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Efficient management in the construction industry under the current market

Mariusz Pokorski

Faculty of Management, Czestochowa University of Technology,
69 Dabrowskiego Str., 42-200 Czestochowa, Poland

E-mail address: mpokorski@pmconsultants.eu

ABSTRACT

The construction industries accounts for large share of the Poland's value of the economy. Purpose of the article is analysis based on data report prepared by Europe Leasing Found edited by J. Gudowskiej-Pohling - Construction of the future under the microscope, possibilities of better management of a construction company. Globalization, turbulent surroundings require better and flexible management adapted to particular circumstances. Growing demand for professionals and qualified employees in the construction industry prompts to focus on the methodology of management and having right competences by superiors. The right motivation and social attitude is important. This article presents forecasts of changes in the construction market and indicates possible tools to change the unfavorable trend. Human resources are the largest capital of any enterprise. Its efficient use ensures a good position in the economic market.

Keywords: soft competences, cooperation, non-wage motivation, project, outsourcing

1. INTRODUCTION

Constantly changing environmental conditions and globalization processes are important in today's market economy. The construction industry is closely connected with this. The cyclical factors create actions and decide about the possibility of access to capital, which

ensures the efficient power of the implementation of the undertaken projects. The investment process in construction is long-term. Fixed competition has an impact on construction companies. The need arises and the need to increase the effectiveness of action. Innovations are also necessary here. This is largely due to efficient management, which ensures compliance with certain deadlines, meeting the assumed financial framework and achieving a result in line with expectations [9].

Determinants responsible for the effective operation of the company, of course also includes the construction industry, it [1]:

- efficiency
- profitability (difference between usable result and incurred operating costs)
- economy (reference of the result useful to operating costs).

Construction ensures the creation of specific conditions for living. This applies to the construction of houses, apartments, roads, bridges, shops and office buildings. Create a place with a sense of responsibility with the right conditions for life and continuous development. Create resources, derive optimal benefits from them and think about the future.

Fig. 1 shows the value of the construction market in Poland. The data comes from the research company Species and determine the scope of the last five years.

The growing trend is maintained. The forecasts of the presented research company estimate that in 2018 the Polish construction market will exceed PLN 200 billion [10] (Fig. 1).

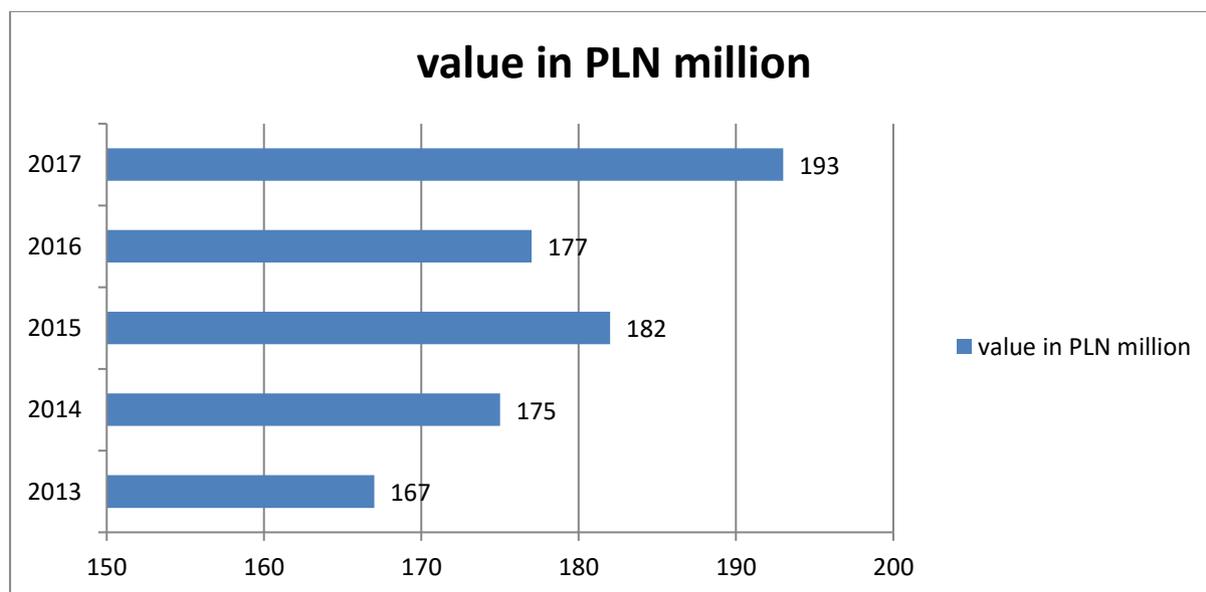


Fig. 1. The value of the construction market in the years 2013 - 2017

Source: own study based on: Construction of the future under the microscope – Report EFL 2018, s. 12 [google]

