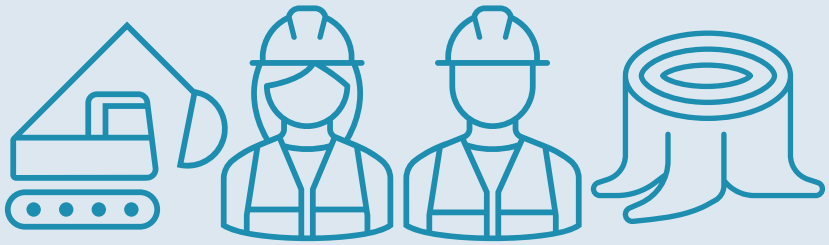
KU LEUVEN HIVA

RESEARCH INSTITUTE FOR WORK AND SOCIETY

Labour shortages in wood and construction

Mikkel Barslund / Anne Guisset / Ilse Tobback (HIVA-KU Leuven)

Bucharest, November 14, 2024



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Project scope

- External expertise to address labour shortages in the building and woodworking industries
    - Literature
    - Data analysis
    - Case studies & survey
- Provide policy recommendations / good practices / lessons learnt
- First results: December 2024; Final delivery: October 2025

BACKGROUND

&

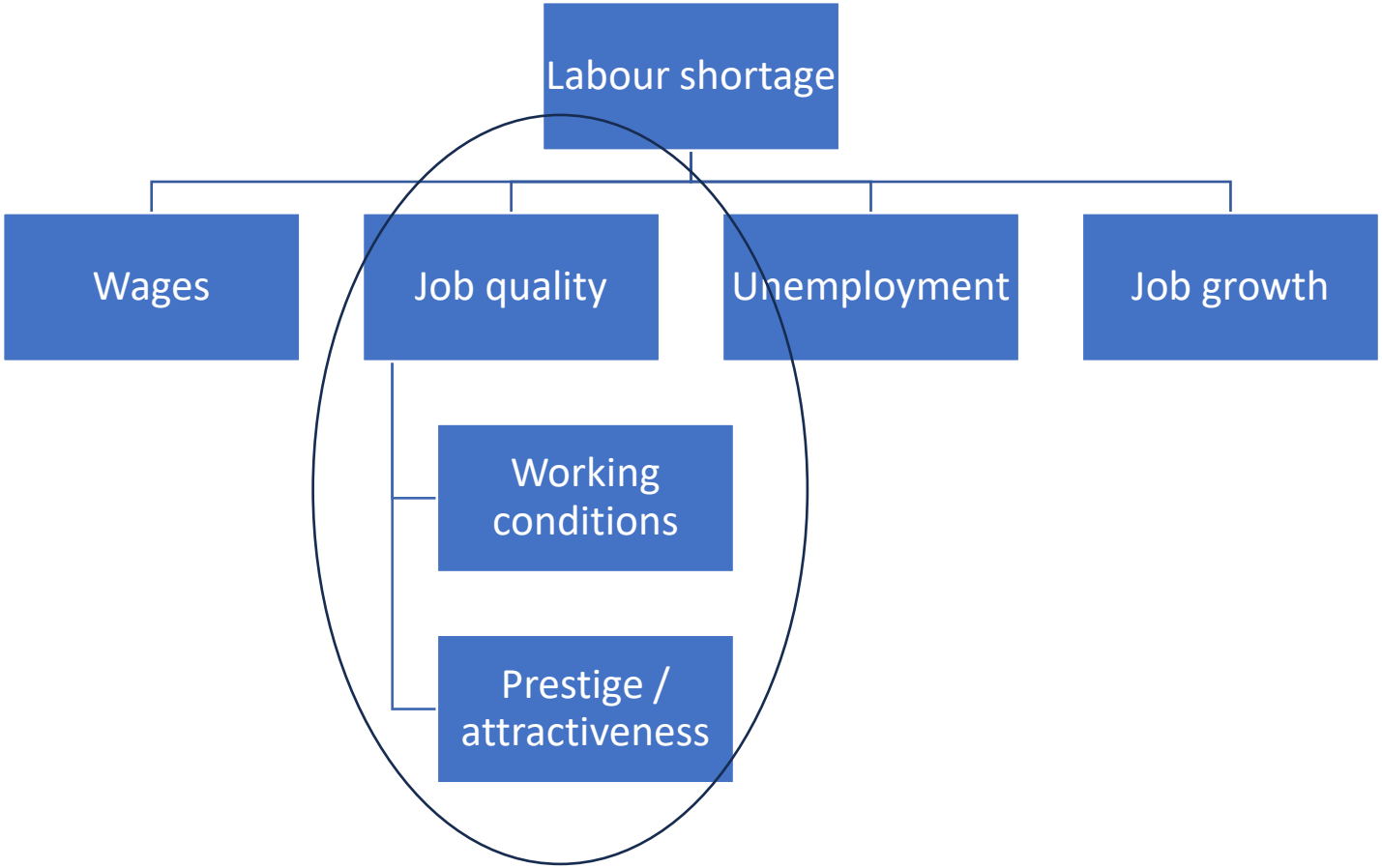
ANALYTICAL FRAMEWORK

Analytical framework – macroeconomic background

- Wide-spread occupational labour shortages in the EU (ELA, 2024)
- Structural drivers towards an older labour force
- Structural drivers towards more labour-intensive services (care, green transition)
- Green transition -> (temporary) increase in demand for construction
