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***PERSPECTIVES ON WORKING IN EUROPEAN
CONSTRUCTION:
STRUCTURES OF THE LABOUR MARKET***

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RESUME

Les *joint ventures* internationales se développent de plus en plus au niveau européen, en particulier dans le secteur des travaux publics. Cette évolution pose la question de la gestion des ressources humaines nécessaires aux entreprises pour ces activités à l'étranger. Comment les entreprises engagées dans des *joint ventures* recrutent-elles leur personnel et comment gèrent-elles, au niveau de l'embauche, les différentes catégories de salariés?

Cette contribution examine la place et le rôle des *joint ventures* dans la politique générale des entreprises. Puis il présente les caractéristiques spécifiques de la politique d'emploi et de recrutement à l'étranger. Se pose, en particulier le dilemme: détachement vers le pays d'accueil du personnel interne de l'entreprise ou recrutement sur place. Les analyses disponibles du point de vue de la théorie du marché du travail ou du point de vue des stratégies de la gestion des ressources humaines soulignent les mêmes tendances : les cadres sont habituellement envoyés en mission alors que le personnel d'exécution sur les chantiers est recruté sur place. Ces tendances sont alors comparées aux les résultats empiriques obtenus à travers les études de cas du Groupe Bagnolet.

INTRODUCTION¹

International joint ventures for the realisation of construction projects are gaining more and more in importance in European development. Especially in the field of public infra-structure the dimensions, degree of technological complexity and financial demands on such projects are increasing. This leads to the question of what kind of personnel the companies involved in such a joint venture require, and how they plan and organise the assignment of this personnel. This question can be posed in two different ways.

On the one hand it is possible to regard these proceedings as a labour market process. Companies are seeking labour for specific tasks, and labour is looking for that kind of work which suits their qualifications and their social expectations. When regarding the principles and criteria which govern this kind of process - usually called matching - first the specific circumstances of these international joint ventures have to be taken into account. The company now offers its goods services abroad and not only on the familiar domestic market. On the other hand the special conditions of a construction project, which is temporary by its very nature, play a role as well. Additionally one has to observe the distinctions that are usually made by these companies in filling positions for management staff and operative labour. These distinctions mainly concern the scarcity of the according qualification, the ranking and the influence that a certain position is judged to have on the work within the company, and the costs which arise from the assignment.

Apart from this, from the point of view of the enterprise the same process is also an integral part of its human resource management. Thus the same questions of selecting the most suitable persons for forthcoming tasks are partly formulated from another point of view. At the same time, however, the interest of the company goes beyond these questions, for the company not only aims at a short-term fulfilment of a certain task, but always regards it as part of a long-term strategy for conquering and safe-guarding a certain position on the market. This turns the attention mainly to the role that a company's personnel is playing within such a strategy.

Therefore in the following paper there will first be briefly discussed what significance joint ventures in construction projects have for the companies involved. In this a distinction is made between an externally and an internally directed ranking. The external orientation consists in the struggle to gain entry to markets in which the company has not been represented before. Seen internally the participation in joint ventures helps the enterprise to further develop its organisational structure in such a way as to enable it to become long-term active in international markets.

Next the special significance and the special conditions of personnel assignment for joint ventures in construction projects will be described. As this implies activities abroad, usually the question of posting or local recruitment is well to the fore. This question has to be considered from the perspective of labour market theories as well from that of human resource management. It will become obvious that both approaches lead to the same result. As far as management staff is concerned it is more sensible for the success of the joint venture itself as well as for the long-term strategies of the company to foster a permanent staff, which is then posted to the according place of activity. As far as the workforce is concerned, a number of varying reasons argue in favour of local recruitment. These theoretical reflections will finally be compared with the empirical data gained from the case studies of the Groupe Bagnolet. Both can be found to agree to quite some extent; it becomes apparent, however, that under certain circumstances these reflections partly overlap with problems which have arisen by worldwide migration movements and through the pressure that these exert on parts of the labour market for construction site activities.

¹ Translated from the German by Daniela Heßlinger

JOINT VENTURES AS PART OF THE INTERNATIONALISATION STRATEGY OF CONSTRUCTION COMPANIES

Even though a great part of the market volume in the construction industry has so far been distributed regionally or even locally, the international engagement of construction enterprises is basically nothing new. For construction companies from some European countries, among them especially Great Britain and France, international business is of a long-standing tradition. Companies from other countries such as Germany have been active abroad to a varying degree since the early seventies when, due to the first oil crisis, the national markets noticeably shrank. The form of internationalisation, however, has changed fundamentally during the past few years, especially in the construction industry.

Up until then, the engagement beyond national borders for a European construction enterprise in very many cases meant the implementation of infrastructure facilities in the widest sense in countries where there was still a relatively big backlog of demand in this field. Often the market conditions were rather exotic and, as far as the toughness of competition was concerned, not comparable to the domestic markets. Furthermore the technological and organisational capacity of the domestic construction industry of the purchaser country for carrying out such projects was often not far enough developed. Thus the client, usually a government or an international funding agency was not only interested in the completion of the order itself, but also in the technological and organisational competence of the construction company that was to carry out the order. Therefore in many aspects such a company held a special position.

