

Constructing empowerment: People, processes, participation and profit

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ABSTRACT: *The business environment of construction organisations has borne witness to significant change over the last 50 years. Resultantly, construction management has had to respond to increasing levels of client expectation; globalisation of the construction economy; cut-throat competition; and tight margins (to cite but four issues). To this can be added the (well documented) ‘inherent’ obstacles of operating in the sector, including separation of design and construction; fragmented production methods; adversarial relationships; and an aversion to innovate and uptake I.T. Furthermore, the problems of poor and unstructured training, multi-tiered management systems, and poor communication, provide less than optimal conditions for achieving high quality products in good time and to budget. One approach to addressing these issues is through the concept of employee empowerment, which brings with it ‘ownership’ of processes, removal of non-value-adding activities, continuous learning, and effective production methods throughout the entire (effectively empowered) organisation. This paper presents an overview of the empowerment concept in the context of construction management, highlighting the hurdles, an implementation process, and achievable benefits.*

Keywords: Construction processes, people, production, management, empowerment.

INTRODUCTION

The business environment of construction organisations, and resultantly, the way such businesses have to be managed, has changed significantly over the last 50 years. These changes emanate from two principal sources: i) global / macroeconomic changes; and ii) sector-specific changes. In many cases these changes have caused the fortunes of construction organisations to decline, but in contrast, some organisations have excelled throughout this period (Nesan and Holt, 1999). Those companies that do well, or at least better than their counterparts, are those that have reacted appropriately to their changing (business) environment. ‘Realignment’ of the organisation is an often used phrase in this context, with specific features typically embracing customer-focussed marketing, removal of none-value-adding business processes, innovative procurement solutions, partnering arrangements, strategic business relationships, and other ‘re-engineering’ approaches (ibid.). In short, successful construction businesses demand optimal design (and realignment as necessary) of both their people and their processes (Nesan et al, 1996; Nesan, 1997).

Many realignment methods however, have not been as successful as they might have been in bringing about positive business change. Very often, this is because they have not fully addressed the needs of the business’s people and processes. The latter two issues are related: poor performance of one impedes improvement of the other; hence both people and processes require simultaneous, and adequate, improvement (half-measures will not have a positive impact). Process improvement is governed in the main by people, and every employee has significant potential to improve not only their own, but the processes of others as well. This concept leads to the autonomous mechanism of empowerment i.e. giving employees greater control and freedom, but in such a way as to generate self-responsibility and encourage self-efficacy. The ultimate results (i.e. of empowerment) can be improved business processes, reduced costs, and improved product quality (Nesan and Holt, 1999).

This paper provides an overview of the empowerment concept in a construction setting. An implementation model, designed specifically for construction organisations (in particular, contractors) is described. The model emanates from a PhD research (Nesan, 1997) directed by the author. The mechanics of the model are explained. Research underpinning the model and other associated findings are discussed. It is proffered that empowerment provides a high degree of flexibility and tolerance of diversity, whilst giving senior management the retention of ultimate business control. It is shown that empowered employees are provided with the necessary resources and autonomy to continuously strive for innovation and, to be able to respond to change. Finally, it is suggested that organisations that choose to ignore such strategy may lose their market position, and ultimately, their competitiveness. The paper is written in a UK context, but the majority of issues presented can be interpreted equally, regardless of international location.

MANAGING CONSTRUCTION – A CHALLENGING ENVIRONMENT

Construction businesses in general, but particularly contractor organisations, operate in a unique and often ‘hostile’ environment. Hurdles to be continually overcome can be conveniently considered under two headings: global / macroeconomic; and sector specific.