These optimistic forecasts are disrupted by the fact that many small companies in the industry have financial problems. This is due to the ever-increasing prices of materials, costs of

doing business and migration of employees. Hence contracts signed much earlier may not bring the expected profit. A frequent problem is also the emergence of payment delays [11-12].

Enterprises in the construction industry are running an activity that has several distinguishing features.

These are:

- preparation and implementation of complex and unique projects,
- long-term implementation time,
- large territorial dispersion, as illustrated in (Fig. 2) below [13,14].

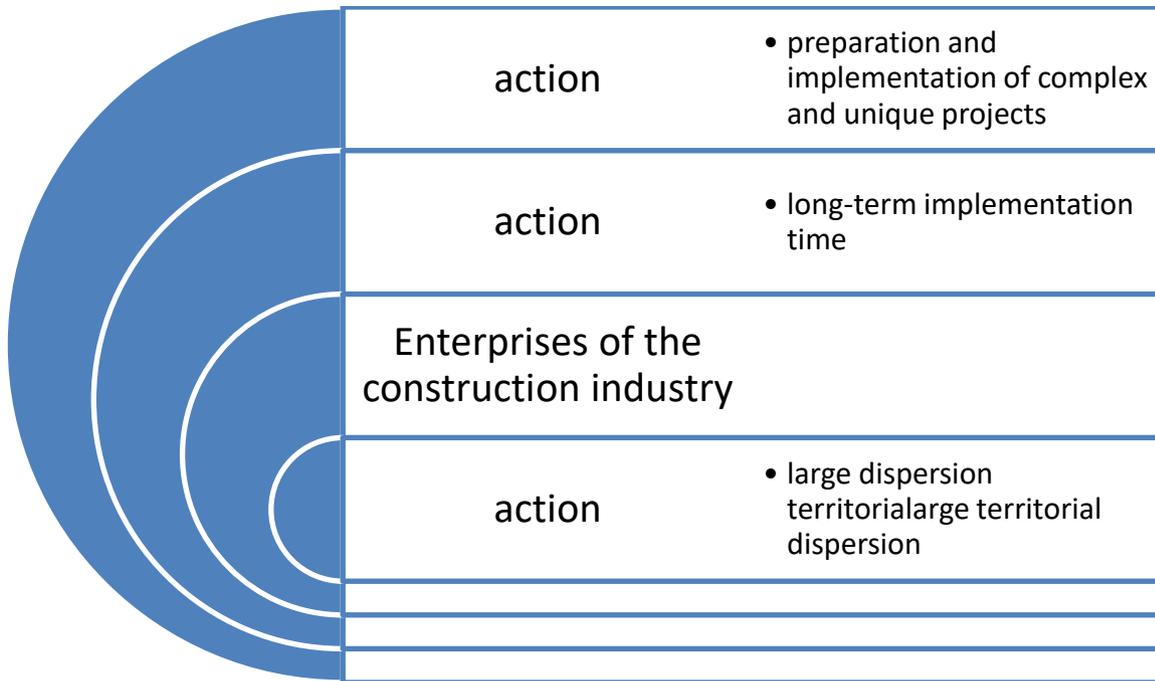


Fig. 2. Distinctions of activities carried out by enterprises in the construction industry
Source: own study

This investor commissions a task with important aspects, important for him and the contractor. It is time and resource constraints, work organization, comprehensiveness, interdisciplinary cooperation. The last point is also the constant awareness of the risk of whether it will be possible to fully achieve the expected goal [15].

The construction sector is important for the Polish economy, it is marked by high dynamics and sales value. It is closely related to the general market situation. All fluctuations in the economic situation and access to investment funds are clearly visible here.