With the completion of the European Single Market, this situation has completely changed. Most of the big European construction enterprises have shifted the main part of their activity into this Single Market. Here they now compete with other European companies under conditions which are partly similar to those of the national market. Above all the same technological and organisational know-how is in principle available to clients, competitors and co-operating enterprises and experts alike. There are no exotic conditions and no special position any more, but only competition, in which the competitors may differ as far as the individual scope of their capacities and certain strengths or weaknesses are concerned, but where in principle they are all on a par. On the other hand this growing international orientation of construction companies has also been stimulated by such huge infrastructure projects such as the Channel Tunnel, the Storabælt link, or the Second Severn Crossing, as well as by the construction boom in the wake of the German unification. Working Paper 2 provides an analysis of the strategic response of the European construction corporations to this challenge.

Despite the growing Single Market integration, however, for a construction company participation in such a flow of work still implies the attempt to gain ground on a foreign market. Regardless of all similarities within Europe there are still noticeable differences in the construction activities in the individual countries. These differences, for instance, concern the standards and laws, labour regulations and procurement policies, or the traditions shaping the solution of technological problems and the execution of construction projects. For a company, bidding for such a contract therefore implies a higher risk than in the domestic market. Among others it is this fact that has moved many construction companies to prefer the form of international joint ventures for carrying out such projects, sometimes even at the stage of bidding.

A joint venture is generally understood as an organisationally identifiable new enterprise, in which at least two partners share the management responsibility and the financial risk (cf. Zielke 1992 pp 31-8; Eisele 1995 p 9). When the partners come from different countries, we speak of an international joint venture. Further defining criteria, as stated in the literature, are of less concern for our context.² Zielke (1992 p 33) would also like to introduce duration as one defining criterion for a joint venture. From this derives from a distinction between joint ventures and what he calls syndicates which may be fruitful for certain analytical purposes, but would however do no justice to the specific conditions of the construction industry. The application of

² This concerns for example the distinction between a true joint venture, into which the partners enter voluntarily even though they might have had different options, and a joint venture which is only formed because the government of the country in which the joint venture is to be founded, does not permit any other kind of foreign investment.

joint ventures to the context of the construction industry is discussed further in Working Paper 1.

Even in purely legal terms, a joint venture for the execution of a construction project is not just a loose affiliation of companies. Rather it is a real company with rights and obligations, for instance in the area of economics and personnel (cf. also Working Paper 1). But above all the importance of such joint ventures for the internationally oriented strategies of construction companies parallels the significance that such long-term oriented joint engagements have in other sectors.

In the construction industry, it has meanwhile become common practice that companies establish themselves permanently across the borders of their country of origin. The importance of such investment for the entry into foreign markets is considerable, but can only be of a latent nature. Thus this kind of joint venture between construction companies has so far played almost no role for this step in the construction industry (cf. Goldberg 1991 p 196-222). It is true that a different situation arises when building companies enter into a joint venture with other companies, e.g. from the real estate sector (cf. Goldenberg 1988, pp 273-4); this form, however, seems not to be very wide-spread yet.

In general it is important for the development of an entrepreneurial strategy in construction industry that the companies in this sector do not normally on their own initiative produce for an anonymous market which has then to be conquered. This has also consequences for decisions on their site. The mere settlement on a foreign market through founding a subsidiary or by participating in a domestic company, is only a first step to gain entry into this market. In contrast to most sectors of manufacturing industry, a construction company needs an additional step to be able to start production, a step the success of which does not depend on its own decision either: the company can only produce when it has received an order from its client. Depending on the size of the order and the risks involved, as well as on the circumstances of its placement, it will be sensible to enter into a joint venture with other construction companies for this. Indeed, quite often the willingness to participate in the formation of a joint venture is a prerequisite for ensuring a participation in the project.

Thus a construction company's entry into a foreign market will only become manifest with the joint venture, and this as a rule is only formed for the execution of a particular project. Due to this the joint venture, even though aimed only at the duration of the project, has an importance in its own right for the market-entering strategy of the company. This importance can (perhaps) be supplemented by a permanent investment, yet not be replaced by it (at least not under the given circumstances). As far as the analysis of international joint ventures contributes to an understanding of the long-term market-accessing strategies of companies, the joint ventures formed for carrying out construction projects should not be disregarded. Otherwise the investigation of such developments would lack an important analytical aspect.

Apart from that, it is a fact that most of the targets pursued by international partners when joining for the purpose of executing construction projects are much the same as are given as general arguments for forming joint ventures in other sectors. Above all they include access to resources and markets, reduction of risks, lowering of competitive pressure, as well as the opportunity to learn from the partner with view to technological know-how, managerial competence and familiarity with the market (Goldenberg 1988 p 12; Zielke 1992 p 32; Taggart, McDermott 1993 pp 5-11; Eisele 1995 pp 21-31). Zielke furthermore points out that joint ventures are the more promising, the less developed the standardisation of the product is for the production of which the joint venture is to be created (Zielke 1992 p 95), and this is exactly what holds true for construction projects in a very special way.

