INFORMATION SHEET

Establishment characteristics and work practices: **Commerce and hospitality sector**

The 2013 European Company Survey data provides policymakers and practitioners with information and analysis on the spread of certain work organisation, human resource and participation practices in European establishments. As employment relations and workplace practices differ substantially between sectors, this profile shows the incidence of those practices within the sector as compared to other economic sectors.

Introduction

This paper is one in a series of sector profiles giving an overview of structural characteristics, work organisation practices, human resource management, employee participation and social dialogue in the commerce and hospitality sector. It is based on the third European Company Survey (ECS), which gathers data about companies and establishments with 10 or more employees in all economic sectors except those in the NACE Rev. 2.0 categories A (agriculture and fishing), T (activities of the household) and U (activities of extraterritorial organisations and bodies) across all 28 EU Member States and Iceland, the former Yugoslav Republic of Macedonia, Montenegro and Turkey. Additional information on the structural characteristics is derived from Eurostat data.

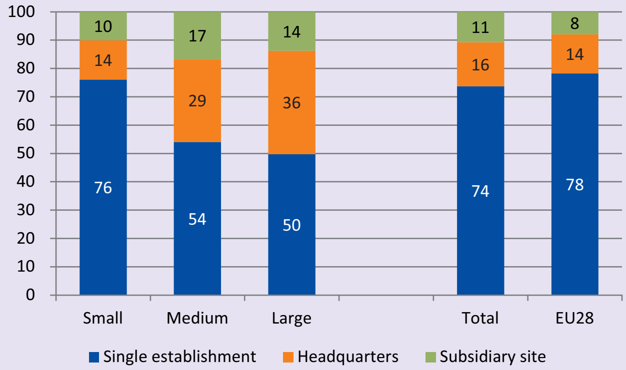
The sector includes all activities related to commerce and hospitality and the retail trade, repair of motor vehicles and motor cycles, and accommodation and food service activities. The third ECS contains responses from 5,945 establishments in this sector across the EU28. The profile compares aspects of establishment characteristics with the EU28 as a whole. The methodology used (latent class analysis) was developed in the overview report. Please note that percentages may not total 100 in some figures due to rounding.

Structural characteristics

In the commerce and hospitality sector, 74% of establishments are single establishments (single independent companies with no further branch offices, production units or sales units), slightly less than the EU28 average of 78% (Figure 1). Headquarters cover 16% (EU28 14%) and 11% are subsidiary sites (EU28 8%). There are some differences in terms of size with 76% of small establishments and 50% of large establishments being single establishments. The highest proportion of subsidiary sites is found among medium-sized establishments in the commerce and hospitality sector (17%), though there is little difference between medium-sized and large units.

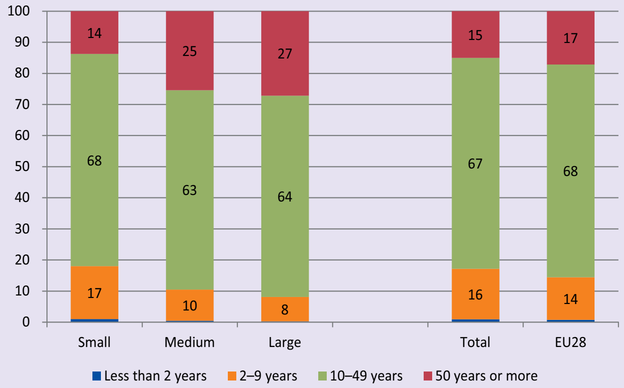
More than two-thirds of all establishments (67%) have been in business for between 10 and 49 years (68% in the EU28 – Figure 2). Smaller establishments are more likely to have been in operation for a shorter time than medium-sized and large units (19% less than 10 years).