Global pressures have evolved in many ways from a ‘shrinking-world’, due in part to advancements in transport and communications, particularly, information technology and electronic communication. There has also been the removal of world trade barriers, the most notable for UK construction companies being the formalisation of the European Union in 1994. This brings with it increased levels of competition and its concomitant pressure on prices. Reduced margins are manifest as instability and tentative investment. The management of a construction company in such an environment can soon turn to an issue of mere survival. Cashflow then becomes king; people, processes, participation and profit, all ultimately become relegated. This is not the environment to promote business advancement; proactive management soon becomes reactive management. To this can be added the compounding pressures of an often adverse and typically cyclic macroeconomic climate of the UK. Upturns, downturns, recession, boom – such instability is not conducive to business investment – e.g. in people, in plant, in processes, in development.

Sector specific problems are multitudinous also. Problems of fragmentation resulting from the (typically) separated functions of project design and construction, have been well documented in the mainstream construction management literature (e.g. Holt et al, 2000). Further, the UK construction sector is historically contract oriented; the underlying ambition here being to allocate risk ‘elsewhere’. These characteristics are in part, why this sector is so prone to disputes and litigation. Here again is another reason why organisations become embroiled in retrospective workload (i.e. reactive management) – dealing with past problems and legal arguments – instead of concentrating on future management strategies for improved performance and business relationships.

The former problems, which ultimately bring pressure upon financial reserves and the ability to generate income, are in many ways responsible for poor investment: in R&D, in people, and in areas such as IT and training. Whilst no panacea, the concept of empowerment can go some considerable way to addressing, simultaneously, many of these ailments.

THE PHILOSOPHY OF EMPOWERMENT

Definitions of empowerment abound. For example, “For management, it is the giving up of some control and the sharing of additional knowledge...for employees, it is acceptance of risk by taking more responsibility” (Loretta and Polsky, 1991); “...refers to leadership approaches that enable employees to take ownership of their jobs” (Tenser, 1993). Empowerment has been collectively defined as “The process of giving employees the authority to take decisions, relating to their work processes and functions, and within the limits provided by management, but requiring them to assume full responsibility and risk for their actions” (Nesan and Holt, 1999). However, empowerment is not an act or physical incident. It is employees’ perception that they believe in and (really do) control what happens to their work processes, and that they are capable of controlling those processes efficiently and effectively. Employees’ cognitive growth controls their fundamental behaviour towards their work environment, so positive perception becomes an integral part of successful empowerment. The implementation of empowerment therefore, is a holistic reorganisation of the way a business thinks and does things; this exact recognition being adopted and implemented by the entire population of the organisation.

Many aspects of present (construction) management structures foster the lowering of individuals’ feelings of self-efficacy and of belonging (to the company). That is, features of bureaucratic and authoritarian management systems, breed (individuals’) powerlessness resulting from dependency, negative manipulation, ill-defined organisational (and hence by default individual) goals, poor communication systems (two way vertical and horizontal) and poor recognition or reward structures. Empowerment helps negate these features.

The nine characteristics of a construction-oriented empowerment system are:

1. Leadership: establishing new goals for the organisation that can be clearly disaggregated (devolved) and encouraged at all levels.
2. System: an empowerment implementation (and sustaining) system that acts as an enabler to (1) above.
3. Resources: built into the system so as to enable realisation of the new goals, with emphasis on continual training.
4. Involvement: embracing all within an organisation to become enthusiastic about making the new system work.
5. Training: continuous training for the entire organisation as an integral feature.
6. Teamwork: various teams at all levels implement the goals defined under ‘Leadership’ and within the parameters of the ‘System’ and ‘Resources’.

7. Process improvement: to align individuals' strengths with the goals of empowerment and making all employees 'process owners'.
8. Measurement: making continual performance measurement the cornerstones of monitoring an empowered organisation.
9. Recognition: as a motivator, by placating the aspirations of individuals and rewarding enthusiasm for change and improved performance (Nesan, 1997).