THE SIGNIFICANCE OF JOINT VENTURES IN THE CONSTRUCTION INDUSTRY FOR THE DEVELOPMENT INTO A TRANSNATIONAL ENTERPRISE

It is, however, true that in the analysis of the internationalisation of companies and in the formation of joint ventures most authors have considered other sectors than the construction industry. A good example of this is the description by Bartlett and Ghoshal (1990) of the development towards transnational enterprises. A transnational company combines the advantages of a strong, efficient head office with the capability of regional units to react

appropriately to the circumstances given on the according markets, due to these units flexible and dynamic organisation. The competencies and responsibilities it accords to the individual units of that enterprise are clear-cut but not stereotyped. By this it can make use of all the abilities existing within the enterprise, independent of where they are to be found. Nor does it base its mediation and control of the company's targets on either formal structures or individual commitment. Its structures and tasks are rather established in such a way that the efficacy of the processes and the commitment of the persons in the company are supported and not hampered by them. Yet when developing their concept of a transnational enterprise, Bartlett and Ghoshal quite obviously had only those markets in their mind for which the product is defined and offered by the manufacturer. The task of a transnational company or even the purpose of the development will then consist in launching and establishing this product on a given market as fast and as widespread as possible (cf. Bartlett, Ghoshal 1990 p 149).

In the construction industry, however, it is generally the client who defines the product and on whose order production usually is taken up. Thus closeness to the market is traditionally one of the most salient features of construction companies in all countries. When classifying companies that are active across their own national borders, construction companies at first glance therefore seem to belong to the category of the multinational enterprise, characterized by strongly decentralized units, which by their head office are regarded and treated as portfolio of independent national companies (cf. Bartlett, Ghoshal 1990 pp73-4).

Construction companies, however, that want to be successful on the international market, cannot manage with such an organisational structure alone. This above all holds true when a considerable part of the international market consists of infrastructure projects, for the construction of which the capacity of a single company does not suffice anyway. Especially for the accomplishment of such tasks a single subsidiary would hardly be able to develop enough strength. Though it might be able to win orders on the international market, it would not be able to carry them out alone. On the other hand it would make little sense to make the capacities for carrying out such big infra-structure projects permanently and simultaneously available at various sites, if in any one country such orders are maybe placed only once in several years.

Therefore the market adjustment of a company's decentralized national sectors has to be complemented by other areas in the company - preferable at the head office - which for international competitiveness can supply the decentralized units with special competencies in individual areas of performance, yet without using the occasion to dominate them. This co-ordination between centralized and decentralized units, however, is rather similar to a first step towards the development of a transnational enterprise as defined by Bartlett and Ghoshal. An analysis of internationally operating construction companies might thus result in the observation that some of these companies have already made considerable progress on the road towards a transnational organisation.

By participating in international joint ventures for executing a construction project the construction companies might therefore pursue a double goal. First this might consist in the externally oriented aims described, mainly the pursuit of entry into a foreign market. A joint venture is the form of organisation by means of which a company can make this entry accessible without letting the financial burden and the financial risk grow too high. Market entry can consist in the opportunity to learn how to deal with the ways in which construction projects are handled on certain national markets. Or it can supply insights into the habits, norms and expectations that native co-operation partners, such as for instance local authorities or engineering offices, have when fulfilling their tasks. Besides this for some companies learning from their partners could have a certain priority. Here learning might relate to certain technical procedures, to managerial skills, or quite generally to the ability to be internationally active.

Secondly the participation in a joint venture might be pursued with the aim to advance the company's own internal organisational development. In this case a joint venture would be one form of advancing operative, decentralised units (such as they usually already exists on the domestic market). In order to fulfill its tasks according to a company's strategy the joint venture on the one hand has to be granted all resources and decision-making competencies that permit it to react fast and competently to changing market demands. It will be enabled to do so if there is an efficient head office which provides it with all the necessary staff-related, organisational and technological means. At the same time the regional subsidiary as an intermediate level

would take on the task of continually observing and cultivating the market without, however, requiring the implementation of extensive production capacities.

At this stage of development a transnational construction company would thus have a three-step set-up. A strong head office would support the decentralized units with the total staff-related, technological and organisational competence of the company. The task of regional subsidiaries would be to secure market sensitivity. The operative units would be established in close proximity to the order and would be equipped with all competencies and all decision-making possibilities for carrying out the construction projects. Wherever the market volume permits they could be established on a permanent basis or establish their own labour-related, technological and organisational competencies, which - if need be - could in turn be made available to other parts of the company. Other market conditions given they could be newly formed, reorganised or relocated, depending on the order to be carried out. At any time these operative units could consist of joint ventures with other construction companies, be they domestic or foreign.

Of course one should not forget that the partners in a joint venture for a construction project might at the next call for tenders be competitors again. But even this does not place the situation of a construction company participating in a joint venture into complete contrast to a world-wide operating transnational enterprise. Though the latter - and this is of course the difference - forms a unit in the strategic sense and as far as proprietary rights are concerned, operatively it consists of single, often national, companies and sectors between which there might well exist coalitions and competitive relationships, which in consequence might also lead to the rise, or yet reduction and sometimes even the shut-down of individual units. If then for construction companies the participation in an international joint venture is a form in which they might develop towards a transnational company it seems worth-while to consider more closely the factors that are of relevance for this development.

HUMAN RESOURCE MANAGEMENT IN INTERNATIONAL JOINT VENTURES FOR THE EXECUTION OF CONSTRUCTION PROJECTS

The most striking structural feature of a transnational company is its complexity. Also it is a central task of the management in transnational enterprises to steer this complexity, or, to put it in different words: to ensure the necessary co-ordination between the individual company units (Bartlett, Ghoshal 1990 pp 201-221). In principle there are three means available to the company to achieve this task. Centralization consists in the final concentration of the decision-making power at the head office. In formalization, monitoring is realised by means of a person-independent formalised system of instructions, reports and controls. Socialisation finally implies the mediation of a canon of aims, values and visions which commits all the company's management staff to the overall entrepreneurial goal, thus ensuring co-ordination.

