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EMPLOYING FOREIGN WORKERS IN SWEDEN CONSTRUCTION SECTOR

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The enlargement of the European Union provides opportunities for members to be mobile in seeking various forms of permanent and non-permanent employment, particularly temporary work and contract labour. These changing conditions require quick reactions, overcoming soft issues such as language barriers and coping with culture clashes and political issues that could create problems for the worker. While the influx of foreign workers may bring much needed skills and meet the labour demands of the sector, the existence of an irregular workforce can have an impact on labour market conditions, local economy and health and safety measures. Currently, the use of foreign workers and contractors on construction sites has been identified as one of the major issues confronting clients, employers and unions. This paper will present the benefits and disadvantages of employing foreign workers and contractors in the Swedish construction sector and why the need to examine their working environment.

The changing scene

After a slump lasting almost throughout the 1990s, the Swedish construction sector has grown by double-digit rates since 2004 (Sweden, 2006). Over half of all construction firms now point to a lack of qualified labour as the main barrier to expansion. Such pronounced labour shortages have not been seen since the late 1980s (Sweden, 2006). This setback will correspondingly lead to higher construction costs for delivering projects as well as leading to a shortage of resources. Consequently, the wind of change is turning towards foreign contractors and foreign workers to fill this gap (Lawén, 2005).

Manpower supply bottlenecks can be overcome by tapping the labour pool of other countries. The enlargement of the European Union (EU), which means free movement of workers inside the EU, aims to solve this critical situation (Sandberg et. al., 2004). The movement results in a flood of cheap labour from the east to the west. It is estimated there are around 3,000 foreign workers in the construction sector with concentrations of carpenters, joiners and concreters (Holmberg, 2004). While some workers in Western Europe are concerned about cheap labour coming from the east, with the right to employment, others see it as a positive development process within the sector (Boeri and Brücker, 2006). The once Swedish-dominated working environment is now being complemented with workers from different cultural background and with different competencies.

This paper examines the threats and opportunities of employing foreign contractors and

workers and discusses the options for handling this sensitive matter. A research project is proposed for which objectives and methods of enquiry are outlined. For the purpose of this paper and the research, foreign workers are categorised as those who work in another country without the initial intention of settling there and without the benefits of citizenship in that (host) country. The Swedish Immigration Board awards work permits to the following: workers who are highly specialised, where skills are not available through the domestic workforce; workers who are recruited to supplement the workforce for a limited term or to provide skills on a contractual basis; and workers who are recruited directly by an employer, who may need to certify that it cannot find domestic workers.

Opportunities and threats

The presence of foreign workers results in both opportunities and threats to the construction sector which are discussed below in the context of findings from other studies:

Opportunities

- Flexible adjustment – The presence of young foreign workers can contribute towards filling the pensions' shortfall. Simultaneously, this will give time for the younger Swedish generations to acquire the right competencies and knowledge (Tilly, 2005). These numbers can be controlled by adjusting the quota of incoming foreigners.
- Enriching knowledge – Sweden's construction sector is one of the best in the EU in regard to health and safety and working conditions. By engaging in a Swedish construction environment, foreign workers not only fulfil their own dreams but also acquire and learn from best practice (Tilly, 2005). They may take this new knowledge and experience to their homeland and put it into practice.
- Lower cost of labour – Usually, foreign labour is not bound by the host country tax system if temporarily employed and working for less than a year. These workers contribute to their homeland or their security contributions are borne by the foreign company (Werner, 1996). Werner states that the host country usually pays a wage that is roughly equivalent to the regular wage in the location in order to avoid the displacement of domestic labour.

Threats

- Increase in hiring cost – When hiring new workers, employers must conduct induction cost or training. Most companies will try to keep this cost as low as possible especially if the workers are to be engaged for a short time (Werner, 1996). This cost can only be kept low if the foreign workers are specialised in given tasks.
- Labour market compatibility – Werner argues that even though the wage difference between the host country and the country of origin is considerable, there is a tendency for employers to pay foreign workers wages lower than the local wages. This situation is readily accepted by most foreign workers without protest as long as the wages are higher than back home. It is claimed that a worker from Slovakia earns 11.5% of a Swedish worker; a worker from Poland earns 18% and a worker from Lithuania earns just 8.4% (Lawén, 2005). The drawback is that this could result in wage dumping and unfair competition between companies that employ such labour and those that do not (Werner, 1996).
- Working conditions – Abuse of foreign workers can lead to safety and health risks and it

is an impediment to the sustained development of the national construction sector, particularly since the workers affected are not often afforded the protection of social security systems, such as sickness and sick-leave benefits (Agapiou, 2005). These workers may not possess the right qualifications, lack formal training, are without proper protection and suffer from poor induction programmes. A consequence of the lack of safety awareness is, in particular, a worrying matter, which together with different working standards and high mobility in the labour market, further raises the risk of injury and death (Döös et al, 1994).

