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THE STATE OF CONSTRUCTION TRAINING AND EMPLOYMENT IN THE LOCAL ECONOMY OF JERSEY

A Introduction

Despite its relative proximity to France and larger distance from the UK, the political history of the Channel Island of Jersey has led to a socio-economic model similar to that of Britain. As in Britain, there is a crisis in the training and skills provision in its construction industry that has not been effectively addressed (Clarke and Wall, 1998). The main problems in Jersey relate to the unavailability, inappropriateness and narrow focus of skills, the demand-driven and task- or job-specific nature of training, the Jersey-born and male focus of recruitment, and the uncoordinated, traditional and short-term approach of the local construction firms towards promotion and financing of training provision. In response to these problems the industrial and professional organisations rely on the recruitment of migrant skilled people in a political system that aims to restrict the size of the population through protectionist measures. This mode of operation contributes to low levels of productivity and efficiency and high building costs. The problems of training and skills provision, therefore, work against the industry's long-term needs and restrict its ability to respond to the variability of the production process (Campinos-Dubernet, 1985).

This paper addresses the issue of importing skills versus developing local skills and argues in favour of strategic and planned approaches to training and recruitment. It advocates the organisation of an institutional framework through which a coherent policy for skill improvement and greater investment in the labour force is devised as a basis for improving productivity in the industry. A structured training policy incorporating the needs of both education and industry (employee and employer) and holding a long-term vision should enable the construction industry of Jersey to reverse the downward spiral. In many senses, Jersey epitomises in a microcosm the problems also existing in the UK construction industry, though that is on a much larger scale. For this reason, the issues addressed have wider implications, yet have the advantage of being more transparent given the tiny size of the island's labour market.

The data presented on the Jersey construction sector were collected during 2000 as part of an overall construction sector skills audit and training analysis conducted for

the Jersey (States) Training and Enterprise Partnership (TEP). The TEP is responsible for overseeing industry-based vocational training on the island and provided us with an initial list of possible interviewees. In total 73 face-to-face interviews were conducted in two rounds. The first round was with key players who, together with the TEP, provided potential interviewees for the second round; the second round included key players, employers, employees, professional trainees and trade apprentices. The interviews with key players and employers were semi-structured and took between 1 and 2 hours to complete. The key players included 13 persons from various departments of the States of Jersey, three members of the further education college, and representatives from professional and trade union organisations. The employers included managers of professional, contracting, trade and utility companies as well as managers of an engineering firm. Because of the method of contact adopted, most employers interviewed were involved in training and skills committees and groups therefore our sample is skewed towards (larger) employers who train. The interviews with employees (13) and apprentices/trainees (17) were structured and took between 30 minutes and 1 hour to complete. The questionnaire and checklist for the interviews covered the following themes: training, skills, recruitment, retention, employment, working conditions and future prospects in particular occupations, firms and the industry. Most of the information was analysed in a qualitative way (Arkani et al., 2001). It was complemented with official documents and reports of various government departments; Jersey-specific employment and training data sets (e.g. Policy & Resources Department, 2000a/b); and statistical information such as the 1996 and 2001 Jersey Census (e.g. States of Jersey, 1997).

A The governance system of Jersey

The Channel Island of Jersey is linked to Britain in being a crown protectorate in the Queen's capacity as Duke of Normandy. It is not part of the UK as such or of the EU, and its laws, policies and practices are ostensibly of its own making and have to be endorsed by the States, though in practice they largely mirror and follow the UK example. The governmental system is highly fragmented and is based on a States Assembly and a complex organisation of committees. The Assembly of the States passes laws, approves the annual budget of public expenditure, determines policy on

propositions presented by committees or individual members, debates issues of public importance and represents the people of Jersey.

Employment law is minimal, with no employment protection and no specific arbitration system or requirement for equality. The “Regulation of Undertakings and Development Law (RUDL)” (1973) controls procedures for the recruitment of personnel and is intended to make as good a use as possible of the indigenous Jersey labour force by promoting the recruitment of locals above non-locals (Industries Committee, 1999). While there are no visa requirements for EU nationals, housing legislation strictly regulates the type of accommodation non-Jersey born are entitled to when living on the island. Only long residency (19 years) will give non-Jersey born (and Jersey-born who have moved abroad for a certain time) a right to “qualified housing”. The Jersey legislative system has come under increasing criticism. Changes are seen to be necessary to ensure “social justice” and “to enhance Jersey’s place in the international business arena” (Department of Employment and Social Security, 1999). New employment legislation was lodged in October 2002 related to unfair dismissal protection, minimum wages, trade union involvement and disputes resolution amongst other areas. It can be assumed that this new law could have an impact on the employment and working conditions in the Jersey construction industry, but it is too early to analyse possible effects.

