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# A COMPREHENSIVE STUDY OF THE HUMAN RESOURCE PRACTICES OF THE CONSTRUCTION SECTOR IN TAMIL NADU

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## ABSTRACT

*For organization of any size and scale, Human Resource Management (HRM) is a critical function in general and this function comes along with its own set of complex issues and challenges specific to this sector. The management decided to diversify their business portfolio by entering into Real estate Construction projects sector and believed that a complete study on Human Resources (HR) challenges and practices in the Construction industry is still in the nascent stage at this point in time. The success of any project is a direct reflection of the skills of the workers who completed it and the managers who supervised it. In building and maintaining a strong workforce, businesses in the construction industry face several unique human resource challenges, including a lack of qualified candidates to fill open positions, high employee turnover, perpetual safety concerns, and the burden of complying with employment laws. The issues are far-reaching and diverse, and due to other factors such as notice periods and other aspects and thereby, it becomes imperative that a skilled HR team would be required to be integrated into the management framework from the very beginning. There were two main phases in this project – Primary data collection phase to gather data from the target group through interviews and questionnaires and Secondary data collection phase consisted of a comprehensive Literature Review on the current studies in this area. The Primary and Secondary data were analysed for key issues and practices pertaining to administering the human resource functions. These suggestions were presented to the management and they had given a confirmation that they would use this report as a reference document while framing their HR Policies for the upcoming new Real Estate construction business.*

## KEYWORDS

HRM practices, real estate sector, construction industry.

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## INTRODUCTION

Construction is an essential part of any country's infrastructure development. Construction industry, with its backward and forward linkages with various other industries like cement, steel, bricks etc. catalyses employment generation in the country. Broadly, Construction can be classified into 3 segments namely Infrastructure, Industrial and Real Estate. Infrastructure segments involve construction projects in different sectors like roads, railways, ports, irrigation, power etc. Industrial construction is contributed by expansion projects from various manufacturing sectors. Real estate construction can be sub-divided into residential, commercial, malls, multiplexes etc. The construction industry operates on the basis of contractual agreements. Over the years different types of contracts have been developed. It mainly depends on the magnitude and nature of work, special designs needs annual requirements of funds and complexities of job. Construction projects can be materialized through a number of smaller contracts that mainly depends upon size of the project and diversified nature of activities to be carried out in the project. As a result, Subcontracting is a common phenomenon in the construction industry. The sector also faces headwinds in oil exporting countries, as oil prices are decisive for infrastructure investments. According to statistics, in the United States, the sector could be reinforced by the decision of the new government. Some countries continue to face difficulties on inflation (China) while others have weathered the storm (France, Spain).

## REAL ESTATE IN INDIA

With increasing Globalization and supporting policies of the Indian government, Real estate in India has attracted a huge attention globally from investors and developers. With a contribution of around 6.3% to the Gross Domestic Product (GDP) of the country, it stands second in employment generation. Research shows that in the next one decade, the sector may touch US\$ 25 billion FDI from the present US\$ 4 billion. This huge investment may be attributed to the factors like increasing income of the people, increasing urbanization, migration to urban areas, infrastructure development, trend of nuclear families and increasing housing demands. It is also estimated that with these high investment inflows the annual revenues during 2020 may increase to US\$ 180 billion.

## REVIEW OF LITERATURE IN THE AREA OF STUDY

A Comprehensive Literature review was done by referring to various research papers, articles, websites and books. The focus of the secondary research exercise was to understand the current HR challenge and practices specific to the Real Estate construction sector.

Mehrdad Arashpour and Mohammadreza Arashpour (2015) their research paper was to introspect the changing construction labor market in Hong Kong. The research addresses the important labor resource context related to the construction industry, including the trends of the critical indicators of the labor market in construction and the implications of the changing markets and technology on the future pattern of skill requirements and the government policies on construction personnel. Primary research was done using questionnaires to measure HR effectiveness, Historical perspective of the professions, Values, Principles, Organizational Maxims, and Culture, Talent sourcing of HR professionals and executives and Key challenges to HR in construction industry. HR is a member of the top-level management team in the construction firms with the head of HR reporting to the CEO, and is more focused on the strategic and long-term activities of the firm including strategy formulation, organizational design, leadership and organizational development. In the construction environment, there was a noted preference for informal performance management characterized by frequent dialogue as opposed to formal annual reviews that are highly structured and documented. Additionally, in the construction firms, the general management development is relatively unstructured culture plays a role in an organization. With increased outsourcing and splitting off of the administrative functions of HR, studies have suggested new measurements of HR effectiveness are required. HR departments can no longer rely on traditional measurements of transactional activities. Indeed, most of the data indicated that many in the profession are making this transition. Malkani Z.A.K. and Kambekar A.R (2013) research paper focuses on the identification of HRM related issues within the construction company. The main focus was on the human resource practices that are generally pursued in the Indian construction industry, availability of skilled labor and formal or informal method or forms commonly adopted for the management of the human resource. Research methodology tools were used to gather information from the target group. Some of the major issues of discussion were about the hiring of the right people, developing the right process, helping employee develop right skills, motivating and retaining the workforce, creating culture of innovation and Succession planning. Majority of the construction companies have separate department for management of their human resource and the department is designated as human resource department. The main function of this department is recruitment, selection, attendance, salary fixation, rewards etc. Almost all the companies have human resource policy but the average rating for formal procedure was low. Out of all the companies having human resource policies only a few companies were identified with combination of implicit and explicit policy.