Figure 1: Establishment type by size (%)



Source: *ECS 2013 – Management questionnaire*

Figure 2: Years of operation by size (%)

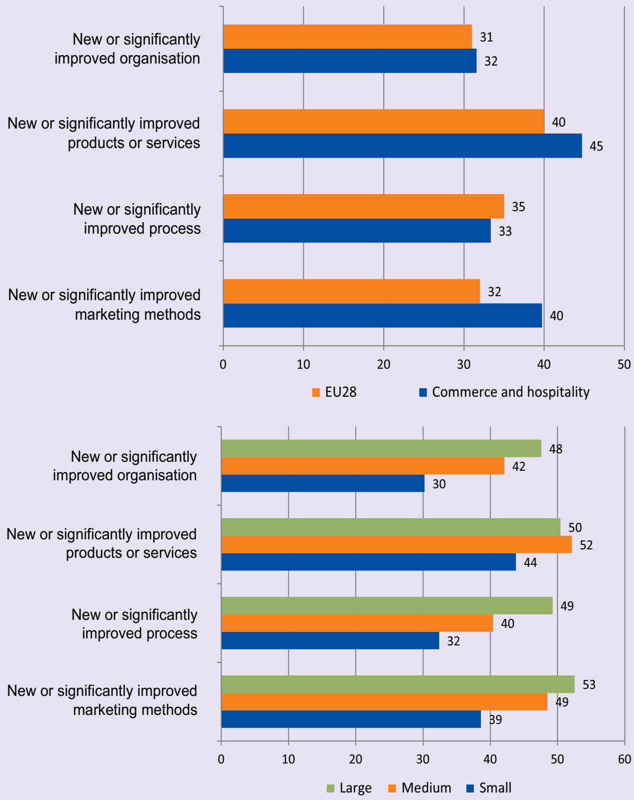


Source: *ECS 2013 – Management questionnaire*

Figure 3 shows that the commerce and hospitality sector has more female workers than the overall economy. In 32% of commerce and hospitality establishments, more than 60% of employees are women (EU28 24%) and in only 19% the female proportion of staff is lower than a fifth (EU28 33%). Furthermore, the commerce and hospitality sector is younger than the overall economy regarding the age structure of employees. In 64% of establishments, less than 20% are aged 50 or older, compared to 54% overall.

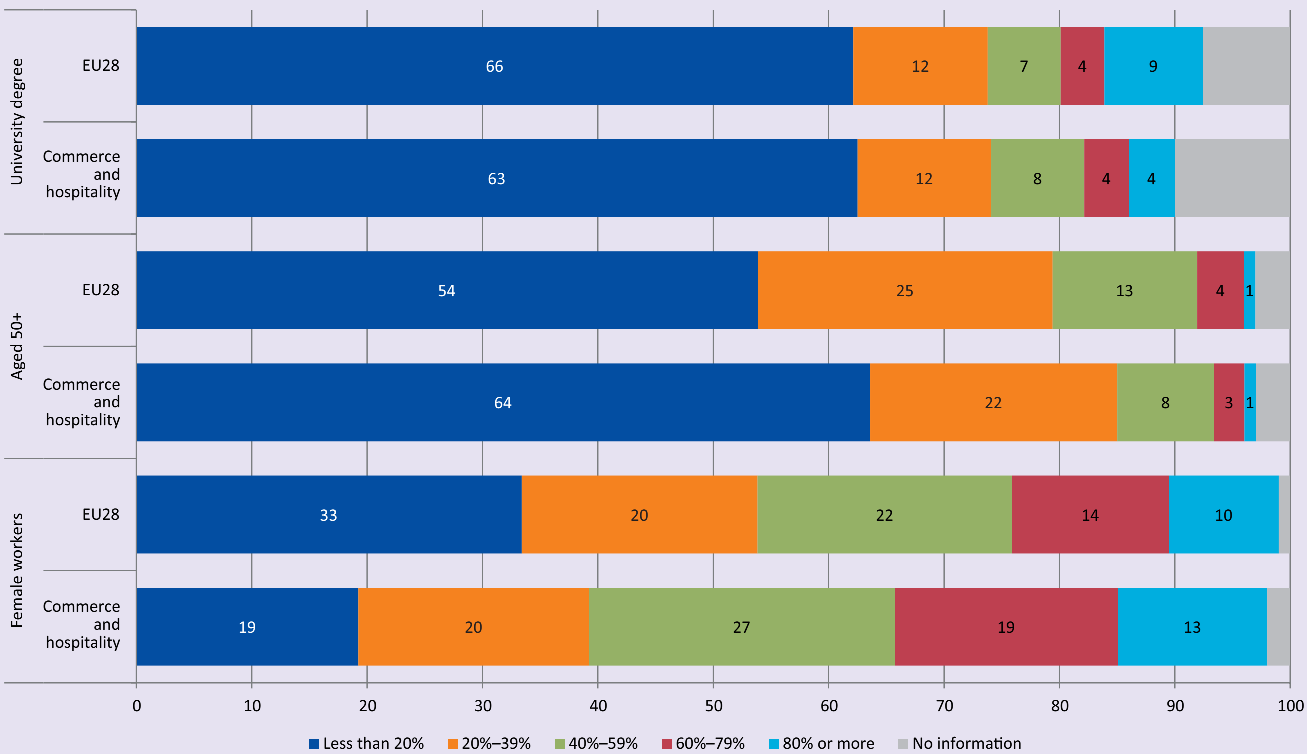
The commerce and hospitality sector is slightly more innovative than the EU28 average in terms of new products and services (45% compared to 40%) and marketing methods (40% compared to 32% – Figure 4). Large and medium-sized firms tend to be more innovative than small establishments. Surprisingly, medium-sized establishments (52%) were slightly more likely to have introduced new or significantly improved products or services than large units (50%).