Although Bartlett and Ghoshal (1990 p 219) recommend a mixed form of centralisation, formalisation and socialisation, they make no secret of the fact that for coordination in a transnational enterprise they regard socialisation as the most appropriate way, even though it is linked to the highest cost. According to them it is the most expedient way to equip the company's decentralized units with those entrepreneurial and innovative capacities that they regard as necessary. For carrying out a construction project this significance of staffing holds true to an especially high degree.

The term project is somewhat fuzzy (especially in the construction industry, where it is applied with various different meanings), and it is probably helpful to restate that in the construction context, the project is identical to the joint venture in an organisational sense, and that spatially it consists of the construction site including the offices for the technical and commercial staff. Therefore it is occasionally referred to as a mobile factory. As is well known, however, the execution of a construction project differs considerably from the production in a factory in three decisive points.

The first of these points is the result of the fact that a construction project arises under the influence of geological, climatic, occasionally even hydromechanical conditions, which cannot be completely calculated in advance. Thus all planning is overshadowed by uncertainties, and

the staff at the construction site has to be able to react to unforeseen changes in the framing conditions as quickly as possible.

The same requirement results from the further fact that each construction project - and this is certainly true for big infrastructure projects - is unique. Its production can therefore not be based on established routines. Sudden problems can thus not be excluded, rather they are the rule. To this as well the staff has to be able to react quickly and reliably.

The third point finally follows from the fact that a construction project - and again this is surely true for big infrastructure projects - is normally directly carried out by order of a client. Thus, in principle and depending on the construction progress, the client always has the possibility to demand certain changes in the execution. According to general experience he will do so, too, during a construction period of several years, and to these changes as well fast and competent reactions are necessary.

To a considerable part construction is therefore the management of uncertainties (cf. Campinos-Dubernet 1988). Thus normally the success of a construction project is determined within the project itself, and this to almost a hundred per cent. Inevitably the company's distant head office and even the decentralised subsidiary in charge of the project have comparatively little insight into the parameters which govern the project. Neither can they perceive any *ad hoc* changes occurring quickly enough, nor can they react on them sufficiently fast and competently from a distance. The decision-making competence for steering the project must therefore lie unrestrictedly within the project itself, spatially with the site manager at the construction site and organisationally with the joint venture as a more or less decentralised company unit.

The question then is how the companies involved in the project equip the joint venture with the appropriate personnel to reach this decision-making capability. The answer to this very closely fulfils the conditions formulated by Bartlett and Ghoshal for transnational companies.

According to this, the decentralised company unit has to be provided with that kind of staff that leads the joint venture to success and that ensures the member company's contribution to this success.

The importance of human resource management for the international orientation of a company and for the execution of joint ventures is undisputed. Under the term human resource management there are subsumed all staffing policies such as determining the labour demand, recruitment of personnel, staff development, personnel assignment, personnel maintenance, reward policies, regulation of dismissals, and cultivation of industrial relations (Bratton, Gould 1994 p 8; Kammel, Teichelmann 1994 pp 27-8). Socialisation as a means of co-ordination within a transnational enterprise (Bartlett and Ghoshal 1990) is of course completely linked to persons. Pinder (1990 p 76) points out that especially the Single Market integration will incite companies to increase their efforts with a view to new market chances. This demands an appropriate human resource management. In his opinion the availability of commercial and technical staff appropriate for a company's international engagement is decisive for the capability of a company to really take foothold on new markets (Pinder 1990 p 121). Goldenberg (1988) describes several examples underlining the importance of posting high ranking staff for a successful market entry by joint ventures.

In connection with the formation of international joint ventures for the realisation of construction projects there is especially one argument which underscores the significance of human resources. This can be illustrated in connection to the concept of core competence developed by Prahalad and Hamel (1990). Core competence unlocks the door to as many markets as possible, enables the company to provide an unmistakable contribution to the advantage of the client who finally buys the product, and takes on a shape which makes it difficult for any competitor to emulate.³ In the market for big infrastructure projects for instance, a company with such a core competence might then be successful if for example it has a special technological procedure available or special experience in project management. This is related to the issues of technology management with are explored in Working Paper 4. Competence, however, (like socialisation) is also a term which is almost completely linked to the employment of an according staff.

³ Other implications of this concept, for instance the reduction of the company's own resources to this core competence need not be entered into here.

One arrives at the same result, if one regards the empirically determined success factors of international joint ventures from the point of view of the individual companies involved. As goals of such joint ventures they named - among other reasons - the reduction of uncertainty due to unknown and changeable framing conditions for the activity, and the transfer of insufficiently codifiable know-how which cannot just be acquired by the purchase of licences or rights (cf. Zielke 1992 pp 259-61). Neither can the ability to apply new technologies or to make use of the knowledge about new markets be acquired by single transactions - at least not as a rule - but only gradually in a process of gaining experience (ibid p 281). Again, experience gaining is, just like competence and socialisation, terminologically inseparable from employment.

