THE INTERORGANISATIONAL INFLUENCES ON CONSTRUCTION SKILLS DEVELOPMENT IN THE UK

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The UK construction skills shortage problem is well documented. To alleviate this, there is a political shift of emphasis in the UK towards employers and employees/learners playing a more proactive role in skills development. This research seeks to examine the mechanisms that can enable such a demand-led skills development system to materialise. A desktop review and key-stakeholder analysis were undertaken to identify who participates in skills development in the construction industry in the North East of England. Exploratory interviews adopting an interpretive approach were undertaken with a sample of the key stakeholders to examine the pluralistic nature of skills development provision and the implications for the learner negotiating this environment when trying to develop skills. The interim findings suggest that whereas organisations consider skills development to be important, specific training for “upskilling” can be difficult to recognise and even more difficult to gain funding for. The complexity and fragmentation of the existing framework consequently subjects vocational skills development to the initiative and goodwill of employers, thereby reinforcing the voluntarist nature of skills development that is typical in the UK. The findings also suggest that skills development practices, at times, occur informally at the workplace and enabled through a network of local organisations. These findings highlight a need for further investigation into the efficacy of the inter-organisational dynamics and informal practices that could potentially make a demand-led skills development system a reality.

Keywords: fragmentation, informality, inter-organisational dynamics, skills development, networking.

INTRODUCTION

The problem of skills shortages in the UK construction industry is well documented (Clarke, 1992; Agapiou, 1998; Dainty et al., 2004; Learning and Skills Council, 2005; Chan and Dainty, 2007; Clarke and Herrmann, 2007). Contemporarily, there are concerns that increasing workloads arising from the growth in infrastructure investment cannot be met by existing capacity of skilled workers and professionals (Construction Skills, 2008). Past research have hitherto criticised employers for being reactive, rather than proactive (Stasz 2001). The extant literature have largely pointed towards the reluctance of employers to invest in training (Grugulis, 2007), preferring to poach workers from other companies to plug skills shortages (Clarke and Herrmann, 2007). Given the political impetus provided by Leitch (2006) to encourage employers to participate in skills development more actively, there is a need to examine how employers (might) do so more closely.

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Increasingly, there are a number of sympathetic commentators that suggest that employers are in fact engaging with skills development in their own way. Raiden and Dainty (2006; see also Chan, 2007), through case study research, observed that construction organisations exhibit characteristics of a ‘chaordic’ organisation. Such organisations juggle with the (orderly) need to develop skills whilst operating in chaotic markets. This perspective reconciles the tensions between the long-term skills development programme and the short-term need to make profits. Indeed, the trend towards work-based learning, as evident in the National Vocational Qualifications (NVQs) framework and the rhetoric of organisational learning, signifies the shift towards employers playing a greater role in engaging with skills development.

Notwithstanding this, employer-led system of skills development, at least in Britain, principally results in atomisation of skills. This is not helped by the fragmented, and even fractured, nature of the industry (Clarke and Herrmann, 2007). Clarke and Herrmann (2007) contrast between a production-based system and an industrial-systems approach to skills development, and argue that the production-based system that typifies UK construction leads to narrowly-defined, output-focused notion of skills. Consequently, skills are delineated along feudal notions of crafts and artisans (see Clarke and Wall, 1996; 1998). Clarke and Winch (2004) suggested a way to combat such atomisation of skills as they called for the need to consider applied theoretical knowledge, where theory is usefully combined with simulations and actual work experience (Clarke and Winch, 2004). However, the approach implies a shift in the political framework towards a collectively agreed and industrially organised training system. This necessitates the genuine partnership of the state, employers and employees represented by trade unions (Chan and Dainty, 2007).

