



# THE NIGERIAN INSTITUTE OF BUILDING

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OSUN STATE CHAPTER

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Bldr FAGBENLE  
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Dear Sir,

## INVITATION TO PRESENT SEMINAR PAPER

We wish to invite you as a Guest Lecturer to participate in our National Seminar Titled:  
**MANAGEMENT OF DIRECT LABOUR PROJECTS IN A DEPRESESSED ECONOMY**  
holding at the Conference Centre, Obafemi Awolowo University, Ile-Ife from 28th - 30th April 1999.

You will present a paper Titled "Direct Labour System in a  
depressed Economy" which will come up  
on 29th April '99 at 3.00 p.m.

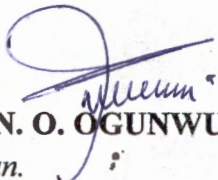
The paper attracts an Honorarium of N5,000.00 (five thousand Naira only).

If the above terms and conditions are acceptable to you, kindly sign the attached copy and return same to us not later than two weeks after receiving this notification.

Please, we shall personally come to collect the draft of your paper on April, 1, 1999.

We look forward to receiving from you and should you require further information the undersigned should be contacted immediately

*Yours faithfully,*

  
BLDR. N. O. OGUNWUSI, mniob  
Chairman.

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DIRECT LABOUR SYSTEM IN A DEPRESSED  
ECONOMY

BY

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BEING THE TEXT OF AN INVITED  
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CENTRE, OAU, ILE-IFE FROM 28TH TO 30TH  
APRIL, 1999.

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INTRODUCTION

Direct labour system of project execution has been in existence for quite a long time ago, perhaps since the inception of the construction industry. Most of the buildings in our villages and even in most of the cities were built through communal effort. In this situation, the owner, otherwise referred to as the client, usually makes provision for the refreshments throughout the construction period.

It must be stressed that the present ailing economic situation in Nigeria further calls for the full adoption of direct labour approach to project execution, be it an individual or government. A country that is well known for its availability of abundant wealth has now turned to a situation where no forms of social security exists. An average salary earner in the country today finds it extremely difficult to feed himself and his family members needless to talk of building a house of his own. In fact, I am very optimistic that except for "looting" or other shoddy means, I do not see how an average salary earner can build a house of his own through contract system of project execution if not by direct labour approach.

In most cases, government projects are usually executed through the contract system. The reasons being as a result of the advancement in construction processes and the need to involve various experts with different areas of specialization in order to meet up with the present social needs of

the populace. However, owing to the abuse to which the contract system is being subjected to and the general feeling of its dissatisfaction coupled with the lingering economic situation of the country, the use of direct labour approach is now becoming popular in the government contracts. Some of the abuses of the contract system include the charging of exorbitant prices in quotations, collection of money for labour, plants and materials which they may not use and the use of sub-standard products as well as the abandonment of projects owing to unnecessary problems emanating from wrong interpretation of contract conditions.

1.1. Methods of Project Execution in Nigeria

There are basically two major types of project execution in Nigeria and the decision to choose any one of the two types may be based on a number of criteria which include nature of work, volume of work, response, time, location, quality, security, availability of space, market conditions and cash flow.

The two types are

- (i) Contract system
- (ii) Direct Labour system.

The choice between direct labour and contracting systems will probably depend upon drawing a balance between cost and convenience to the users, taking into consideration the availability of directly employed labour and the work pro-

gramming.

1.2. The Direct Labour System

Direct labour system can be defined as an arrangement whereby a client, otherwise referred to as the building owner, organises the various operations involved in the construction and uses both the materials and manpower at his disposal towards the realization of a successful project.

Basically, there are two types of direct labour approach depending on the type of client. These are the direct labour approach by a client who is an individual person and the direct labour by a client who is a partnership, corporate body or government.

In the case of a single person, he engages the services of design group at an agreed fee to produce detailed design team consists of experts in their respective areas who offer consultancy services to the client. The payment to design team is usually taken as a percentage of the total cost of the project. He then makes use of his men, while the purchase of materials and the supervision of the project are being undertaken by his people.

In the case of corporate body or government on the other hand, all the three parties identifiable in the construction industry - the client, the design team and the

contractor, are to be merged under the control of the client. This is possible in view of the fact that they have the professionals and the work force in their employment.

