fragmented. There are number of unorganized players in the industry which work on the subcontracting basis. To execute more critical projects, nowadays bids are increasing placed in consortium. But the profitability of the construction projects varies across different segments.

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Construction Industry



Complex technology savvy projects can fetch higher profit margins for construction companies as compared to low technology projects like road construction. Various projects in Construction industry are working capital intensive. Working capital requirement for any company depends on the order mix of the companies. The construction industry operates on the basis of contractual agreements. Over the years different types of contracts have been developed. It mainly depends on the magnitude and nature of work, special design needs, and annual requirements of funds and complexities of job. Construction projects can be materialized through number of smaller contracts which mainly depends upon size of the project and diversified nature of activities to be carried out in the project. As a result, Subcontracting is a common phenomenon in the construction industry. Although the construction industry is a labor intensive sector, a slight concern is shown towards the adequate human resource management.

Construction Is India's Second-Largest Employer

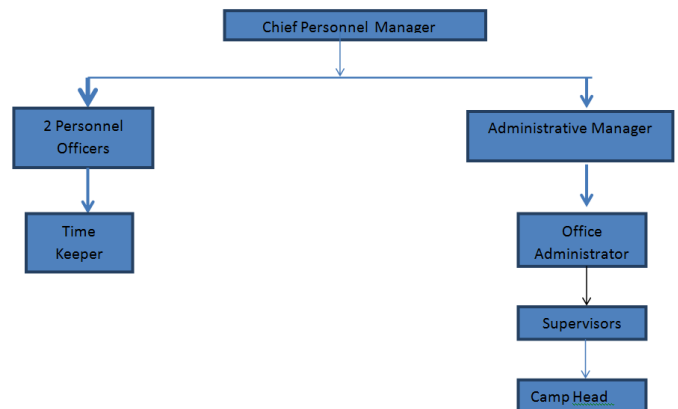


Source: NSO data accessed on data.gov.in

Most of the human resource policies are made from the head office which is centralized, though the human resource management issues vary from project to project. The industry's project based structure comprises of diverse range of people from a wide range of occupational cultures and backgrounds, including people in unskilled, craft, managerial, professional and administrative positions. Thus the construction company needs coordination amongst these diverse set of employees, contractors and suppliers to attain the project objectives. Thus the construction industry operates in a very dynamic environment where demands changes from project to project, making the management of this diverse work force more difficult. The project based structure of this industry creates a problem in usage of central tenets of HRM strategies at operational level of projects. Thus a need was felt to analyze the human resource management issues at strategic as well as operational level in the construction industry.

MATERIALS AND METHODS

An inductive methodology was chosen which allowed for the examination of the Human Resource management strategies from a variety of stakeholder perspectives with the aim of gaining a holistic view of the challenges faced by the company in human resource management & as to how the function is managed. The data was collected via semi-structured interviews (n= 50) within a leading construction organization based in the Uttarakhand. The organization was chosen as they operated throughout the country; their activities spanned every major sector of construction activity. The organization therefore represents a 'typical' example of a large, multi-disciplinary construction firm currently enjoying the buoyant construction market. The structure of HR department of this project unit is as under:



Participants comprised of senior HR (1), HRM staff (8), operational senior managers with responsibility for resourcing decision-making (6), and project-based employees at various levels of the organization (35). A research instrument was developed to guide the discussions to cover all the major topics within employee resourcing and HRM, incorporating issues specific to project-based sectors.

RESULTS AND DISCUSSION

The challenges before the construction company in handling infrastructure projects were found as under:

One-off nature of Construction Projects

Unlike the other sectors, construction projects are of one-off unique nature where project teams pass through variety of work activities and ever changing work relationships. This unique nature of these projects often leads to the problem of learning curve amongst the workforce.

The variable demand in Construction Business

Cycle of peaks and troughs in construction demand creates difficulty for the company to have the entire workforce on its payroll. Consequently, the company has to adopt a flexible model of HRM, in which they employ the bulk of their workforce on temporary contracts as subcontracted labor. The estimation of human resource requirement as subcontracted labor is done and the monetary cost is determined. This amount is quoted to the subcontractor to get the work done in the budget allocated. Having been awarded a contract, the company has to mobilize a project team with specific skill set,

to meet the demands of the project. The demand of manpower may fluctuate throughout the project cycle, thus making the resourcing function very challenging. The resourcing function needs to respond to the demand of work load fluctuations.

Challenges associated with Manpower Planning

The manpower planning is done on project basis. Since the demand of manpower may fluctuate throughout the project cycle, the month wise manpower planning is preferred. Shortages in labour are met by allocating additional responsibilities, moving the workforce from the completed project to the new project site and by employing subcontracted employees. Moreover many of the projects are executed in the interiors of the country where political leaders and villagers pressurize for employment. The company also faces a pressure from the locals for restricted hiring where the outsiders from specific regions and communities cannot be hired. If the aforesaid demands of the locals are not met, then the onsite employees have to face protest and temporary cessation of work at times.