Figure 4: New or improved products, processes and marketing methods and organisational change (%)



Source: *ECS 2013 – Management questionnaire*

Figure 3: Women, older workers and workers with a university degree (%)



Source: *ECS 2013 – Management questionnaire*

Table 1: Profiles of establishments – Collaboration and outsourcing (%)

		Commerce and hospitality				EU28			
		Moderate	Extensive	Limited	Overall	Moderate	Extensive	Limited	Overall
Group size		**44**	**33**	**23**	**100**	**37**	**36**	**27**	**100**
Design or development of new products or services	In-house with collaboration	3	47	5	18	6	57	9	25
	In-house, no collaboration	4	6	54	16	5	7	61	21
	No design/development	93	47	40	66	88	36	30	54
Outsourcing design or development of new products or services	Yes	2	45	7	17	2	43	10	19
	No	98	55	93	83	98	57	90	81
Production of goods or services	In-house with collaboration	7	50	6	21	11	64	8	29
	In-house, no collaboration	11	6	73	24	15	7	78	30
	No production	82	43	22	56	74	28	13	41
Outsourcing production of goods or services	Yes	4	52	15	23	5	54	19	26
	No	96	48	85	77	95	46	81	74
Sales or marketing of goods or services	In-house with collaboration	36	79	11	44	25	68	10	36
	In-house, no collaboration	40	13	81	40	29	14	78	37
	No sales/marketing	24	9	8	15	46	18	12	27
Outsourcing sales or marketing of goods or services	Yes	9	45	9	21	6	38	8	18
	No	91	55	91	79	94	62	92	82

Source: *ECS 2013 – Management questionnaire*

Work organisation practices

Collaboration and outsourcing

A large number of commerce and hospitality establishments neither carries out design and development (66%) nor produces goods or services (56%) in-house (Table 1). Consequently, fewer units in this sector collaborate in these activities compared to the average for the EU28. Most firms of the sector, however, carry out marketing and sales activities (85%, compared to EU28 73%), with 44% collaborating in this field (EU28 36%). The majority do not outsource the development and production of new products or services and while sales and marketing are key activities for the sector, they are not outsourced to the same extent as the EU average.

Among the three groups of establishments, the 'extensive' group is most likely (79%) to conduct marketing and sales in-house with collaboration and to design or develop new products or services in collaboration (47%). Half of establishments have collaborated in producing goods and services (50%). Only one third of establishments belong to this extensive group.

Most establishments of the commerce and hospitality sector are classified as 'moderate' in terms of collaboration and outsourcing (44% compared to 37% in the EU28). The group is characterised by low involvement in design or development (93% not being engaged in this), or the production of goods and services (82% having no production).

Commerce and hospitality establishments are less likely to be part of the 'limited' type than the EU average (23% compared to 27% EU28). This type is characterised by very little collaboration, with marginal differences between the EU average and the commerce and hospitality sector in most areas.

Internal organisation and information management

Table 2 shows that there are few differences between the commerce and hospitality sector and the overall economy regarding internal organisation and information management. Commerce and hospitality units are slightly more likely to use information systems or work-in-process than the overall private sector (48% compared to 44%). The keeping of records of good practice is reported by only 56% of commerce and hospitality establishments, compared to 62% overall.