The labour market is not insular and relies on labour from the UK and other European countries to meet demand. The most distinguishing feature of the Jersey labour market is the small size of the available workforce. Of a population of 85,150 in 1996, 46,992 were economically active (either of working age and employed, unemployed or seeking employment). In the early 1990s, the economically active labour force decreased, partly due to more emigration than immigration (States of Jersey, 1997). The most prominent employment sectors include: distributive trades (16.5%), financial mediation (15.2%), real estate and business activities (10.3%), construction (9%), hotels and restaurants (8%), and agriculture (4.7%). Manufacturing (3.8%) is scarcely found on the island (Central Office of Statistics, 1996; States of Jersey, 1997). The service industries, accounting for 80% of employment, are, however, especially important, in particular the finance and legal sectors, followed by retail and wholesale (Policy and Resources Department, 2000a).

The vocational training framework incorporates the National Vocational Qualification (NVQ) system, which has replaced the City and Guilds system that preceded it. For higher education, school leavers attend British universities. Highlands College is the sole further education college and provider of construction trade training on the island. The vocational training framework is built around the interaction of industry (employers), Highlands College and the TEP (responsible for employment-related training). Education and “training related to employment” are, however, organisationally split. The former falls under the remit of the Education Committee (which is responsible for Highlands College), the latter under the Employment and Social Security Committee.

A Construction training in Jersey

Construction trade training has the benefit of a full-time foundation start year in Highlands College, based on the German model by which trainees try out a number of trades. This is followed by a minimum of two years on day release to achieve NVQ2 and one further year for NVQ3. Technical training to Higher National Certificate (HNC) level is also provided, as are courses for, for instance, site managers. For the construction professions, however, students attend UK universities; construction industry professionals are also organised in professional institutions that are part of the UK mother institution.

Construction training faces a number of problems. It is undervalued in terms of funding and status and skewed towards individual employer needs rather than those of the industry as a whole, the employees and the trainees. *“Training tends to be demand based and is used to strengthen people’s weaknesses upon entry to the organisation or as they progress through it. A voluntary audit process, organised by a relevant association, is undertaken.”* (employer). These problems are largely attributable to the lack of a structured, formal and comprehensive policy for vocational construction training, and for employment for that matter, that takes into account the long-term needs of the different actors (education and industry) and the long-term skill, education and employment needs of the island as a whole. In other words, it is the lack of an appropriate institutional framework that lies at the core of the training problem, posing the question of whether training can indeed be effective without a

more structured and integrated approach (Stevens, 1999). Many employers and key players commented on the lack of an overall plan for training in Jersey with clear strategic aims and pragmatic objectives in which all involved agencies take a different but complementary role.

The focus of the island is on education, as indicated by the larger proportion of pupils going into higher education each year versus the smaller proportion going into vocational training. This has justified and contributed to the prioritisation of education over training in terms of both policy and financial support. The training and employment budget for the Employment and Social Security Department (for employment-based training) was £3.2 million in 1999, whilst student grants accounted for £9 million and Highlands College for £5.3 million within a total education budget of £60.6 million. A review of the Department of Education's policy and plan (1993-98) setting out the main issues to be addressed in the 1990s indicates a disenchantment with the divide between academic and vocational training and the need for more diversity and flexibility (Education Department, 1998).

Construction training falls onto a restricted number of "good practice" employers who take on apprentices on a regular basis, out of traditional objectives (there are a number of firms with a long history of apprenticeship training) or because they see it as the only way of securing the future workforce. These firms tend to employ a core of experienced, skilled workers on a long-term basis who supervise the apprentices. Next to these, there are a significant number of firms that are not interested in taking on apprentices. The drawback with the system of apprenticeship is its exclusive reliance on the goodwill of individual employers. Not only may employers offering apprenticeships experience problems in filling them, but potential apprentices find it equally hard to locate employers willing to take them on, even with the help of Highlands College.

