



Approach

Balfour Beatty seeks to utilise the full talents and skills of all its people through effective selection, training and development. It also aims to create a safe, healthy, challenging, rewarding, participative, fair working environment for all employees.

Aims and Objectives

Our explicit objectives as far as employees are concerned are:

- To provide an open, challenging and participative environment;
- To enable all employees to utilise their talents and skills to the full, through appropriate encouragement, training and development;
- To communicate a full understanding of the objectives and performance of the Group and the opportunities and challenges facing it;
- To provide pay and other benefits which reflect good local practices and reward individual and collective performance; and
- To ensure that all applicants and employees receive equal treatment regardless of age, origin, gender, disability, sexual orientation, marital status, religion or belief.

Our [Business Conduct Guidelines](#) explain the type of behaviour we expect from our employees.

Our [Stakeholder Codes of Practice](#) provide a common way of working with key stakeholders

[Our Corporate Principles](#)

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Ethics

Balfour Beatty employs over 30,000 people worldwide, each one an ambassador for the company. The company's expectations of all employees are clearly and explicitly communicated.

In short, Balfour Beatty people are expected to understand and abide by the company's core values and its principal commitments. To work hard, be reliable, conscientious and approachable. To be proud of their company and motivated to contribute to and share in its success. In return, they are supported by the company in their efforts to do their jobs to the best of their ability.

There is a Group-wide whistle blowing policy in place. During 2006, eight cases were raised and these have been addressed and successfully concluded. The Forum, established in October 2004, is an alliance of UK business institutions, organisations and businesses with interests in the domestic and international infrastructure, construction and engineering sectors.

[Business Conduct Guidelines](#) were produced in 2006. These explain, in detail, required behaviour. In 2007, all Group employees will receive training on these guidelines to ensure that they are fully embedded in the organisation.

[Stakeholder Codes of Practice](#) All operating company managers through the Group have a code of practice in respect of how they are expected to manage their relationships with all key stakeholder groups, including their employees.

In respect of employees, these requirements cover recruitment objectives, processes and systems, and to always operate within appropriate legal and regulatory frameworks. It also requires managers to evaluate the performance of every employee, resolve any employee disputes at the earliest possible stage and to communicate openly, regularly and accurately with all employees.

Further, it requires managers to behave ethically in all respects, including honouring agreements and to act, always, in a non-discriminatory manner. These principles cover the full life-cycle of the company's relationship with its people from recruitment to retirement.

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We are members of the Institute of Business Ethics and work closely with the [Anti-Corruption Forum](#). The Forum, established in October 2004, is an alliance of UK business institutions, organisations and businesses with interests in the domestic and international infrastructure, construction and engineering sectors.

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Diversity

Each year, the company monitors its diversity performance across all of its UK businesses. In 2006, 17% of our employees were women and 6% were of ethnic minority origins. These proportions are significantly higher than when measurement first started in 1999 when the proportions were 13% and 4% respectively. Nearly 140 graduates were recruited in 2006. 20% of this intake were women and 15% from ethnic minorities.

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Training and development

The Group invested over £15 million in training during 2006 - representing an average of 3.7 days of training per employee.

Opportunities for employee development are provided 'off the job', for example through:

- Internal training programmes, workshops and seminars covering a variety of management and technical skills, such as a series of core courses for graduates in People Skills, Productivity and Commercial Awareness and a modular Management Development Programme for potential senior managers from our UK and overseas operations;

- Support for continuing education and continuing professional development activities;

- External business school programmes at centres such as Cranfield, London Business School and INSEAD;

- Involvement in community projects.

Such 'off the job' development provides an important supplement to learning and development opportunities provided through the job, for example by:

- Enhancing the employee's job content;

- Attachments/ secondments/ moves to give experience of new activities/ functions;

- Learning from other managers, which may be formalised in a coaching or mentoring arrangement.

Formal performance and development reviews, increasingly common throughout the Group, provide regular opportunities for employees to identify and agree development objectives with their managers, linked to either improved performance in their current role or to their next career step.

