

Establishment characteristics and work practices: Construction 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 and direct employee participation and social dialogue in the construction 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 as well as Iceland, the former Yugoslav Republic of Macedonia, Montenegro and Turkey.

The sector includes all activities related to construction. The third ECS contains responses from 2,014 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.

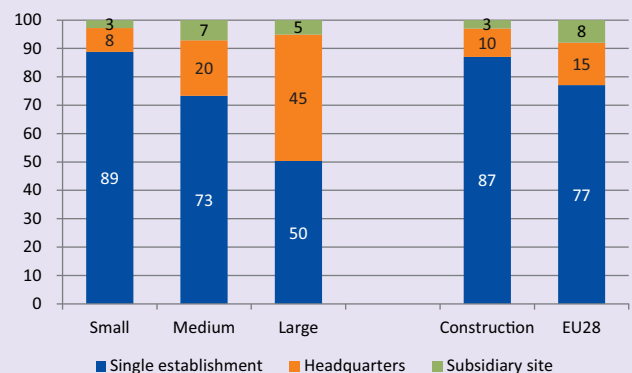
Structural characteristics

The majority of establishments (87%) in the construction sector are single establishments (single independent companies with no further branch offices, production units or sales units), which is considerably above the EU28

average of 77% (Figure 1). Headquarters account for 10% of the weighted sample (EU28 15%) and only 3% are subsidiary sites (EU28 8%). Unsurprisingly, there are considerable differences in size: the smaller the establishment, the more likely it is to be a single establishment (89% of small and 50% of large establishments), while only 8% of small establishments are headquarters as compared to 45% of large firms.

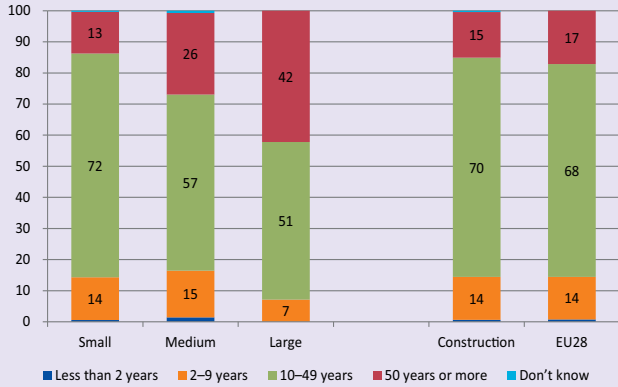
A slightly higher than average proportion of establishments in the construction sector (70%) has been in operation for between 10 and 49 years, compared to 68% in the EU28 (Figure 2). The larger the establishment, the more likely that it has been in operation for 50 years or more (42% of large and 13% of small establishments).

Figure 1: Establishment type by size (%)



Source: ECS 2013 – Management questionnaire

Figure 2: Years of operation by size (%)



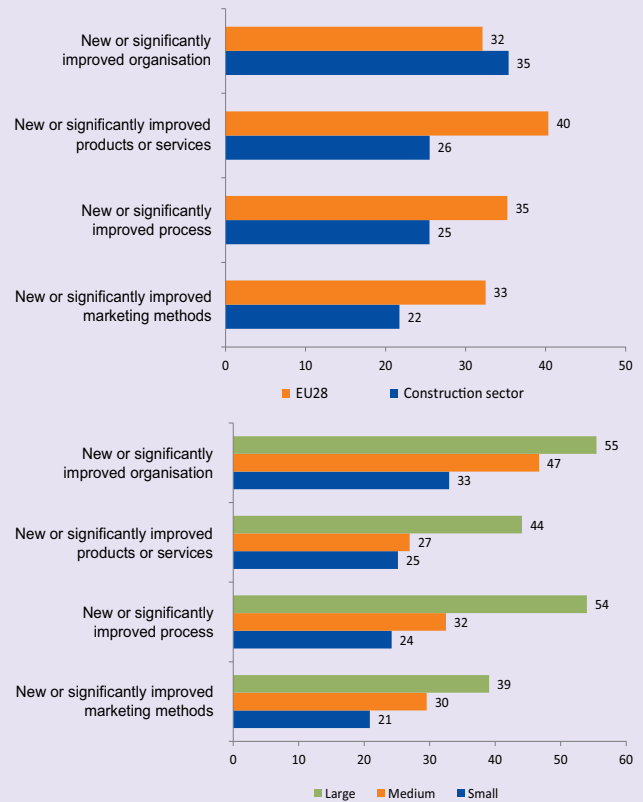
Source: ECS 2013 – Management questionnaire