The task arising from this for the human resource management of a company that wants to become active on the international market or wants to enter an international joint venture is outlined by Pinder (1990 p 76) according to the well-known pattern of home-made or bought-in. According to him the company either has to recruit talented new managers, having the required international knowledge and skills to provide the company with a competitive advantage, or it has to develop these skills within its existing cadres of managing staff.

THE CONCEPT OF INTERNAL LABOUR MARKETS

Fundamental for these developments is the concept of an internal labour market as developed in the early seventies, mainly on the basis of studies by Doeringer and Piore (1971) and afterwards by Edwards, Reich and Gordon (1973), and for Germany first of all taken up by Sengenberger (1978). The starting point for these studies in the confrontation with the neo-classical labour market theory was first to find proof for the hypothesis that labour market processes could not be explained by the effects of wage mechanisms alone. For certain posts members of certain population groups were not employed, even if their qualifications promised sufficient productivity and if their wage demands were lower than those of members of other groups. This resulted in the concept of labour market segmentation. According to this, the labour market is actually divided into segments of profession-specific and non profession-specific qualification demands, respectively in either stable or unstable employment.

Each of these segments is open to a different kind of male or female applicants and is treated by the companies according to different criteria. Thus within the segment of demands for non-profession-specific qualifications and unstable employment offers the labour demands are usually met via the external labour market, whereas for positions with profession-specific demands and stable employment offers there exists an internal labour market within the companies. Posts for management staff, of course, quite obviously belong first of all to that segment for which there exists an internal labour market. This fact is undisputed, even though there are different approaches to explaining it. Focusing on labour market economics, it is pointed out that costs for training, adaptation and fluctuation will rise with a rising level of demand, so that once having secured qualified staff the companies will cling to it (cf. Franz 1991 p 142). On the basis of a concept of internal labour market the argument runs that whatever managers achieve for the company is better explained by the benefits of loyalty and promotion prospects than by remuneration (Buttler et al 1978c pp 189-90).

In any case, for companies which strive for an international orientation human resource planning and development as well as training and cultural education for managing staff is of special importance (Bartlett, Ghoshal 1990 pp 209-38; Taggart, McDermott 1993 p 42; Kammel, Teichelmann 1994 p 108-40). Especially the concept of socialisation as a central co-ordinating mechanism should hardly be realisable without functioning internal labour markets. Windolf and Hohn (1984) have furthermore shown that already in the employment of applicants for management posts, companies place a decisive value on the ability to identify with the company and the suitability for cultural integration into the company, which of course can also be understood as the capability to adapt to the criteria of internal labour markets.

POSTING ABROAD OR LOCAL RECRUITMENT

The question, however, whether personnel with special knowledge or experience should better be recruited via the internal or the external labour market, is not yet conclusively answered by this. It surfaces again, when the company has to cope with the unknown conditions of a foreign market. The company could indeed deal with these unknown conditions by foreign posting, but

also by local recruitment of management staff and specialists. Several factors play a role in this decision: obviously above all the significance of market sensitivity (securing the knowledge of management staff about the local market and their ability to cope with the cultural conditions of the foreign market), the importance of company integration (tying management staff and experts in with the superior strategy and the cultural system of the company), as well as the philosophy which a company pursues with respect to its international orientation. Considerations of costs, on the other hand, seem to rank second when deciding on the posting of management staff and specialists (Taggart, McDermott 1993 p 141, referring to Boyacigiller (1990). With view to this all authors agree that a posting of domestic management staff and experts abroad (thus also to a joint venture) is considerably more expensive than the recruitment of local personnel (Bartlett, Ghoshal 1990 p 210; Domsch, Lichtenberger 1992; Taggart, McDermott 1993 p 141; Kammel, Teichelmann 1994 p 32). This is not even due to a maybe relatively lower income level in the country to which the staff is posted, but above all to the costs caused by the posting itself (cf. Taggart, McDermott 1993 p 142; Kammel, Teichelmann 1994 p 89- 102).

Compared to this the question of market sensitivity versus company integration is much more intensively discussed. These considerations make use of the theoretical instruments which were first presented by Heenen and Perlmutter (1979); according to these the advantages and disadvantages of posting versus local recruitment can be discussed in the form of four approaches. These are usually termed the ethnocentric, the polycentric, the regiocentric and the geocentric approach (Bartlett, Ghoshal 1990 pp 73-82; Braun 1991 pp 342-70; Domsch, Lichtenberger 1992; Taggart, McDermott 1993 pp 139-44).

The ethnocentric approach consists in the exclusive posting of management staff from the parent company. It ensures the transfer of the technological and managing competence of the parent company and the commitment of the decision-makers in a company abroad or an international joint venture to the posting company, but it is expensive, basically prone to conflicts, and bears the risk of insufficient market sensitivity. The polycentric approach consists in the exclusively local recruitment of management staff and thus carries all the advantages and disadvantages opposite to the ethnocentric approach: lower costs, high market sensitivity, good access to the environment of the company, but less possibilities or bigger difficulties to really realize the strategic decisions of the parent company. The regiocentric approach is a combination of the two and tries to combine the advantages of posting and local recruitment by mixing the management staff. The geocentric approach finally consists in filling managing posts regardless of a company's nationality and origin. This approach, of course, can much more easily be linked to the goal of a transnational company as described by Bartlett and Ghoshal.

