

# Employees in the construction industry in 2008 and 2014

## English summary of Arbeidstakere i byggenæringen i 2008 og 2014 Fafo-rapport 2016:39

The objective of this report is to map out the labour force in the construction industry in the period from 2008 to 2014 along a number of dimensions. We investigate employee characteristics (age, gender, education, nationality), labour mobility and future needs for manpower. The report is based on registry data supplied by Statistics Norway (SSB).

In 2008, a total of 191 200 employees were registered in the construction industry, and by 2014 this number had grown to 212 600, an increase of 21 400 employees or 11 per cent over the period. Craft professions predominate in this industry; a little more than half of all employees pursue craft professions. Carpenters are by far the largest group, accounting for 11 per cent of all employees. The second largest group consists of electricians, with five per cent of the employees. The proportion of employees under 23 years has declined from 2008 to 2014. This decline in employment of the youngest group is a source of concern, since this is the industry's traditional recruitment base, i.e. recruitment through vocational training. Since 2007 there has been a decline in the number of new apprenticeship contracts from the programme for building and construction in upper secondary schools. Since 2013, there is also a marked decline in the number of students who have chosen to enrol in the vocational programme for building and construction at the upper secondary level.

Changes have occurred in employment in the construction industry also in terms of national origin. The proportion of Norwegian nationals has declined from 88 to 80 per cent, while the proportion of labour migrants from Eastern Europe (EU10) has increased from five to twelve per cent. The bulk of the growth in employment from 2008 to 2014 can be linked to labour immigration from Eastern Europe. Of the total growth during this period, Norwegian nationals accounted for only eight per cent – the remaining growth has come from among foreign nationals, mainly labour immigrants from Eastern Europe, who account for 79 per cent of the growth in employment. The largest growth in employment is associated with small and medium-sized enterprises, irrespective of national origin. The Eastern European manpower is to a somewhat lesser extent employed in enterprises with 100 or more employees when compared to those from other national backgrounds. In terms of their training, we have no data on the highest completed level of education for nearly half of the Eastern European manpower. The reason is that foreign workers have faced difficulties in obtaining

approval of their vocational training in Norway. The Eastern European manpower is mainly employed in craft professions. We can also see that this group includes a greater proportion of professions that do not require any training when compared to employees from Norway, the Nordic countries and the EU outside the EU10.

Of those 191 200 who worked in the construction industry in 2008, altogether 117 600 could still be found in this industry in 2014. A total of 41 300 people who worked in the construction industry in 2008 had moved to other industries by 2014, while the remaining 32 300 were not registered as employed in any industry. One in four of those who left the construction industry went to business services. Seventeen per cent went to the public sector, 14 per cent to retail trade and a similar proportion went to manufacturing. Seven out of ten who changed jobs went to these four industries. In terms of nationality, 82 per cent of those who left the construction industry in favour of other industries were Norwegian nationals, 11 per cent came from the EU10, while three per cent were born outside the EEA. The final three per cent hailed from the EU and the Nordic countries.

From 2008 until 2014, the construction industry grew with 95 000 new employees. Altogether 45 per cent of those who worked in the industry in 2008 had left it by 2014. The construction industry lost in total 2000 more people than it gained from other industries. In particular, the construction industry sheds more people to the public sector than it receives from the same. Similarly, the construction industry lost more people to business services, oil and gas extraction and power generation than it recruited from these industries. Six out of ten, equivalent to 55 700 people, were not registered in any industry in Norway in 2008. Of these, 10 000 were not born in Norway. Even though the construction industry loses somewhat more people than it recruits, the net effect of those who leave and those who enter the labour force has helped increase employment as a whole from 2008 to 2014. Not least those 10 000 foreign-born who were not registered in any industry in 2008 have helped increase the employment figures.

The construction industry is fortunate in having a large number of young employees, since this provides for a long planning horizon. In the short term, the loss of the oldest workers (65 years) can be addressed. If the trends observed in 2000–2014 continue towards 2030, employment can be maintained until 2019. However, an economic boom in 2019 will require considerably more people than the educational system can deliver. At that time, we will need to rely on labour immigration or a considerable surplus in the balance with other industries in the Norwegian labour market. ‘History that repeats itself’ nevertheless requires that the industry is able to retain its present manpower and that those who are young craftspeople today continue in their professions, rather than take up other professions in construction or leave for other industries. If history repeats itself and they leave the craft professions, a considerable short-term imbalance may result. An additional problem is that young people today have a declining preference for work in construction. Even during a possibly prolonged recession, the construction industry will be able to absorb most of the decline through normal retirement and labour immigrants who can be expected to return to their home countries.