Figure 3 shows that the construction sector strongly differs from the EU28 average in the proportion of employees with a university degree. In 78% of construction establishments, less than 20% of workers have a degree, compared to 58% in the EU28 overall. The difference in gender composition is even more pronounced. In 75% of construction establishments, less than 20% of the workforce is female, while this is the case in only 29% of the establishments in the EU as a whole. In 11% of the EU28 establishments, more than 80% of workers are women, but only in a negligible 1% of construction firms.

The construction sector is less innovative than the EU28 average, with new or significantly improved products or services reported in 26% of construction establishments (40% in the EU28 – Figure 4). Innovations in the

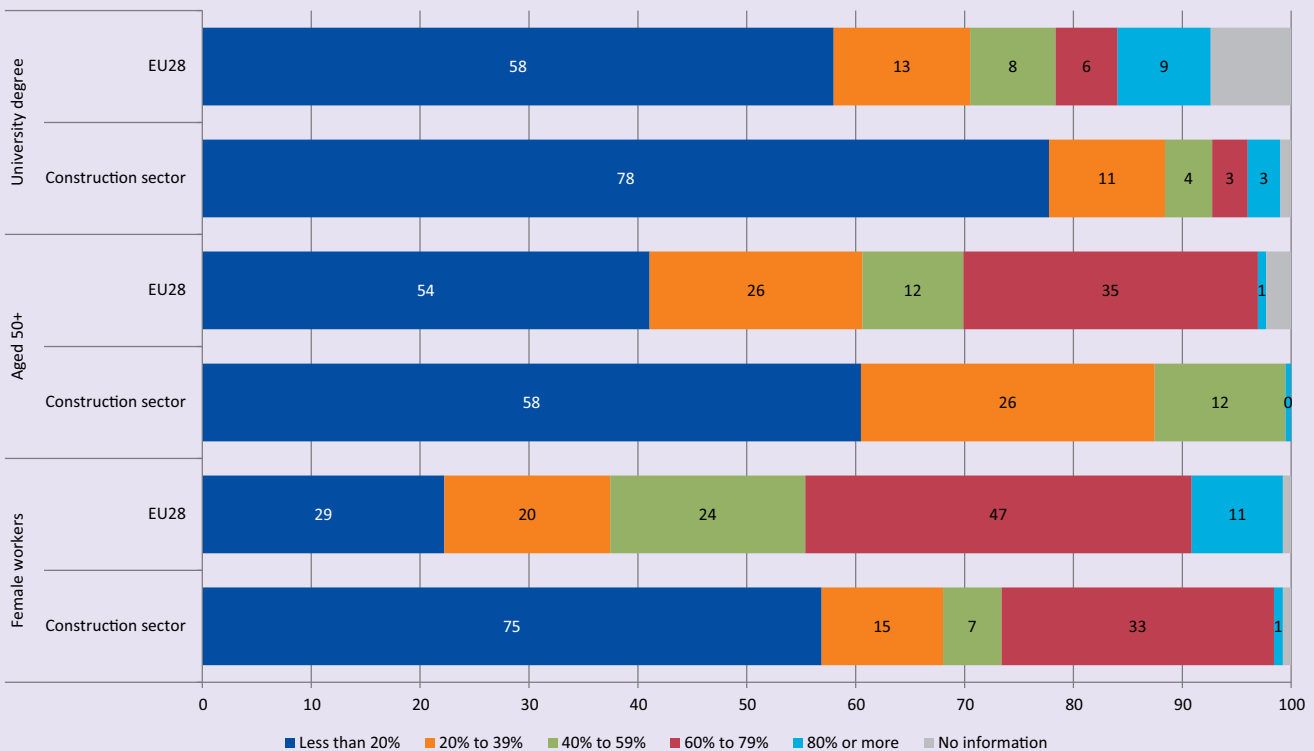
organisational setting were reported in 26% of the establishments, and 25% reported improved processes (EU28 32% and 35% respectively).