The most critical issue in management of human resource is motivating and retaining the workforce and hence our study indicates that keeping human force motivated throughout the service span has to be given the highest priority. This issue is followed by hiring the right employee, developing the right process of recruitment, helping employee develop right skill, creating culture of innovation and the last priority observed was succession planning. Training for upgradation of skills and knowledge is the major issue in current scenario due to faster development in the technology. It was observed that many companies do not have specific training module and program for the workforce. It was observed that though most of the companies have a separate department for managing their human resource only few companies follow the formal practices completely. On the other hand, in most companies formal HRM systems tend to be under-utilized. Adrian Wilkinson, Stewart Johnstone and Keith Townsend (2012) research paper focuses on managing people in the construction sector that is labor intensive and recognizes that the way employees are managed can have important implications for organizational performance. This could even be a differentiator between successful and unsuccessful organizations. The main focus was on the micro and macro perspectives on elements of Human Resource Management across three dimensions namely human focus, resource focus and management focus. The sector is distinctive in terms of the extensiveness of subcontracting and outsourcing arrangements have been central to business recipe of the industry worldwide for some time. Human focus places a strong emphasis on employee rights, needs and well-being. This perspective is evident in developments in the areas of occupational health & safety, grievance management, work design, work-life balance, equality and diversity. Core workers in the construction sector are likely to be highly regarded permanent employees, to be well paid and enjoy good career prospects. They involve in key business activities. Peripheral workers, on the other hand, provide high flexibility in terms of number of staffs working at a particular time and the amount of hours worked. Both the categories needs to be addressed based on the requirement of projects.

Nicola King, Andrew D.F.Price and Andrew R.J.Dainty (2014) their research paper examines the multi-faceted nature of the Strategic Human Resource Management function and particularly the perspectives of employee relations. The need for more strategic approaches to HRM in the Construction industry is evident when examining the sector's reliance upon- virtu contracted labor and multi-organizational project delivery structures. It is believed that small firms account for a significant part of economic activity in a country. Almost 97% of firms employ fewer than 20 employees and over 99% fewer than 100. Though small firms dominate the construction industry, it remains unclear as to how effectively construction SMEs aligns their HRM activities with their strategic needs. Business decision-making processes in organizations should encourage the participation of employees i.e., type of work, verification & validation of projects etc. Such situation provokes formal methods of communication, staff meetings and social gatherings. Roles and responsibilities are different for all management employees. Matters that are considered to be more serious in nature are dealt with by directors and senior managers. Lower level issues and relationships are dealt by line managers. The management style for addressing grievances involves systems and processes that are to be dealt informally for providing effective solutions to the problems. Studies suggest that larger organizations and clear difference exist between larger and smaller organizations. An area of improvement in this sector would be to align closely the employee relation strategies between organisation goals and employees in order to improve organizational performance.

## OBJECTIVES OF THE STUDY

The objective of the Project work was to study, understand and analyze the current Human Resource - Challenges, Practices and Policies in the Real estate construction business and provide relevant recommendations on them. This Project report will be taken as a reference document by Aquoion to frame their HR Policies in their Real estate construction division.

## SCOPE OF THE STUDY

The study is limited to Real Estate Construction sector in Salem, Tamil Nadu. All the 203 respondents for the survey, were part of the Salem District Industrial Association and Salem District Engineer Association, both these associations based out of Salem –Tamil Nadu. Observations, Findings and Recommendations made from the Project study will only be used by Aquoion as a reference document for framing their HR Strategy and Policies.

## METHODOLOGY

Research methodology is the process used to collect information and data for the purpose of making business decisions. The methodology adopted in this project includes publication research, interviews and surveys. The primary data collection phase included distribution of questionnaires within the target group of HR professionals and Real estate Construction industry members (Managers, Engineers, Contractors and Technical staffs). Likert scales were used in the questionnaire degree of agreement with a statement or set of statements. Each level on the scale is assigned a numeric value or coding, usually starting at 1 and incremented by one for each level. Microsoft Excel software were used to analyses the data obtained. Unstructured Interviews with the HR Manager was also carried out to know about the policies and practices in the Real estate Construction sector. Data regarding the policies and practices with regards to the sector has been sourced from various articles and books. A Comprehensive Literature Review was done by referring to research papers related to HRM in Construction Industry.

## SAMPLING DESIGN

The sampling technique used for this study is Convenience Sampling. Convenience sampling is a specific type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study. Some of the advantages of Convenience Sampling are simplicity of sampling, ease of research and data collection can be facilitated in short duration of time. The population selected for this study included the members of the District Industrial Association and Salem District Engineer Association, which was around 4500. The sample size for the survey was 203 members from their database and the roles of those respondents are related to HR professionals and Real estate Construction industry members (Managers, Engineers, Contractors and Technical staffs).