This publication is based on the data presented in the EFL report - edited by J. Gudowska-Pohling - Construction of the Future - Under the magnifying glass, published in October 2018.

The research sample is defined as follows [2]:

- 40% of respondents were representatives of companies from the housing construction sector;
- 30% of non-residential construction;

- 15% of engineering construction;
- 15% of project activity.

With the division into the size of enterprises, the research group consisted of:

- 40% - companies employing from 2 to 9 people;
- 40% - companies employing from 10 - up to 49 people;
- 20% - companies employing from 50 - up to 249 people.

The survey was attended by: 200 representatives of microenterprises, 200 small and 100 medium-sized enterprises. Hence, there were 500 participants together. The said report provides information on the assessment of the last 10 years of activity in the construction industry. This is shown in Fig. 3 [16, 17].

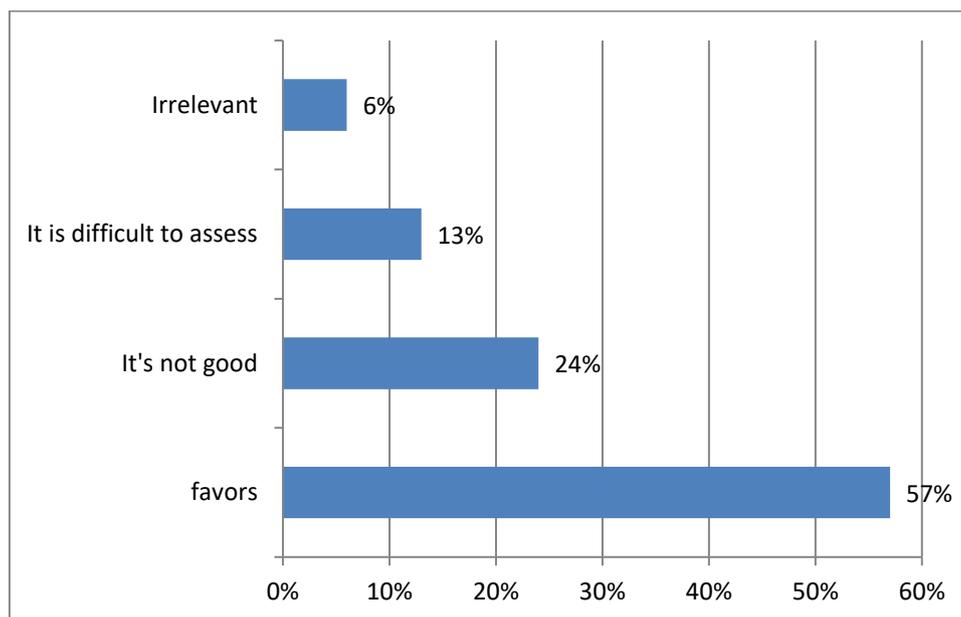


Fig. 3. Has the socio-economic situation fostered the development of the industry in the last 10 years?

Source: own study based on: Construction of the future under the microscope - EFL Report 2018, p. 17 [google]

The graph indicates that the period was favorable for construction. It is true that there is a slight advantage, considering the statements difficult to assess and without meaning as negative. Positive evaluation certainly created the possibility of obtaining funding for various construction projects on the part of the EU [18, 19].

The research group has been asked questions about the coming years. Forecasts already present threats and doubts. On the example of current data and research on entrepreneurs' expectations, a combination of barriers to the development of the construction industry was created for the next 10 years. All of them depend in proportion to the selection of the optimal management style. They are presented in Figure 3. This applies to the efficient and full use of the company's own resources. The highest value on the chart is the fear of a lack of qualified

personnel. Effective employee administration requires a smooth and tailored style of targeting. The readiness of the managerial staff to introduce modifications in the management process is needed [3]. The challenge is the composition of many components related to the implementation of the construction project [20, 21] (Fig. 4).