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 (%)

		Construction				EU28			
		Moderate	Extensive	Limited	Overall	Moderate	Extensive	Limited	Overall
Group size		38	39	23	100	37	36	27	100
Design or development of new products or services	In-house with collaboration	3	45	7	20	6	57	9	25
	In-house, no collaboration	4	5	48	15	5	7	61	21
	No design/development	93	50	45	65	88	36	30	54
Outsourcing design or development of new products or services	Yes	4	56	16	27	2	43	10	19
	No	96	44	84	73	98	57	90	81
Production of goods or services	In-house with collaboration	13	65	11	33	11	64	8	29
	In-house, no collaboration	16	9	76	27	15	7	78	30
	No production	71	26	13	40	74	28	13	41
Outsourcing production of goods or services	Yes	9	69	30	37	5	54	19	26
	No	81	31	70	63	95	46	81	74
Sales and marketing of goods or services	In-house with collaboration	11	54	5	26	25	68	10	36
	In-house, no collaboration	22	15	75	32	29	14	78	37
	No sales/marketing	67	31	20	42	46	18	12	27
Outsourcing sales and marketing of goods or services	Yes	5	38	10	19	6	38	8	18
	No	95	62	90	81	94	62	92	82

Source: ECS 2013 – Management questionnaire

There are large differences regarding innovative activities in terms of size: more than half of large establishments (55%) in the construction sector introduced changes in organisation (small establishments: 33%), 54% reported improved processes (24% of small establishments) and 44% introduced new or improved products or services (as did 25% of small establishments – see Figure 4).

Work organisation practices

Collaboration and outsourcing

Collaboration in design or development is less likely in the construction sector than in the overall economy (20% compared to 25% – see Table 1). In 65% of construction establishments, design and development is not carried out at all, compared to 54% of all establishments. The opposite is true for collaboration in the production of goods and services; 33% reported collaboration compared to the EU28 average of 29%. Sales and marketing is less likely in the construction sector (58%) than overall (73%). However, 26% of construction establishments collaborate compared the EU28 average of 36%.

Outsourcing of design or development of new products is more frequently observed in the construction sector than overall (27% compared to 19%). In terms of production, 37% of construction establishments outsource design or development, compared to the EU28 average of 26%.

Collaboration and outsourcing are classified as ‘extensive’ in 39% of establishments in the construction sector, which is in line with EU28 average.

The extensive collaboration and outsourcing type is characterised by high proportions of collaboration in all

areas, although this type is more frequently observed in the EU as a whole than in the construction sector. A majority of establishments in this group outsource both the production of goods and services (69%) and sales and marketing (38%).

In the moderate type, the majority of establishments are not involved in any form of design or development (93%), the production of goods and services (71%) or sales and marketing (67%).

Fewer construction firms are of the limited type (23%) than the EU28 average (27%). The limited type is characterised by having very little cooperation at all. Nearly a third of the construction establishments in this group (30%) outsource their production, compared to only 19% across the EU.