**TIME PERIOD COVERED**

The duration for the entire Project work was 60 days. The time taken to finalize the Project design, Literature review, Objective formations, selecting dimensions to measure questionnaire formations, refining the questionnaire etc. was around 30 days and the data collection were carried out in 14 days.

**TOOLS & TECHNIQUES FOR COLLECTION OF DATA**

The primary data collection was done using questionnaires and responses were received from HR professionals and Real estate Construction industry members (Managers, Engineers, Contractors and Technical staffs). The primary structured questionnaire in this study consisted of questions regarding HRM policy and recruitment, selection and training methods adopted. Along with the questionnaire, there were face to face Interactions with a few HR managers to understand and analyze the awareness of HR practices in the Construction projects companies. Secondary data was collected from reviewed literature as applicable to the construction industry. The most important and relevant data sets were chosen to develop further correlation between primary and secondary data sets.

**PLAN OF ANALYSIS FOR PRIMARY RESEARCH**

The questionnaire has been designed to collect information for the following HR functions: Human Resource Planning, Recruitment and Selection, Training and Development, Performance Management, Compensation and Benefits, Career Management and Development, Employee Relations and Health, Safety & Environment. The Likert scale was used to assign value to each of those responses and derive observations on the level of awareness and maturity of HR Policies in Small, Medium and Large companies. The study also looked at the underlying factors for the following responses - Neutral, Partially agree and Partially disagree. For the purpose of analyses, the Microsoft Excel software has been used. The results of the analyses have been presented in the form of bar charts. Data regarding the HR best practices were retrieved from the comprehensive Literature Review related to HRM in the Real estate Construction projects sector. An in-depth analysis from various websites, articles and books was done to further support the study.

**LIMITATIONS**

Due to time constraints, the Primary data collection was limited to only 203 respondents within the sector. The Primary data collection has been conducted for selected respondents from a particular region in Tamil Nadu. Hence the inferences and findings of the analysis need not hold good totally for the Construction sector across Tamil Nadu as a whole or the country at large. In many companies, there were senior people who took care of multiple functions including Administration, Procurement, Material management and Human Resources. Since, many of them had limited knowledge on HR specific information, it was difficult to get specific HR information from them. The data collected may not be a representation of the entire population. This study was limited to the capacities and willingness of the respondents in appropriately answering the questions and hence the information provided by respondents may or may not be true.

**ANALYSIS OF THE DATA**

In Phase one of the Project, Primary data was collected from HR professionals and Real estate Construction industry members (Managers, Engineers, Contractors and Technical staffs) through survey research techniques namely questionnaires and interviews. Most of the personal interviews were to gather information about the HR activities, challenges and practices in the Real Estate Construction industry. The most important and relevant data sets were chosen and included for developing further correlation between primary and secondary data sets.

**PRIMARY DATA COLLECTION ANALYSIS**

A total of 120 completed responses were received from the target group and those responses were used for the analysis.

**TABLE 1: RESPONDENTS BY COMPANY TYPE**

Type of Company	Number of Respondents
<b>Large</b>	
Casa Grande	4
L&T	3
Prestige groups	2
Purvankara groups	2
Shoba Builders	2
<b>Medium</b>	
ARRS Builders	2
Landmark Builders	9
Mukesh Associates	2
SKS Builders & Promoters	2
Sri Krithika Builders	12
<b>Small</b>	
Balaji Builders	22
Chola Builders	20
Pugal Builders	14
Shabari Builders	14
Sona Builders	10
<b>Grand Total</b>	<b>120</b>

