

‘Mota-Engil’ Case Study

on Worker Mobility*



* [Component of a research study on Innovative Actions to provide good company practice on worker mobility for SMEs and PES]

The MOTA-ENGIL Group

MOTA-ENGIL SGPS is the holding company of a Portuguese diversified contractor and infrastructure development Group active in the following business areas: engineering and construction; transport infrastructure concessions; environmental and allied services; industry and energy.

The company was founded in 1946 as a limited liability partnership, “Mota & Companhia, Lda” by Manuel António da Mota, in the city of Amarante, located some 70 km from Porto, the second largest Portuguese city and the capital of the northern region of the country. In 2000, Mota & Company launched a successful takeover bid for Engil (other major Portuguese contractor incorporated in 1952) thus creating the MOTA-ENGIL Group. The holding company is currently registered at Porto, where the headquarters of the Group are located and its shares are traded on the Lisbon stock exchange (part of the NYSE Euronext group). The engineering and construction arm of the Group (MOTA-ENGIL, Engenharia e Construção, S.A.) still has its headquarters in Amarante.

The consolidated turnover of the Group amounts to Euro 1.3 bn, of which 75% comes from the engineering and construction business, 17% from the industry & energy business and 8% from the other business areas (fiscal year 2006). The major world regions where MOTA-ENGIL operates are the Iberian Peninsula (about 65% of turnover), Central Europe (20%) and Africa & The Americas (15%). Though affected by the slowdown of the domestic market in the last years, the MOTA-ENGIL Group has experienced a long term trend of sustained growth, supported by a diversification strategy, both as regards business fields and geographical areas.

The company has subsidiaries or delegations in the following regions: Europe (Czech Republic, Hungary, Ireland, Poland, Romania, Slovakia, and Spain), Africa (Algeria, Angola, Malawi, Cape Verde, Chad, Mozambique, and S. Tome & Principe) and the Americas (Peru and the USA).

MOTA-ENGIL employs about 14.4 thousand people, of which about 50% in Portugal, 30% in foreign subsidiaries and 20% in own branch offices abroad.

The turnover of the construction business of the Group ranks MOTA-ENGIL in the range of the 100/110th world position among the largest international contractors. Though being the leading Portuguese construction Group, MOTA-ENGIL turnover is only slightly over 1/20th of the average turnover of the 4 largest European contractors (Vinci, Bouygues, Hochtief and ACS).

Worker mobility at MOTA-ENGIL

About 7% of the workforce of the construction company of MOTA-ENGIL Group are foreign workers, mainly from Brazil, a few Portuguese speaking countries in Africa and some Eastern European countries. At the time these workers are recruited they are already residing in Portugal, as immigrants holding regular work permits. So, they are hired and treated for all work related purposes the same way the Portuguese nationals are. They provide the group with a larger recruitment basis and are more apt to fill unskilled job positions, frequently refused by Portuguese nationals. Usually men (more than 90%), they tend to apply for a job at the Group offices or at its construction locations. MOTA-ENGIL does not have any particular difficulty or peculiarity as regards this type of recruitment, which is expected to keep its growing trend in the next years.

A rather numerous group of MOTA-ENGIL employees are assigned to foreign positions at both foreign subsidiaries and foreign branch offices. This is particularly the case of MOTA-ENGIL, Engenharia e Construção, S.A. (the construction firm of the Group), which has about 10 percent of its workforce residing abroad, on average for 2 to 5 years, to carry out job functions as directors, first and second line managers, engineers and other technical professions. In

subsidiaries and branches located in African countries the breadth of functions filled by Portuguese expatriates tends to be wider, including also less skilled jobs such as specialist workers of the construction trade (e.g.: masons and carpenters).

These foreign assignments, mostly filled by men (about 90% of total expatriate jobs), do not require a definitive change of residence. These posts are located in Europe (particularly in Poland, Romania, and Ireland) and Africa (most of them in the Portuguese speaking countries of Angola and Mozambique).

This foreign assignment practice is an important component of the internationalisation policy of the Group, as it is a critical condition to enable the establishment of new, or the development of existing foreign operations.