Work is more likely to be organised in multiple teams in the commerce and hospitality sector than overall (44% compared to 41% overall). A higher proportion of establishments have departments dealing with different types of products (49%) than in the EU overall (46%). Departments based on function or dealing with specific geographical areas are found as often in the commerce and hospitality sector as in the EU28 overall.

Half of establishments in the commerce and hospitality sector are highly structured. A huge majority in this group monitors the quality of production on a continuous (85%) or at least an intermittent basis (12%). Many also keep records of best practice (72%). Among units in this cluster, 91% are organised in function-based departments and 73% have departments that deal with different types of products or services.

Moderately structured types of establishments, which account for the remainder, are dominated by little use of information systems for minimising supplies or work-in-process (70% not doing so). More than half do not monitor external ideas or developments (54%), keep records of best practice (60%), or are not structured in departments dealing with different products/services (76%) or geographical areas (94%).

Table 2: Profiles of establishments - Internal organisation and information management (%)

		Commerce and hospitality			EU28		
		Highly structured	Moderately structured	Overall	Highly structured	Moderately structured	Overall
Group size		**51**	**49**	**100**	**52**	**48**	**100**
Use information systems to minimize supplies or work-in-process	Yes	65	30	48	61	26	44
	No	35	70	52	39	74	56
Monitoring quality of production	Yes, on a continuous basis	85	60	73	87	64	76
	Yes, on an intermittent basis	12	25	19	11	22	16
	No	2	15	8	2	14	8
Monitoring external ideas or developments	Yes, using staff assigned specifically to this task	42	13	28	43	14	29
	Yes, as part of the responsibilities of general staff	43	33	38	44	33	39
	No	15	54	34	13	52	32
Keeping records of good work practices	Yes	72	40	56	78	44	62
	No	28	60	44	22	56	38
Teamwork	No team	15	42	29	14	41	27
	Most of them work in more than one team	50	37	44	47	36	41
	Most of them work in a single team	35	20	28	39	24	32
Departments based on function	Yes	91	55	73	90	54	72
	No	9	45	27	10	46	28
Departments dealing with different types of products or services	Yes	73	24	49	70	21	46
	No	27	76	51	30	79	54
Departments dealing with specific geographical areas	Yes	33	6	20	32	6	19
	No	67	94	80	68	94	81

Source: *ECS 2013 – Management questionnaire*

Decision-making on daily tasks

Teams are prevalent in 71% of commerce and hospitality establishments; in 51%, tasks are distributed by superiors, while task allocation is decided among team members themselves in only 20% (Table 3).

'Top-down' enterprises (61%) are characterised by centralised decision-making. In 68% of these establishments, only managers/supervisors decide and plan work organisation. In almost all cases where teams are present (66% in this type), tasks are distributed by a superior.

In commerce and hospitality units with a 'joint approach', decisions are usually taken jointly (55%). Likewise, autonomous teamwork is much more prevalent within this group than overall (44%).

HR Practices

Recruitment, employment and change

About 23% of commerce and hospitality establishments reduced their staff between 2010 and 2013, which is in line with the total sample, yet only 17% of managers in the sector plan to reduce staff further, as in the EU as a whole (Table 4). A slightly lower proportion of respondents identified a shortage of employees with required skills in the sector than in the EU overall (37% compared to 39%).

Table 3: Profiles of establishments – Task autonomy (%)

		Commerce and hospitality			EU28		
		Joint	Top-down	Overall	Joint	Top-down	Overall
Group size		**39**	**61**	**100**	**38**	**62**	**100**
Task autonomy (who decides planning and execution of daily tasks)	The employee undertaking the tasks	16	1	7	16	1	6
	Managers or supervisors	28	68	52	30	69	54
	Both employees and managers or supervisors	55	32	41	54	30	39
Team autonomy (who decides by whom the tasks are to be performed)	Team members decide among themselves	44	5	20	44	5	20
	Tasks are distributed by a superior	28	66	51	30	68	53
	No team	28	29	29	26	28	27

Source: *ECS 2013 – Management questionnaire*

Table 4: Profiles of establishments – Recruitment, employment and change (%)

