Independent perspectives on workforce governance, regulatory exposure and commercial accountability across international construction and digital infrastructure

THE WORKFORCE GOVERNANCE REVIEW

INTERNATIONAL WORKFORCE COMPLIANCE, RISK, COMMERCIAL INTELLIGENCE



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THE TRUE COST OF WORKFORCE GOVERNANCE

What happens commercially when workforce governance is ignored

PROTECTING THE TENDER MARGIN THROUGH EARLIER, BETTER-INFORMED WORKFORCE DECISIONS

Our October edition closed with a simple conviction: compliance protects people, governance protects projects, collaboration strengthens the supply chain and, together, they protect profit. This edition asks where, in practice, that profit is protected or lost.

The international data centre industry is delivering infrastructure at a pace few sectors have experienced. Tender windows are short, and general contractors are routinely asked to price complex international packages within weeks. Labour is priced from what is known: home-country wage rates, travel, accommodation, supervision and margin. These elements are calculated with care, and the resulting estimate is often accurate for what it contains.

The difficulty lies in what it does not contain. A labour price built from a home payroll rarely reflects what the same workforce will cost once it is deployed in another country, under another collective agreement and working-time regime, for a client that expects every obligation to be met and evidenced. When tenders are prepared at speed, these questions are seldom ignored deliberately. They are deferred, and the assumptions made in their place quietly become part of the price.

At Palmer Shore, we believe this is where the true cost of workforce governance is decided. Not on site, but in the tender.

COMMERCIAL COMMITMENTS ARE MADE AT TENDER

Which collective agreement applies to the work? Can the proposed rotation be operated as planned? Will every worker be cleared to start on the planned date? Where will their income be taxed?

These are often described as compliance questions. For anyone approving a tender, they are commercial questions. Each one can change the cost of the workforce, the cash needed to support it, the mobilisation date or the margin itself. Once the price is submitted and the contract signed, every assumption becomes a commitment. A labour rate is only as reliable as the assumptions behind it.

A PROJECT CAN BE DELIVERED AND STILL LOSE MONEY

The pattern will be familiar to anyone who prices international work. A contractor wins the work, mobilises its people and meets every engineering milestone, yet the return it priced never quite arrives.

There is rarely a single dramatic cause. The wrong collective agreement was assumed for the scope. A rotation needed the agreement of the workforce. A tax position was assumed rather than confirmed. A permit arrived after the planned start date. Each was an ordinary question, asked too late to shape the price.

By then, the cost is difficult to recover. Because it comes from the contractor's own employment arrangements rather than the client's scope, it is rarely accepted as a variation. It is simply absorbed by the margin.

Very few of these costs are genuine surprises. Most were simply discovered late.

THE AUDIT ARRIVES AFTER THE PROJECT HAS GONE

Projects close. Records do not. A tender assumption stays in the payroll records, timesheets and tax returns, where it can be reviewed long after the workforce has gone home.

The review may come years later, from an authority or the client's own assurance team. The question is always the same: can the position taken at tender be supported?

Where it cannot, underpaid amounts can be recalculated across months of payroll, interest and penalties may follow and, in some countries, the liability can travel up the supply chain to the contractor above. A project reported as profitable can reopen as a loss.

The cost of the original assumption was never avoided. It was deferred.

> An untested assumption does not disappear. It waits.

NO SINGLE FUNCTION HOLDS THE WHOLE PRICE

So why do experienced contractors still meet risks they could have seen coming? Usually because the answers sit in different places.

The estimator holds the labour build-up and operations holds the rotation. HR, payroll and finance each hold part of the picture, and the specialist advisors whose answers can change the numbers most are often brought in only after award. Every function can be right on its own terms, and the price can still be wrong.

This is where the collaboration we wrote about in October earns its keep: getting those answers into the same room and testing them against the price while they can still change it. When a tender is prepared at speed, that conversation is often the first thing to be lost, and the most expensive.

