

# Study of Strategic Human Resource Management in Construction Companies

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*Abstract*— Today's HR management features are more concerned with housekeeping, record keeping, and more than just filling out. Implementing an HRM strategy within an organization plays a vital role in managing the organization and its growth. Organization effectiveness or ineffectiveness is described by parameters such as return on investment, absence from work, employee happiness, training effectiveness, income, compliance, and performance. Many of the top executives in the world recognize that human resources are noteworthy because they are a notable element of strategic decisions that govern the organization's future operations. There are three key elements that an organization needs to function well: human resource management, mission and strategy, and organizational structure. Construction is the most labor intensive industry. It includes many overseas workers, architects, surveyors, engineers, skilled foremen and supervisors. Most construction work is project based. Therefore, productive human resource management is very important for the success of construction projects. This paper is the result of investigations on human resource activities and factors important in construction organizations.

**Keywords:** HRM, Organizational Structure, Activities of HRM, Success Factor of HRM, SHRM

## I. INTRODUCTION

Most consultancy companies find it difficult to hire design engineers, and most developer companies find it difficult to hire experienced project managers. Because getting the right people to the right job is so important in construction projects, all these human resource management issues have a huge impact on the success of the project. This paper is the result of study of the role of Human Resources Management (HRM) towards project success. In this study, three main areas were considered: (1) Important activities of SHRM in the success of construction project (2) Major SHRM issues (3) Important success factors of SHRM.

Implementing the HRM strategy within an organization plays an important role in the execution and growth of the organization's operations. An organization's effectiveness or inefficiency is described by parameters such as return on investment, absences, employee satisfaction, training effectiveness, income, compliance, and performance. Many top executives around the world recognize that human resources are noteworthy because they are a notable element in top management's strategic decisions that drive the company's future operations. From human resource management in large organizations, we are currently focusing on small-scale human resources management projects.

## II. METHODOLOGY

Basically, there are two types of methodology which will go to apply the project: (1) Applied research and (2) Basic

research. Applied research is a research that was performed with the intention of solving a problem that was currently existed, whereas basic research is performed to enhance the understanding of a certain problem that existed. This research is a basic research, because it seeks to further understanding the Role of human resource management in project success.

### A. Theoretical Framework

The research begins by studying common human resource management and its relationship with construction projects success. Further on, the context of impact of human resource management towards project success will be focused.

### B. Research Design

The research is established to study the role of human resource management towards construction projects success. Firstly, the important activities of human resource management will be identified. Secondly, the challenges to implement human resource management will be identified. Lastly, the critical success factors of human resource management will be identified.

### C. Questionnaire

This investigation is conducted by using questionnaires. The reason for choosing questionnaire is because they do not have the tolerance for interviewer bias. This method is a convenient and flexible mean for the respondent to fill up the questionnaires, this help to ease the low response rate and convenient for the data analysis. The questionnaire will be aimed towards the construction industry.

## III. DATA COLLECTION AND ANALYSIS

### A. Data Collection Method

The study used primary data obtained through the administration of questionnaires. Structured questionnaires were used that included open and closed questions. Questionnaires were used to gather information that is unobservable, so respondents express their feelings, motivations and attitudes. The questionnaires were administered by drop & pick method, personal interview and Google form.

### B. Questionnaire Design Technique - Delphi Technique

The Delphi technique refers to the systematic forecasting method used to collect opinions of the panel of experts on the problem encountered using questionnaires, which are often sent by post. In other words, a range of opinions on a particular problem, which are usually obtained in writing through questionnaires from several experts in the field concerned, are referred to as the Delphi technique.

In a Delphi technique, the group leader or change agent aggregates all anonymous opinions that have been received through the questionnaires. The experts must justify the

answers in the first questionnaire, and on the basis of this questionnaire, the revised questionnaire will be prepared and sent back to the same group of experts.

Experts can change their answers according to the responses of other panel members. The goal of a Delphi technique is to get the most accurate answer by reducing the number of solutions each time the questionnaire is sent to the expert group. The experts have to give their opinion each time the questionnaire is received. This process continues until the issues are narrowed, the answers focused and the consensus reached.

In a Delphi technique, the identity of the group members is not disclosed, and they do not even have to gather for a physical meeting. Each member is free to voice their opinion on the issue, thereby avoiding the influential effect that a powerful or authoritative member can have on the other group members.

