

Skanska UK: *Values-driven leadership creates a culture of respect*

What does this case study demonstrate?

Leadership that articulates clear values and lives by them is recognised as a powerful driver of employee engagement and an enabling culture. **Skanska UK** has been on a sustained journey of transformation since CEO **Mike Putnam**'s appointment in 2009, distancing itself from traditional industry practices by embracing high ethical principles relating to safety, the environment, transparency and quality.

Workplace innovation elements: workplace partnership; employee voice; empowering leadership.

Context

Skanska, a Swedish-owned company established in 1887, is one of the world's leading project development and construction groups. The UK operation was established with the acquisition of Kvaerner Construction in 2000, McNicholas Utilities in 2006 and Atkins Highways Services in 2013. It is now one of the country's largest contractors, employing more than 5,000 people. Its diverse portfolio includes several iconic London buildings and major infrastructure projects.

The UK construction industry traditionally had a poor image tarnished by corruption, quality issues, insufficient regard to safety, a poor environmental record and the blacklisting of union activists. When Skanska acquired Kvaerner it inherited many of these practices, at odds with the Swedish parent company's open and transparent culture and values. Putnam's appointment demonstrated a clear commitment to break with the past. Visibility and accessibility is characteristic of his leadership style and in a **2011 article** he explained that:

“One of the big transformations has been to adopt the Swedish approach to openness and transparency.”

“Everybody in the UK talks about it but in the Skanska Group it is at a completely different level. When you have your values you need to be visibly seen to follow them. The behaviour that backs up that leadership is absolutely crucial.”

Although the Swedish parent's values provided a powerful driver, Putnam is known to be motivated by “gut feel” rather than spending time preparing an elaborated business case for culture change. “Would this motivate me as a human being? Yes? So it's going to work . . .”

“Respect” is a word that recurs frequently in discussions with managers, union representatives and frontline staff alike. It is reflected in the company's core values which aspire to zero accidents, zero environmental incidents, zero tolerance of bribery and corruption, and zero defects. Respect forms part of a culture which, it is intended will “penetrate the company's DNA”, releasing employee voice at every

level of the business. While hierarchical structures remain in the business, hierarchical management behaviour is increasingly out of place.

But Harvey Francis, Executive Vice President with responsibility for HR, argues that such culture change is not an overnight journey. Skanska's strength is that it is "restless but patient . . . wanting improvement, but graduated improvement".

Mutually reinforcing practices: the journey to culture change

In Skanska, these graduated improvements have been the result of a series of incremental workplace innovation initiatives that build on each other to create a sustainable momentum of change:

Breaking down silos. Skanska UK started as three businesses with separate cultures and practices. The first part of the journey was to demolish the walls between different parts of the organisation, centralising "Enabling Functions" such as HR and Finance. This helped create common values and allowed consistent, company-wide initiatives to develop, addressing management development, healthy working and environmental sustainability.

Changing management behaviour. Management development programmes focus on culture, not basic procedures. Skanska's *Great Boss* initiative defines expected management competencies and behaviours, and measures progress towards achieving them through an annual working climate survey. Union reps agree that it is working and that there has been a steady change in management culture.

Reinforcing ethical behaviour. At least once a quarter – and often monthly – management team meetings will spend half an hour exploring an ethical dilemma relevant to the business, either hypothetical or real. This reinforces the message to all managers that Skanska is a values-driven organisation.

Trade union partnership. Skanska works closely with the trade unions which are seen as vital partners in reinforcing company values and in ensuring health and safety. Early-stage involvement and informal dialogue between union representatives and management at all levels play a critical role in dealing with potential issues quickly and collaboratively.

An "Injury Free Environment". Safe, healthy working is driven from the top. It is seen as part of a shared learning culture rather than a regulatory stick. A rare death on any Skanska site in the world leads to a *Global Safety Stand Down* - a one minute silence plus an opportunity to learn from the experience and improve practice. Employee voice and union safety representatives play a critical role in highlighting risks and identifying better ways of working. This extends to the supply chain, ensuring consistent practices on site.

A learning culture, not a blame culture. "If things go wrong and you tell us you get nothing but support."

Engaging employees in improvement and innovation. Skanska recognises that there is no single way of stimulating employee initiative. An open and enabling management culture is the starting point, supported by specific initiatives including local *Consultation Forums* for frontline workers and union reps, the *Skanska Way Week* – a focus for dialogue on important issues such as wellbeing and mental health, a *You Said/We Did* board, and even an *Innovation App* that enables employees to take a picture to illustrate ideas for improvement.

Open access to learning. Prominently positioned in the main entrance hall of Skanska's headquarters, the *Learning Centre* hosts diverse personal development opportunities from on-line courses to tailored one-to-one support.

So who benefits?

- Skanska has one of the best health and safety records in the UK construction sector.
- Levels of employee engagement are consistently high. Annual engagement surveys typically secure a 75-85% favourable response to every question set.
- Active engagement with trade union representatives in working towards common goals.
- A clear strategy for integrating new acquisitions. Skanska acquired Atkins Highway Services in 2013, and these practices are ensuring the integration of its staff into the company's culture.

Prognosis

This case study does not describe a dramatic example of workplace innovation. It is about a sustained series of incremental innovations leading to a strategic change in culture, working practices and employee engagement.

It is still work in progress, and will always be so. Skanska recognises that an open and innovative culture is not something you create just once: rather it needs to be maintained and renewed continuously.

Asked if there was one message he would like to give to Mike Putnam, one trade union representative said that his would be: "fantastic job, keep going!"