Internal organisation and information management

No differences are observed between the construction sector and the overall economy when it comes to the use of information systems or the monitoring of the quality of production, external ideas and developments (Table 2). The keeping of records of good practice, on the other hand, is reported by only 53% of construction establishments, compared to 62% of EU28 establishments. Work is more likely to be organised in teams in the construction sector than on average. In 42% of establishments, most employees work in a single team, compared to 32% in the EU28, and multiple teams are more frequent in the EU as a whole (41% compared to 36% in the construction sector). In 63% of establishments in the construction sector, departments are based on functions (EU28 72%). Departments that deal with different types of products and

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

		Construction			EU28		
		Highly structured	Moderately structured	Overall	Highly structured	Moderately structured	Overall
Group size		43	57	100	52	48	100
Use information systems to minimize supplies or work-in-process	Yes	63	17	42	61	26	44
	No	37	83	58	39	74	56
Monitoring quality of production	Yes, on a continuous basis	87	64	74	87	64	76
	Yes, on an intermittent basis	11	21	17	11	22	16
	No	2	16	10	2	14	8
Monitoring external ideas or developments	Yes, using staff assigned specifically to this task	44	14	27	43	14	29
	Yes, as part of the responsibilities of general staff	43	31	36	44	33	39
	No	13	55	37	13	52	32
Keeping records of good work practices	Yes	74	38	53	78	44	62
	No	26	62	47	22	56	38
Teamwork	No team	10	30	22	14	41	27
	Most of them work in more than one team	39	33	36	47	36	41
	Most of them work in a single team	50	37	42	39	24	32
Departments based on function	Yes	87	45	63	90	54	72
	No	13	55	37	10	46	28
Departments dealing with different types of products or services	Yes	63	16	36	70	21	46
	No	37	84	64	30	79	54
Departments dealing with specific geographical areas	Yes	22	3	11	32	6	19
	No	78	97	89	68	94	81

Source: ECS 2013 – Management questionnaire

services are found in 36% of construction firms (EU28 46%) and 11% have departments that deal with specific geographical areas (EU28 19%).

The highly structured cluster (in terms of internal organisation and information management) comprises 43% of establishments in the sector (EU28 52%). Most establishments in this group (87%) monitor the quality of production on a continual basis, keeps records of best practice (74%) and have departments that are based on function (87%).

The moderately structured type group is dominated by establishments that do not use any information systems for minimising supplies or work process (73%). A majority of establishments do not monitor external ideas or developments (55%), keep records of best practices (62%), or have departments dealing with different products/services (84%) or geographical areas (97%).

Decision-making on daily tasks

As compared to the EU28 average, the planning and execution of daily tasks in the construction sector is more frequently decided by managers or supervisors (70%)

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

		Construction			EU28		
		Joint	Top-down	Overall	Joint	Top-down	Overall
Group size		31	69	100	38	62	100
Task autonomy (who decides planning and execution of daily tasks)	The employee undertaking the tasks	9	0	3	16	1	6
	Managers or supervisors	47	80	70	30	69	54
	Both employees and managers or supervisors	44	20	27	54	30	39
Team autonomy (who decides by whom the tasks are to be performed)	Team members decide among themselves	42	4	16	44	5	20
	Tasks are distributed by a superior	36	75	63	30	68	53
	No team	22	21	21	26	28	27

Source: ECS 2013 – Management questionnaire

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

		Construction				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		63	18	18	100	67	19	14	100
Change in recruitment policies	Yes	11	33	24	17	11	32	26	17
	No	89	67	76	83	89	68	74	83
Difficulties in finding employees with the required skills	Yes	29	88	32	40	28	86	31	39
	No	71	12	68	60	72	14	69	61
Difficulties in retaining employees	Yes	2	30	17	10	3	30	16	10
	No	98	70	83	90	97	70	84	90
Need to reduce staff	Yes	6	18	83	23	5	13	78	17
	No	94	82	17	77	95	87	22	83
Changes in the number of employees	Increased	24	35	3	22	29	42	5	28
	Stayed about the same	56	48	18	48	54	43	20	47
	Decreased	20	17	78	30	16	16	75	24

Source: ECS 2013 – Management questionnaire

compared to 54% – see Table 3). In fewer establishments, both employees and managers decide together (27% compared to 39%). Teams are more likely to operate in the construction sector than in the EU overall. In 63% of establishments in the construction sector, tasks are distributed by a superior and are not decided among the team members themselves (EU28 53%).