WHAT WORKFORCE GOVERNANCE ACTUALLY PROTECTS

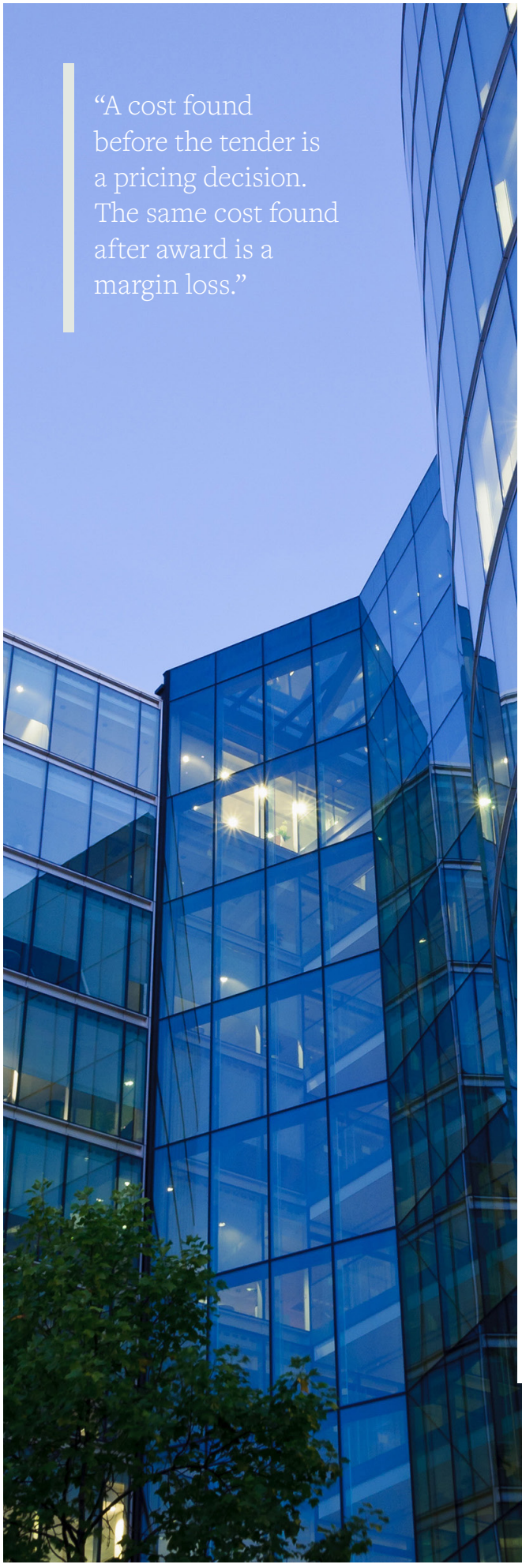
Workforce governance is still too often judged by the paperwork it produces: registrations, certificates and records. These matter, but their real purpose is to protect what the business has already promised: the margin, the programme, the cash position and the reputation on which the next tender depends. On hyperscale projects, workforce readiness is programme readiness, and programme certainty is what protects the margin.

That is why governance cannot sit with a compliance team alone. Everyone in the chain has something riding on it. Developers need a workforce that arrives when the programme says it will. Contractors need margins that hold. Subcontractors need clarity about what is expected and funded. Workers need mobilisation that is properly planned before they travel.

Governance is not an overhead the project carries. It is how the project keeps the margin it has earned.

When a tender is prepared at speed, that conversation is often the first thing to be lost, and the most expensive.





FOUR LAYERS OF WORKFORCE COST

Every international workforce price contains four layers. Most tenders capture only the first with real precision.

The first is the visible cost every estimator recognises: wages, payroll costs, travel, accommodation and margin. The second is the hidden cost of working in another country: local agreement rates, overtime premiums, limits on working hours, paid time that never becomes productive and the tax treatment of travel and accommodation.

A workforce priced at home always looks cheapest on paper. It rarely stays that way on site.

The third is the cost of governance itself: the advice, registrations, permits, payroll arrangements and records needed to deliver properly. A tender that leaves this out has not saved the cost. It has moved it from the price to the margin.

The fourth is future exposure: the back pay, reassessments and penalties that can follow an inspection or audit. It should not be priced as though it were certain, but nor should it be ignored. It belongs beside the price, where the people approving the bid can see it and decide.