This technique is very beneficial as it allows us to gain different opinions from the large pool of experts who may be geographically separate. In addition, the quality of the decisions will be improved as the expertise of each group member is used to reach a final solution.

### C. Questionnaire Design Process

The questionnaire is a systematic data collection technique that consists of a series of questions that need to be answered by respondents to determine their attitude, experience and behavior towards the subject of research.

Steps involved in the questionnaire design process:

- 1) Specify the Information Needed
- 2) Define the Target Respondent
- 3) Specify the type of Interviewing Method
- 4) Determine the Content of Individual Questions
- 5) Overcome Respondent's Inability and Unwillingness to Answer
- 6) Decide on the Question Structure
- 7) Determine the Question Wording
- 8) Determine the Order of Questions
- 9) Identify the Form and Layout
- 10) Reproduction of Questionnaire
- 11) Pretesting

### D. Data Analysis and Presentation

Descriptive statistics such as means, standard deviation frequencies, and tables' is used to analyze the data. Descriptive statistics provide an efficient summary to the data collected making it easier to draw meaningful conclusions. The completed questionnaires were edited for completeness and consistency. The data was coded to enable the 34 responses to be grouped into various categories. The Excel and (Statistical Package for the Social Sciences) SPSS software is used to analyze the coded data from questionnaires.

## IV. DATA ANALYSIS RESULTS AND DISCUSSION

To facilitate the analysis of the survey data the questionnaire divided into 5 categories such that management of organization, recruitment and selection, training and development, performance appraisal, employee satisfaction. It is having total 30 numbers of question which are designed

on the basis of core activities of SHRM, challenges in SHRM and critical success factors of SHRM.

### A. Response Rate

The response rate for the first 40 questionnaires was 25% (10 responses). A second group of questionnaires was mailed in form of Google form to the organizations that did not respond to the initial survey. From this second group, an additional 24 responses were received (44%). Together, the first and second groups totaled 34 responses.

Questionnaires Issued	Returned	Return rate
95	34	36%

Table 1: Response rate

### B. Close Ended Questions (Questionnaire Provided In ANNEXURE A)

Descriptive Statistics			
Question No.	Total companies	Mean	Std. Deviation
A	34	1.00	0.000
B	34	1.17	0.245
C	34	1.05	0.181
E	34	1.82	0.422
G	34	1.88	0.440
J	34	1.55	0.498
L	34	1.88	0.440
N	34	1.61	0.490
O	34	1.70	0.482

Table 2: Descriptive statistics for close end questions in SPSS Defined values in SPSS 1=Yes 2=No

The above analysis shows that the answers of various questions are supportive in comparison to different companies in question A and that the answers also meet the expectations. Questions B and C each focus on internal issues that underpin an organization's approach to supporting the development of resources and long-term plans. The first of these questions, Question B, asked respondents to indicate whether or not management effectively communicates its goals and strategies to its employees. This question, along with questions C, highlights the organization's focus on developing a short-term vision to achieve its stated goal. The vision component of this roadmap sets the final goal that the organization should achieve. 82.35% of respondents said that their organizations effectively communicate their goals and strategies to their employees, and 94.11% develop a short-term vision to achieve the stated goal.

Next Question E is equipped for the organization with a wide network of computerized personnel information systems with the latest software. 82.35% of respondents respond with "no", indicating that these companies are not growing with the current market trend as they face many difficulties in future competition environment. The next question G relates to employee referral systems. 88.23% of respondents answered "no" and the mean is 1.88 with a standard deviation of 0.440.

The question J is an employment contract signed by first-year students and whose maximum negative response should increase to a mean of 1.55, as employers generally have the necessary assurance and assurance before selecting employees to conduct interviews that the employees will be

completing projects for which they are trained and who should also train the other employees to create an effective and efficient work environment.

Next question L: 'Is there an exit interview in your organization that also has a maximum negative response?' 82.35% of respondents answered this question with a mean of 1.88 with "no". The information from the survey is used to provide feedback on why employees are dropping out, what attracted them to their jobs, and in which areas of the organization improvements are needed.

Questions N and O are each about training employees who emphasize an organization's approach to supporting the development of resources and long-term plans, as training is critical to organizational development and success. It is fruitful for both employers and employees of an organization. An employee becomes more efficient and productive if he is well-trained.