A large majority of construction establishments have a top-down approach when it comes to decision-making on daily tasks (69%), which is more than the EU28 average (62%). In 80% of the establishments in the group, only managers/supervisors decide and plan work organisation. In addition, in almost all cases where teams are present, task allocation is decided by managers/supervisors (75%).

The remaining 31% of construction establishments have a joint approach to decision-making (EU28 38%). In terms of task autonomy, decisions are taken jointly in 44% of these establishments, and by employees only in an additional 9%. Autonomous teamwork is prevalent in 42% of construction establishments in this type.

HR practices

Recruitment, employment and change

There are only minor differences between the construction sector and the overall private economy in terms of recruitment of skilled employees. The need to reduce staff was perceived by managers in 23% of establishments in the construction sector, but only in 17% in the overall economy. In 30% of construction firms, the number of employees actually decreased between 2010 and 2013, compared to 24% in EU28 establishments.

‘Business-as-usual’ (in terms of recruitment and employment) is prevalent in 63% of establishments in the construction sector, less than the 67% of the EU average. The patterns for this type in the construction sector are almost identical to the EU28 average. The vast majority of establishments had not implemented any changes in recruitment policies in the three years preceding the survey (89%), and had not faced problems in finding skilled employees (71%), or in retaining them in the workforce (98%). There was practically no perceived need to reduce staff.

The ‘shortage of matching skills’ type covers 18% of construction establishments, in line with the EU average. The group is characterised by an extremely high proportion of establishments that had difficulties in finding skilled employees (88%), a comparably high proportion that introduced changes in their recruitment policies (33%), and had difficulties in retaining employees (30%).

Another 18% formed the ‘reduction in workforce’ type of establishments (EU28 14%), and 83% of this cluster felt the need to reduce staff.

Table 5: Profiles of establishments – Training (%)

		Construction					EU28				
		Selective	Encompassing	No training	On-the-job training only	Overall	Selective	Encompassing	No training	On-the-job training only	Overall
Group size		66	20	10	4	100	63	21	10	5	100
Time off provided by the employer for training (proportion of workforce)	None at all	16	6	100	81	25	21	7	100	83	29
	Low (up to 19%)	29	14	0	18	23	30	14	0	15	23
	Medium (20–79%)	37	25	0	1	30	35	33	0	1	30
	High (80% or more)	17	56	0	0	23	14	45	0	0	19
On-the-job training provided by employer (proportion of workforce)	None at all	31	0	99	0	30	26	0	98	0	27
	Low (up to 19%)	30	0	1	0	20	29	0	2	0	19
	Medium (20–79%)	38	15	0	2	28	43	14	0	2	30
	High (80% or more)	1	85	0	98	22	2	86	0	98	24

Source: ECS 2013 – Management questionnaire

Training

Table 5 shows that in the construction sector, 75% of establishments offer time off for training – at least to some of their employees (EU28 71%). In 23% of construction firms, almost all employees have this option compared to employees in 19% of the EU28 establishments overall. On-the-job training is offered in 70% of construction firms and in 67% in EU28 establishments.

The majority of construction firms (66%) have a selective approach to training (compared to 63% overall) with most employees having access to training.

The encompassing type is prevalent in 20% of establishments; both types of training are on offer to the majority of employees. In 10% of establishments, training is not offered at all and another 4% only offer on-the-job training.

Working time flexibility

Working time flexibility is less prevalent in the construction sector than in the overall economy (Table 6). Flexibility in starting and finishing time is not offered in 44% of establishments, compared to 35% across the EU. In 67% at least some employees could accumulate overtime as could employees in 69% of all EU establishments. Part-time schemes were reported by 66% of construction establishments in line with the EU average.

‘Limited’ working-time flexibility for employees is offered by 51% of construction establishments (EU28 45%). This type is characterised by a high proportion that do not give their employees flexibility in their working time (66%) and a relative majority of establishments where working time cannot be accumulated (48%).