### 1.3. Legal Aspects of Building Projects

Usually, a single construction project entails the formation of a series of contractual agreements between different individuals before the desired product is finally ready for occupation.

A building contract is not all that different from any other contract and for it to be legally binding upon the parties, it must conform with the requirements needed by the law. These requirements stipulate that there must have been an acceptance of an offer, which is supported by consideration and made by persons professing capacity to contract and any legal formalities must have been strictly adhered with, while the agreement in itself must be neither illegal or voidable on grounds of mistakes, misrepresentation, duress or undue influence.

The contract system of project execution basically involves entering into contractual agreement and this always has legal implication. On the other hand, the direct labour system does not need to have any contractual agreement and even if it does, it does not involve any legal implication owing to the fact that it is being arranged internally. That is, under the direct labour system, there is no need

for any invitation to tender by the contractors.

1.4. Similarities Between Contract System and Direct Labour System

Some of these include the following:

- (1) In both methods, the work to be executed and the available resources are well defined.
- (2) The two systems give room for the appointment of nominated sub-contractors for specialist jobs in the project. In addition, the two systems encourage the use of nominated suppliers.
- (3) Both methods are born out of a need for the execution of a project.

2.0. THEORETICAL AND CONCEPTUAL FRAMEWORK OF DIRECT LABOUR

2.1 Direct Labour Arrangement at Government Level

The direct labour system of project execution is always undertaken through the works department which by every implication or set up, has various sections/units that are adequately named by competent professionals and other supporting

staff. For effectiveness, a minister, a commissioner or head of such parastatal (who must be a professional) should be appointed as the chairman of the board. In this instance, the chairman would act as the link between the board and the government. This will no doubt assist in reducing delays that may arise if the board were to communicate with the government through another ministry or parastatals. The other arrangements include the following:

(1) The sketch plan and the final working drawings are usually prepared by the architects under the architectural section or unit. The drawings are normally duly certified correct by the most senior staff in that unit.

(2) The bill of quantities and the materials schedule are to be prepared by the quantity surveyors internally. The purchase of materials may however be either through a committee set up to supervise the job or the most superior staff in the works department.

(3) The actual construction is done by the staff of the works department under the strict supervision of the most senior staff of the department with a committee normally code named "monitoring group" purposely to oversee the job from time to time.



## 2.2. Direct Labour Arrangement at Institutional Level

The case of academic institutions is a bit different from what is operating at the Federal/State/Local Government level. This is owing to their uniqueness of having professional members of staff within the academic together with the works department. In this situation, the two categories of staff can be fully utilized to the advantage of the organisation. A committee is also set up to facilitate its smooth operation and this is normally composed of representatives from all participating departments and the works department as well as some officers from the administrative sections especially staff of the bursary, the audit and the representative of the Chief Executive <sup>(Vice Chancellor, Rector or Provost)</sup> ~~(Rector)~~ or the Governing Council. The reason for co-opting these officers is to ensure curbing unnecessary diversion of money meant for the work, and also ensuring smooth cash flow.

## 2.3. Strategies for Implementing Direct Labour Force

For a successful implementation of a project through direct labour, the following salient clues are applied:

- (1) The definition of the duties and limits of the various categories of workers involved.
- (2) Engaging workmen including payment, time-keeping procedures, administration of incentive schemes, provisions for

3) Environmental impact of the <sup>proposed</sup> building to be certified by the TP dept.  
(This should go to 2.1)

safely welfare and training.

(3) Procuring materials and shows control procedures as well as provision of plant through purchase or hire.

(4) Provision of adequate transportation of labour, materials, equipment to and from site.

(5) Security, upkeep and maintenance of site office, store and the project.

(6) Proper administration of the conditions of contract of sub-contractors' work including preparation of valuation and variation claims.

(7) Supervision of work to ensure compliance with terms of contracts.

This involves setting up of committee similar to the monitoring group made up of relevant professionals in this regard.

### 3.0. MERITS AND DEMERITS OF DIRECT LABOUR SYSTEM

#### 3.1. Merits of Direct Labour System

Seeley (1976) and Oyefeko (1988) had highlighted some of the merits of direct labour system of project execution over the other system(s). These include the following:

(1) It allows for full control of activities of operatives, permitting reasonable flexibility and direct quality control.