Reliance on Ephemeral workforce

The workforce in Construction Company has to move from project to project. At times the location of the on-site project is such that the families of employees may not accompany them. This leads to the problems like homesickness, increased expenses on the part of employees to visit family and issues of work-life balance. It was found during the survey that the project-based employees at various levels of the organization face the problem of homesickness due to being away from the family for a prolonged period of time. The company policy grants an amount equivalent to 15 days salary in a year to visit the home town. This amount is perceived as meager to meet the travelling expense, as the site locations are far off. That too is granted only once in a year which is also perceived as dissatisfactory.

Image of Construction Business

The high achievers in universities tend to opt for a job with lucrative packages, clear career paths, good working condition and glamorous outlook. The company faces the challenge to procure and retain an efficient workforce due to the following reasons:

- Continuous relocation of workforce to different on-site locations catering to the demand of different projects
- The association with more blue-collar employees as compared to so called high regard white collar employees
- Time pressures of project completion demanding sudden changes in the work load and thus requiring long working hours.

Issues of managing work-life balance in the company

The Company places little importance to balancing work-life commitments of the workforce. There are no provisions of the facilities like child-care, flexible work schedule, career break programmes and part-time work. There is evidence that the provision of work life balance initiatives such as flexitime or childcare/eldercare services pays greater dividends in terms of increasing employees' commitment to the organization and

yields beneficial outcomes for both the individual and the organization (Perry-Smith and Blum 2000). It was found that most of the project's site was in remote areas, where the Information management is seldom poor. In such circumstances work from home can create problems of frequent decisions due to lack of information, thus having a negative impact on onsite project progress due to delays. Thus the company always needs onsite management and supervision of construction work.

Occupational safety hazards and health hazards

The site operatives have to work in unacceptably cold, hot or wet conditions with dangerous machinery and with relatively unsanitary eating and toilet facilities. Since the researcher has not covered the contract labor in the study, more focus has been on the safety and health hazards for project based employees in the organization. Service-oriented office-based employees reported the problems of workplace hazards. The factors like long working hours leading to physical fatigue and stress, office environment leading to sick-building syndrome and boredom, were reported as the major issues towards increased occupational health hazards.

Devolution of HR function to the Project Manager

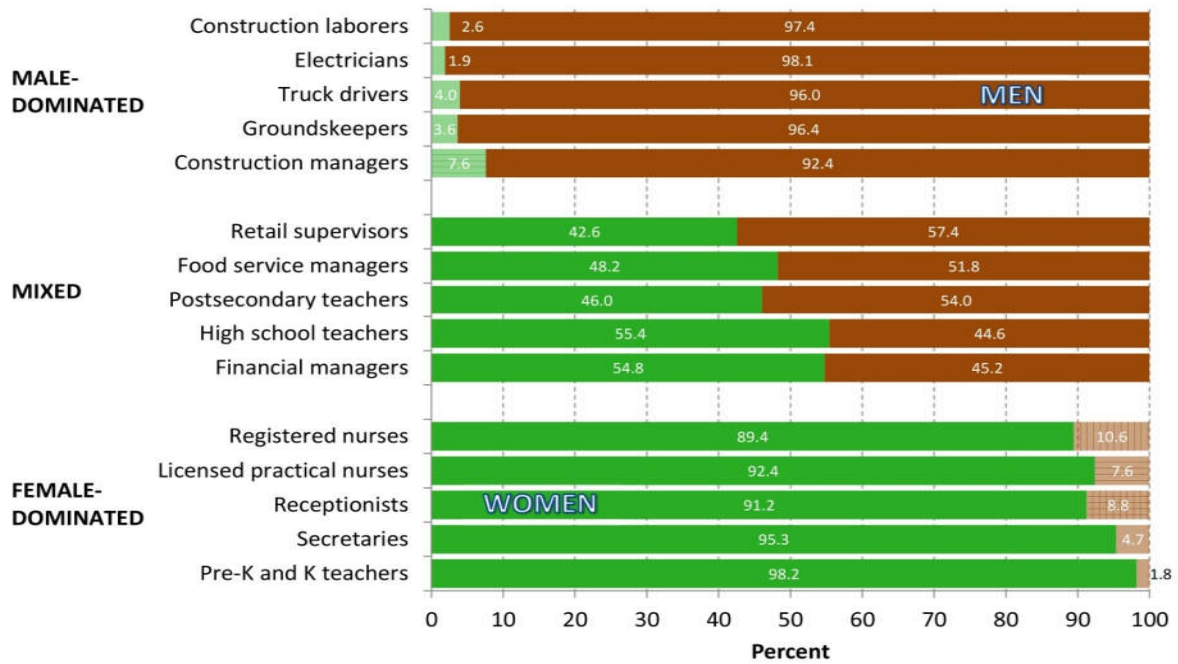
The project teams are multidisciplinary in nature where different combinations of clients, constructors, contractors, suppliers come together for a specific time frame for the successful completion of the project. The workforce is also comprised of different technical skills and education, thus demanding the line manager's attention to manage this diversified skill set. As a result the line manager has to manage this multifunctional task force and has to take the responsibility of HRM function for their project. The line managers are typically trained in their specific disciplines and often feel unequipped with people management skills. In almost all cases the success of the project is measured in monetary terms, the human related issues become a second priority. The line managers at times feel the need of providing training to their employees for their personal development and team building issues, but the pressures of time and cost prevent them in doing so.