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

		Construction				EU28			
		Encompassing	Limited	Selective	Overall	Encompassing	Limited	Selective	Overall
Group size		14	51	34	100	20	45	35	100
Flexibility in starting and finishing times	None at all	2	66	31	44	1	59	23	35
	Low (up to 19%)	0	7	26	13	0	8	23	12
	Medium (20–79%)	22	6	33	17	20	7	43	22
	High (80% or more)	76	22	10	26	78	26	12	31
Accumulation of overtime	Yes, possible for all employees	78	46	60	55	79	44	54	54
	Yes, possible for some employees	8	6	22	12	11	7	28	15
	No	15	48	18	33	10	50	18	31
Part-time work	None at all	33	43	22	34	31	43	25	34
	Low (up to 19%)	47	42	56	48	49	42	54	48
	Medium (20–79%)	17	12	20	16	19	13	19	16
	High (80% or more)	3	3	2	2	2	3	2	2

Source: ECS 2013 – Management questionnaire

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

		Construction				EU28			
		Extensive	Limited	Moderate	Overall	Extensive	Limited	Moderate	Overall
Group size		9	48	43	100	10	46	44	100
Payment by results	Yes	73	5	48	30	75	8	52	34
	No	27	95	52	70	25	92	48	66
Individual performance-based payment following management appraisal (bonuses)	Yes	88	9	71	43	85	9	69	43
	No	12	91	29	57	15	91	31	57
Group performance-based pay	Yes	81	2	39	25	80	2	37	25
	No	19	98	61	75	20	98	63	75
Profit-sharing	Yes	96	8	35	27	96	8	37	30
	No	4	92	65	73	4	92	63	70
Share-ownership	Yes	29	1	3	4	27	1	5	5
	No	71	99	97	96	73	99	95	95

Source: ECS 2013 – Management questionnaire

The selective flexibility type comprises 34% of construction establishments, the same as the EU average. Flexi-time is offered in 69% of these units, but only a small proportion (10%) offers it to a high proportion of the workforce. Most construction establishments in this cluster have at least some part-time staff (78%), but the proportion of establishments in which the proportion of part-time workers is a maximum of one in five is comparatively large (56%).

The remaining 14% of the construction establishments constitute the encompassing group (compared to 20% overall), with 76% having a flexi-time scheme in place for the majority of its employees. Likewise, in 78% of establishments in this group, the opportunity to accumulate overtime is open to all employees.

Variable pay

Differences between the sector and the EU overall average are marginal as regards variable pay schemes (Table 7). Payment by results is more frequently reported on average for the EU28 (34%) than in the construction sector (30%), as is profit-sharing (30% compared to 27%).

The ‘limited’ type of variable pay is formed by 48% of construction establishments (EU28 46%). Within this cluster there are practically no share-ownership or group performance-based pay schemes in place.

A small proportion of construction firms (9%) offer an extensive range of variable pay schemes to their employees and this is mirrored by the EU average (10%); in this type, 96% of construction firms offer profit-sharing and 88% pay some kind of bonus.

A moderate range of variable pay schemes is in place in 43% of sector establishments (compared to 44% in the EU28). Payments for individual performance (bonuses) are paid in 71% of these establishments, while payment by results is present in 48% of them. Another 39% have group performance-based pay in place and 35% have a profit-sharing scheme.

Employee participation and social dialogue

Direct employee participation

Employee representatives were involved in joint decision-making in 29% of establishments, both in the sector and in the EU28 as a whole (Table 8). Employees were at least informed about major changes in 15% of firms in the construction sector and in 17% in the EU. A positive attitude of managers towards employee involvement was reported by 74% of establishments in the construction sector. This is a bit less than the EU average of 78%.

A third of the sector’s establishments belong to the ‘low effort and little change’ group, as do 28% in the EU28. Establishments in this group most often did not involve employees in decision-making; in 86% no major change had taken place.

Just over half of construction establishments (52%) belong to the ‘extensive and supported’ type of direct employee participation (compared to 57% of EU28 firms). Joint decision-making on major changes in an establishment was reported by 48% in this group.