Under-investment in vocational training has produced negative labour market effects. Only 14% of the Jersey workforce has a "craft or related" occupation compared with 17% in the UK (Jersey Employers' Survey, 2000). Though construction has the highest percentage of employers employing school leavers, in the last two decades a widespread reduction in trainee intake has taken place, resulting in significant trade skill shortages. Skill problems were reported by the employers in every firm for all trades and construction professions at every level: "*There are three times as many*

vacancies as there are people” (contractor). To the question of whether there is a lack of suitable people in their field, twenty out of thirty employees/apprentices responded affirmatively, with most of the “no” answers coming from trade apprentices. The reduction in trainee intake has important implications for investment in industry and economic and job growth opportunities, as well as for the introduction of new technologies (Marsden, 1995). It suggests that the traditional apprenticeship system on which Jersey largely continues to rely is becoming increasingly obsolete and problematic to sustain and that increasingly a strategic system of training is imperative in order to innovate and improve productivity and the labour market situation. Indeed, as a trade association representative explained: *“The apprenticeship programme is currently being reviewed because the NVQ system has turned out to be a nightmare”*

Keep and Mayhew (1999) argue that the approaches adopted towards skills delivery in the UK, particularly in terms of NVQ qualifications (therefore also relevant to Jersey), tend to emphasise task-specific aspects and softer interpersonal capabilities rather than theoretical knowledge and hard, technical expertise. The underlying focus of such a training policy is not on providing a broad basis in order to equip trainees for a working life, but on bringing them up to an operational standard in their chosen occupation within as short a time as possible (Steedman, 1998; Clarke and Wall, 1998a). Such a principle is disastrous for Jersey’s restricted construction labour market because of the need for a broad spectrum of transferable skills in order to complete a range of tasks. *“To build a tank in this firm two people are needed; in the UK it would be fifteen because of the high specification”* (employer). *“You can’t fit NVQs to the trades as they are in Jersey and especially to our firm, where everyone should be trained and be able to work as an all-round engineer”* (employee). A significant number of interviewees, therefore, preferred the old City and Guilds to NVQ qualifications in terms of the standard of training, organisation and transparency.

A Jersey’s construction industry structure: implications for skills and training

In Jersey the construction industry is highly fragmented through the organisation of contractors and subcontractors, with high levels of self-employment and a large

number of small firms. 60% of the workforce is employed in establishments of fewer than 20 people (Policy and Resources Department, 2000b). The number of self-employed has increased significantly during the last two decades, mirroring the situation in the UK. In 1996, 13% of the overall Jersey workforce was self-employed. In construction and its sub-sectors, however, the figure is 30%. Self-employment is especially high for Jersey architects, town planners and surveyors (55%) and for the construction (39%) and woodworking trades (29%). Self-employment is a critical factor in explaining low levels of training for the construction sector (States of Jersey, 1997; Clarke and Wall, 1998). Unless controlled, its widespread use can deter innovation and the successful functioning of any training levy system.

Going together with fragmentation of organisation is fragmentation of skills. The job-specific nature of learning in smaller firms has the adverse effect on tradespersons of not being able to “identify and correct faults in the work of other tradespersons; and finding it difficult to adapt if conditions or specifications differ across projects” (Toner, 2000). The increased importance of small firms is not only in sharp contradiction to the increased requirement for sufficiently flexible and knowledge-based skills to tackle new and unknown tasks, but at the same time diminishes the capability to develop these skills, reducing productivity and increasing production costs. Larger firms are more likely to train and have greater capacity, employing a wider range of occupations (Clarke and Wall, 1998a). This was indicated by the relatively large firms that we interviewed. The narrow skills focus and task-bound nature of the NVQ qualification system exacerbate this problem.

The fragmented nature of the industry coupled with the employer-based training system has a severely negative impact on the level of training investment. Employers see the training cost in terms of competitive disadvantage and are less inclined to invest in training when the return appears low. To increase training commitment and avoid a decline in training levels, a coordinated training framework in which the cost is shared by all is more effective. As Marsden (1995) states in relation to the UK training system: “Over the long run it is necessary to have effective cost sharing or participation by all employers in training so that none suffers competitive disadvantage. Once these have become significantly eroded; it is likely the system will enter long-term decline”.

