ENGINUITY TUTORIAL



Labour Relations

In any period a company's total labour force consists of :-



To source the jobs in progress with the labour required the Construction Manager will often be faced with either an overall labour shortfall, or a surplus. In this situation a number of decisions have to be made on how best to manipulate the labour force.

The options available include :-

FOR THE COMPANY'S OWN LABOUR

- Laying men off from the Idle Labour Pool (ILP)
- Transferring men from the ILP to jobs, or from jobs to the ILP
- Taking on new recruits onto jobs, or laying off labour from jobs

FOR SUBCONTRACT LABOUR

Taking on or releasing subcontractors

The **most cost-effective** way of managing the labour force is to use the company's own fully trained labour, rather than subcontractors.

For example, if 50 men are transferred to the idle labour pool from job A, then they are immediately used on job B. No training is required, no men are laid off, and the company does not incur any additional costs such as subcontractor premiums.

In this scenario the company would be perceived to have a **good labour relations policy** and the morale of the company's own labour would be high, ensuring greater productivity.

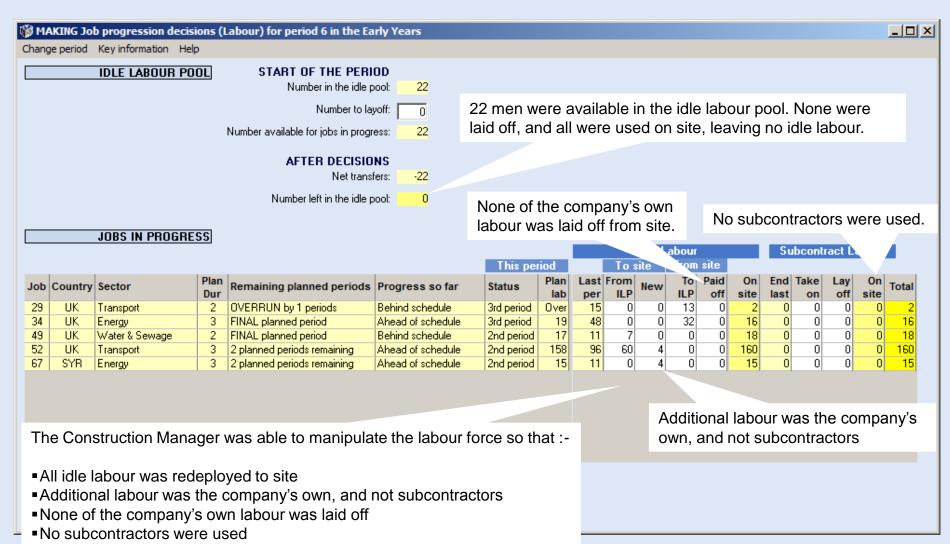
The **least cost-effective way** of managing the labour force is to be constantly hiring and laying off the company's own labour, and also relying on subcontractors.

For example, if a high proportion of the company's own labour is laid off in a period, then the morale of the remaining own labour (not subcontractors) would be weakened, leading to reduced productivity. In this case the Company would have a **poor labour relations policy**.

We will now look at detailed examples that illustrate good and bad labour relations.



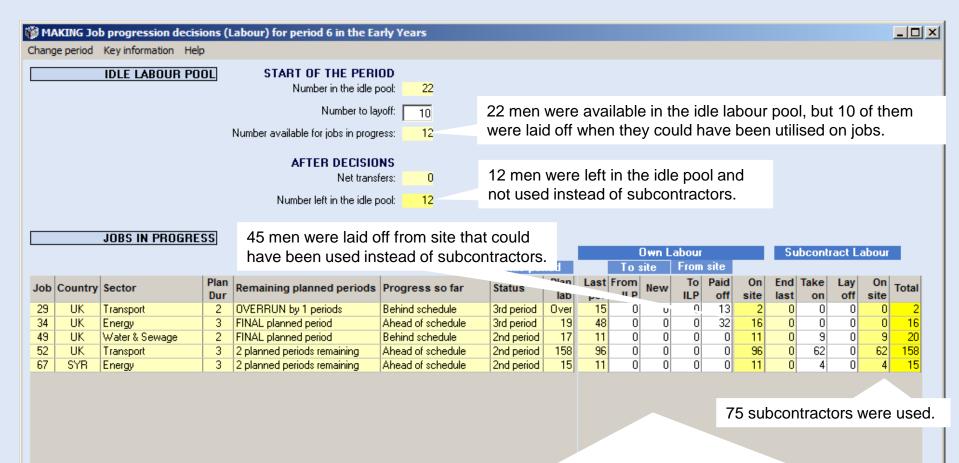
EXAMPLE 1: GOOD LABOUR RELATIONS



This is an example of **very good labour relations**, and the productivity of the company's own labour would be improved.



EXAMPLE 2: POOR LABOUR RELATIONS



The Construction Manager did not manipulate the labour force effectively, and :-

- •Used 75 subcontracts when men were available in the idle pool, but were paid off
- Laid off 45 of the company's own labour from site, who could have been used instead of subcontractors

This is an example of very poor labour relations, and the productivity of the company's own labour would be adversely affected.



Management Consultants Report

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JOB 🔻	5 🔻	[ALL] 🔻						[ALL]	[ALL]		
Category	Per	Status	Year/qtr	Job	In	Comment		Sub Category	Nature		
JOB	5	Early Years	2023 (Q1)			Morale (and produ	activity) of own labour improved by low level of own labour layoffs	LABOUR	POSITIVE		
JOB	5	Early Years	2023 (Q1)			Morale (and produ	activity) of own labour weakened by increasing reliance on Subcontractors	LABOUR	NEGATIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	Risk 'Service/uti	'∽s' striking results in a 7.4 % job delay	LABOUR	NEGATIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	Risk 'Personnel is	~ a 2.4 % job delay	LABOUR	NEGATIVE		
JOB	5	Early Years	2023 (Q1)	29	LIK	Joh delaus cause	tivanace of labour on site by 9.8 %	LAROUR	NEGATIVE		
					<u> </u>	The affect of the company's construction management decisions on labour					
JOB	5	Early Years		29	relations is reflected in comments in the Management consultant's report.						
JOB	5	Early Years	2023 (Q1)	29	UK	There is a noticea paid	able improvement in the performance of Steve Bull due to the 5 % bonus	PROJECT_MANAGER	POSITIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	The overall perfor	mance of Steve Bull is excellent	PROJECT_MANAGER	POSITIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	Steve Bull resigns	from job after being headhunted	PROJECT_MANAGER	NEGATIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	Risk 'Service/utility clashes' strikes, incurring risk cost before mitigation of 12,000		RISK	NEGATIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	Risk 'Personnel is	sues' strikes, incurring risk cost before mitigation of 8,000	RISK	NEGATIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	Expertise of Steve	e Bull reduces all risk costs incurred by 9.44 %	RISK	POSITIVE		
JOB	5	Early Years	2023 (Q1)	29	UK	Adjusted risk cost of 18,112 incurred this period after mitigating factors were taken into account		RISK	NEGATIVE		
JOB	5	Early Years	2023 (Q1)	29	UK		ate rise in the UK, the value of the British pound rises against other ing build costs on jobs progressed by 0.39%	WORLD_EVENTS	POSITIVE		
JOB	5	Early Years	2023 (Q1)	32	US	There is a margin- date with the com	al improvement in the performance of Craig Wooten due to experience to pany	PROJECT_MANAGER	POSITIVE		
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HELP IS AVAILABLE FOR THE COMMENT Morale (and productivity) of own labour improved by low level of own labour layoffs

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