In line with the EU average, 16% of construction establishments are in the ‘moderate and supported’ group in terms of employee participation, in 41% of which employees were just informed about major changes, 29% were consulted and 23% involved in joint decision-making.

Workplace social dialogue

The ECS 2013 shows that an official structure of employee representation is present in 29% of establishments in the construction sector, a little lower than in the EU28.

Marginal differences were observed between the sector and the EU28 as a whole in terms of resources for employee representatives, available information and influence on decision-making (slightly higher in the construction sector – see Table 9).

Table 8: Profile of establishment types – direct employee participation (%)

		Construction				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		32	16	52	100	28	15	57	100
Number of instruments deployed for employee involvement	None	9	5	1	4	9	3	1	3
	1–4	88	84	72	79	83	79	59	69
	5–7	3	11	27	17	7	17	40	28
Management attitude toward direct employee participation (%)	Positive attitude	64	41	91	74	68	43	92	78
Level of direct involvement of employees in decision-making in most important change in past 3 years according to manage	Not involved	4	7	2	3	4	7	2	3
	Informed only	8	40	12	15	9	43	14	17
	Consulted	0	29	13	11	0	25	12	11
	Involved in joint decision-making	2	23	48	29	2	24	43	29
	Not applicable (no major change happened)	86	1	26	41	85	1	28	40

Source: ECS 2013 – Management questionnaire

In establishments that had employee representation structures in place, 60% of employee representatives were reported to be involved in joint decision-making (EU28 54%). For major changes, 12% of representatives in these establishments were not involved at all (EU28 11%). Employees were only informed in 14% of construction establishments, compared to the EU average of 19%.

The average scores of trust in either management or employee representatives were the same in the sector as the EU average. Industrial action took place in 18% of construction firms, again in line with the EU average.

The ‘extensive and trusting’ cluster is comprised of 41% of all construction establishments (EU28 39%). Employee representatives are comparatively well resourced and enjoy a very high level of provision of information. The management is highly trusted in this cluster, and in 93% employees are involved in joint decision-making.

As compared to the extensive and trusting cluster, the perception of the employee representatives of establishments in the ‘moderate and trusting’ cluster (22% of establishments in the sector, compared to the EU28 average of 26%) is that they are less-well resourced, receive

less information, and are much less involved in joint decision-making (27%). 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 24% of establishments in the construction sector (EU28 23%). Employee representatives are substantially involved in decision-making (63% – above sector average) and they feel they have some influence on decisions taken in the establishment (47 points). However, the employee representatives’ trust in management is well below average, as is management’s trust in employee representation. Industrial action took place in 39% of these establishments.

In line with the EU average, 12% of establishments in the construction sector are part of the limited and conflictual group. These establishments are characterised by low mutual trust levels, a high incidence of industrial action (44%) and a high proportion of establishments that do not involve their employees in decision-making at all (68%). This group also has the lowest ‘available information’ score.

Table 9: Profiles of establishments – Workplace social dialogue

		Construction					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 (%)		41	22	24	12	100	39	26	23	12	100
Resources (score 0–100)	Average score	57	48	48	44	49	60	48	55	37	52
Available information (score 0–100)	Average score	89	75	67	20	69	87	74	70	30	69
Employee representation influence on decision making (score 0–100)	Average score	64	22	47	7	44	62	24	46	10	42
Trust in management (score 0–100)	Average score	79	63	63	50	73	82	77	63	50	73
Trust in employee representation (0–100)	Average score	69	68	61	59	68	70	69	61	62	67
Employee representation involvement in decision making (in %)	Not involved	0	10	4	68	12	0	15	3	52	11
	Informed	0	31	18	24	14	1	37	18	38	19
	Consulted	6	31	15	5	14	8	24	25	6	16
	Involved in joint decision-making	93	27	63	3	60	91	24	54	3	54
Industrial action since 2010 (%)	Occurred	4	6	39	44	18	7	9	42	34	19

Source: ECS 2013 – Management and employee representative questionnaires

Further information

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

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