A Recruitment, employment and working conditions in Jersey's construction industry

In an attempt to change the traditional nature of the labour market, flexibility and diversity (such as part-time work and inclusion of women) have been promoted by the States of Jersey in its locally-focused employment policy. The Regulation of Undertakings and Development Law specifically mentions the inclusion of Jersey school leavers, students on work placement, part-timers and pensioners, and promotes the employment of the Jersey workforce in other than traditional terms (e.g. homework, job-sharing, part-time work, etc.). This policy has to a degree been successful: the female activity rate is 58% and the male activity rate 77%; 12.7% of employees are employed part-time; and only a quarter of female employees work part-time compared with 3% of males. This indicates that the available workforce in Jersey is used successfully to a high potential and that women are well integrated in the labour market (States of Jersey, 1997).

The wider labour market integration of women is not noticeable in the construction sector. In 1996 3.7% of the construction workforce was female. The integration of women is much lower in the core construction activities such as skilled manual work or the construction professions (0.4% in the construction trades), indicating the traditional nature of the sector. Part-time employment in construction is also uncommon, at 2% of all employed (States of Jersey, 1997). There is no clear provision or promotion to allow experienced tradespeople further training or training to a more advanced skill level. Neither is there specific provision for mature people who have been working in another sector to retrain for a construction trade or profession. The Careers Service does not appear to promote such provision either; mature students at Highlands College have come on their own initiative. The traditional nature of the industry and its recruitment and working practices militate against innovation. There is no proactive innovative promotion and recruitment policy for construction on the part of industry, the Careers Service in schools or Highlands College, to improve, for instance, equal opportunities in construction (Michielsens et al., 1997). The Careers Service is focused on continuing a routine package of activities, with little attention given to targeting new groups (e.g. girls, retrainers) and new projects: the first steps are expected to be taken by industry.

Recruitment has been one of the major problems for the Jersey construction sector over the last five years. Advertisements are placed but in many cases no response is received. The majority of firms, including professional firms, have unfilled vacancies and the non-availability of specialist trade workers creates an urgent problem.

According to the Jersey Manpower Survey of 2000, just under 8.7% of positions or jobs in construction are unfilled (Policy and Resources Department, 2000a). This is an 8.5% vacancy rate, the same as for the financial sector. Higher vacancy rates can be observed in computing and related activities (14%), which only account for 2.2% of total vacancies. The construction industry accounts for 11% of total vacancies. The largest proportion of all vacancies however is held by the financial sector (30%), which also has the largest share of employment (26%).

Retention of both employees and trainees forms a major problem for most construction employers. The interviews with people who had worked in companies with poor employment and working conditions indicated a high rate of employee turnover in a majority of firms (not part of the sample). In total, only 12 out of 30 employee/trainee interviewees had been with just one employer over the last five years. Employees are either leaving for other construction firms or to go out of the industry altogether. Those who leave do so because they consider working conditions to be sub-standard in terms of remuneration (no sick pay, no holiday pay, only pay when there is work, late payment), conditions on site (lack of health and safety standards) and development (no training). The informality of the Jersey system and the lack of relevant legislation complicate this situation. The key players with an overview of conditions in the sector confirmed these issues. On the other hand, the employment and working conditions of the employees in the sample were not considered particularly bad. Indeed, the interviewees indicated job security and decent employment and working conditions as reasons for staying with their firm even if other employers offered higher wages. “Loyalty”, “trust”, “ability to communicate” and “care” were terms used by several interviewees with respect to their employers. But the interviews revealed that conditions with other employers outside the sample (including many smaller companies) left a lot to be desired. These issues were partly raised by employees who had worked in these other companies and resigned because of the inferior conditions or by key players with an overview of conditions in the sector.

Retention is also a problem for “good-practice” firms because of an overstretched and limited labour force that leads to the “poaching” of employees/apprentices. Employers claim that the costs of training people (estimated at between £20,000 and £30,000 per apprentice) may be lost. Evidence was found of firms (including in the public sector) consciously not investing in initial training in order to be in a financially stronger position to poach apprentices nearing completion of their training elsewhere. This leaves some Jersey employers reluctant to train or determined to reduce the transferability of their training by gearing it to firm-specific skills.

The effect of poaching on an upward wage spiral is not yet significant. In 1999 average weekly earnings in the construction sector were £409 compared with the total weighted average earnings for all sectors of £402 (Policy and Resources Department, 2000b). In comparison, earnings in the financial mediation sector averaged £506. Since 1998 earnings in the construction sector have increased by 10.2%, that is, more than the average of 7.7%. An above-average increase has also occurred in hotels and restaurants (9.2%); transport and communications (11.6%); public administration, education and health (9.2%); public (8.8%) and other services (9.6%).