Currently, however, the institutional system tends to be more of a hindrance rather than an enabler in promoting such an approach to skills development. In the case of qualifications, there is a minefield of skills-related policies and initiatives that can often confuse employers and employees in terms of where they can go to develop their skills (Chan and Moehler, 2007). Furthermore, Watson and Sharp (2007) identified that the structure of the construction industry - being project-based and transient - creates barriers for engagement in the skills development agenda. Clarke and Wall (1998) highlighted that skills development activities can increase the administrative burden of employers, especially in relation to funding arrangements. In fact, as this paper unfolds, the administrative burden is the result of increasing complexity and pluralism of public institutions that have the remit of providing for skills development. Surprisingly, there is relatively few studies that examine deeply the efficacy of public institutions in enabling skills development in the terms set out by Clarke and Winch (2004). As noted above, much of the literature focussed on the lacklustre approach of employers in participating in skills development. The understanding of the role of institutional mechanisms in creating a desire for employers and employees in participating in skills development has been relatively opaque. Drawing on an institutional perspective (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; and Tempel and Walgenbach, 2007), it is argued here that institutional policies and their enactment potentially create dynamics that do influence the practice of skills development within construction. In developing a more regulated approach to training (Clarke and Herrmann, 2007), it is therefore essential to develop a better understanding of the (inter-organisational) dynamics that impact on skills development. Thus, preliminary observations from a wider research project into skills development practices are presented here. Before outlining the interim findings, it is
appropriate to first review how skills development in UK construction has been coordinated and to provide a brief overview of institutional theory as our theoretical lens.

COORDINATION OF SKILLS DEVELOPMENT IN UK CONSTRUCTION

The rebuilding efforts gained high political priority following the Second World War. The Phillips Report focussed on coordination of the industry and the desire of public clients to raise labour productivity to meet the rising demand (HMSO, 1950). During this time, skills were largely defined according to craft/trade boundaries. The Carr Committee (1958) highlighted craftsmen as being the "backbone of industry". Technical rationalism played an important part in the 1950s, as the technologist, scientist and technician moved from being unskilled to skilled in status, thereby recognising the place of technology at the workplace (Department of Education and Science, 1959).

In the 1960s, the shift towards greater importance of professionalism seemed relentless. Increasingly, at this time, accountants, economists, computer programmers and physicists became powerful constituents in demanding that their professions were recognised as being skilled (HMSO, 1965; Payne, 2000). Consequently, the status of craftsmen in the hierarchy of skilled labour became threatened. Vocational training became increasingly marginalised, exacerbated by the growth of self-employment in the sector (Winch, 1998).

Concomitantly, public institutions became less concerned with the provision of skills and became more interested in enabling the skills development process. The Manpower Services Commission (MSC) (1977), for instance, called for the formation of quasi autonomous non-governmental organisations (Quangos) to examine the nature of skills provision (see also Department of Education and Science, 1979; Department of Employment, 1981; Hayes et al., 1982; MSC, 1984). This marks a point of departure in the role of public institutions, from one that provides for skills development to one that simply enables the process of skills development, at least in the area of vocational education and training.

The importance of technical skills also diminished with greater emphasis on generic skills. For example, public initiatives intended to address youth unemployment in the late 1950s placed more credence on appropriate behaviour and personal characteristics (Department of Education and Science, 1959). The vagaries of the definition of skills intensify with terms such as “fit for purpose” used to determine skills of potential employees. Clarke and Herrmann (2007) noted that the ability to work in a team and a sense of pride became vital traits that employers look out for when recruiting in construction. Elsewhere, it has been argued that the perpetuation of soft skills do not essentially mean that workers are becoming more skilled. Rather, a discourse is formulated to assume that one is more skilled by claiming the development of soft skills, although this is not necessarily matched by wage premiums (see Sheldrake and Vickerstaff, 1987; Payne, 2000; Wolf et al., 2006; Grugulis, 2007). Institutionally, the mounting political pressure of encouraging lifelong learning has served to fuel the emphasis on generic skills, reflected in the formation of yet more institutions such as Skills for Life.