Source: Primary Data

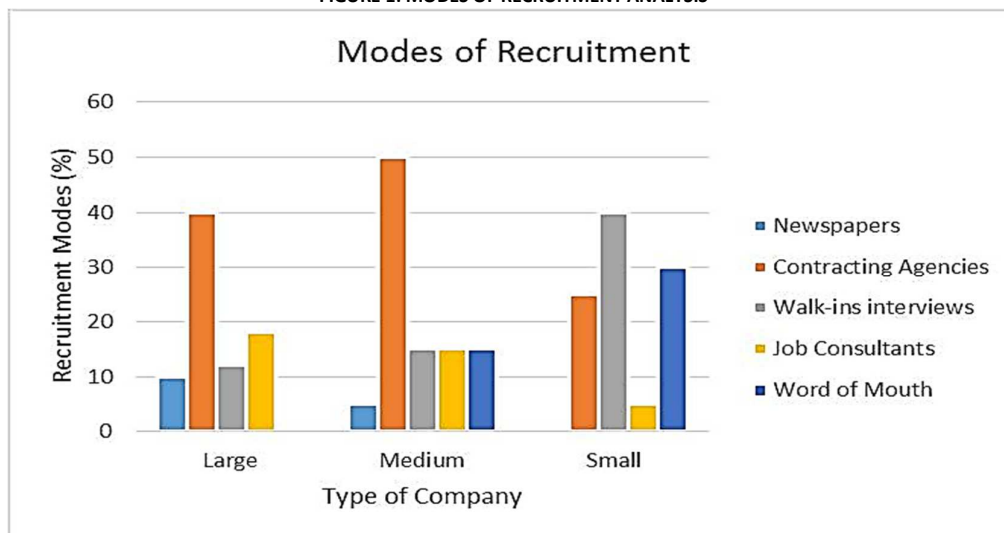
**HUMAN RESOURCE PLANNING**

The Primary data analysis revealed that all the companies have a formal system of Human Resources Planning in place and are able to forecast manpower as per the Business requirement. Many Organizations still face the challenge of having minimal planning time to create the right HR Strategies when the work is with multiple Contractors. Although there is long lead time from bidding to award in the constructions sector, the bids tend to be awarded to the contractors on a short notice. Many companies use a lot of contractors to supplement their existing manpower available on the site. The short notice to contractors reduces the scope to implement a proper HR strategy. Ideally, the entire project team should have the right skill mix to keep the project under control. Many companies are still in the process of developing policies for Contractors and these policies would define the skill requirements for each role, safety processes and trainings, which needs to be imparted on a regular basis.

**RECRUITMENT AND SELECTION OF EMPLOYEES**

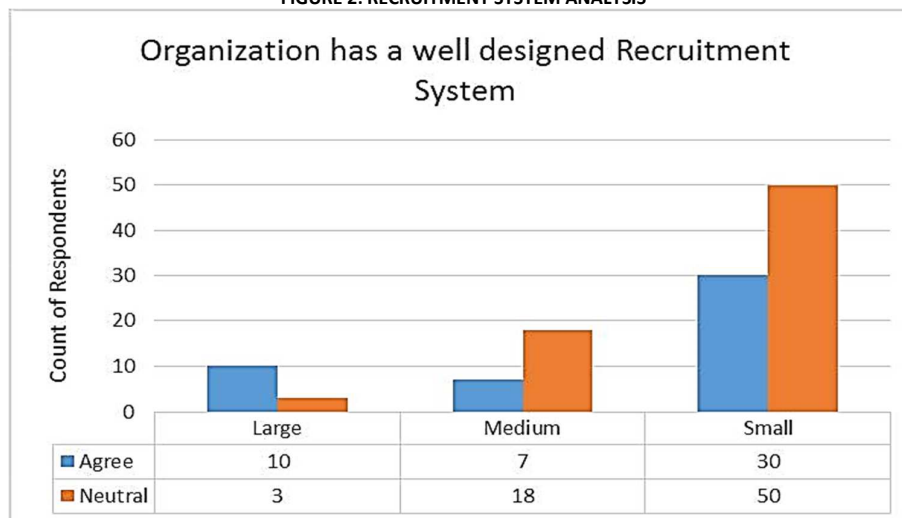
The construction industry requires specific skills that are often difficult to locate. HR managers in the construction industry must find qualified applicants for on a project specific basis. To facilitate the recruitment process, the HR manager for a construction company should come up with a clearly defined job description for each team member. Many companies have leveraged the most effective mediums for reaching their desired candidates such as social media/ job sites to post job descriptions that clearly explain the requirements of the position.

FIGURE 1: MODES OF RECRUITMENT ANALYSIS



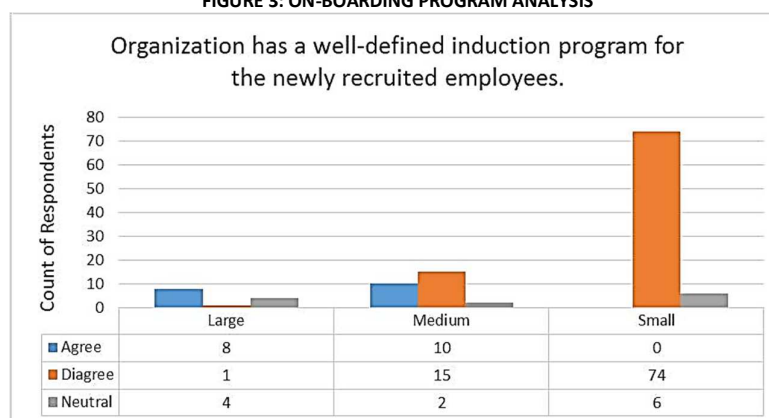
The Primary data analysis revealed that main modes of recruitment are contracting agencies and walk-in interviews. The small and medium companies also preferred to recruit through their association of engineers by word of mouth. It was noted that all the large organization has a structured recruitment system in place with proper documentation on Job descriptions compared to Small and medium organization. With multiple projects taking off simultaneously, it becomes imperative that people with right skill sets are chosen for managerial roles and technical roles.

FIGURE 2: RECRUITMENT SYSTEM ANALYSIS



The Analysis reveals that all the companies have a recruitment system but there were many respondents in the Small and medium companies who had given neutral responses. Interviews with the managers of small and medium companies revealed that those companies have a recruitment system but it was not properly followed by those involved in recruitment. With the rise of Contractors to perform specific technical work, the HR teams face a critical challenge to on-board the Contractors as fast as possible to make them work alongside the Organization's work. Working with force different. Contractors and managing them is one of the challenges faced by the Companies today. As most of the projects executed on an ad-hoc bases, the construction workforce tends to be made up of transient contractors. With this approach, the overall workforce tends to work for longer hours, less overall control and constant work-life issues. Moreover, as staff turnover tends to be high on construction projects, this often piles on the pressure to the day to day workload. The rate of attrition is very high as much as 23% in large companies and 27% in medium companies.

