

# Representativeness of the European social partner organisations: Construction sector

## Executive summary

### Introduction

This study aims to provide the necessary information to encourage sectoral social dialogue in the construction sector in the EU27 – covering all EU Member States except for Croatia (not a Member State when the study was initiated). The aim of Eurofound's series of representativeness studies, carried out at the request of the European Commission, is to identify the representative social partner organisations to be consulted under the provisions of the Treaty on the Functioning of the European Union (TFEU). The study thus identifies the relevant national social partner organisations in the construction sector by means of both a top-down approach (listing the members of the relevant European associations) and a bottom-up approach through Eurofound's Network of European Correspondents.

A national association is considered to be a relevant sector-related interest organisation of labour or business if it meets the following criteria: a) the association's domain relates to the sector; b) the association is either regularly involved in sector-related collective bargaining (at whatever level) and/or affiliated to a relevant sector-related European association.

A European association is considered to be a relevant sector-related interest association if it is on the Commission's list of interest organisations to be consulted on behalf of the sector under Article 154 of the TFEU and/or participates in sector-related European social dialogue and/or has requested consultation under Article 154.

### Defining the sector

For the purpose of this study, the construction sector is defined in terms of the Statistical Classification of Economic Activities in the European Community (NACE), to ensure the cross-national comparability of the findings. More specifically, the construction sector is delineated by

NACE (Rev.2) codes 41, 42 and 43. This includes the following activities: 41 – Construction of buildings; 42 – Civil engineering; 43 – Specialised construction activities.

### Economic background

The construction sector, being a very labour-intensive industry, is the largest sector in terms of employment in the EU, employing about 7% of the total workforce. According to the Eurostat Labour Force Survey (LFS), the sector employed nearly 15 million people in the third quarter of 2014. However, due to the relatively widespread practice of undeclared work in the sector in several Member States according to Eurofound research, it is probably the case that not all European construction employment is recorded in the Eurostat data.

As a strongly integrated sector, its performance directly impacts on the development of the overall economy. The economic recession of 2007–2008 hit the sector very hard, due to the halt in access to credit – affecting both construction companies and individuals – on the one hand, and to the sharp drop in demand – particularly in the private residential and public infrastructure markets – on the other.

Apart from crisis-induced developments, the European construction sector faces a number of structural problems, the most pressing of which would seem to be a shortfall of skilled workers, unattractive working conditions and the high incidence of undeclared or 'non-standard' work.

In terms of recent employment developments, employment for the 15–64 age group declined steadily during the period 2008–2014: from more than 18.6 million in the third quarter of 2008 to less than 15 million in the third quarter of 2014. An analysis of the year-on-year sectoral employment changes for each individual Member State shows that while the impact

of the recession on the construction sector was particularly acute at the beginning of the crisis, it has diminished steadily in subsequent years.

## National level of interest representation

### Trade unions

The numbers of active trade union members varies widely across Europe, ranging from over 2.2 million in the UK (for GMB, UCATT and UNITE) to just 1,500 LSPS members in Lithuania. In total, 81 sector-related trade unions were identified, all of which are involved in sector-related collective bargaining. All 27 Member States have at least one sector-related trade union, with a pluralist associational system prevailing in 21 of the 27 countries under examination. Most of these unions organise certain occupational groups and thus record relatively narrow membership domains. They often just cover part of the construction sector in terms of occupations and/or activities while also representing members outside the sector. This 'sectional overlap' of the domain relative to the sector occurs in 53% of cases. Union densities in the sector tend to be relatively low, due mainly to the high labour turnover and the large incidence of non-standard and migrant work.

### Employer organisations

The study identified 103 sector-related employer organisations, thus exceeding the number of sector-related trade unions. Each Member State has at least one of these organisations, with more than one sector-related employer organisation identified in 18 out of the 27 countries in the study. Some countries, such as Austria, Italy and the UK, record 10 or more employer organisations. Such high fragmentation of the associational landscape reflects the very narrow membership domains of many of them: 49% of cases show membership domains which are sectional relative to the construction sector, which means that the domain covers part of the sector but no activities outside. High specialisation in terms of their constituency enables many employer organisations to perform a very focused interest representation on behalf of their members. Nevertheless, the scant information on density rates that exists suggests that the overall density of employer organisations would not be high in the sector. At least eight of the 103 sector-related employer organisations are not involved in sector-related collective bargaining: this means that they act mainly or exclusively as trade associations rather than employer organisations.

## European level of interest representation

The construction sector organisations listed by the European Commission as a social partner organisation consulted under Article 154 of the TFEU are the European Federation of Building and Woodworkers (EFBWW), representing employees, and the European Construction Industry Federation (FIEC), representing employers. The European Builders Confederation (EBC) is not recognised as a European social partner by the Commission but it has requested recognition.

EFBWW, whose membership domain embraces the entire construction plus the wood industry, records 50 direct affiliates (62% of the unions identified in the study) in 24 Member States. All of them are engaged in sector-related collective bargaining. In terms of its capacity to negotiate on behalf of its members, EFBWW is equipped with an implicit mandate according to its statutes.

On the employer side, FIEC, whose membership domain is largely congruent relative to the construction sector, counts 29 direct and three indirect associational members (together representing 31% of the employer organisations identified in the sector) in 25 Member States, 25 of which are involved in sector-related collective bargaining. In contrast, EBC, representing only the crafts and SMEs in construction, via its 15 direct associational members (15% of all sector-related employer organisations) covers 13 Member States. 11 affiliates are engaged in sector-related collective bargaining. Both FIEC and EBC are provided with implicit rather than explicit negotiation mandates by and on behalf of their respective members.

## Conclusions

Top-down and bottom-up analyses of the construction sector in the EU27 indicates that EFBWW and FIEC should be regarded as the most important EU-wide representatives of employees and employers in the construction sector. EBC, within its clearly demarcated membership domain focusing on construction crafts and SMEs, brings a specific sectional supplement of representativeness in the sector to the employer side.

### Further information

The report *Representativeness of the European social partner organisations: Construction sector* is available at <http://www.eurofound.europa.eu/observatories/european-observatory-of-working-life-eurwork/representativeness-studies>

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