The move of public institutions as providers of skills development to enablers of the process of skills development is also mirrored by a shift away from a focus on the
 qualitative nature of skills to one that stresses the quantitative perspective of skills shortages. Specifically in UK construction, the industrial response has been to capture labour market intelligence in numbers, and expending efforts to ascertain the shortfall of skilled workers. The deficit in numbers is well documented (Agapiou, 1998; Dainty et al., 2004; Learning and Skills Council, 2005). Consequently, research has been undertaken to explain the reasons behind the shortfall. The main reasons include the poor image of the industry (Green and Owen, 2003) and such qualitative aspects of construction work as long working hours (GLA, 2007) which dissuades new entrants from entering the sector, especially from non-traditional routes like women, ethnic minorities and adult learners. Furthermore, the reliance on self employment, which creates an unwillingness of employers to engage in skills development, has been noted (Clarke and Herrmann, 2007).

In contrast, there is relatively little work done to examine the efficacy of the role played by public institutions, or indeed the quality of the vocational education and training system, in the skills development agenda. Instead, skills development in vocational areas like construction in the UK has been left to the goodwill of employers, thereby reinforcing the voluntarist and ad hoc nature of skills development in construction. Gospel and Foreman (2006; see also Ryan et al., 2007; Lewis et al., 2008), for instance, examined inter-Firm training which has long standing history within the UK. They noted that the employer provision of specific, technical skills development of employees in general has been done exclusively away from policy-makers and enabling bodies that are meant to be providing for skills development in the first place. In today's competitive business world, the disconnection between public bodies and employer skills development practices signifies a decoupling in the coordination of skills development in the UK.

The constant, growing complexity of public bodies charged with a remit of skills development is indeed unhelpful. Various authors (Clarke and Herrmann, 2007; Chan and Moehler, 2007) have identified the administrative burden and confusion faced by genuine employers who want to participate in skills development. Brockmann et al. (2007) echoed this by highlighting that the UK skills development system has been distinctively changeable with regards to Vocational Education and Training (VET). Continual reorganisation and mushrooming of government departments, quangos and agencies seem to be the order of the day in the UK.

In order to redress this situation and to move towards a more regulated form of skills development in UK construction (Clarke and Herrmann, 2007), it is necessary to understand how we arrived at this situation in the first place. However, relatively little work has been undertaken to explain the growing complexity of public institutions involved in providing, enabling or delivering skills development. For this reason, this study draws on aspects of institutional theoretical perspectives to examine the dynamics of public institutions. In so doing, a salient review of the theoretical perspectives will be briefly outlined.

**BRIEF OVERVIEW OF INSTITUTIONAL THEORY**

In the preceding section, it was highlighted that public organisations involved in skills development have mushroomed in recent times, adding to the complexity and confusion particularly for employers trying to understand how they might engage. In this section, it is suggested that institutional theory might be useful in providing a theoretical perspective to explain how such complexity has evolved.
Formal structures and institutional myths: gaining legitimacy and a sense of purpose

In contemporary literature, institutional theory was popularised by Meyer and Rowan (1977) who were concerned with how formal structures in post-industrial organisations emerged and transformed. Their attention was focussed on how organisational activities were coordinated, inspected and evaluated, as well as the complex, organisational (networked) interactions based on institutional rules. Meyer and Rowan (1977) observed that formal organisational structures tended to gravitate towards institutionalised rituals and myths; in so doing, organisations were then likely to enhance survival prospects through gaining resources and legitimacy. To put in colloquial terms, organisations develop a language and vocabulary that aligns with the talk of the day in order to survive.

In the preceding section, an historical account of the coordination of skills development in UK construction since the 1950s was provided. A notable observation to be made was the shift of emphasis from technical, craft-based skills to the rise of professionalism to the current perpetuation of soft skills in British society. In this sense, organisations that subscribe to this shift would be seen to be legitimate, and those that do not would be seen as not engaging. So for example, whereas organisations like the Confederation of British Industry (CBI) that purports to be a leading, independent representative body for employers subscribe to the need for soft skills and basic knowledge of reading, writing and arithmetic, employer surveys still abound that highlight shortage of technically skilled workers.

