

# The legal framework



A report by Cardiff University has found that the economic downturn has not deterred some construction companies from training new staff. Some companies are using in house staff to become trainers and are renegotiating contracts with external trainers and employing more e-learning. There are firms that cut training but these are in the minority. Expenditure on training has reduced but not as dramatically as forecasted. (BBC, 2011)

In a contrasting report by CITB-Construction Skills their survey of 1500 employers found that quarter of businesses states cut their training budget in 2009. The rates varied regionally with 37% of companies in the North West. It added that 10% of companies increased their training budgets. (Peacock, 2011) Construction companies are tasked primarily with making money, they are not philanthropic enterprises and they operate, or at least should, within the legal framework.

In the larger companies it is the corporate executives who drive strategy, their responsibility is to their employers, it is their commitment to the goals of the stakeholders that got them the job, and it is an on-going commitment to their interests that maintains their positions. Corporate social responsibility can be viewed cynically as being rhetoric, companies are not entities, their primary goal is profit, and everything else is at best secondary. In a capitalist system not achieving sustained profit leads to liquidation. In recession where profit margins are under pressure, employee and employer relationships are increasingly strained.

Self-employed

The construction industry is fragmented, because of fluctuating demand the industry is structured in such a way as to rely on the flexibility provided by self-employed staff. This removes employer requirements to statutory employment benefits such as holidays and sick pay and contributes towards pensions. It also allows companies to meet demand quickly by employing short term staff to fulfil fluctuating demand requirements. In recession it is natural that a large brunt of the economic pain is bared by this group.

The industry has always been structured to cope with a reduction in demand by relying on the self-employed. The downside is the lack of investment in personnel, low skills, poor quality output and an inability to attract the talent in numbers required to drive the industry forward with meaningful purpose. Jimmy Mannion is a contract site engineer; he has been employed in this capacity for fifteen years. Over the last five years he has seen his income reduce dramatically; at times he has struggled to find work.

Prior to 2007 he earned 23 per hour as a construction site setting out engineer, this has reduced to as little as 14 on some projects and he often finds himself unemployed for periods, particularly over the winter months. According to Jim the mood on sites has noticeably changed, whereas he was once more self-assured and confident of acquiring work and enjoyed the freedom of self-employment, that has now been replaced by insecurity, this he says is a common emotion amongst personnel. He has to work harder as projects are often under employing to cut costs, he has also noticed a change in attitude on jobs by site management, this he attributes to the reduced dependency on men because of the surplus available.

## Conclusion

The construction industry is encountering major turbulence and the government is not providing significant opportunities to maintain pre-crisis levels as the capacity to control demand has diminished. The industry will survive, more skilled staff will leave and never return and the industry will be worse off for their departure. A positive of events may be the restructuring of industry to becoming leaner and more efficient.

Clients and employers need to act responsibly; the people of the industry are the main strength. Clients need to support contractors by questioning the credentials of tenderers, contractors need to procure on the basis of sound fundamentals, supply chain integrity requires honesty, trust and respect. The role of the government may have reduced in terms of generating real demand but it needs to adapt and take on the mantle of enforcing best practise. If the industry wants to attract and maintain talented individuals it requires structuring accordingly.

## References

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