MOTA-ENGIL foreign assignments have been growing in the recent past, a trend that is expected to be kept in the future, as the internationalisation of the Group intensifies.

Worker mobility management and policies

Worker mobility issues are dealt with at MOTA-ENGIL by the Human Resources Department which operates at corporate level.

Due to its strategic relevance to the internationalisation policy, the MOTA-ENGIL Group has since long (more than 2 decades or so) instated policies concerning worker mobility.

Such policies cover special compensation and fringe benefits packages, which are differentiated according to the markets they apply. These policies were designed to be simultaneously competitive with similar practices used by other Portuguese employers that are competing in the same labour markets, and easy to implement and control. The packages tend to be defined exclusively in terms of compensation (basic salaries and additional financial benefits), avoiding entering into more cumbersome components such as the absorption of relocation, housing, and school costs. Naturally that expenses such as for travel between home and the location of the assignment are covered by these packages.

The main issue these policies are tackling is the reluctance of qualified staff members to accept long-term work positions abroad. In the vast majority of the cases this reluctance is due to family circumstances (conflict with spouse's career, uncertainties concerning children education, need to take care of an elderly in the family, etc.). The degree of reluctance also depends on the specific job location (people are more apt to accept a position in some European country with good amenities and frequent flight connections, than in a remote African country) and on the content of the job and the progress opportunities it offers to the personal career of the employee.

Thus, based on the experience of the Group, the policies defined by MOTA-ENGIL are fine-tuned in terms of an array of specific circumstances (location, duration, content of job, impact on careers, etc.) so the package becomes sufficiently attractive to fulfil its purposes.

These policies were developed by MOTA-ENGIL without any direct participation of trade unions or work councils (which, in this industry in Portugal, do not show any interest in these issues), but obviously taking into consideration the stand point of the members of the staff they are aiming at. The HR department, when developing/adjusting these policies or making recommendations about them to the senior management, is closely monitoring the reactions and opinions of the expatriate staff members, as regards the foreign assignment packages in place.

The foreign assignment policies are periodically evaluated and reviewed in the context of other HR management policies, such as the compensation packages for managers and highly skilled professionals or the career tracks of the managerial and technical staff of the Group. Due to the large number of expatriate workers, the company performs periodic satisfaction surveys and ad-hoc progress evaluations in the main locations where Portuguese expatriates are working.

In some situations, and usually including a larger array of HR issues, MOTA-ENGIL resorts to outside help, typically to private consultancies specialised in HR areas.

When selecting people to foreign assignments, MOTA-ENGIL gives absolute priority to members of its own staff with a minimum period of work experience within the Group so as to ensure they have assimilated the fundamental practices of the Group and other main traits of its corporate culture. Only in very special circumstances when there is no staff member available with the required particular qualifications and experience, the Group recruits in the open labour market.

Obviously that this “in-house” policy has implications when MOTA-ENGIL is recruiting young employees, particularly newly graduates from universities, where the mobility issue ranks very high in the admission criteria.

For this purpose, MOTA-ENGIL considers not only the revealed inclinations of the candidates to take up positions abroad but also some predictors of that predisposition, such as having been involved in the Erasmus or Leonardo programmes, or having been engaged in the InovaContact (a national traineeship programme for newly graduated entailing working abroad for 9 months). In the recruitment process the Group is also communicating emphatically to the newly employed that carrying out foreign assignments will be quite instrumental for their career progress and that they should be ready to accept such jobs.

Currently mobility policies are under review at MOTA-ENGIL aiming at enhancing some of its properties, not so much in what concerns their basic contents, which are deemed to be appropriate and competitive, but as regards the way they are formalised and articulated with other HR policies. In this revision, particular emphasis will be put on tying up expatriate medium/long-term jobs to a faster career track in the Group.

The MOTA-ENGIL HR Corporate Department feels that the success of these mobility policies is mainly due to (1) the fine-tuned calibration of each mobility package to situational variables (specific location, specific job, etc.) as well as (2) by the increased number of staff members ready to accept foreign positions, obtained by pursuing a recruitment policy that explicitly includes that readiness in the selection criteria and clearly communicates to new entrants that such readiness will have a substantial impact in their careers.

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