  - But maybe offset in other occupations (fewer new kitchen installations?)
- Price/wage increases will affect demand in “new equilibrium”

- Large societal premium on the expansion of the labour force
  - Older workers, migrants, reducing sick leave, persons with disability, young people

Analytical framework – sector specific



Analytical framework – data sources

- No single definitive data source at EU level
- Use several databases to collect pieces of evidence
  - EU-LFS
  - EU-SILC
  - EWCS
  - SES
  - (Cedefop's OJV database)
- National data sources related to the case studies
  - Suggestions / MS examples very welcome

Labour shortages

Challenges in construction (EU)

- 2022-2035: employment forecasted to remain stable
- Increasing labour demand fuelled by replacing retirees

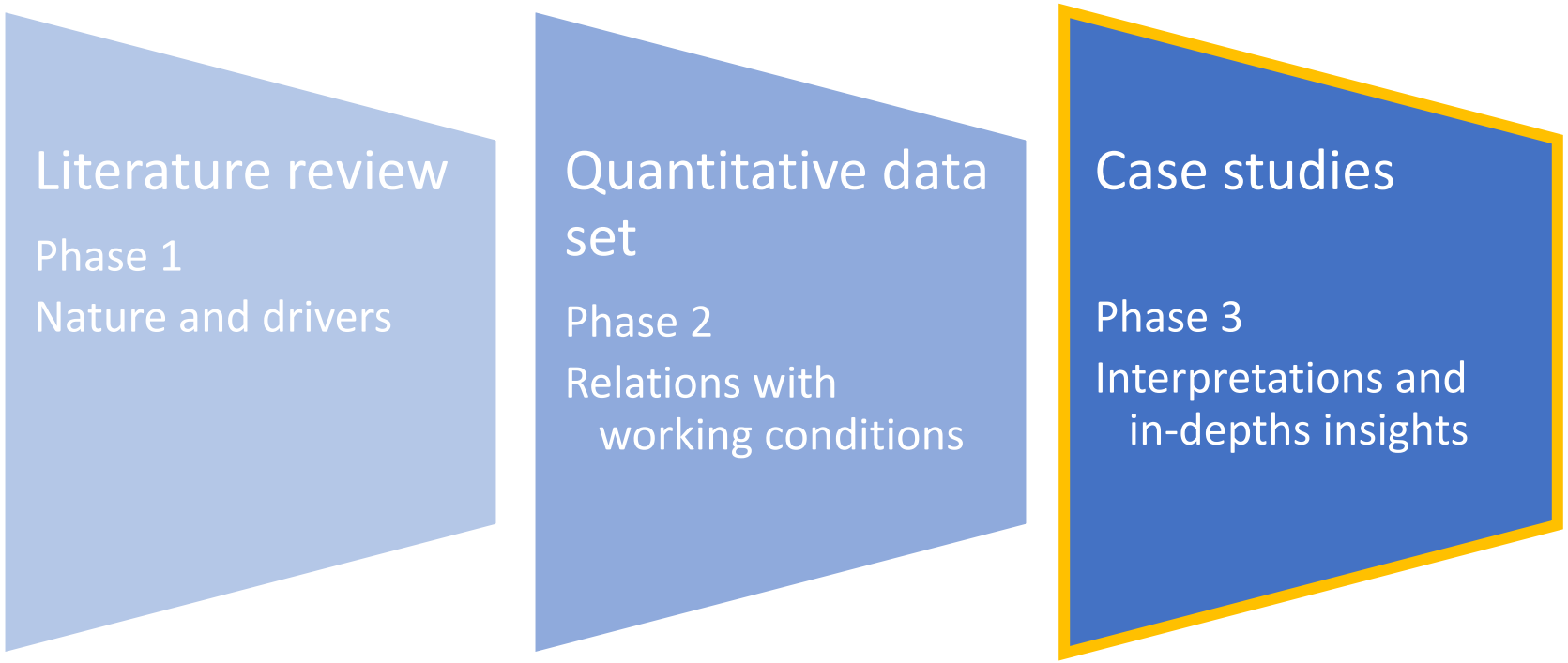
Table 10: Projected future labour demand for building and related trades workers, 2022 - 2035

