

# ENGINEUITY TUTORIAL



## Labour Relations



# 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



## Labour Relations

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

**MAKING Job progression decisions (Labour) for period 6 in the Early Years**

Change period Key information Help

**IDLE LABOUR POOL**

**START OF THE PERIOD**  
 Number in the idle pool: 22  
 Number to layoff: 0  
 Number available for jobs in progress: 22

**AFTER DECISIONS**  
 Net transfers: -22  
 Number left in the idle pool: 0

**JOBS IN PROGRESS**

Job	Country	Sector	Plan Dur	Remaining planned periods	Progress so far	Status	Plan lab	Labour					Subcontract Labour					Total	
								This period		To site		From site		To site		From site			
								Last per	From ILP	New	To ILP	Paid off	On site	End last	Take on	Lay off	On site		
29	UK	Transport	2	OVERRUN by 1 periods	Behind schedule	3rd period	Over	15	0	0	13	0	2	0	0	0	0	0	2
34	UK	Energy	3	FINAL planned period	Ahead of schedule	3rd period	19	48	0	0	32	0	16	0	0	0	0	0	16
49	UK	Water & Sewage	2	FINAL planned period	Behind schedule	2nd period	17	11	7	0	0	0	18	0	0	0	0	0	18
52	UK	Transport	3	2 planned periods remaining	Ahead of schedule	2nd period	158	96	60	4	0	0	160	0	0	0	0	0	160
67	SYR	Energy	3	2 planned periods remaining	Ahead of schedule	2nd period	15	11	0	4	0	0	15	0	0	0	0	0	15

22 men were available in the idle labour pool. None were laid off, and all were used on site, leaving no idle labour.

None of the company's own labour was laid off from site.

No subcontractors were used.

The Construction Manager was able to manipulate the labour force so that :-

- All idle labour was redeployed to site
- Additional labour was the company's own, and not subcontractors
- None of the company's own labour was laid off
- No subcontractors were used

Additional labour was the company's own, and not subcontractors

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

**MAKING Job progression decisions (Labour) for period 6 in the Early Years**

Change period Key information Help

**IDLE LABOUR POOL**

**START OF THE PERIOD**  
 Number in the idle pool: 22  
 Number to layoff: 10  
 Number available for jobs in progress: 12

**AFTER DECISIONS**  
 Net transfers: 0  
 Number left in the idle pool: 12

**JOBS IN PROGRESS**

45 men were laid off from site that could have been used instead of subcontractors.

22 men were available in the idle labour pool, but 10 of them were laid off when they could have been utilised on jobs.

12 men were left in the idle pool and not used instead of subcontractors.

Job	Country	Sector	Plan Dur	Remaining planned periods	Progress so far	Status	Plan lab	Own Labour					Subcontract Labour					Total	
								Last	From ILP	New	To ILP	Paid off	On site	End last	Take on	Lay off	On site		
29	UK	Transport	2	OVERRUN by 1 periods	Behind schedule	3rd period	Over	15	0	0	0	13	2	0	0	0	0	0	2
34	UK	Energy	3	FINAL planned period	Ahead of schedule	3rd period	19	48	0	0	0	32	16	0	0	0	0	0	16
49	UK	Water & Sewage	2	FINAL planned period	Behind schedule	2nd period	17	11	0	0	0	0	11	0	9	0	9	20	
52	UK	Transport	3	2 planned periods remaining	Ahead of schedule	2nd period	158	96	0	0	0	0	96	0	62	0	62	158	
67	SYR	Energy	3	2 planned periods remaining	Ahead of schedule	2nd period	15	11	0	0	0	0	11	0	4	0	4	15	

75 subcontractors were used.

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.



# Labour Relations

Management Consultants Report

Navigate to "Main menu/Measuring performance/Assessing performance/Management consultants report"

CLICK ON A REPORT LINE TO SEE IF ADDITIONAL HELP IS AVAILABLE

Category	Per	Status	Year/qtr	Job	In	Comment	Sub Category	Nature
JOB	5	Early Years	2023 (Q1)			Morale (and productivity) of own labour improved by low level of own labour layoffs	LABOUR	POSITIVE
JOB	5	Early Years	2023 (Q1)			Morale (and productivity) of own labour weakened by increasing reliance on Subcontractors	LABOUR	NEGATIVE
JOB	5	Early Years	2023 (Q1)	29	UK	Risk 'Service/utility clashes' striking results in a 7.4 % job delay	LABOUR	NEGATIVE
JOB	5	Early Years	2023 (Q1)	29	UK	Risk 'Personnel issues' striking results in a 2.4 % job delay	LABOUR	NEGATIVE
JOB	5	Early Years	2023 (Q1)	29	UK	Job delays caused by the unavailability of labour on site by 9.8 %	LABOUR	NEGATIVE
JOB	5	Early Years	2023 (Q1)	29	UK	There is a noticeable improvement in the performance of Steve Bull due to the 5 % bonus paid	PROJECT_MANAGER	POSITIVE
JOB	5	Early Years	2023 (Q1)	29	UK	The overall performance 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 issues' strikes, incurring risk cost before mitigation of 8,000	RISK	NEGATIVE
JOB	5	Early Years	2023 (Q1)	29	UK	Expertise of Steve 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	After an interest rate rise in the UK, the value of the British pound rises against other currencies, reducing build costs on jobs progressed by 0.39%	WORLD_EVENTS	POSITIVE
JOB	5	Early Years	2023 (Q1)	32	US	There is a marginal improvement in the performance of Craig Wooten due to experience to date with the company	PROJECT_MANAGER	POSITIVE
JOB	5	Early Years	2023 (Q1)	32	US	There is a noticeable improvement in the performance of Craig Wooten due to the 5 % bonus	PROJECT_MANAGER	POSITIVE

The affect of the company's construction management decisions on labour relations is reflected in comments in the **Management consultant's report**.

HELP IS AVAILABLE FOR THE COMMENT Morale (and productivity) of own labour improved by low level of own labour layoffs

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