(2) It gives the operatives indepth knowledge of the buildings and becomes familiar with the users' requirements and

any constraints on the execution of the work.

- (3) It encourages the national technological growth in the public and private sectors.
- (4) It discourages economic waste on non-capital projects to contractors.
- (5) It creates opportunities for self-commitment of the employees to their employer(s).
- (6) It affords the maintenance manager the opportunity to operate incentive schemes to stimulate increase in productivity and efficiency of workers.
- (7) It ensures good standard of workmanship by craftsmen who enjoy continuity of employment.
- (8) The delay incurred in inviting tenders or negotiating with contractors is eradicated and the procedures for initiating the execution of work are simplified.
- (9) When the work involves a security risk, it is always better to have adequate knowledge of the operatives' background.
- (10) By employing operatives directly, it is possible to gain a first hand knowledge of the factors that influence output and thereby develop more effective cost control procedures linking planning and execution.
- (11) Continuity of work within an overall plan is achieved.

3.2. Demerits of Direct Labour System

- (1) Direct labour practice denies most of the indigenous contractors from getting job. This will also have an adverse effect on the unskilled labour who depend heavily on the contractors for construction works.
- (2) Creation of unnecessary idle time owing to bureaucratic bottle - necks.
- (3) The direct labour approach is atimes more expensive than the contract system because most of the personnels and the operatives involved in the direct labour practice normally see it as an opportunity to share in the "national-cake".
- (4) It does not recognise the use of cost control analysis as fund control measure.
- (5) Logistic problems in organizing and controlling the resources necessary to carry out the items of work.
- (6) Non recognition of incentives as inducement to enable the operatives to produce more so as to meet up with the target time.
- (7) At times, there is the shoddy attitude to work on the part of the operatives who normally operates at snail speed since the completion of the work at hand is a necessary but not a compulsory condition for the payment of their monthly wages.

(8) It encourages abandonment of projects since there is no one in particular to be held responsible as the culprit.

*Management attitude also encourages abandonment.*

#### 4.0. MANAGING DIRECT LABOUR PROJECTS

##### 4.1. Management: Definition

The term "management" has been defined elsewhere as the process of achieving set objectives by manipulation of resources within various limiting factors or constraints. It can also be expressed as the direction and supervision of men, money, machine, etc towards the achievement of a chosen goal within a time scale.

The above definitions have no doubt shown that management deals with the optimum use of available resources to achieve a desired end. In managing any project therefore, two main aspects are involved and these are human and technical factors. The human factors include personal relationship, personnel management, welfare and safety, conditions of work, training, etc. Included in the technical factors are principles and methods or procedures such as forecasting, budgeting, material planning, labour and plant control.

The factors affecting management of direct labour projects listed above can also be divided into five major areas.

They include the following:

- (i) Financial planning

- (ii) Cost planning and control
- (iii) Contract administration
- (iv) Time planning and control
- (v) Construction control

It must be emphasized here that these areas involve both office and site management. While office management focuses on policy formulation, planning and review, site management on the other hand is primarily concerned with execution of plans, supervision and control. The proper handling of each of these areas will definitely lead to effective management of the direct labour project.

#### 4.2. Construction Resources

Planning can be described as the thinking which determined what course of action shall be taken to achieve a specific purpose. That is, to complete a particular building project at the lowest possible cost and within the given time available. Planning is therefore concerned with making the best use of resources. The resources are often referred to as the five Ms of management and they include money, materials, machines, manpower or labour and lastly, management expertise or methods.

4.2.1. Money

This is one of the most crucial resources that must be readily available before and during the execution of any project. Fund must be made available for the purchase of materials, payment of labour and hire or purchase of plants and equipment. This is the major area that needs to be looked into for a successful implementation of direct labour system.

4.2.2. Materials

In ensuring the success of the work on site, it is very essential that the materials of right quality in the right quantity at the right place and time are properly secured. The material schedule and the scheduling should be given serious cognisance in order to minimise idle time on site.