		Commerce and hospitality				Public sector EU28			
		Business-as-usual	Shortage of matching skills	Reduction in workforce	Overall	Business-as-usual	Shortage of matching skills	Reduction in workforce	Overall
Group size		**68**	**18**	**14**	**100**	**67**	**19**	**14**	**100**
Change in recruitment policies	Yes	11	34	24	17	11	32	26	17
	No	89	66	76	83	89	68	74	83
Difficulties in finding employees with the required skills	Yes	25	85	32	37	28	86	31	39
	No	75	15	68	63	72	14	69	61
Difficulties in retaining employees	Yes	3	30	17	10	3	30	16	10
	No	97	70	83	90	97	70	84	90
Need to reduce staff	Yes	5	14	79	17	5	13	78	17
	No	95	86	21	83	95	87	22	83
Changes in the number of employees	Increased	29	40	4	27	29	42	5	28
	Stayed about the same	56	45	22	50	54	43	20	47
	Decreased	15	15	74	23	16	16	75	24

Source: *ECS 2013 – Management questionnaire*

Most commerce and hospitality establishments are classified as 'business-as-usual' in terms of recruitment and employment. A large majority had not implemented any changes in recruitment policies (89%), nor had they faced problems in finding skilled employees (75%) or retaining them in the workforce (97%). There was practically no perceived need to reduce staff (95%).

Some 18% of commerce and hospitality firms are part of the 'shortage of matching skills' cluster, characterised by a very high proportion of establishments that had difficulty finding skilled employees (85%), and a comparably high proportion that introduced changes in their recruitment policies (34%). Nearly a third of establishments in this group had difficulties in retaining employees (30%).

A further 14% of establishments make up the cluster under pressure to reduce their workforce, perceived as an issue by managers in 86% of commerce and hospitality units in this group. In 74%, the workforce decreased between 2010 and 2013.

Training

Table 5 shows that the commerce and hospitality establishments are less likely to provide training than the EU as a whole. As for the type of training, commerce and hospitality establishments usually offer the option to a small number of their workforce rather than the majority of employees.

Two thirds of establishments in the sector offer paid time off for training to some of their employees, slightly less than the EU average of 71%. In 16% of commerce and hospitality firms, almost all employees have this option compared to 19% overall.

Table 5: Profiles of establishments – Training (%)

		Commerce and hospitality					EU28				
		Selective	Encompassing	No training	On-the-job training only	Overall	Selective	Encompassing	No training	On-the-job training only	Overall
Group size		**61**	**22**	**11**	**6**	**100**	**63**	**21**	**10**	**5**	**100**
Time off provided by the employer for training (proportion of workforce)	None at all	26	7	100	84	34	21	7	100	83	29
	Low (up to 19%)	28	16	0	15	22	30	14	0	15	23
	Medium (20–79%)	34	37	0	2	29	35	33	0	1	30
	High (80% or more)	11	40	0	0	16	14	45	0	0	19
On-the-job training provided by employer (proportion of workforce)	None at all	25	0	98	0	26	26	0	98	0	27
	Low (up to 19%)	27	0	2	0	17	29	0	2	0	19
	Medium (20–79%)	47	13	0	2	31	43	14	0	2	30
	High (80% or more)	2	87	0	98	26	2	86	0	98	24

Source: *ECS 2013 – Management questionnaire*

Table 6: Profiles of establishments – Working time flexibility (%)

		Commerce and hospitality				EU28			
		Encompassing	Limited	Selective	Overall	Encompassing	Limited	Selective	Overall
Group size		**18**	**46**	**36**	**100**	**20**	**45**	**35**	**100**
Flexibility in starting and finishing times	None at all	1	62	23	37	1	59	23	35
	Low (up to 19%)	0	7	19	10	0	8	23	12
	Medium (20–79%)	24	8	46	24	20	7	43	22
	High (80% or more)	75	23	11	29	78	26	12	31
Accumulation of overtime	Yes, possible for all employees	77	41	53	52	79	44	54	54
	Yes, possible for some employees	12	6	28	15	11	7	28	15
	No	11	52	20	33	10	50	18	31
Part-time work	None at all	28	39	24	32	31	43	25	34
	Low (up to 19%)	50	45	55	50	49	42	54	48
	Medium (20–79%)	20	13	19	17	19	13	19	16
	High (80% or more)	2	3	2	2	2	3	2	2

Source: *ECS 2013 – Management questionnaire*

The majority of commerce and hospitality firms (61%) have a selective approach, meaning that in most establishments, some employees have access to training.