FIGURE 3: ON-BOARDING PROGRAM ANALYSIS

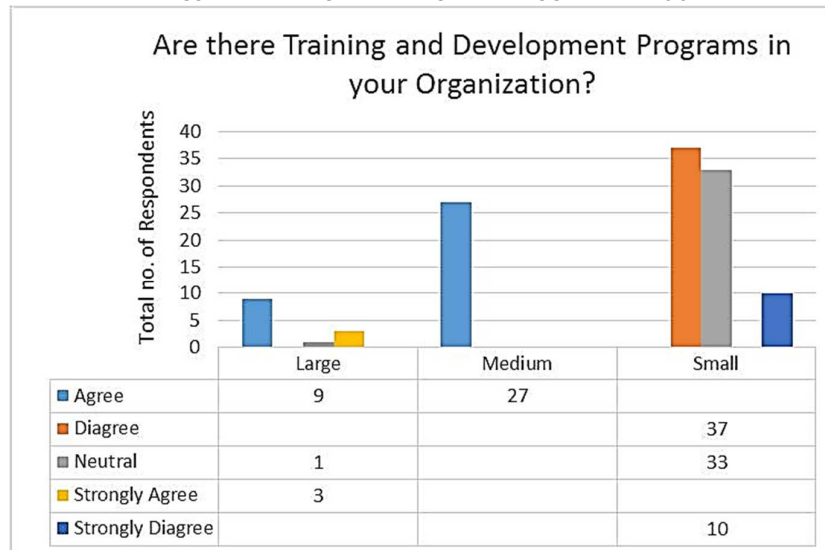


The analysis revealed that the Small and Medium companies did not have a well-defined induction program to on board the new employees and this can be attributed to lack of dedicated Human resource teams in these organizations. Although, all organization conducts tests and interview to access the candidates and their skills, only the large companies had a well-defined induction program for the newly recruited employees.

#### TRAININGS FOR TECHNICAL AND ADMINISTRATIVE STAFF

With the introduction of new types of materials for construction from manufacturers across the globe, training is essential for the workers on the field to understand the new ways of working. Apart from technical training, Managers would also needs to aware of the cultural aspects of working with people from different regions and make sure that they are utilized to their capacities. There are numerous training courses which are offered by companies and manufacturers but they are not available in all cities in India. In the current scenario, limited time is allotted for training classes leading to accidents on the work site. The HR team would need to manage the de-skilling and re-skilling of the labor force due to the introduction of new technology and strategies should be to create an innovative, responsive training delivery system to maintain skill currency that could be leveraged across all Projects. The HR department needs to come up with clear policies relating to training. It also should provide information about time off and compensation for off-site training.

FIGURE 4: TRAINING AND DEVELOPMENT PROGRAM ANALYSIS



It has been observed in the data analysis that none of the Small companies have Training & Development (T&D) programs for employees. Although, T&D Policies existed in large companies, Training has always been a major issues because of cost and the companies do not get a complete Return on Investment (ROI) by investing construction training courses. Any Training investments would neither lead to higher productivity or financial returns for the organization. This is evident as the Real estate construction workers are a transient workforce and do not stay with company for a longer period of time. In 80% of the large companies, employee's Training & Dev identified through an annual performance appraisal mechanism and plans are established to address any gaps. Inspire of these efforts, the construction workers felt it was a time consuming process and there was insufficient or no interest among the workers to learn new skills. Most of administration teams take regular trainings on leadership skills and managing people. In IT sector, the customers check the skillsets of the delivery team before awarding a project and will scan the resumes of every person to make sure that they are the best people to work for the customer. Contrary to the IT sector, the customer of the Real Estate construction projects do not show much interest on skillsets possessed by the labors; rather they are only concerned about the project progress, timelines and costs.

#### COMPENSATION STRATEGY

One of the top challenges facing construction companies today involves devising the best compensation strategy to retain top talent while also meeting business goals. The Primary data analysis showed that 20% of the Small companies, 60% of the medium companies and all the large companies have compensation policies in place.

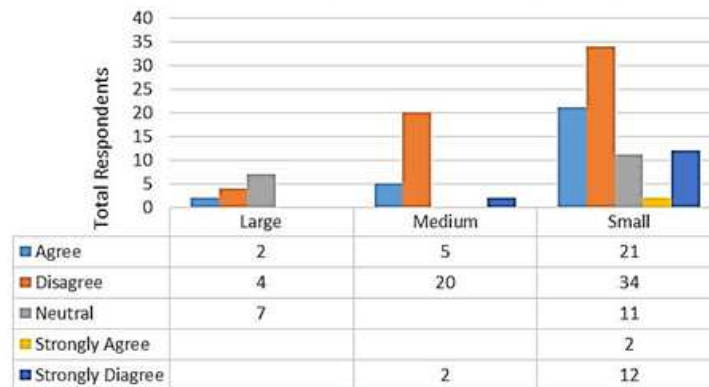
TABLE 2: PRIMARY DATA ANALYSIS ON PRESENCE OF COMPENSATION POLICIES

Type of Company	Policies exist for Compensation
<b>Large</b>	
Casa Grande	Yes
L&T	Yes
Prestige groups	Yes
Purvankara groups	Yes
Shoba Builders	Yes
<b>Medium</b>	
ARRS Builders	Yes
Landmark Builders	Yes
Mukesh Associates	Yes
SKS Builders & Promoters	No
Sri Krithika Builders	No
<b>Small</b>	
Balaji Builders	No
Chola Builders	No
Pugal Builders	No
Shabari Builders	Yes
Sona Builders	No

