

STRUCTURE OF THE CONSTRUCTION INDUSTRY

HOW CONSTRUCTION IS DIFFERENT

The organization of labour in the construction industry is fundamentally different from most worksites. Building a large project may take months or years. During this time, groups of tradespeople come and go from the job site as their skills are needed. This differs from most industrial sites where a constant group of employees works together over a longer period of time.

For example, an owner will hire a general contractor (via a tendering process) to construct a building. The general contractor may have his/her own employees or may subcontract some of the work to other trade contractors to complete portions of the work (e.g., wiring, plumbing, site preparation, etc.). The subcontractor(s) may then hire additional workers and send them to the job site along with their permanent staff to complete their portion of the work.

This manner of organizing labour is necessary because construction work is erratic and keeping large numbers of employees on the payroll is uneconomical.

LABOUR RELATIONS IN CONSTRUCTION

The transient nature of construction work means employees move between companies as work is available. This would normally mean companies are always hiring and laying off workers and employees are constantly looking for work. Union hiring halls provide an alternative. Union members may go to a hiring hall and place their name on a list of members looking for work. Unionized employers call the hall and request workers. Those workers who have been unemployed for the longest are dispatched. The hiring hall also receives money from employers to cover members' pensions and benefits and is involved in the apprenticeship system.

The use of hiring halls stabilizes wage rates. That is, unionized employers pay a single rate for a particular trade. This makes labour costs a non-competitive element of any bid by a contractor. This reduces the incentive for employers to violate the collective agreement or the [*Employment Standards Code*](#).

Contractors also find hiring halls to be advantageous. Normally, a contractor need simply request a particular number of workers from the hiring hall. This reduces the cost to contractors because they do not have to advertise for and screen applicants to determine if they have the required skills. Further, the company is not responsible for maintaining its own benefit and pension plans—a particularly difficult job with a transient workforce.

Some employers (particularly those in commercial and institutional construction) operate non-union because they believe the lower, non-union labour costs make them more competitive. Many of these companies belong to the Merit Contractors Association that tries to offer its members some of the benefits of operating in the unionized regime such as employee training and multi-employer benefit plans.