The further question relates to the programmed training. 70.58% of respondents say no, but they need to be improved, as on-the-job training is a practical way of conveying the skills, knowledge and competencies required by employees to perform a specific job in the workplace. Employees learn in the environment in which they must practice the knowledge and skills acquired during the training.

Following is the analysis of few other questions:

FJ) Through which source potential candidates in your organization are generated?

Potential candidates generated through source				
	Frequency	Percent	Valid Percent	Cumulative Percent
Direct applicant	28	54.90	54.90	54.90
Employee Referrals	7	13.72	13.72	68.62
Placement consultant	3	5.88	5.88	74.42
Job portals	5	9.80	9.80	84.22
Other	8	15.68	15.68	100.0
Total	51	100.0	100.0	

Table 3: Frequency statistics for potential candidates in SPSS

From above table it is seen that most of organizations i.e. 28 out of 51 (total frequency 51 because it is multiple choice question respondents able to choose more than one option) (54.90%) focus on recruitment by using direct applicant method i.e. by taking direct interview therefore it is external source of recruitment. However, it is recommended to focus first on internal recruitment such as 1) Promotions 2) Former employees 3) Transfer 4) Internal advertising.

RJ) The appraisal is conducted in how many days?

Following fig. 1 shows the months for performance appraisal the mean of analysis in 14.45 month.

It should be done on performance evaluation. Evaluations are a mechanism that provides feedback and documentation about an employee's performance over a defined period of time and clearly communicates the expectations and goals of the workplace. Performance evaluations can also be used as a constructive tool that

supports the mentoring of employees in areas of employee development and improvement.

Valuation types: 1) Annual Ratings

2) Probationary examinations

3) Special evaluations

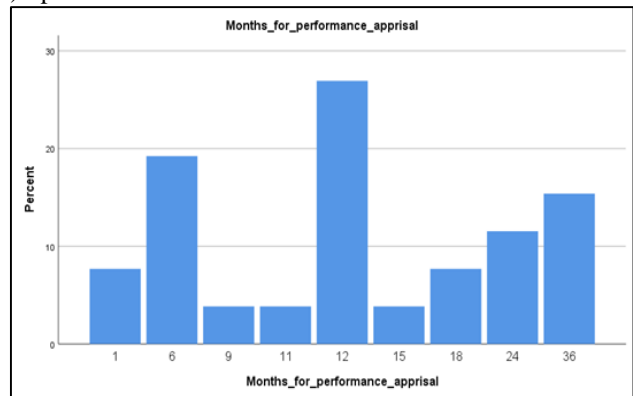


Fig. 1: Bar diagrammed of months for performance appraisal in companies

SJ) What are the types of rewards usually given to employees? The is found that the rewards granted to the employee are not defined among the most important companies with a frequency of 20 out of 34. They should be defined because rewards are given to employees based on tasks that meet or exceed an organization's original expectations. These can be programs created by a company to honor achievements and motivate employees at the individual and or group levels. Companies often use it as a tool to attract top employees into a competitive labor market and to increase the performance of their employees. The rewards systems consist of financial (monetary) and non-financial (non-monetary) profits.

Financial reward systems usually involve a grant of money to employees in one way or another. The reward is tangible and extrinsic because the motivation is not self-administered. It is usually offered by a supervisor or manager who has the authority to decide when and how many such rewards will be offered.

A non-financial reward is a form of reward system that does not transfer money to the employee but motivates them to perform efficiently. This reward system is also referred to as an immaterial reward system. Although this system does not include payment to the employee, the organization may incur costs for setting up and operating such a system.

The Employee Satisfaction Survey identifies how employees assess the leadership, general work environment, training and employees of their company. It essentially serves to analyze employee satisfaction in their work environment. The survey offers a Likert Scale with questions to collect data with their answer.

The frequency and mean method are used to calculate employee satisfaction. For this, the first values of 1, 2, 3, 4 and 5 are defined as "disagree", "disagree", "neutral", "agree" or "fully agree".