Source: Primary Data

In order for organizations to remain competitive, companies must aggressively pursue talent to increase productivity and profitability, leveraging human capital to maintain a competitive advantage. It becomes important to offer competitive pay and benefits, but ensure employees develop the right skills and also create a friendly environment to be able to develop and sustain its workforce.

FIGURE 5: COMPENSATION SATISFACTION ANALYSIS  
Are you satisfied with your current Pay package?



It was observed that 70% of the employees in all companies are dissatisfied with their current pay and this would be another factor to become demotivated and underperform in their roles. With these responses, it cannot be concluded that compensation and benefits are lead, lag or medium as it does not represent the entire population set. Most companies tend to align their compensation structure to the Market rate and do not look to match pay for performance. To meet this challenge, companies, regardless of industry and size, must craft a clear and compelling strategy for implementing a well thought-out total reward/compensation plan to attract, retain and motivate key talent. This total reward strategy should integrate key components including Total compensation, Benefits, Work-life balance and Training, career and personal growth opportunities.

#### HIGH EMPLOYEE TURNOVER RATE

The Real estate construction section in India has seen a lot of inter-state movement of skilled and unskilled workers. These workers are hired in huge numbers on a temporary basis in various companies. Although, most of the construction workers are hired on a temporary basis for specific projects, they are highly prone to shift companies because of better wages and benefits. Construction companies understand this very well and have policies to retain them but unfortunately, interviews with the HR Managers revealed that these policies are not well understood by the employees and they continue to shift companies. In 80% of the cases in large companies, construction workers are not provided an opportunity to exchange views with the top management and only in some cases, the top management is supporting of certain labor management strategies and goals. With numerous construction companies, another major challenge is to retain the construction workers in the company for a longer time.

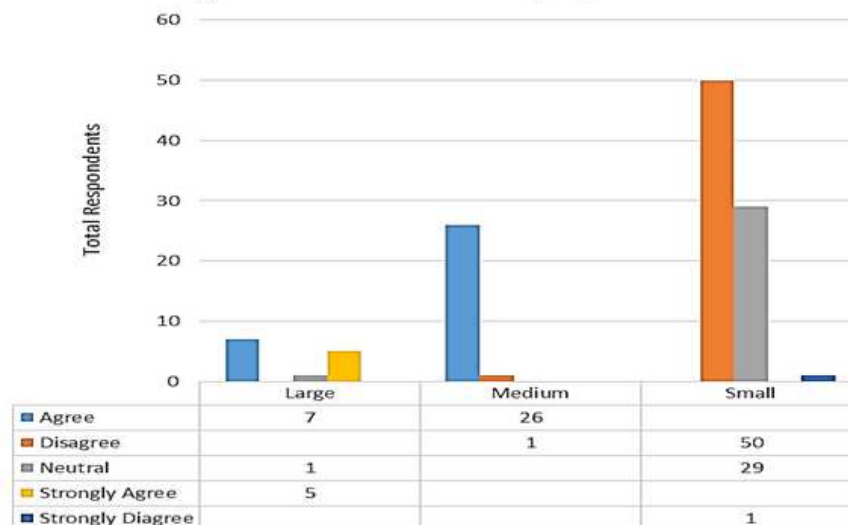
It was observed that large organizations recognize the career growth needs of its employees and does career planning to meet objectives of both individuals and the organization but that's not the case with small companies do not have this function in place. One of the most effective steps that companies can take to keep employees engaged is to equip them with the tools they need to succeed such as training and development programs, establish communication channels etc. By empowering workers to achieve their full potential, companies will reduce turnover, improve safety, and boost productivity. HR Policies for employee retention should focus on incentive bonuses when a project milestone is reached. HR staff can also offer project-based incentives such as housing, automotive or tool allowances, and educational reimbursement for required certifications. And because much of the work is project-based, HR should develop policies on allowing extended vacation time between projects.

One HR strategy that can help construction companies retain valuable workers is to implement employee mentoring programs. These programs assist staff members in high stress jobs by allowing smaller tasks to be delegated to a junior member under their supervision. From a HR perspective, this improves employee retention by keeping employees invested in the success of their co-workers.

#### HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

Health and safety aspect is also a massive issue in the construction industry. Although the health and safety team should be ensuring best practice is followed, accidents still occur no matter how stringent the enforcement. Safety would be the prime concern for any construction company as any risk activity and workplace accident would lead to costs apart from affecting the brand reputation of the company.

FIGURE 6: HEALTH, SAFETY AND ENVIRONMENT PRACTICE ANALYSIS  
Does your Organization recognize the career growth needs of its employees?