A MODEL FOR EMPOWERMENT IMPLEMENTATION IN CONSTRUCTION

Based on extensive research, a model for optimal implementation of empowerment in construction contractor organisations was developed (Nesan, 1997; Nesan and Holt, 1999). The three key stages involved are:

1. The preparation phase;
2. The implementation phase; and
3. The sustaining phase.

Each of these is now briefly discussed.

The preparation phase

Here, the organisation is assessed for its capability to adopt empowerment and all necessary ingredients and resources for such are developed / allocated. Key aspects of this phase are: development of corporate vision; development of a suitable quality policy; diagnosis of employee attitudes and organisational capabilities; identification of organisational structure; development of an implementation plan; and establishment of adequate resources. Dynamic leadership is required in adequately developing the vision; a vision that all employees must strive for regarding process ownership and improved quality. The responsibility for individuals taking such ownership is the key to successful empowerment. In this respect each employee becomes a 'customer' in the construction production chain; and the need for achieving satisfied customers throughout this chain ultimately produces the quality of product desired, at minimal cost and using minimal supervision. This is because every employee (as part of a team - refer point 6 above), takes self-responsibility for producing their 'product', to the new level of improved quality that is implicit throughout the empowered organisation.

This contradicts with the typically 'inspection-oriented' systems that prevail within construction, where employees are merely producers in the chain working typically to minimal standards, and only being corrected, or recalled, if a subsequent 'inspection' (e.g. ganger, foreman, site manager, clerk of works, client representative etc) finds fault. This is why first-line managers are not necessarily associated with an empowered organisation. The preparation phase in effect designs the new system, and 'sells' it to the company through a vibrant and enthusiastic leadership. *Poor design, or less than 100 per cent commitment by senior management, will lead to failure of empowerment implementation.*

The implementation phase

Implementation is a two-stage phase. First, training is conducted to prepare individuals and teams on the concept of empowerment and, arm them with teamwork principles and problem solving techniques. Second, employees are provided with continuous 'follow-up' training on their own business related skills. During training those that are deemed to have acquired sufficient knowledge and skills to perform their processes independently (and within the objectives of the new regime) are certified to that effect. For organisations where empowerment is being implemented without experience of (e.g.) TQM (cf. Love et al 2000), then a new set of working principles will have to be adopted, where:

- employees become competent enough to take decisions regarding their own processes;
- the new team culture is followed closely;
- continuous learning is paramount; and
- new reporting and communication systems are adopted (Nesan and Holt, 1999).

The sustaining phase

In essence, this is where all in the organisation must work towards continual improvement to the new system. It will involve group-level and divisional-level management, learning about the performance expectations, and levels of satisfaction, among both (internal and external) customers and suppliers. Employees need to identify

and continually solve problems associated with their processes; and to continuously train themselves; management must measure performance; and the highest performers must be formally rewarded. At this stage, empowerment is considered inherent within the organisation, so a two-tier management system (where some processes might continue as under the old regime) represents a significant weakness to be avoided. Empowerment must at this stage be formally recognised and completely integrated into all of a business's processes. Figure 1 shows graphically this three-stage implementation process.