The danger of this chasm, as Meyer and Rowan (1977) rightly pointed out, is the decoupling between the formal structure and actual organisational activities. Meyer and Rowan (1977) argued that in order to maintain institutional rituals and myths, formal structures conform to the institutional rules, which in turn induces organisational activities to correspond to the "prescriptions of formal structure (p. 342)." In other words, in dancing to the tune of institutions, organisations might potentially detract away from the actual task at hand. In turn, organisations could end up talking the talk, but not walking the walk. Indeed, despite criticisms regarding the difficulties in measuring "social and life skills" in the 1970s (see Green, 1998), such skills still feature strongly in public and corporate policies, as evident in construction employers demanding a sense of pride (Clarke and Herrmann, 2007).

To explain burgeoning complexity of institutions, Meyer and Rowan's (1977) remarks were somewhat illuminating. They postulated that "The more modernized the society, the more extended the rationalized institutional structure in given domains and the greater the number of domains containing rationalized institutions (p. 345). According to Meyer and Rowan (1977), what follows in the modernisation of society is the growing complexity of relational networks. Indeed, this is a phenomenon that can be found in the UK construction sector with growing complexity of supply chains and the rising interest in relational contracting. Of course, the complexity of relational networks could also imply an increasing number of organisations to be institutionalised. It is unsurprising therefore to find more organisations from both the public (e.g. government departments, agencies, quangos) and private sectors (e.g. private training organisations) involved in (the language of) skills development.

Isomorphic processes: why are organisations so similar?

Whilst Meyer and Rowan (1977) observed the concept of institutionalisation, DiMaggio and Powell (1983) extended the understanding of institutionalisation by
exposing how this takes place. According to DiMaggio and Powell (1983), organisations become increasingly similar to each other by aligning themselves through "institutional isomorphic change". In other words, to gain legitimacy, organisations change and adapt towards accepted forms and rules. DiMaggio and Powell (1983) proffered three mechanisms for isomorphic change, including coercive, mimetic and normative isomorphism.

Coercive isomorphism imbues a sense of force and power. In this sense, coercive isomorphism derives from compelling political influence. For DiMaggio and Powell (1983) this "results from both formal and informal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function […] In some circumstances, organizational change is a direct response to government mandate (p. 150)". An example of this is the Construction Skills Certification Scheme (CSCS), where there is increasingly a level of compulsion when construction companies bid for projects.

Mimetic isomorphism relates to organisations imitating one another, especially in times of uncertainty. DiMaggio and Powell (1983) exemplified this with Japan's endeavours to model new government initiatives on Western prototypes during the 19th century. Specifically within construction, the best practice clubs that preceded Constructing Excellence would be a useful example. Again, within the context of skills development, the Leitch (2006) review examined what other countries were doing in terms of enhancing skills levels for competitiveness.

Normative isomorphism relates to "the definition and promulgation of normative rules about organizational and professional behavior (p. 152)". Undoubtedly, normative isomorphism plays an important role in UK construction sector given the emergence of the professional system (Winch, 2000). Here again, the mandating of CSCS cards is an example of how organisations come to behave in a certain way. As can be seen, institutional theory according to Meyer and Rowan (1977) and DiMaggio and Powell (1983) explains organisations align with one another in the complex networked world that we live in today.

SOME EVIDENCE FROM CURRENT RESEARCH

Armed with a brief understanding of institutional theory, let us turn to some early findings from an ongoing research project (see Chan and Moehler, 2007) that seeks to examine the myriad of public and private sector bodies that are involved in skills development. To date, a series of 22 in-depth (semi-structured) interviews have been carried out with managerial staff from a range of stakeholder groups, including governmental institutions (e.g. local authority) and agencies (e.g. JobCentrePlus, Learning and Skills Council), quangos (e.g. Regional Development Agency), training providers and colleges, and trade unions and professional associations. Furthermore, 11 focus group interviews were undertaken with operational staff within employer organisations, auditing networks and professional networks. Additionally, participant observations were done in two case study organisations - a private training organisation and a civil engineering and plant hire company - to get a rich insight into how skills development takes place in practice. The participant observations meant that the researcher attended 24 meetings and observed 8 trainees going through the skills development process over a period of 40 days. The interviews and ethnographic research enabled the research team to make sense of how the various organisations interacted with one another in relation to skills development in UK construction.
DISCUSSION

For the purpose of this paper, and to examine the interactions from an institutional perspective, a fundamental issue relating to the funding of skills development is discussed here.