Workers Registration Centre Safety Training Programme



A significant amount of our training concentrates on safety issues. In 2004, Gammon Construction established a Workers' Registration Centre, the first of its kind in the construction industry in Hong Kong. This aimed to raise safety awareness among construction workers. All participants, including subcontractor employees, are required to participate in a half-day programme before being permitted to work on any Gammon sites. [Read the full case study](#)

The Group has a comprehensive organisation and people review process which links the aspirations, talents and development plans of individual managers to the anticipated future needs of the business by identifying and developing successors for key roles in both the short and long term.

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Rewards and remuneration

Balfour Beatty is a leader in most of the markets in which it operates. Market leadership not only offers the opportunity of superior financial returns, but also helps attract the best people at every level of our organisation.

We are not complacent and we are constantly seeking new and better ways to recruit and retain the best people and to offer them interesting and rewarding jobs within the Group.

In 2006 we launched a [new campaign for the recruitment of graduates](#) and overhauled our general recruitment practices.

Most of our operating companies conduct annual performance and development reviews for all employees and salaries are reviewed annually. We aim to ensure that pay and benefits are competitive through the use of external benchmarking and that an individual's reward package is commensurate with their responsibilities and rewards performance without encouraging excessive risk-taking.

Our defined benefit pension scheme was closed to new starters in January 2003 and a defined contribution scheme is now offered.

Flexible benefits are available in some of our UK operating companies and all employees are offered the opportunity to join the company Sharesave Scheme after one year's employment. In 2007, over 4,350 eligible employees accepted the invitation to participate in the Sharesave Scheme, compared to over 3,700 in 2006 and nearly 3,600 in 2005.

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Employee satisfaction

Surveys of employee attitudes, needs and opinions are conducted in the great majority of our operating companies. In 2007, the first Group-wide employee survey will be undertaken.

Award for innovation



Chairman Sir David John presents winning graduate Emma Garner, Balfour Beatty Construction, with her Award for Innovation

A graduate conference was introduced in 2006 as part of their induction process. This offered recent graduates a greater understanding of the whole business and an opportunity to build a network of peer contacts throughout the Group.

Feedback from the conference was extremely positive and it is intended that this will become a regular feature in our calendar, along with a Chairman's Award for Innovation, which was launched in 2006.

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Recruitment and retention

The recruitment and retention of motivated, qualified staff is critical to the future success of the business.

Recruitment

We aim to recruit the best candidates to fill all positions by having a rigorous and efficient selection process, ensuring that career routes are clear and will provide the challenge development and progression that the best candidates demand and checking that potential recruits have the values and standards of integrity we expect from all of our employees.

All managers responsible for selection interviewing attend training sessions as well as receiving support from our human resources professionals. This training reinforces our commitment to diversity and ensures our recruitment practices are fair and non-discriminatory.

We supplement interviewing with personality profiling, ability tests and assessment centres for many roles.

We are seeking to improve our process further by introducing a new vacancy and recruitment management system to improve the efficiency and coordination of our recruitment exercises across our different businesses and to ensure that our own people are aware of career opportunities.

We have recruited over 550 graduates over the last five years and have annual recruitment campaigns designed specifically for graduates, placement and vacation students and trainees. This includes attendance at careers fairs, presentations at universities, graduate advertising and sponsorships.

We recruit school leavers to apprenticeship schemes (we have over 400 apprentices in training) and to block release courses leading to BTEC or full degree qualifications.

Retention

In 2006 voluntary employee turnover was reduced from 18% the previous year to 16% and the absence rate was also reduced from 2.6% to 2.3%.

We have a formal Organisation and People Review (OPR) process which embraces succession management and focuses on the development and progress of key groups of people.

We regard it as healthy practice to recruit externally to bring fresh thinking and experiences into the Group, but we also aim to retain and develop the people we have and to promote from within, wherever possible. We believe this reduces the risks to our ability to deliver our projects successful and to maintain our high standards of quality and safety.

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