It was observed that most companies had policies and practices pertaining to employee's Health, Safety Interviews and with Environment the Managers (H revealed that only a few companies followed them. There was a strong disagreement from the employees of the small companies on the daily usage of HSE practices. Over the last few years, many companies have hired certified Quality, Safety and Environment managers to overlook the HSE activities that take place - before,



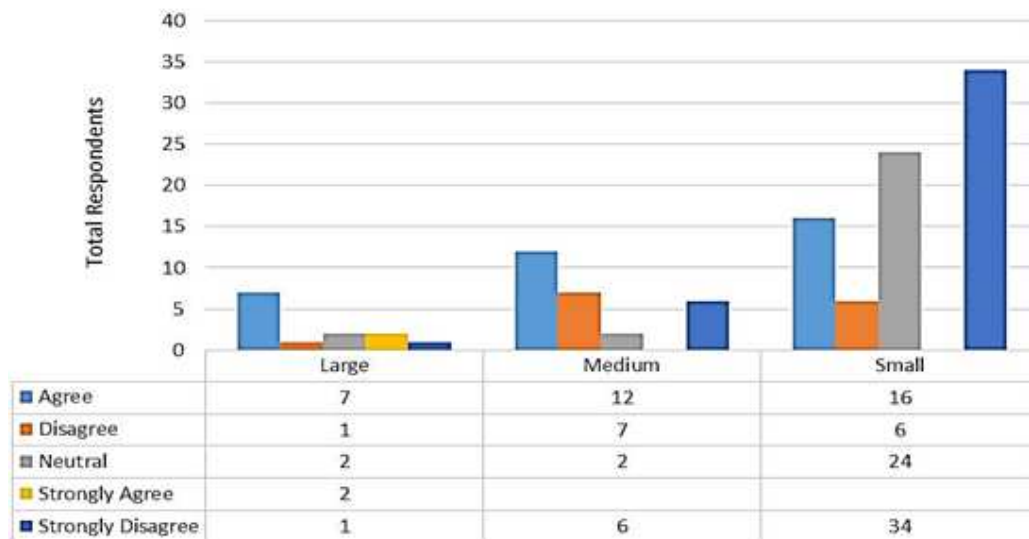
during and after the task. It has also been observed that QSE (Quality, Safety and Environment) role has been neglected in many companies and they tend to engage contractors for most of the work. Although the contractors have been given the mandate to follow the policies and guidelines, they do not tend to follow for the lack of time and cost. This negligence results in many direct and indirect costs include medical expenses, lost productivity as the injured worker heals, costs incurred in recruiting and training substitute workers, and the possibility of lawsuits stemming from the incident. Therefore, safety should be the paramount consideration at any worksite. All construction companies must have comprehensive safety plans in place, including regular training for all workers and clear protocols to follow in the event of injuries.

#### MEETING SKILLED LABOUR DEMAND AND SUPPLY

The entire construction Industry has a scarcity of skilled and experienced personnel to perform the activities effectively and specifically for Real Estate construction projects, every project carries different requirements and most of the companies struggles to find the right talents with the requisite skills, experience, and certifications. With a lot of problems related to the quality and quantity of resources assigned to projects in the recent past, some of the customers are also looking into the resumes of skilled personnel and have dedicated resources from quality of work performed by the resources. Another problem is the aging workforce and replacement of the loss of skilled trade's in the coming years. All types of companies had most of their employees on contract basis so that they could be flexible enough to ramp up or down based on their project needs.

FIGURE 7: LABOR DEMAND SUPPLY ANALYSIS

Are Best practices pertaining to employee's Health, Safety and Environment followed in the organization?



It was noted during the Primary data analysis that 60% of the organization are facing challenges with meeting skilled labor demand and supply. The Large companies have well defined contracts with the Contracting agencies, which would make them virtually exclusive of any labor shortage in the market. The Small and medium companies face a major challenge and they would have to resort to finding skilled workers in other states to meet the demand. For example, smaller construction companies often struggle to find management-level estimators, project managers, superintendents, engineers or administrative staff trained to process construction-specific documentation. Experienced craftsmen to head project field teams or divisions are also difficult to find.

#### USAGE OF SUB-CONTRACTORS

All types of companies would outsource part or majority of the work to contractors and that would save cost over the entire lifecycle of the project. The sub-contracting would help companies to focus on core activities and spend their time in administrative activities. The Contractors would bring labor to the construction site when needed and disengage them when it is no longer required after completion of the work. The HR Policies and benefits would not be applicable to sub-contractors and therefore would save time and cost for the companies.

In all the large companies and 20% of the medium companies, policies existed for sub-contractors to keep track of their performance. Some of the sections which are part of the Sub-contractor policies as follows: Scope details, Recruitment Profiles and Delivery Locations, Audit Procedures, Health & Safety, Sustainability, Quality Assurance, Performance management, Staff recruitment and development, Financial management, Contract Monitoring and Review and Contract Termination.