- Safety risks – In many countries there is a higher accident frequency for foreign labours than for national labourers (Agapiou, 2005). Such studies have proven that occupational accidents among foreign workers can be as high as 5.7 per 100 000 workers compared to 4.3 per 100 000 workers for locals (Loh & Richardson, 2004). The fact that these groups are sometimes called cheap labour is also the reason for these workers being preferred for work in hazardous conditions. These groups also tend to take jobs that are temporary, require less skill and are largely unattractive to local labour, at the same time being paid lower than local workers (Rowlands, 2005). A study performed by Byggnadsarbetaren on foreign workers (Christensen and Fransson, 2007) demonstrated that the most common type of offence on construction sites is lack of protection when working at height.

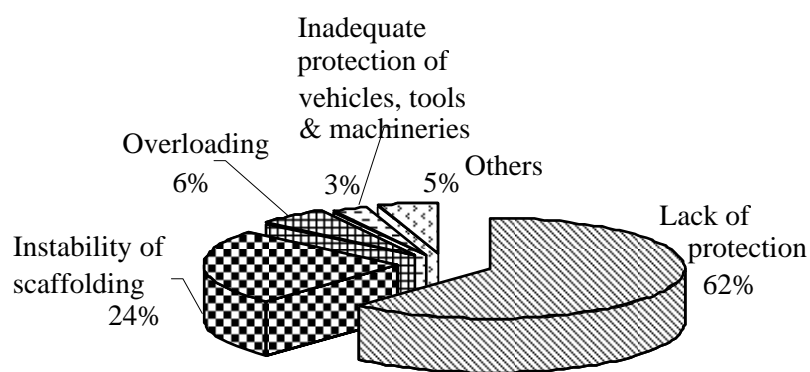


Figure 1. Common offences of health and safety committed by foreign workers on construction sites (Christensen and Fransson, 2007)

- Language barriers - Language diversity is also a barrier to communication on site which often results in unsafe behaviour. A study performed by Trajkovski and Loosemore (2006) claimed that nearly half of the respondents admitted to having misunderstood work-based instructions as a result of their poor command of the native language, while two-thirds acknowledge that they had made a mistake at some point as a result of this handicap. In Sweden, this barrier is even greater as most foreign contractors and workers face difficulty in understanding both the Swedish and the English language. Most face difficulty especially in interpreting the rules and regulations when undertaking a project in Sweden, where most information and instructions are in Swedish (Christensen, 2007). From the survey

reported by Christensen and Fransson (2007), only 21% of 3,600 sites surveyed had translated the working environment plan into the language of the foreign workers.

- Job and skill mismatches – There is evidence of mismatch-unemployment for welders, technicians, electricians, occupations in the food industry and construction, carpenters and painters (Doudeijns 2005). Very often the high skill migrants occupy positions below their educational level. Additionally, a study performed by Dainty et. al. (2005) demonstrated that construction companies are facing problems of poor quality of skills especially among new entrants. Acute shortages of skills were apparent across the key trades including bricklaying, carpentry and joinery, electrical installation, plumbing, pipe fitting and roofing.
- Cultural differences – Different countries have a different working culture which can influence the way of working as shown in Table 1.

Table 1 – Working cultural differences between Polish and Swedish construction workers (Gustafsson and Hansson 2005)

<p>Polish working culture</p> <ul style="list-style-type: none"> ○ Focus on result ○ High man-hours ○ Fear of making mistakes ○ No working order ○ Low safety priority ○ High responsibility 	<p>Swedish working culture</p> <ul style="list-style-type: none"> ○ Focus on working time ○ Low man-hours ○ High priority for quality ○ Proper working order ○ High priority for safety ○ Low responsibility
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The way forward

The above discussions reveal that in most situations, employment of foreign contractors and workers can lead to abuse and misunderstanding. It is important, therefore, to probe the current working conditions on construction sites where foreign contractors or foreign workers are employed. This action could even extend to foreign clients. Detailed diagnosis of the current situation will help in preparing an action plan for improvement. Examining their working environment will help to strategically plan a better working environment and benefit both employers and employees.

Objectives of the research study

In order to undertake this research approach, the following objectives are employed to aid the process: appraise the current trend of employing foreign workers, contractors and clients in the Swedish construction sector; study the terms of appointment for employing foreign workers, contractors and, possibly, foreign clients; investigate the working environment of foreign workers and contractors ; identify the problems and barriers to employing foreign workers and contractors; and suggest an action plan for improvement.

Methods

The intended method is that of a questionnaire-based survey with follow-up interviews on construction sites in Sweden. It is anticipated that interpreters will be needed to a certain extent to ensure that both questions and answers are understood.

Conclusions

Lack of knowledge about the current situation of foreign construction workers in Sweden, the scale of health and safety problems and their implications make it difficult to demonstrate accurately the extent of the problem. Employing foreign workers is possible, but the key issues regarding their working and living conditions must be considered before ploughing ahead. An urgent need is to study the current situation and to determine how this can be changed for the better. All who are involved – from the client to site workers – must understand their roles in ensuring equal opportunities and in providing decent working and living conditions. They must also be aware of the potential for clashes of culture and language barriers in the pursuit of a safer and healthier working environment.

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