

Talent incentive strategy based on epc projects of electricity industry in china ...



**ASSIGN
BUSTER**

In recent years, with the rapid development of China's economic construction, more and more companies vigorously implement reform from simple design business to EPC projects multi-functional business in order to more quickly integrate with the international engineering organization model. The electricity industry of China is one of the industries which implement EPC contracting business earlier. Domestic EPC contracting enterprises of electric power industry are usually transformed from design institute. EPC project is an elongation and development of design work. It is a new attempt and huge challenge and is necessary to our own strategy development and the market competition. In order to complete the transformation from design institute to EPC contracting enterprise, something must be reformed such as organizational structure, business processes and human resources. A wealth of studies, exploration and practice work about organizational structure and business processes have been done in recent years. Consequently effective implementation has been conducted. However, it is stagnant in the aspects of employment mechanism and the distribution system result in the lower work enthusiasm on staff engaged in the EPC projects, and even worse complaining and slacking off have happened.

Staff motivation is the eternal topic, to effectively mobilize the potential of employees, to enable them to give full play to their enthusiasm and creativity, and promote the successful implementation of the EPC projects; all these factors constitute the purpose of the research. This dissertation which based on the characteristics of EPC projects and the human resource management status will analyze the reasons of low work enthusiasm on staff

engaged in the EPC projects, and explore suitable staff incentive mechanism of EPC projects. The research objective is through the successful practice of staff incentive mechanism to improve staff morale and enthusiasm so that contributing to the smooth and successful implementation of the EPC projects.

Considering the keywords EPC project management; Motivation theory; electricity industry in China that emerged from the topic, I have decided to study this subject through this problematic: QUESTION: How can talent incentive tactics help a design institute to transform to EPC contracting enterprise? The case study of NCPE, Beijing, China

Case company will be North China Electric Power Engineering Co., Ltd (Referred to as NCPE) which is an integrated enterprise, originating from a design institute, has multiple functions with design, procurement and construction (www.ncpe.com.cn).

1. Literature Review Background, Key Word #1 * EPC project management

Project Delivery System (PDS) describe how the project stakeholders are organized to transforming and interact the client's objectives and goals into finished facilities (ASCE, 2003). A wide range of researches has been conducted on PDSs in general. The most commonly discussed PDSs are design bid build (DBB), design-build (DB), engineering, procurement and construction (EPC), Turnkey, construction management (CM), project management contracting (PMC), project management(PM) and combinations of two or more of the above PDSs. Miller et al. (2000) provided definitions of common PDSs. The results of survey and analysis show that design-bid-build <https://assignbuster.com/talent-incentive-strategy-based-on-epc-projects-of-electricity-industry-in-china-essay-sample/>

(DBB)/project management (DBB+PM), design-build (DB)/engineering, procurement and construction (EPC)/Turnkey, multi-stage DB/EPC and EP+C are commonly used in China(Yong Qiang, Huanqing, Wenxue&Ning, 2010).

EPC is a common form of contracting arrangement within the construction industry. EPC contract, which means project contractor implement the project design, procurement and construction work in accordance with the contract agreed, is the main stream of the project management models in the world range. Under an EPC contract, the contractor designs the installation, procures the necessary materials and builds the project, either directly or by subcontracting part of the work. In some cases, the contractor carries the project risk for schedule as well as budget in return for a fixed price, called lump sum or LSTK depending on the agreed scope of work (Loots, Phil&Nick, 2007). In this project delivery system, the EPC contractor holds all of the responsibility. Strengths of EPC are responsibility is divided clearly; the whole schedule can be cut down; less stress because there are various managers; the owner knows the whole prices of the project.

However there are some weaknesses of EPC. Because bidding happens before the engineering is complete, it is difficult for the owner to identify what the work exactly is. The owner's ability to control the project is low. The pre-tender stage cost can be very large. The tasks across E, P, and C call for more management skills. The EPC contractor holds greater responsibility so it is pivotal to have someone who has the right qualifications for the job (Cristian, Pinwu, Huadong & Yanjing, 2009).

For construction contracts, from the contract formation to the contracts end; it usually takes a long period of time, sometimes even years, and it has many processes. Human resource management must be carried out throughout the entire life period, and talent incentive tactics will be different in different stages.

2. Literature Review Background, Key Word #2 * Motivation theory

Motivation is internal and external factors that stimulate desire and energy in people to be continually interested and committed to a job, role or subject, or to make an effort to attain a goal (Ibrahim Abdelrahim Ibrahim Humaida, 2012). There have been ongoing studies in management research regarding to motivation. A series of progress, a number of systematic and mature theories have already formed so far.

For the current business management, widely used there are two categories are widely used: content theories and process theories. The content theories study the general rules of human psychology and behavior starting from the incentive reasons and stimulating contents. Maslow's hierarchy of needs is a theory in psychology proposed by Abraham Maslow in his 1943 paper " A Theory of Human Motivation". This theory accurately describes many realities of personal experiences. Maslow has set up a hierarchy of five levels of basic needs. Beyond these needs, higher levels of needs exist. These include needs for understanding, esthetic appreciation and purely spiritual needs. In the levels of the five basic needs, the person does not feel the second need until the demands of the first have been satisfied nor the third until the second has been satisfied, and so on (Janets, 1987).

The process theories focus on the motivation formation and behavioral targeted selection based on the process of motivation. For example, expectancy theory (Victor, 1964) argues that humans act according to their conscious expectations that a particular behavior will lead to specific desirable goals. The theory produces a systematic explanatory theory of workplace motivation and asserts that the motivation to behave in a particular way is determined by an individual's expectation that behaviour will lead to a particular outcome, multiplied by the preference or valence that person has for that outcome.