Mean Range	Response Mode	Interpretation
0.01 to 1.0	Strongly Disagree	Very Dissatisfied
1.01 to 2.0	Disagree	Dissatisfied
2.01 to 3.0	Neutral	Nutral
3.01 to 4.0	Agree	Satisfied

4.01 to 5.0	Strongly Agree	Very Satisfied
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Table 4: Defining range and response mode for mean calculations

Then according to responses total value is calculated for each question and by dividing it by frequency mean is calculated. After calculated mean range is defined such that 0.01 to 1, 1.01 to 2, 2.01 and 3, 3.01 to 4 and 4.01 to 5 for very dissatisfied, dissatisfied, neutral, satisfied and very satisfied.

Question Number	Frequency	Mean Score	Interpretation
1	34	4.7	Very Satisfied
2	34	2.58	Neutral
3	34	3.5	Satisfied
4	34	1.82	Dissatisfied
5	34	3.17	Satisfied
6	34	2.82	Neutral
7	34	3	Neutral
8	34	1.2	Dissatisfied
9	34	3.3	Satisfied
Average Mean Score		2.85	Neutral

Table 5: Mean score and interpretation

The data show that the average score of 4.7 is very high, meaning that she is very satisfied. While questions 3, 5, 9 are rated 3.5, 3.17, 3.3, this means that they are satisfied. Then questions 2, 6, 7 are rated as 2.58, 2.82, 3, showing that neutral means are equally satisfied and dissatisfied. And questions 4, 8 are rated at 1.82, 1.2, indicating that they are dissatisfied. The average values of 2.85 means that the respondents were neutrally satisfied. This shows that employee satisfaction must be increased, as employee attitudes typically reflect the company's morale. In the areas of customer service and sales, satisfied employees are of utmost importance as they represent the company to the public. However, satisfaction is not just about compensation. Sure, an increase or achievement is likely to improve employee satisfaction, at least temporarily, but small, cost-effective changes can have long-term effects. Employee satisfaction has increased in the following ways:

- Ensure a positive working environment
- Reward and recognition
- Incorporation and increase of employee engagement
- Develop the skills and potential of your workforce
- Evaluation and measurement of job satisfaction

## V. CONCLUSION

It seems that the HRM perspective, especially as a specific function in construction companies, is still a blind spot in project management, general management and HRM literature. The first step towards a strategic HR perspective is to identify where current strengths exist, where gaps exist, and what priorities are set to build on those responses.

Based on the investigations carried out, it can be concluded that the SHRM in the construction companies must be further improved for its effectiveness. The survey and analysis of the questionnaires shows that the construction companies are not sufficiently informed about HRM. All respondents agreed that HRM is important for the success of

construction companies. After the interview, the answers varied from person to person. The authors felt that the feedback received was reliable and accurate.

The Strategic Human Resource Survey has shown that construction companies are taking steps to focus on HR issues. However, improvement is needed in several areas. Taking the necessary steps to make this progress may be painful for some organizations, but this discomfort should be mitigated by the idea that the organization sets up a roadmap for the future.

## ANNEXURE A: QUESTIONNAIRE

- A] Management believes human resource is an important source? Yes (100%) No
- B] Management communicate its goals and strategies effectively to its employees Yes (82.35%) No (17.64%)
- C] Has your organization develop short term vision statement to achieve stated goal Yes (94.11%) No (5.88%)
- E] The organization has a wide network of computerized human resource information system with the latest software Yes (17.64%) No (82.35%)
- G] Do you have employee referral schemes? Yes (11.76%) No (88.23%)
- J] Do you get an employment agreement signed by fresher's? Yes (44.11%) No (55.88%)
- L] Is there conducting exit interview in your organization (for feedback and growth)? Yes (17.64%) No (82.35%)
- N] Company provide initial training programme Yes (38.23%) No (61.76%)
- O] Company provide ongoing training programme Yes (29.41%) No (70.58%)
- F] Through which source potential candidates in your organization are generated?
- R] The appraisal is conducted in how many days?
- S] What are the types of rewards usually given to employees?

- Monetary       Non-monetary  
 Both             Not defined

## QUESTIONS ON LIKERTS SCALE

- 1) Overall, how satisfied you are with your company as an employee
- 2) There is adequate communication between departments
- 3) Employee has opportunity to learn and grow
- 4) I am given enough authority to make decision I need to make
- 5) The organization carries out succession planning in order to ensure that executives are available to fill gaps in key managerial position.
- 6) Place of work
- 7) Working hours
- 8) Present promotion procedure
- 9) Organization has the practice of carrying employee attitude/employee satisfaction surveys.

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