	Projected employment levels (000s)				Change 2022 – 2035 (000s)		
Year	2022	2025	2030	2035	Net change	Replacement demand[1]	Total requirement[2]
ISCO 71: Building and related trades workers	8 028	8 052	8 058	8116	88	4 127	4 215

Source: Cedefop Skill Forecast

Case studies

Case studies for *interpretations* and *in-depth insights*



Country selection process

Preselection: Literature review and quantitative analysis

Collaborative *process*: HIVA & EFBWW

Resource *assessment* : Availability of interviewees

3 to 4 countries **selected for in-depth analysis**

Example of country selection: **Denmark, France, Latvia, Sweden**

Interviewee selection

3 to 4 interviews per countries

9 to 16 interviews in total

Labour market experts (incl. from **academia**)

Labour market analysts from **public employment services**

Representatives of **EFBWW member organisations**

Sectoral representatives from **trade unions** and **employer organisations**

Data collection and thematic analysis

Interpretativist approach: understanding labour shortages and working conditions **from the interviewees' perspectives**

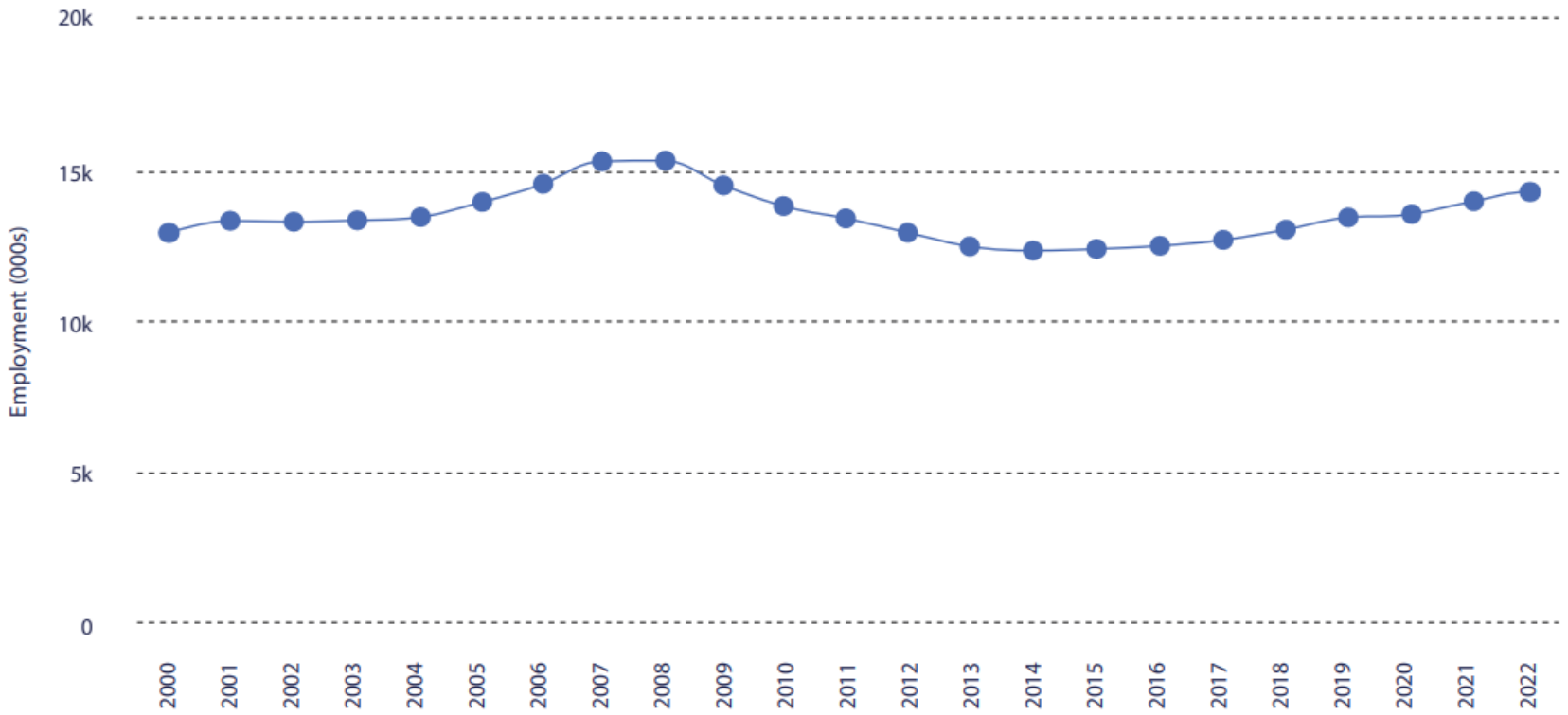
Thematic analysis: to identify **recurring themes and patterns** related to labour shortages and working conditions in the sectors

- **Specific sectoral or occupational factors** contributing to labour shortages within the woodworking and furniture, and construction sectors?
- **Role of social partners and public policies** in addressing labour shortages?