In addition, there should be strict control and for effective management, the following should be religiously adhered to:-

- (i) Receipt of proper approved requisitions.
- (ii) Request for quotation and proposals (where suppliers are used).
- (iii) Receipt and evaluation of quotation.
- (iv) Determination of rates and means of transport.
- (v) Negotiations of discounts which depend on suppliers and quality ordered.

- (vi) Maintenance of records.
- (vii) Proper storage and protection.

4.2.3. Machines - Plants and Equipment

This aspect plays a major role in any construction activity. As a result, the supervisors or head of a team must be able to select the combination of plants and equipment that will yield maximum productivity at the best and most reasonable price. The equipment must also be on site when mostly needed.

4.2.4. Manpower or Labour

This is far the element that entails the highest commitment of time and effort from the management. The manpower is made up of three levels of management namely, top level management, middle level and low level. While the top level is busy with policy making, the middle level acts as the link between the top and low levels and they will be responsible for mapping out strategies such as the master plan in order to ensure timely completion of job. The low level can as well be regarded as the operating level. They are to see to the realization of the project physically. They must therefore be readily available in the work place (site vicinity) and at the cheapest rate possible.



4.2.5. Management Expertise or Method

It is the effective co-ordination of all the other resources for the successful execution of the project. This is where all the various keys to successful management are put into practice. The various processes or keys are forecasting/predicting, planning, organising or preparing, motivating, controlling, co-ordinating and communicating. The first three processes can be referred to as the "thinking" process while the last four can be described as the "doing" processes.

5.0. STAFFING AND RENUMERATIONS

For the direct labour system to be very effective in its operation, the workers must be adequately compensated either in terms of monthly wages or incentives and this must compete favourably well with what is operating at the private sectors. Moreover, the bureaucratic bottle-necks must be abolished and every co-opted member must have adequate trust in one another. In addition to this, the works and services department or the direct labour unit should be adequately staffed to be able to cope with the work demand and that they should not be found redundant at any point in time. Also, the works department/direct labour units should be headed by competent professionals

such as chartered builders and civil engineers.

6.0 SHORTCOMINGS OF DIRECT LABOUR SYSTEM AND AREAS  
FOR IMPROVEMENT

In addition to demerits of direct labour approach earlier highlighted, one major problem of this system of project execution is that it normally extends far beyond the handing-over date owing to catalogue of stoppages at almost every stage of work. Secondly, there is this lack of trust among the members serving in the committee as members are always suspicious of one another when it comes to money handling or procurement of materials. My personal experience reveals that the bursary staff at times feel reluctant in disbursing money to the right channel when the need arises and this is one of the reasons for the long delay in project execution.

In the light of these and other shortcomings, the following can be considered as areas of improvement for direct labour.

(1) There must be a high standard of supervision and control to ensure economic programming, a good productivity and quality of work and experienced and efficient management to provide effective labour relations and communications.

(2) The provision and administration of supporting facilities like stores, workshops, transport, services, etc will be needed by the direct labour force.

(3) There must be a perfect maintenance of yard stocks of all regularly used materials.

(4) There must be a form of incentives for all categories of workers that are engaged as a way of motivating them for greater production.

(5) There should be periodic training for the staff of direct labour unit as well as the staff of the academic departments in case of an academic institution.

#### 7.0. CONCLUSIONS AND RECOMMENDATION

In view of the aforementioned advantages to be derived using direct labour system of project execution and having considered the current dislocated economy in the country, one will no doubt see the need for embracing this approach but one needs to be extra curteous in its execution as this might spell doom for the client.

However, and in addition to what had been earlier discussed, for the system to take off effectively and be profit oriented therefore, the following actions should be religiously observed.

(1) The direct labour unit should be instituted in all the three arms of government and their parastatals. In case where this had already been introduced, it should be equipped with up-to-date infrastructures and additional responsibilities.

(2) Qualified professional builders should be allowed to use their wealth of experience to "manage" the organisation of the direct labour force.

(3) The present staff in each organisation need to be strengthened with more hands, retrained and re-oriented into the practical aspects of construction.

(4) In the case of academic institutions, the professionals in the academic departments should be fully utilized and later compensated in the form of remunerations outside their monthly salary for a job well done.

(5) All costs must be fully recognised for all projects.

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