While wages in construction have increased, they remain far below the financial sector average. Potential recruits are deterred by this relatively low pay, coupled with the lack of a clear career or path of progression within the industry and deteriorating conditions including skill standards. Both recruitment and working practices are governed by informality, with only minimal standards enforced (e.g. relating to health and safety). The clear identification of employment and working conditions as a deterrent to entry implies that it is here that improvements need to be addressed as opposed to importing labour, which is more likely to accentuate the problems.

A Conclusions and recommendations

In conclusion, Jersey’s attempt to remain insular in terms of sustaining the current levels of population is incompatible with the lack of attention to the structuring of and investment in vocational training. On the one hand, importing skilled labour, tradespeople and professionals fails to improve productivity and methods of production and increases both employment and construction costs. On the other hand, indigenous skilled operatives and professionals are scarce, the existing skills base is

inappropriate to the more advanced methods of construction, and the already high proportion of the unskilled employed is rising. The apprenticeship scheme is failing to replenish skills in the industry and training requirements are changing, with more advanced construction methods needing more abstract skills that can only be imparted in a classroom and workshop environment. The traditional apprenticeship based on learning on the job from a craftsman, day release to college, and the goodwill and patronage of the individual employer is increasingly obsolete in the modern construction process.

To address the overall problem of skill shortages and the inadequacy of existing skills an extension and intensification of initial and further training and greater adult provision are required. Furthermore, in so far as transferable skills are most suited to the needs of Jersey, the training should incorporate simulated, workshop-based work experience and group training to allow trainees a range of work experiences in different firms. Any training framework also needs to provide a structured system of progression to site management or advanced levels. Combined with skills certification facilitating formal recognition of qualified tradespeople, the training framework would lay the infrastructure for upgrading skills in the industry.

The similarly variable quality, fragmentation and low level of construction training and skills in the UK militate against this as an exemplary and alternative model for the island. More appropriate examples are the training systems in Germany and the Netherlands, which aspire to produce an entirely skilled and trained construction workforce; are based on the three locations of firm, workshop and college; provide clear routes of progression; and are well funded. In these systems the construction training programme is more comprehensive, theoretical and integrated, with the general aim of placing as much weight in the education as on vocational training. Indeed, in Germany there is a clear separation between the portion of training programme taking place in the firm, seen as training for the market; that in the training workshop, seen as training for innovation; and that in the college, seen as the educational component. Training covers all areas of work and seeks to produce highly skilled construction workers, able to plan, coordinate and undertake work on their own. The aim is to eliminate labouring work, achieve an entirely skilled labour force and reduce supervision levels. In the Netherlands training levels are rising as

employers define jobs and selection criteria to attract skilled labour, making it more difficult for the untrained to find a job (Clarke and Wall, 1996 and 1998b).

The implementation of a levy system should greatly facilitate the introduction of a training scheme appropriate to Jersey conditions. It has the advantages of widening participation, commitment and involvement in construction training; cementing links between industry, education and the TEP; deterring poaching; improving the recruitment base and introducing more formal procedures; facilitating the setting up of a workshop through consultation with Highlands College to run specific one-off courses in, for instance, advanced methods; assisting firms in the funding of trainees during their block-release college periods and in sending employees and/or trainees abroad to attend short specialist courses; and helping to give the industry its own identity as an innovative, improved and safe sector.

Together with the introduction of the levy system, training on a group basis should be established similar to the training corporation scheme in the Netherlands. In this way trainees could be taken on in the first place by the corporation and then rotated around the different member firms so as to gain a wide experience of work. This system relies less on informal networks and individual employer's decisions and more on the joint decision-making and formal procedures of the training corporation. In the long term, this should have a beneficial effect on the productivity of the industry through the higher transferability of skills, whilst the responsibility of the firms would lie more in imparting the skills required to meet immediate market needs.

And finally, to augment the limited pool of available labour it is envisaged that the target intake group for construction needs to be extended to include women and adults. This will provide an alternative training framework for Jersey to upgrade the current skills base and raise the current low skills equilibrium. The choice is between further dilution of the skills base, higher labour intensity and lower productivity for the industry or a new training infrastructure, improved employment and working conditions, a more highly skilled workforce and higher productivity. This latter option implies, as we have shown, significant restructuring, in particular of employment, as well as increasing training provision, implementing a formal framework for training and a training levy, and expanding the recruitment base.

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