3. Literature Review Background, Key Word #3 * electric industry in china

The electricity industry is a result of national economy integration. Analyzing electricity issues should take the economic environment into consideration to be successful. In China's case, many ongoing problems in the electricity industry can be traced back to the old 'centrally planned' economy. In the reform era, the Chinese electricity sector needs a constructive reform. China's economic reform was both an immediate reaction to restore a national economy largely damaged by the Cultural Revolution, and a desire to transcend the limitations of the 'Centrally planned' system (Child, 1994). The reform was designed cautiously and evolutionarily to improve economic efficiency and increase the scope of the market for resource allocation. The Chinese old saying goes 'groping for stones to cross the river' – vividly describes this stepwise learning process. In so doing, many of elements of reforms have inescapably been time dependent (Naughton, 1995). Due to its great importance to the stability of the national economy, electricity reform

was not started until 1985. Since then, a series of reforms have occurred in this sector.

In a modern society, electricity is a necessary input in the production process and in people's daily activities. Therefore, any factor with economic influence on the production process and people's daily activities will probably have an important impact on electricity consumption. In China, the soaring increase of power demand is closely related to the country's economic growth and its impact on living standards. Until 2005, installed capacity and power generation output are both the second largest to the world's electricity industry following the United States (China Electricity Council, 2005). The government of China has made creation of a unified national grid system and a top economic priority to improve the efficiency of the whole power system and reduce the risk of localised energy shortages. It will also enable the country to tap the enormous hydro potential from western China to meet booming demand from the eastern coastal provinces (Wall Street, 2010). More and more projects in electricity industry are planning now.

4. Methodological Plan

In my dissertation, I will use a qualitative research approach based on interviews and questionnaire. As one leading proponent of qualitative methods has explained, " Quality refers to the what, how, when, and where of a thing – its essence and ambience. Qualitative research thus refers to the meanings, concepts, definitions, characteristics, metaphors, symbols, and descriptions of things." (Bruce, 2007, p. 3). The numerous advantages of qualitative methods provide a depth of understanding of the general ideas of

the incentive system arrangements, the specific contents of the current incentive system of the EPC project management and the implementation status. Interview methodology will be in the form of interviews and telephone exchanges.

As stated above, the goal of the current research is to identify and analyze the incentive problems and make recommendations for improvement of the incentive model. To gather this information, a multi-part questionnaire was developed that included a number of questions in a Likert scale format(Wuensch&Karl, 2005), force-choice questions and a section that allowed respondents to write statements to clarify their checkbox answers. Finally, demographic information was collected in order to profile the respondents. Once the questionnaire was completed, a field test was conducted by asking several industry experts to examine the questionnaire and provide feedback. These comments served to strengthen the quality of the instrument (Bernhard, 2006).

5. Timeline

Finish research proposal: Before 31st, December, 2012 (4 weeks); Finish supervisor selection sheet: Before 13th, January, 2013 (2 weeks); Finish literature review: Before 31st, January, 2013(4 weeks); Finish primary data(interviews and questionnaires): Before 28th, February, 2013 (4 weeks); Finish data analysis: Before 14th, April, 2013(6 weeks).

References

Abraham H. Maslow. (1943). " A Theory of Human Motivation," *Psychological Review* 50(4): 370-96
<https://assignbuster.com/talent-incentive-strategy-based-on-epc-projects-of-electricity-industry-in-china-essay-sample/>

American Society of Civil Engineers. (2003)

Bruce L. Berg. (2007). *Qualitative Research Methods for the Social Sciences* (6th ed). Boston: Pearson Education.

Bernhard Schmid. (2006). *Motivation in Project Management: The Project Manager's Perspective*, Florida State University

Child, J. (1994). *Management in China During The Age of Reform*. UK: Cambridge University Press.

Cristian Pimentel, Pinwu Dai, Huadong Gan, Yanjing Gu.(2009). *Contract Management for International EPC Projects*. Retrieved from <http://www.wpi.edu/Pubs/E-project/Available/E-project-082709-221159/unrestricted/ContractManagementforInternationalEPCProjects.pdf>

China Electricity Council. (2005). Retrieved from <http://www.cec.org.cn/cec-en/index.htm>

Ibrahim Abdelrahim Ibrahim Humaida.(2012). *Research on: Motivation to Learn English among College Students in Sudan*

Janet A. Simons, Donald B. Irwin and Beverly A. Drinnien. (1987). *From Psychology – The Search for Understanding*, West Publishing Company, New York

Loots, Phil; Nick Henchie. (2007). " *Worlds Apart: EPC and EPCM Contracts: Risk issues and allocation*" . Retrieved from Mayer Brown.

<https://assignbuster.com/talent-incentive-strategy-based-on-epc-projects-of-electricity-industry-in-china-essay-sample/>

Miller, J. B., Garvin, M. J., Ibbs, C. W. and Mahoney, S. E. (2000), “ Toward a new paradigm: simultaneous use of multiple project delivery methods”, *Journal of Management in Engineering*, Vol. 16 No. 3, pp. 58-67.

Naughton, B. (1995). *Growing out of the Plan: Chinese Economic Reform (1978-1993)*. UK: Cambridge University Press.

Victor H. Vroom. (1964). *Work and motivation*

Wall Street Journal. (September 29, 2010)

Wuensch, Karl L. (October 4, 2005). “ What is a Likert Scale? and How Do You Pronounce ‘ Likert?’”

Yong Qiang Chen, Huanqing Lu, Wenxue Lu, Ning Zhang. (2010),” Analysis of project delivery systems in Chinese construction industry with data envelopment analysis (DEA)”, *Engineering, Construction and Architectural Management*, Vol. 17 Iss: 6 pp. 598 – 614