There seems, however, to exist the assumption that more often than not the availability of suitable staff represents a bottleneck factor for the success of a company's foreign engagement or for a joint venture (Kammel, Teichelmann 1994 p 24). Zielke (1992 pp 233-5) analyses this on the basis of empirical results, coming to the conclusion that the composition of nationalities of any managing team and the organisational origin of its members are of much less consequence for the success of an international joint venture than the individual qualification of each manager for employment in the international business. Braun (1991 p 345) draws attention to the danger inherent in the common practice of entrusting successful management staff of the parent company with managing tasks in the international field, since a success in the home country does not automatically qualify for an international assignment. Rather such staff will have to receive additional training, especially for language acquisition and for enabling them to orientate themselves in an unknown cultural environment.

At this point one also has to note that a company's decision to choose such an approach and the motives of the managers to enlist for such an assignment abroad might be quite different. Domsch and Lichtenberger point out that under these conditions the professional competence of a manager turns into a mere basic prerequisite, whereas his intercultural ability will play the decisive role; intercultural ability here also implies the capability to avoid any excessive adaptation to a culturally new environment and to motivate multinational staff to actions which conform to the targets of the parent company. Kammel and Teichelmann (1994 pp 65-6) distinguish between different types of personalities interested in going abroad: the legionnaire, who is mainly looking for financial advantages, independence and an increase in power; the career-seeker, who is attracted by promotion prospects; the refugee, who tends to run away

from occupational and private problems at home; and the global player, who - due to his family background - has already grown up with a cosmopolitan orientation and is not familiar with having strong ties with one single cultural background. According to this characteristic, however, the possibility mentioned by Pinder (1990 p 77) that companies might also make use of the offer to get active abroad in order to be attractive to out-standing applicants, would only be in the interest of a company with regard to a certain part of the interested applicants. Bartlett and Ghoshal (1990 p 234), by the way, point out that not in every company culture is a foreign assignment regarded as positive for a career. On the contrary, in some companies this is even held to hamper the promotion.

A discussion of the four approaches contributed to the debate by Heenen and Perlmutter also makes clear that the criteria by which one can decide on the achievement of the two goals, market sensitivity and company integration, cannot be delineated by one single variable or on a homogeneous continuum. Thus they can only be assessed in qualitative contrast. Recommendations on this basis are consequently divided three ways. Either the establishing of mixed systems (more or less along the lines of a regiocentric approach) is suggested, or trust is placed in the integrational achievement of individual persons (establishing a staff that is anchored in the parent company and internationally assignable management staff and experts (cf. Bartlett, Ghoshal 1990 pp 233-4; Taggart, McDermott 1993 p 139). Thirdly contingent decision procedures are proposed, in which the decision is made dependent on a differentiated consideration and evaluation of single factors of influence (cf. Domsch, Lichtenberger 1992).

The descriptions by Goldenberg (1988) of a great number of international joint ventures, especially of companies from the East-Asian region and the U.S.A., may anyhow lead to the conclusion that posting mainly serves to ensure a transfer of management systems from the posting country (U.S.A.) to the receiving one (Japan before 1960, China). In a counter-move, however, an adaptation in the reverse direction becomes necessary as far as the forms of behaviour with considerable importance for the market entry are concerned.

Summing now up these considerations of foreign posting or local recruitment of managers and experts with view to international joint ventures in construction projects the recommendations clearly favour posting. There are several reasons for this. First, some important arguments against the posting of managing staff and experts do not appertain to joint ventures in construction projects, or are of less importance. One is the argument of costs. It is true that in this case, too, a posting is probably more expensive than local recruitment. Yet especially because of the limitation of the stay in the host country, and because of the construction-site specific, rather time-intensive work a considerable part of the costs which are otherwise connected to a posting becomes irrelevant. This concerns above all the costs which would elsewhere arise from the removal of the families. Apart from that the costs for the posted managing staff and the experts - due to their relatively low number - should as a rule be rather low in relation to the overall costs of a construction project.

The second are language problems and the adaptation to the cultural environment. Among the employees of both the foreign and the local joint-venture partners at international construction sites there obviously prevails a version of the English language which is massively determined by construction terminology but strongly simplified in its remaining structure, yet seems to secure communication. On top of that the cultural environment of the construction site and office is much rather stamped by certain construction-specific social and behavioural forms than by characteristics of the region where it is situated. Apart from that especially big construction sites of infra-structure projects are often far away from any settlements, thus rather forming their own kind of cultural environment.

The third is the significance of the joint venture for the realisation of a construction project for market entry. Once a joint venture has started work on project, a considerable part of the market entry has already been completed. It is correct that consolidation of the market entry will not be independent from the way in which the project is carried out and from the way in which the relationship between posted managing staff and the representatives of the clients or the local joint venture partners are fashioned. Mistakes at this point might well impair a company's market-entry chances. But at least as important will finally be the question whether the project has been completed to the satisfaction of the client. The participating companies will be more sure of this if they make their best people available to the joint venture.

Decisive for the recommendation to favour posting is therefore mainly the argument of transfer of knowledge and skills. For the realisation of construction projects the full availability of all the technological and organisational assets of a company is absolutely necessary. In the end, however, this can only be guaranteed by the company's own management staff and experts. Therefore often not only the evidence of reference projects, but also the promise to employ the same personnel for another project as well will bring a market advantage when bidding for a new order.