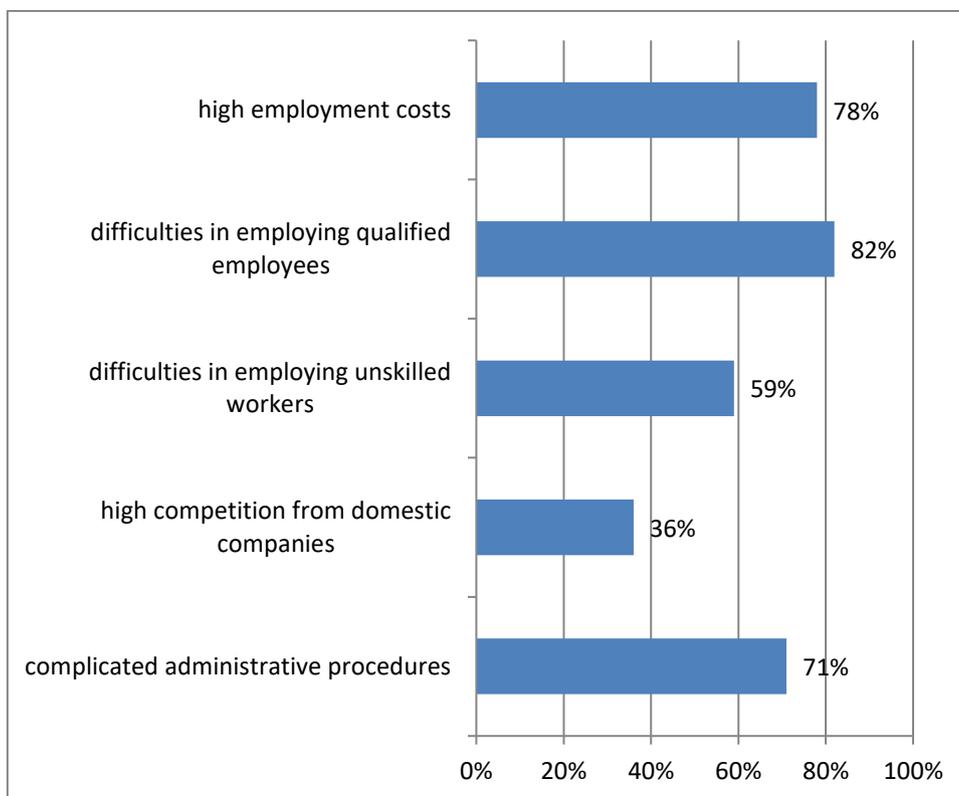


Fig. 4. Evaluation of upcoming barriers to growth construction industry in the years 2018-2028

Source: own study based on: Construction of the future under the microscope – Report EFL 2018, s. 30

Construction is the domain in which the actual implementation of subsequent technological processes takes place in strictly defined conditions [4]. When defining the term project you can use a quote. It is: an undertaking in which human, material and financial resources are organized in an innovative way to perform a unique scope of work, with a given specification, within the limits of costs and time, so as to achieve a favorable change defined by quantitative and qualitative objectives [5].

Participation in the project consists of several stages. The construction industry requires confirmation of additional parameters related to the implementation possibilities of individual work chapters. When assessing a project, the project's lifetime, investment costs, planned net profit, estimated financial surplus and implementation risk are taken into account [22, 23].

Design studies are arranged individually. They depend on specific conditions. This is about ground conditions and existing infrastructure [6]. The use of universal project management methodologies may be limited by the industry specification projects.

The aim of the work is to assess the importance of soft competence of project managers in the process of construction investment implementation based on a literature review, research from Polish and foreign international journals [24, 25].

In construction, running works is often cascading. There is a relationship: the contractor has a subcontractor, and this in turn often the next contractors [26].

A construction company, depending on the size, its own structure and its chosen strategy, usually appears on the market in several roles. Is a company commissioning work as well as fulfill subcontracting tasks. It can also hire project workers or outsource [27].

The construction industry also underlines the importance and importance of outsourcing, which has become extremely important in business today. The word outsourcing comes from English. This is an abbreviation of the term: outside-resource-using, meaning the use of external sources. It consists in transferring tasks, functions and processes to companies or outsiders who specialize in a given field [4]. This allows you to reduce operating costs and devote more attention to maintaining a good position of the company in a competitive market. In the case of works related to the implementation of construction projects, outsourcing of specialized works is often used, for example due to the need to engage heavy construction equipment and have qualified personnel. Of course, outsourcing of administrative work in a construction company is also often used. This applies to accounting or HR [28, 29].