Among commerce and hospitality firms, 22% make up the encompassing type, offering both types of training to the majority of employees, while 11% offer no training at all (which is slightly above average). Another 6% offer on-the-job training only.

Working time flexibility

Commerce and hospitality establishments match the EU average in terms of flexibility measures (Table 6). The possibility to take time off in compensation for overtime is possible for all employees in 52% of the units. Part-time work is used in 68% of establishments.

'Limited' working-time flexibility is offered to employees in 46% of commerce and hospitality establishments. This cluster is characterised by a high proportion of establishments that give no working time flexibility.

The selective flexibility type is made up of 36% of all commerce and hospitality establishments. Flexi-time is offered in 77% of these, but only a small proportion offer it to 80% or more of the workforce. Most firms of the 'selective type' have at least some part-time staff (76%).

Of the commerce and hospitality establishments that make up the encompassing group of work time flexibility (18% compared to 20% overall), most have a flexi-time scheme in place for more than 80% of staff. Likewise, the opportunity to accumulate overtime is open to all employees in most of these firms.

Variable pay

Payment by results is more likely to be prevalent in the commerce and hospitality sector (42%) than the EU28 average (34%), while approximately the same averages apply to both the sector and the EU for all the other variable pay forms addressed (Table 7).

The 'limited' cluster of variable pay is made up of 45% of commerce and hospitality establishments, in line with the EU28 average. Within this cluster there are practically no

Table 7: Profiles of establishments - Variable pay-schemes (%)

		Commerce and hospitality				EU28			
		Extensive	Limited	Moderate	Overall	Extensive	Limited	Moderate	Overall
Group size		**11**	**45**	**44**	**100**	**10**	**46**	**44**	**100**
Payment by results	Yes	84	11	63	42	75	8	52	34
	No	16	89	37	58	25	92	48	66
Individual performance-based payment following management appraisal (bonuses)	Yes	84	7	67	42	85	9	69	43
	No	16	93	33	54	15	91	31	57
Group-performance based pay	Yes	82	1	36	26	80	2	37	25
	No	18	99	64	74	20	98	63	75
Profit-sharing	Yes	96	7	36	29	96	8	37	30
	No	4	93	64	71	4	92	63	70
Share-ownership	Yes	25	1	4	5	27	1	5	5
	No	75	99	96	95	73	99	95	95

Source: *ECS 2013 – Management questionnaire*

Table 8: Profile of establishment – Direct employee involvement (%)

		Commerce and hospitality				EU28			
		Low effort and little change	Moderate and unsupported	Extensive and supported	Overall	Low effort and little change	Moderate and unsupported	Extensive and supported	Overall
Group size		**28**	**15**	**57**	**100**	**28**	**15**	**57**	**100**
Number of instruments deployed for employee involvement	None	9	3	1	3	9	3	1	3
	1–4	84	81	63	72	83	79	59	69
	5–7	7	16	36	25	7	17	40	28
Management attitude toward direct employee participation (%)	Not positive	28	53	7	19	32	57	8	22
	Positive	72	47	93	81	68	43	92	78
Level of direct involvement of employees in decision-making in most important change in past 3 years according to management	Not involved	3	6	2	3	4	7	2	3
	Informed only	9	44	15	17	9	43	14	17
	Consulted	0	26	12	10	0	25	12	11
	Involved in joint decision-making	2	23	43	28	2	24	43	29
	Not applicable (no major change happened)	86	1	29	41	85	1	28	40

Source: *ECS 2013 – Management questionnaire*

share-ownership or group performance-based pay schemes in place, and less than 10% of establishments in this group offer individual performance-based payments, or profit-sharing.

An extensive range of variable pay schemes is offered in 11% of establishments to employees; 96% offer profit-sharing and 84% pay some form of bonus or performance-based payments.

Commerce and hospitality establishments that use a moderate range of variable pay schemes account for 44%. Payments for individual results (bonuses) are paid in 67% of these establishments, while payment by results is present in 63% of them.