Thus in other industrial sectors for instance the posting of management staff and experts from the parent company is recommended above all for the implementation phase of a joint venture. Furthermore it is usually regarded as indispensable, when special problems occur and have to be solved abroad (Taggart, McDermott 1993 p 138-9; cf. also Goldenberg 1988). For the reasons mentioned above, construction projects can be regarded as enterprises the state of which continuously resembles an implementation phase. Furthermore they regularly operate under considerable time pressure and more or less continuously confront the personnel with the necessity to react to changes in a flexible way. Therefore the staff has to be able to make decisions even under this pressure without each time having to seek backing from a superior head office. For this a group of managers is needed that is completely familiar with a company's targets. Since construction projects are and have to be independent of the head office, they require a managing staff which is completely and safely tied in with the company's culture (cf. Taggart, McDermott 1993 p 176-8).

DIFFERENCES BETWEEN MANAGEMENT STAFF AND OPERATIVE PERSONNEL

However, the international assignment of personnel and measures for the internationalisation within companies is mainly related to management staff and experts. As a rule these possess a high-grade professional training, often highly remunerated, and with their special know-how they are regarded by their company as a valuable resource (Kammel, Teichelmann 1994 p 29, p 63). In relation to the operative workforce, decisions are made by quite different criteria. Here the question of costs comes clearly and almost exclusively to the fore. Therefore decisions are usually made in favour of local recruitment. Only in special, exceptional cases a posting of these groups of employees is considered at all. This probably also happens because the recruitment of quantitatively and qualitatively sufficient personnel via the external labour market is generally regarded as unproblematic.

For the realisation of construction projects in international joint ventures, however, this point carries an additional importance. The construction of infra-structure establishments is last not least subject to decision by government authorities. The considerable costs and the partly massive ecological intrusions connected with the construction of such projects as the crossing of estuaries or straits by tunnels or bridges, or high-speed corridors for cars and trains are often justified to the local population by arguing that this creates employment. Thus the need for legitimation by the governments concerned would not permit this employment to be quasi exported. This would be the case if foreign companies were charged with carrying out such projects, companies that would then not only bring their own managing staff but also their own workers. As a rule therefore this workforce is supplied by one or more local joint-venture partners, or recruited from the local labour market.

This is also mirrored by the fact that the term mobility is essentially only used when dealing with the question of an international assignment of management staff and experts. In as far as workers leave their home country in order to seek work in another country, either by their own initiative or due to recruitment, one usually speaks of migration or labour migration instead. In contrast to the otherwise quite common use of the term migration, Stalker (1994 p 4) subsumes under this term each kind of stay in another country which does not expressly and actually serve any touristic purpose. In this way he is able to distinguish five types of migrants: emigrants who go to another country to reside there permanently; contract workers who stay in another country exclusively for the purpose and term of a working contract; illegal immigrants who are often potential emigrants (without permit) and in some cases also potential contract workers (without formal, legal contract); asylum seekers; and professionals, that is managers and experts with a higher training, who are mostly active in internationally operating companies. The last group, however, make up only an infinitely small fraction of world-wide migration (Stalker 1994 p 3). In connection with the migration of professionals there has mainly been

discussed the problem of the so-called brain drain, also the emigration of highly qualified labour from Third World Countries to the U.S.A. or to Europe.

SOME EMPIRICAL FINDINGS

These different assumptions have also been confirmed by case studies which *Le Groupe Bagnolet* has carried out for investigating international joint ventures in the construction industry. For the project of the Second Severn Crossing in Great Britain, which is described in Working Paper 12, the two joint-venture partners - a French and a British company - shared in providing the technical and commercial staff for the individual structural components, whereas the construction workforce was supplied or recruited by the British company. For the construction of the channel tunnel, described in Working Paper 11, there was likewise a British-French joint venture responsible, but strictly speaking the construction itself cannot really be regarded as a foreign assignment because on each side of the Channel the relevant native workforce was employed, except at the senior management level where French managers and professionals were posted to the contractor's head office in Great Britain. Neither, of course, does this example, refute the basic hypothesis on the foreign assignment in joint ventures of construction industry. For the various parts of the Storebælt, described in Working Paper 14, which were each constructed by differently composed international joint ventures, these international joint-venture partners likewise posted their technical and commercial staff, whereas the construction work itself was mainly carried out by Danish construction workers who were either supplied by the Danish joint-venture partner or specially recruited for these tasks.

And even the exceptions confirm the basic assumptions. For a small part these concern the Storebælt project, which is described in Working Paper 14. Here for the cross-passages between the main tunnels a mechanised solution was originally planned, for the execution of which Danish construction workers would have been employed and, like the others, recruited on the local labour market. But before - due to the progress of the total project - this technical solution was implemented, a temporary failure of a tunnel boring machine in the main tunnel happened. To avoid additional risk, it then was decided to give up the idea of a mechanised solution for the cross-passages and to execute the works with a special labour force and to dig the cross-passages by hand. For these works Irish tunnel workers were employed. These specialists could not have been found on the local labour market, and the costs arising from their posting could be offset against the costs of a project delay, in this way diminishing the latter.