The field of construction is characterized by horizontal cooperation in clusters and networks. The complexity of implemented projects requires this. At present, the stereotype of the evaluation of other entities should be blurred only by competitive and other enterprises. Among the direct competitors, when you work on a specific project, you can get a valuable colleague. This will allow to complete the completed task with great success. Collaboration with competitors requires open thinking and an approach from the management team. It is slowly enforcing external market conditions. Synergy appears [30-34].

This imposes the need to look better at other companies working in the same industry and not only to divide them into rivals and companies suitable for cooperative cooperation. Among the competition, you can also find partners thanks to which the implementation of a joint project will ensure market success. Developing a joint activity in selected areas, it does not decide to end competitive struggle in another area. The phenomenon of cooperation arises here - competition and cooperation between rivals [5].

2. MANAGING OPERATIONS IN THE CONSTRUCTION SECTOR

Construction management requires high levels of competence for people holding managerial positions. Due to the complexity of construction projects, the function of a manager in this sector requires broad competences [35]. They are presented in Table number 1 [6]:

From the table above, we note that key managerial competences are skills such as: planning skills and good time management; communication and negotiation skills; marketing skills, building good relationships with the client and subcontractors, leadership skills (setting the goal, measuring the progress of work) [36-38]. The necessary element in this process is: technical knowledge regarding the scope of the project; knowledge and skills in cost management and budgeting; technical knowledge regarding the scope of the project; knowledge and skills in cost management and budgeting; resource management, including building good interpersonal relations [39].

Table 1. Management competences in the construction industry

<p>MANAGER with tall ones competences</p>	<ul style="list-style-type: none"> - ability to plan and manage good time; - technical knowledge regarding the scope of the project; - knowledge and skills in the field of cost management and budgeting; - leadership skills (goal setting, measuring work progress); - resource management, including building good interpersonal relationships; - communication and negotiation skills; - marketing skills, building good relationships with the client and subcontractors.
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Source: Own study based on: [6]

The manager plays the key role in the construction project. He is the person who depends mainly on the efficient coordination of companies working as subcontractors and the final result. Studies show that the very high level of interpersonal skills is a good determinant of success in working and managing people. Faster perceiving the causes of problems.

An attitude to continuous learning and flexible operation. This helps in finding optimal solutions [40, 41]. Using a simple summary, it can be pointed out that the competences of the project manager are components from four groups: social, professional - related to technical knowledge, personal and business.

An important aspect is to ensure the employee's loyalty. This underlines the assessment of upcoming barriers in Figure 3. The risk of losing qualified personnel is a serious threat. This is a challenge for the management team.

The way of talking to subordinates and building a good atmosphere depends on the manager. The principle of good communication and listening to comments about the tasks being performed appears here. Preparation for providing objective information and the ability to listen to the opinions of others.

The large competition on the market emphasizes the importance of ensuring stable work and identifying with a specific company. Here, well-conducted feedback is very important and can increase the attachment of staff to a specific company [42, 43].

Managers, this also applies to the construction industry, they are guided most often by explicit knowledge, which is easily generalized and compared. Social changes are associated with environmental conditions. Interpersonal relationships, goals, plans and beliefs of people taking part in the enterprise's work are important.

Successful management does not depend solely on the characteristics of the intellect and the personality of the leader. It results from the influence of external aspects, organizational culture of the company, the scope of freedom in making decisions.

Applying an effective targeting style is still dependent on the given situation. It is important to have the skills to recognize the prevailing conditions and to adapt them to the optimal functioning. The combination of knowledge and experience allows you to choose managerial decisions to the current state of affairs [44, 45].

Management still often ignores the aspect of interpersonal relations. There is no social approach. The statistics confirm that companies in the pursuit of strategic goals, ignoring social goals, quickly lose their position in the market [46]. The improvement of the social situation in the internal culture of the enterprise is based on active management, creation of activities aimed at constant development of the competencies and skills of employees. Then, the efficient use of these new resources remains - a special combination of knowledge, already acquired practice and ability, or complex capital of the company [47, 48].

Based on a survey conducted among project teams in 2009, where the construction sector was the most numerous - 28.9%, competence groups were defined which should be available to the project manager. What competences are the most important for people working on the implementation of projects is indicated by the graph in (Fig. 5).