Employee participation and social dialogue

Direct employee participation

In 25% of commerce and hospitality establishments, a wide range of direct participation instruments are in use, which is slightly below the EU average of 28% (Table 8). In 17% of firms in the commerce and hospitality sector (EU 17%), employees were informed about major changes, but only in 12% were they actually consulted. Commerce and hospitality managers are slightly more likely to be positive about employees' involvement than the EU average (81% compared to 78% overall).

Less than a third of commerce and hospitality establishments (28%), in line with the EU average, belong to the 'low effort and little change' cluster. Establishments in this group most often had no opportunity to involve employees: in 86% of these establishments no major change had taken place.

The 'extensive and supported' type of direct employee participation covers 57% of commerce and hospitality establishments, the same percentage as the EU average. Within this group, in most establishments, employees were involved in joint decision-making (43%) or consulted (12%) when it came to major changes.

Another 15% of commerce and hospitality firms (and overall) form the 'moderate and unsupported' group in terms of employee participation, with 44% of employees just informed about major changes, 26% consulted and 23% actually involved in joint decision-making.

Workplace social dialogue

The ECS 2013 shows that an official structure of employee representation is present in 25% of establishments in the commerce and hospitality sector, which is below the EU average of 32%.

In 53% of commerce and hospitality establishments in which employee representation structures are present, they reported that they were involved in joint decision-making (Table 9). In 11% of commerce and hospitality establishments, employee representatives were not involved when it came to major changes and in 20%, as with the EU average (19%), employees were only informed.

The average scores of trust in either management or employee representatives were nearly the same in the commerce and hospitality sector and for the EU average. Industrial action took place in 16% of commerce and hospitality firms, lower than the overall level of incidence.

The extensive and trusting cluster is made up of 38% of all commerce and hospitality establishments. Employee representatives are comparatively well resourced and enjoy a very high level of provision of information. The

Table 9: Profile of establishments – Workplace social dialogue

		Commerce and hospitality					EU28				
		Extensive and trusting	Moderate and trusting	Extensive and conflictual	Limited and conflictual	Overall	Extensive and trusting	Moderate and trusting	Extensive and conflictual	Limited and conflictual	Overall
Group size (%)		**38**	**30**	**21**	**11**	**100**	**39**	**26**	**23**	**12**	**100**
Resources (score 0–100)	Average score	57	48	53	40	49	60	48	55	37	52
Available information (score 0–100)	Average score	89	74	73	30	69	87	74	70	30	69
Employee representation influence on decision making (score 0–100)	Average score	60	24	43	9	39	62	24	46	10	42
Employee representation involvement in decision making (in %)	Not involved	0	12	5	53	11	0	15	3	52	11
	Informed	1	38	20	38	20	1	37	18	38	19
	Consulted	11	23	19	5	16	8	24	25	6	16
	Involved in joint decision-making	87	26	56	5	53	91	24	54	3	54
Trust in management (score 0–100)	Average score	82	63	63	48	74	82	77	63	50	73
Trust in employee representation (0–100)	Average score	71	69	62	63	68	70	69	61	62	67
Industrial action since 2010 (%)	Occurred	3	8	39	36	16	7	9	42	34	19

Source: *ECS 2013 – Management and employee representative questionnaires*

management is highly trusted in this cluster and in 87% of establishments in this group employees are involved in joint decision-making.

The ‘moderate and trusting’ cluster is formed by 30% of commerce and hospitality establishments (compared to 26% overall). As compared to the extensive and trusting cluster, they are less well-resourced, get less information and are mostly only informed about important decisions (38%). Nevertheless, a relatively high level of mutual trust is reported in this cluster, coupled with a low incidence of industrial action.

The extensive and conflictual group comprises 21% of establishments in the commerce and hospitality sector. Employee representatives are substantially involved in decision-making in 56% of these establishments, and employee representatives feel they have some influence on decisions taken (43 points). Even so, employee representatives’ trust in management is well below average of the four types, as is management trust in employee representation. Industrial action took place in 39% of commerce and hospitality establishments in this group.

The limited and conflictual group is prevalent in 11% of commerce and hospitality establishments (overall 12%), characterised by lower mutual trust levels, a high incidence of industrial action (36%) and a high proportion of establishments that do not involve their employees in decision-making. This group also has by far the lowest ‘available information’ score of the four groups.

Further information

The report *Third European Company Survey: Overview report* is available at: http://bit.ly/3ECS2015/

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