The other exception, however, is much more extensive and concerns almost the whole project at Friedrichstadtpassagen in Berlin which is described in Working Paper 15. On the one hand it is true that here as well the experts and the managing staff were posted by the construction companies responsible for the execution of the project, whereas the workforce was recruited on the local labour market. With few exceptions, however, this workforce was not really local by origin. Rather it stemmed almost exclusively from other countries. Thus at first glance it might seem as if at international joint ventures for the realisation of construction projects the workforce, too, might under certain circumstances be employed according to the posting principle. However, nothing would be farther from the truth. In reality this was due to a completely different fact - the migration of workers in search of better living conditions than could be offered by their own countries for a foreseeable future.

LABOUR MIGRATION AND THE LABOUR MARKET IN CONSTRUCTION

The fact that the workforce employed on these construction sites did not come from Berlin but mainly from different countries of East, South, and South-East Europe largely mirrors the situation at present dominating the German labour market for construction crafts. In some way, however, it also mirrors the situation of international labour migration and the labour market for construction site activities in general, which is reviewed in Wells (1996).

Since 1990 considerable pressure has been exerted in Germany on that part of the labour market which is related to construction site activities. This pressure was the result of a new international migration movement. It was triggered by a surplus workforce without prospects who saw their only chance of securing an employment in a migration to the North or West. Stalker (1994 pp 29-33) has drawn attention to the high thresholds of ties to the home country and familiar culture which have first to be overcome before such migration movements arise.

Yet quite often migration is nothing but the result of recruitment for work places which cannot be filled with domestic labour any more (Gross 1992 pp 49-50, Chies 1994 pp 47-8). According to the experience of the past 100 years (cf. Lutz 1990) as well as to recent findings (cf. Stalker 1994 pp33-4) the migration of such workforces is often aimed at construction sites.

The high interest of construction companies in the recruitment of migrants, too, for activities on construction sites in Germany was the result of the construction boom which started in Germany after unification in 1990. At the same time a situation arose in which some of the legally binding regulations of the labour market and of construction site activities became invalid in practice. The actors quite simply did not adhere to them any longer, and the authorities were unable to enforce the adherence to the legal norms or even to control them. This for instance concerned the limitation on the number of foreign labour that was permitted to be employed as contract workers or by contracting companies, as well as the prescribed wage principles or the regulation that vacant jobs had first to be advertised on the home labour market before permission for placing them with a foreign enterprise was given.

Apart from that, the productivity of these migrants was clearly lower than that of local labour, since many of them had little construction site experience. But the weak market position of migrants made it possible for most of them to be paid far below their productivity. Quite often they were even simply cheated out of their promised payment (IG BSE 1995). Companies that made use of these workers gained a cost advantage that could not be caught up with. For the migrants in many cases this meant an exploitative payment due to currency decline; especially for those from Eastern countries of origin, however, it was still sufficient to secure their own subsistence and that of their families at home.

TOWARDS A NEW MOBILE MANAGEMENT ELITE FOR CONSTRUCTION IN EUROPE

By its very nature construction work is not a stationary kind of work. Thus employees in construction industry are used to being forced to pursue their work even at sites which are situated at longer or shorter distance from their place of residence. The money which they receive - at least under normal circumstances - as compensation for the burdens connected with this still represents a part of their income which is not to be underestimated. For some it might even constitute part of the attractiveness of the job. In the long-run this money does not, however, compensate for the resulting strain on their health, the expenditure in time, or the impairment of their family life and of the participation in social activities.

Before the completion of the Single Market a general increase in the mobility of employees had been expected (Albert 1985 pp 129-30). For the employees in construction this could have meant that a state of affairs which at present is already stressful would have become insufferable. In the mean time these apprehensions have been diminished by differentiation - today we observe three quite different developments.

Obviously quite obsolete is the expectation that with the internationalisation of construction activities the workforce of big construction enterprises (and in their wake that of small and medium-sized companies) would in future have to prepare for pursuing their work at construction sites all over Europe. For different reasons the posting of labour in this category is the exception. Against this there are considerations of costs as well as the availability of qualified labour for construction site activities at places in the European countries in which large construction projects of European dimensions are set up. In this situation little change may be expected in the foreseeable future.

By now threats to the employees in these categories have emerged from quite different quarters. Of course the world-wide increase in economic problems and political instability has not passed Europe by. In consequence there has occurred an upswing in border-crossing labour migration, often more than on average aimed at construction sites. Construction companies and migrants meet in their complementary interests of low costs for construction work on the one hand and of a payment on the other which - be it ever so low - still secures subsistence for the worker and his family. Government regulations fall short of success. The ones who suffer are the construction workers forced into competitive conditions under which they can only lose.

More professional opportunities than before are offered by the general development to cadres of managing staff as well as technical and commercial experts who take a

leading role in construction projects. The increase in companies border-crossing construction activities and the execution of construction orders in international joint ventures imposes higher demands on them - especially on their mobility - but at the same time offers them new professional, social and cultural chances as well. Construction enterprises are dependent on them, if they want to be active across borders and want to acquire construction projects on foreign markets or execute them in joint ventures. On the one hand the development of the qualifications required for this will be the task of the companies which want to participate in the competition on foreign markets. Yet on the other hand it will depend on the employees themselves whether they make use of these opportunities. The chances, anyway, are good for a new category of labour, which as a mobile and qualified elite will ensure the success of construction projects in an ever more integrated Europe.