#### COST CONTROL METHODS

In one of the Real estate construction companies, a cost analysis is done by the admin department to check the areas where cost can be trimmed down and some of initiatives taken are shown below: Based on the appraisal report of employees during the progress of the project, the employee is referred for rewards. Promotions are based on talent recognition and even a meagre amount would help retain employees and increase their morale. It would be more expensive to poach employees from other companies. Employees who could not perform as per the expectations are trained and transferred to other departments and in case of continuous failures; they would ask the employee to leave the company. The recruitment team continuously checks in the market for basic remuneration packages for employees who possesses certain skill set and propose the standard pay or less to the prospective joiners. Have qualified and experienced personnel work on multiple projects. This is mostly done during the finishing stages or the starting stages so that they can provide a direction to the junior employees as well as check the finished project for any flaws and rectify them as soon as possible. This would help the company reduce cost of hiring new employees. For people working in the company for a long period of time, the salary and other benefits such as gratuity, promotion, bonus etc. are bound to increase. In those cases, the responsibility would be delegated to junior staffs with a minor pay raise, the person would be promoted with additional responsibilities, or they would be given an option for voluntary retirement.

For a project forecasted to begin in a few months, having the present manpower on payroll would add to burden of the company and increase the costs. At the same time, the employees are not asked to leave as they company, as this would lead to additional acquisition costs. There would also be some employees who have the environment knowledge and they would be difficult to replace. These employees would be given an option for Long leave without pay. Employees are ready to accept these options, as they would continue to enjoy other benefits (such as Insurance, Medical etc.). Another approach, which would compensate for the lost labour is by adopting prefabrication, standardization and modularization, and redesign of construction processes and the second approach would be to increase the available supply by retraining the existing labourers, developing multi-skilled labour, and through motivation and mechanization.



**FINDINGS**

The important findings from the analysis are as follows:

- Human Resource Management is still at nascent stage in the Real estate construction sector.
- Existence of a full-fledged HR department in companies was dependent on the company size (Small, Medium and Large). Small companies did not have a separate department for management of their human resources and the function was taken over by the Administrative team.
- Only large organizations have a structured recruitment system in place with proper documentation on Job Descriptions.
- Small and medium companies preferred to recruit through their association of engineers by word of mouth and Contracting agencies.
- Large companies have well defined contracts with Job contractors but Small and Medium companies face a lot of challenges to find skilled workers.
- In all the large companies and 20% of the medium companies, policies existed for sub-contractors. Lack of Sub contractor policies could have negative effects in Sub-contractor performance and also could lead to Legal hassles.
- All companies did not get a complete Return on Investment (ROI) by investing in Construction training courses. Trainings have neither led to higher productivity nor financial returns for the organization.
- Small and Medium companies did not have a well-defined induction program to on-board new employees/ contractors due to the lack of dedicated Human resource teams.
- Most of the small companies did not have a career growth recognition system leading to a high employee turnover rate.
- 70% of employees in all companies are dissatisfied with their current pay and this would be as a result of the Organization's unclear Compensation and Rewards programs.
- Primary data analysis showed that 20% of the Small companies, 60% of the medium companies and all the large companies have compensation policies in place. Small and Medium companies face the highest attrition rates.
- Health, Safety and Environment (HSE) Policies existed in all companies but only a few companies followed them. Companies that do not follow the HSE Policy guidelines have faced many direct and indirect costs.

**RECOMMENDATIONS**

The following recommendations have been suggested taking into account the current findings of the existing HR practices, existing HR Policies, current HR challenges in Real estate construction sector and standard HR Practices mentioned in this report. Frame new HR Policies for the Real estate construction business by leveraging existing HR Policies and Standard HR practices mentioned in the Report. The new policies (specifically the Training & Development and Compensation policies) could take into account the specific challenges related to Real estate Construction sector. Aquoion may consider leveraging the Organizational chart, which was created, based on interaction with the various internal stakeholders. Aquoion could adopt the HR cost control techniques mentioned in this report. Aquoion could look at the alternate approaches to compensate for shortage of Labor staff and those approaches are mentioned in this report. Aquoion may consider to increase the minimum budget allocation for IT Systems of Human Resource management and this could lead to effective tracking of Employees and Projects. Aquoion could look at translation of HR documents in their native language as most of the employees did not understand them, leading to poor involvement of employees towards various HR initiative. Aquoion could look at investments in employer branding, which is the process of cultivating a positive reputation as an employer. Businesses with strong employer brands save time and money on recruitment because candidates are more likely to seek them out.

**CONCLUSIONS**

The Project report was created with main intention that Aquoion gets strategic view on the Industry, Competition, existing HR Challenges and Practices, which would be followed, by analysis, findings and recommendations. At a high level, the report provides extensive analysis for Recruitment and Selection of Employees, Meeting skilled labor demand and supply, Trainings for Technical and Administrative Staff, Usage of Sub-contractors, Human Resource Planning, Health, Safety and Environment Issues, High employee turnover rate over, Compensation strategy and Cost control methods. These details would help Aquoion understand the current situation of the Real estate construction business and take an informed decision while creating their HR Strategy. The report in its entirety could be used to frame the HR Policies for the new Real Estate construction company. The scope for future study would be to have a detailed HR study for each of the HR functions including Human Resource Planning, Recruitment and Selection, Training and Development, Performance Management, Compensation and Benefits, Career Management and Development, Employee Relations, Health, Safety & Environment.

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