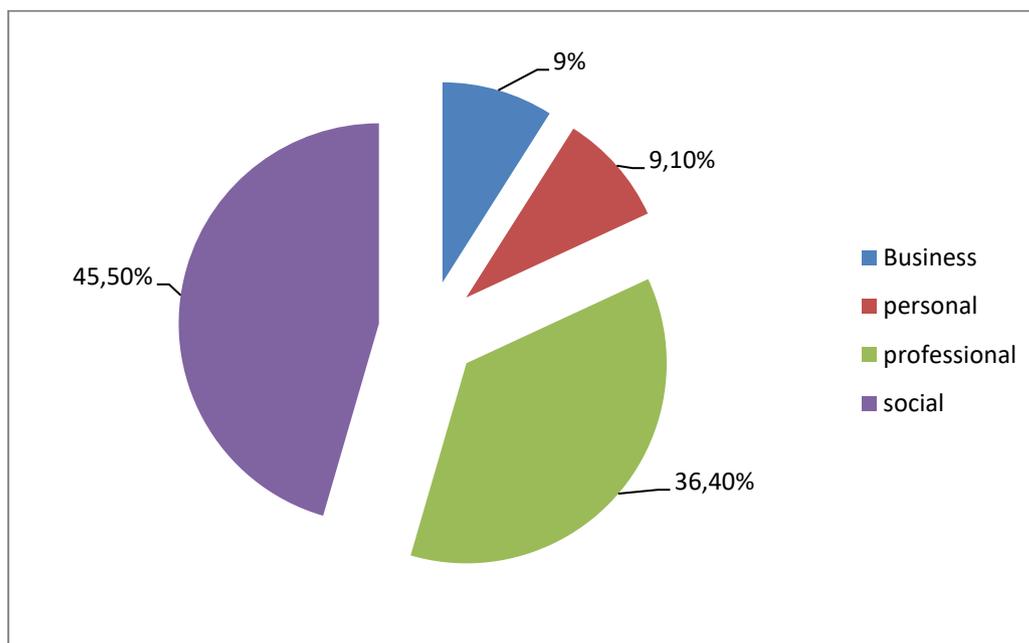


Fig. 5. Groups of key competences of the project manager
Source: own study based on: [29-31].

These studies showed the 11 most important competencies of the project manager, which determine the effective work of the team. They are presented in the following Table 2 [49, 50].

Appreciating the employee as a member of the community is extremely important in the aspect of good management of the organization. Since in Poland there is still growing interest in social innovations, the construction sector should also actively use it.

It is important to act to improve the well-being of people in the workplace and the effects of the tasks carried out. It is the managers and management staff who are aware of the importance of the organizational culture itself and soft incentives [6, 7].

Table 2. The most important competences that a project manager should have

Rating scale	Competence	Group of competences
1	ability to communicate	social
2	ability to make decisions	profesjonalne
3	Leadership	social
4	ability to motivate team members	social
5	ability to build a team	profesjonalne
6	ability to manage communication in the project	profesjonalne
7	teamwork	social
8	the ability to negotiate	social
9	Loyalty	personal
10	ability to manage the scope of the project	professional
11	Flexibility	Business

Source: own study based on: [6]

3. CONCLUSIONS

Having high interpersonal skills is currently one of the key competences of managers in the construction industry. The technical knowledge itself, work control on the project and its implementation does not ensure efficient operation. The emerging social aspect in management theory poses new challenges. It should be taken into account if you want to improve your work efficiency and efficiently achieve the challenges and goals you have set. The human factor is the most important resource of the enterprise in the current market realities. It applies to the employees' abilities, attitudes, motivation and job satisfaction. It is about the amount of future income of the entire company [8].

The constant desire for further development is a feature that is increasingly sought after by people dealing with the management and management of turbulent surroundings in construction in modern times. This requires applying a creative and innovative approach in the management of a construction company. Directing attention to better use of own resources, delegating tasks to subordinates and creating opportunities to involve them in decision-making processes and to jointly plan strategic goals of the company.

It creates a good atmosphere and strengthens the sense of responsibility for the future of your own workplace. This ensures better employee loyalty, which is particularly important during the growing fears in the construction industry for the lack of qualified employees on the market.

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