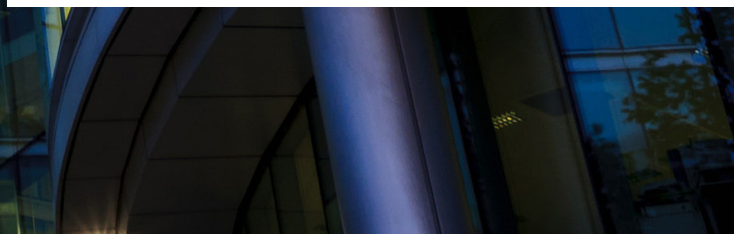
THE COST OF BEING RIGHT

Testing workforce assumptions before submission takes time and money, and it may lead to a higher price. No responsible advisor can promise that it will always cost less than the problem it prevents.

The value lies in knowing the cost while you can still do something about it. Before award, what is learned can still change the workforce model, the payment terms, the contract or the decision to bid. After award, most of those doors have closed, and the cost arrives on someone else's timetable with nowhere to go but the margin.

A complete price will sometimes lose. That is a legitimate commercial outcome. Losing a tender costs the effort of the bid; winning on the wrong assumptions can cost a year of margin.

> "The cost of being right is usually known. The cost of being wrong is usually discovered later."



OUR COMMITMENT TO IMPROVING

At Palmer Shore, our aim is to help the industry have these conversations earlier. We work alongside developers, contractors and their supply chains at the point where pricing decisions are made. We bring legal, tax, payroll and immigration advice in early, connect the answers and explain what each one means for cost, cash and programme. We would rather help a project ask these questions at tender than help it answer them at audit.

To support that work, we are developing workforce costing tools that show the thinking behind a labour price rather than a single number, beginning with deployments from Ireland and the United Kingdom into the Netherlands. They remain under specialist review, and this publication does not rely on their outputs.

A BETTER TENDER CONVERSATION

None of this requires a board or commercial team to become experts in employment law, payroll or tax. Workforce risk is a commercial issue, and what the people signing off a tender need is not technical expertise. It is visibility. In most tender reviews, the labour line is the most trusted number and the least examined. It has usually been built by someone experienced, which is exactly why it is so rarely questioned. A rate built on the wrong working pattern, an unconfirmed tax position or an optimistic start date can move the outcome more than any negotiation over margin.

Hidden workforce assumptions become hidden margin risk.

A better tender conversation starts with a simple shift: asking not only what the workforce will cost, but what that cost depends on. Which assumptions are carrying the margin, and which of them have actually been confirmed? What happens to the price if the programme extends, or if part of the delivery model is questioned? Can everyone start on the day the programme says they will? How much cash will the project need before it is paid?

These are commercial questions, not technical ones, and the answers do not need to be perfect. Where something is uncertain, it simply needs to be on the table, with someone responsible for it, rather than buried inside a total that looks more certain than it is.

The organisations that price international work well are rarely those with the most specialists. They are the ones that have this conversation early and approve a tender knowing exactly what they are accepting.

A MORE COMPLETE PRICE

Workforce problems rarely begin on site. They begin in the tender, when an assumption is accepted without challenge and quietly becomes part of the price.

In October, we wrote that governance protects profit and that collaboration strengthens the supply chain. This edition has followed that idea back to where profit is first decided. Every decision about who will do the work, where, under which rules and at what cost is a decision about margin.

That is why workforce governance belongs in the commercial conversation from the beginning. It is not something to sort out after award. It is part of how good international projects are planned, priced and delivered.

No single organisation can change this alone. It takes developers who ask for workforce clarity at tender, contractors who price it honestly, subcontractors given the time and support to get it right, and advisors willing to say early what others would rather hear late. When each part of the chain takes ownership of the price it puts its name to, projects mobilise on time, workers arrive to arrangements that are fair and settled, and margins hold.

That is the conversation Palmer Shore wants to help the industry have. In our next edition, we will look at how organisations can build it into the way they tender and deliver. Until then, one lesson is worth keeping: profit that has not been priced cannot be protected.

Workforce assumptions are commercial assumptions. A lost bid on a complete price is a decision. A won bid on an incomplete one is an unpriced risk.

PALMERSHORE

International Workforce Governance

Palmer Shore supports international contractors and project stakeholders through feasibility and tender assessments, workforce cost projections, cross-border employment compliance, collective agreement monitoring and ongoing workforce governance. Our commitment extends beyond advisory services to advocating for higher industry standards, supporting behavioural change, and developing technology that strengthens international workforce oversight. Discover our expertise, our approach, and our commitment to advancing international workforce governance.

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