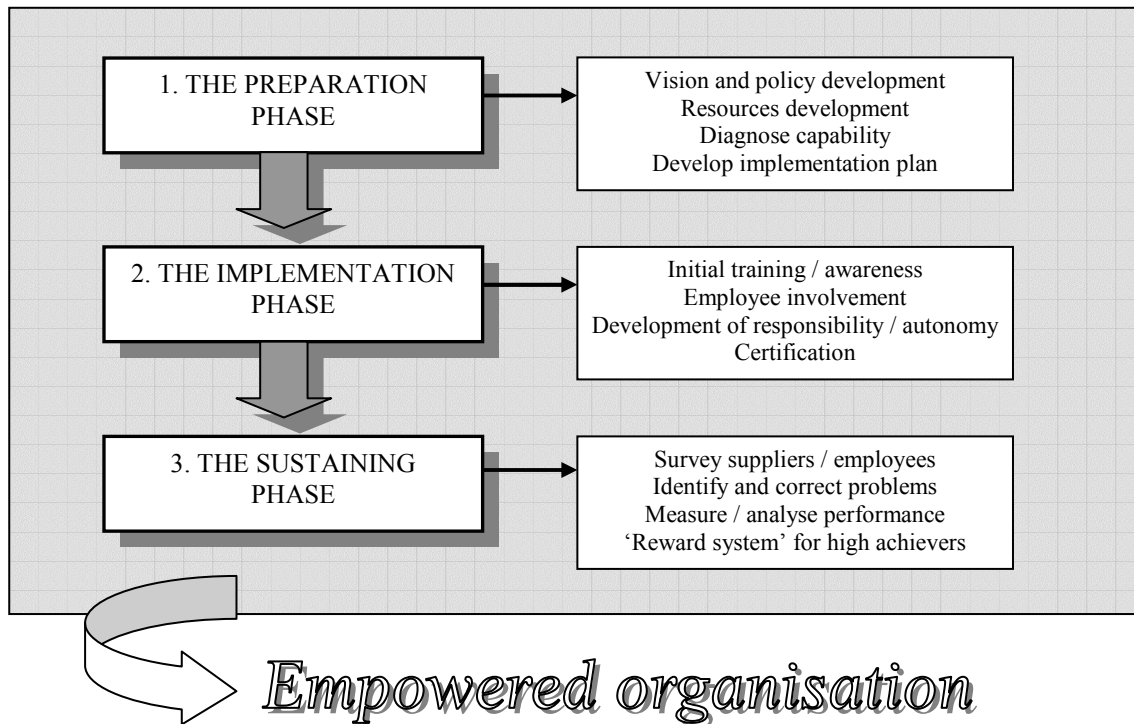


Figure 1: Empowerment implementation model

POTENTIAL BARRIERS TO EMPOWERMENT

The transition to change is the most critical period. Mistakes will most often be concerned with the way in which empowerment is introduced to the organisation, rather than with empowerment per-se. The following obstacles are to be avoided at all cost:

- lack of management commitment;
- underestimation of empowerment (e.g. extent of change);
- resistance to behavioural change;
- failure to adopt continuous learning;
- too much bureaucracy; and
- ineffective communication.

Management must demonstrate that the changeover to empowerment is serious and irreversible; and express confidence that the organisation is capable of successful implementation. Resistance to change is best tackled via the process of continuous learning – employees should be encouraged to achieve this potential – and motivation

is paramount. Bureaucracy is synonymous with hierarchical management structures and systems, which is why it is not complementary to the flatter structure associated with empowerment.

CONCLUSION

Construction is becoming more and more client driven and focussed. Competitive advantage, indeed long-term survival, therefore demands that organisations no longer feel secure in the knowledge that their systems are optimal (normally resulting from the argument 'we have always done it this way'). Value is the keyword, so the fragmented, bureaucratic, hierarchical structures of yesterday will need to be replaced with flatter structures embracing employee ownership of their actions and outputs. Process owners must take responsibility for their own, and other, customers' actions in the production chain.

The changes witnessed in construction businesses over the last 50 years, are set to continue, with such ongoing change promising to be multi-dimensional, multi-level, discontinuous and radical. Of course, as more and more construction organisations achieve new systems, creativity (i.e. that which sets one company apart from a.n. other) becomes less obvious. This means that success calls for a value-adding service that is superior to competitors, so in that sense, empowerment may only be a first step in radically rethinking (and implementing change to) the way construction companies do things. Continuous learning within the organisation must be complemented with other new philosophies such as strategic alliance formation (cf. Holt et al, 2000) and embracing a work environment that encourages inter-organisational learning (Love et al, 1999). That is, the way forward demands inter- and intra-organisational teamwork. In essence, this takes empowerment beyond the present bounds of the organisation; to embrace all stakeholders in the dealings of a construction company.

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