Money talks! It was observed that both public and private organisations constantly change and adapt to the tune set by central government. Arguably, the treasury is a very powerful organisation in terms of how funding for skills development is allocated. The interviews with the public bodies revealed that the comprehensive spending review (CSR) is the most important source of understanding where funding allocation is made. Consequently, senior managers from organisations like the Learning and Skills Council and JobCentrePlus keep a close watch on the CSR when formulating strategies and decisions for funding allocations. So, it was discovered that segments of the population tend to fall in and out of favour over time where funding for skills development is concerned. For example, at the time of writing this paper, preferential treatment in terms of full funding is given to level 2 training; and young, short-term unemployed and single parents would receive greater attention when compared to the long-term unemployed. As a result, it is noticeable that the employer organisations interviewed and observed focus on these target groups as well.

During the participant observations at employer forums and regional skills meetings, it is also interesting to find that education and training providers and employers who turn up at these meetings are consistently interested in finding out about funding sources, both in terms of availability and criteria. The two case organisations that were examined have even recruited administrative support with the intention of finding out funding routes and filling out necessary forms. Therefore, funding policy and allocation have a tremendous influence on how employers and education and training providers respond to skills development. Thus, Meyer and Rowan's (1977) remarks seemed to be accurate. Instead of focussing on the qualitative nature of skills development, organisations now find themselves placing more emphasis on second-guessing funding routes for skills development, potentially resulting in skills development activities that might not be entirely appropriate.

Indeed, there is the interplay between coercive, mimetic and normative isomorphism in what we have observed. Funding policies and allocation decisions compel both public and private organisations to focus on certain target groups and on certain skills level for development. At the same time, there is a great deal of alignment (and imitation) between e.g. the Learning and Skills Council and JobCentrePlus in terms of determining who the target groups are, based on their reading of the CSR. These thence create a normative understanding of what must be done in terms of skills development, i.e. level 2 training, and especially for young unemployed and/or single parents.

At first glance, this may seem benign. However, because the funding decisions focus on specific target groups, the resultant skills development practices could potentially alienate those who do not play to the rituals and ceremonies of the institutions that set the rules. Rather than to identify what really needs to be developed at the regional and local levels, skills development practices are locked to the rigid set of funding criteria. Those who dance to the tune of the institutional rules gain legitimacy and survive in accordance to the accepted practice; those who do not are unfortunately damned by the system and are noted for their unwillingness to engage with institutionalised behaviour.
CONCLUSIONS

The complexity and pluralism of policy-makers and enabling bodies within skills provision creates interorganisational dynamics that thwart employers from direct engagement. Institutional theory, in particular the notion of legitimacy and isomorphic organisational change, presented a useful framework for explaining the ongoing fragmentation and complexity of public bodies engaged in skills development. Following Meyer and Rowan (1977), it is expected that such increasing complexity will continue to be relentless.

Some early findings from a research project that seeks to examine the myriad of public and private sector bodies that are involved in skills development have been discussed. As it stands, the fundamental issue that explains how skills development is coordinated relates back to funding allocation. In particular, it was found that funding criteria represented a powerful institutional rule that enabled coercive, mimetic and normative isomorphic change in both public and private organisations engaged in skills development. That is, organisations change and adapt to ensure they succeed in securing funding for skills development. In so doing, they potentially dance to the institutional rituals and ceremonies and abide by what is deemed to be desirable skills development practices. If this is not benignly done, there is the danger that skills development takes place in areas not connected with what really needs to be done. Furthermore, employers whose skills development agenda does not fit institutional requirements might potentially be disenfranchised by the lack of support given by public institutions.

The findings establish a need for further and deeper examinations of the interorganisational dynamics, especially in relation to those organisations that are currently not institutionalised, i.e. not part of the game. This also calls for a need to scrutinise power relations between the various organisations that are (and ought to be) involved in skills development.

REFERENCES