A Male dominated Culture

Male dominate in the craft trade as well as administrative & managerial positions in the company. There is no explicit policy of discrimination against gender in hiring, but the observation showed that gender prejudices are institutionalized in the system. The project managers find it very difficult to attain workforce diversity in terms of gender. The nature of work, excessive mobility requirements, fluctuating workload, and remote onsite locations all together makes it difficult for them to hire and retain the women. Thus the stereotyped assumptions in selection have led to the macho culture in the company resulting in under representation of women at all levels. This disparity in workforce is seen throughout the country. The table below shows the % of women workers in different sectors: Even the developed countries face the similar problem in construction sector. The American community survey shows the similar results:

Thus this creates a very limited pool of employees from which the companies have to recruit.

Gender composition of selected occupations



Way Forward

The Organization should start with a written diversity/equal opportunity policy

The policy will act as a guideline to prevent the organization to discriminate against gender, marital status, race and disability. In addition the policy will also act as a guideline for fair remuneration, rewards, training and promotions, once the employees are selected. The objectives of the policy should be very clear and the information should be disseminated to the internal organization, suppliers, clients, contractors and the general public in large. The organization should consider the introduction of equal opportunity committee so as to maintain a positive approach of diversity and review equal opportunity in practice. For the effective implementation of this policy following considerations need to be taken:

- Development of workforce diversity policy and its clear communication in the organization. The policy should clearly read out the aims, benefits and the purpose of a diversified workforce pool.
- Preparation of action plans, including target setting and responsibility charting for policy implementation, resource allocation, time targets for implementation and intended methods for evaluating the effectiveness of the processes.
- Provide training for all employees, to ensure consistency of approach and an overall understanding of the importance of equal opportunities. Arrange specific training for those people responsible for recruitment, selection, appraisal interviewing and training.
- Write clear and justifiable job criteria for each job in the organization to ensure that they are objective and job related.
- Incorporate some flexible working schemes as per their feasibility like shift work, flexi time, child care, career breaks, prayer breaks etc.

- Regular progress reports on the diversity policy should be produced before the senior management. The report should be based on the employee satisfaction on the concerned issue and the numeric makeup of the workforce at each hierarchical level on the basis of age, gender, disabled, community and minority groups.

Cope up with deficit skilled labor

To cope up with deficit skilled labor following measures can be taken:

- By providing training to local available labor.
- The company should provide good incentives, better pay scale and facilities to the labor to keep them with company and to attract other sector labor to meet requirement.
- The projects face the scarcity of high skilled persons to operate machines like boomer operators etc. The company maintains the departmental labor and trains them in operation & maintenance of machines for better product. The company also selects the operators trained from different training institutes. The company can also give training to locals by starting with some need specific training certificate programmes, which can turn as a win-win situation for the company as well as labor. The company will get the trained skilled labor and the locals will get employment as skilled labor. The company should also provide incentives on target achievement to labor contractor and labors. This attracts labor to work in project.

Welfare measures for day to day well-being of employees

There should be adequate facilities for site-based workers so as to ensure their commitment, motivation and occupational health. The welfare provisions of the organization should include the social activities and counseling programs for the employees to improve their mental health. Compulsory free health checkups should be there for the employees at least

once in a year. The HR department should carefully design a health and safety policy which should be regularly monitored. The policy should incorporate the facilities like stress management programmes, seminars, diet counseling, exercise schedules and staff for counseling services for the employees.

Create work-life balance for employees

More often we discuss the challenges of work-life balance for women work force. But, during the survey it was found that both men and women face the problems of creating work-life balance. Majority of respondents reported that they experience home-to-work 'spillover' effects. The impact of home events on behaviour in the workplace has implications on organisational performance. Thus it is clear that the implementation of family-friendly work policies and practices has the potential to enhance organizational efficiency, morale and productivity, and this has been supported by a number of research studies (Cass 1993; Butruille, 1990). Flexible work arrangements are one of the most frequently used ways to assist employees with family responsibilities. Flexible work arrangements cover a range of practices, including the following:

- Flexible work hours
- Job sharing
- Working from home or telecommuting

Flexible work hours may involve compressed work weeks, shorter weeks with less pay, adjusted starting or finishing times, fewer breaks to shorten the working day, the option of half-day vacations and informal flexibility to accommodate needs on specific days. The needs of employees should be carefully assessed to determine which of these options would be the most beneficial. While there will always be a need to have on-site management and supervision of construction work, the increasing availability and use of IT in the construction industry should increase the options for work from a remote or home site in certain tasks.

Other initiatives intended to elicit commitment and loyalty from employees include the following:

- Salary packages including the components like childcare costs, school fees or eldercare costs to provide a tax benefit to employees.
- Family-related phone calls to enable employees to check on children or elderly relatives.
- Employee assistance programmes offering counselling for employees with personal or family difficulties.
- Family-oriented parties.
- Off-site childcare centres for company employees.
- Partnerships with outside agencies to provide day-care facilities.

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