Chapter VIII

Knowledge Management: Facilitating Organisational Learning within the Construction Industry

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Abstract

This chapter describes an action research project, Building a High Value Construction Environment (B-Hive), involving: two major construction clients, a privatised utility company (Thames Water), and a major leisure services provider (Whitbread Hotels); a large construction company (Taylor Woodrow); two leading construction consultancy firms; and Leeds Metropolitan University and London School of Economics. The research method, action research, was particularly appropriate for this project because it promoted learning and understanding through action and reflection, culminating in the production of a workshop-based approach that facilitates externalisation of knowledge and organisational learning. The approach facilitated the sharing of knowledge amongst construction project partners that would traditionally be very protective, and even adversarial, towards each other.
Introduction

The chapter seeks to address the problem of fragmentation within the construction industry through the processes of knowledge management and organisational learning. Background to the construction industry is provided with references to respected industry commentators such as Latham (1994) and Egan (1998). This is followed by a review of appropriate contemporary research literature on knowledge management and organisational learning leading to the introduction of the Cross Organisational Learning Approach (COLA).

The COLA process was developed as the output of a funded research project designed to facilitate the sharing of knowledge by all partners of construction projects. The chapter describes COLA and identifies outputs from the process. A diagrammatic representation of the learning model is given in the Appendix. The chapter ends by identifying future issues and directions for research.

Background

The issue of fragmentation is well documented (Latham, 1994; Egan, 1998) as being a critical barrier to change since it is seen as a major factor in the poor communications between parties working together on construction projects. The construction industry is organisationally complex and highly fragmented with more than 95% of companies being small to medium sized enterprises (CICA, 1997). In addition, the construction industry suffers from supply chains and relationships that are both dynamic and transient as a direct result of the temporary nature of construction projects, resulting in a poor communication structure. In 1994, the Latham Report (Latham, 1994) recorded that in the UK there were 163,000 construction companies listed in the DETR’s statistical register, most employing less than eight people.

This fragmentation means that the ownership and control of separate functions and their associated processes in a construction project life cycle resides in the hands of separate organisations with their own distinctive cultures and working practices. There is ubiquitous recognition of the need to restructure the construction industry to overcome this problem by engendering a spirit of compromise and collaboration. Latham (1994) generally recommended a rationalisation of inter-organisation agreements and methods of communication, and clearer definitions of roles and contract stages. Specifically, Paragraph 6.43 of the report recommends that the client and contractor enter into a partnering agreement. Under this arrangement, the parties agree to work together on a project “in a relationship of trust, to achieve specific primary objectives by maximising the effectiveness of each participant’s resources and expertise.” Latham wished to create a team spirit, where cooperation replaced conflict, in order to reduce costs, although how this could work was not made clear.
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