(Some of) What we know

Some facts

Figure 14: Employment in construction, EU27, 2000 - 2022

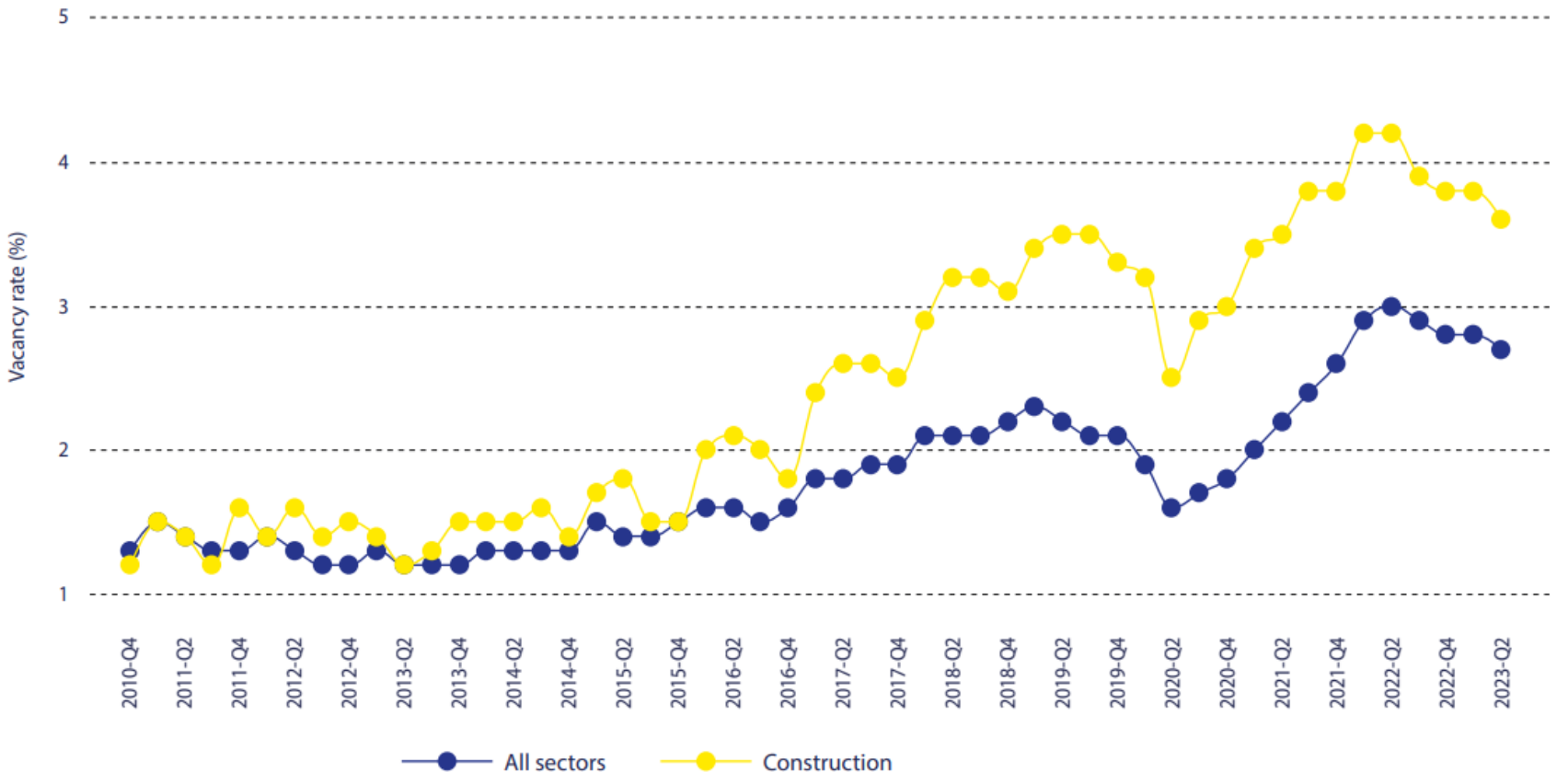


Source: Eurostat National accounts employment data by industry [nama_10_a64]

Source: ELA (2024)

Some facts

Figure 18: Vacancy rates for construction and all sectors in the EU27, 2014Q4 - 2023Q2

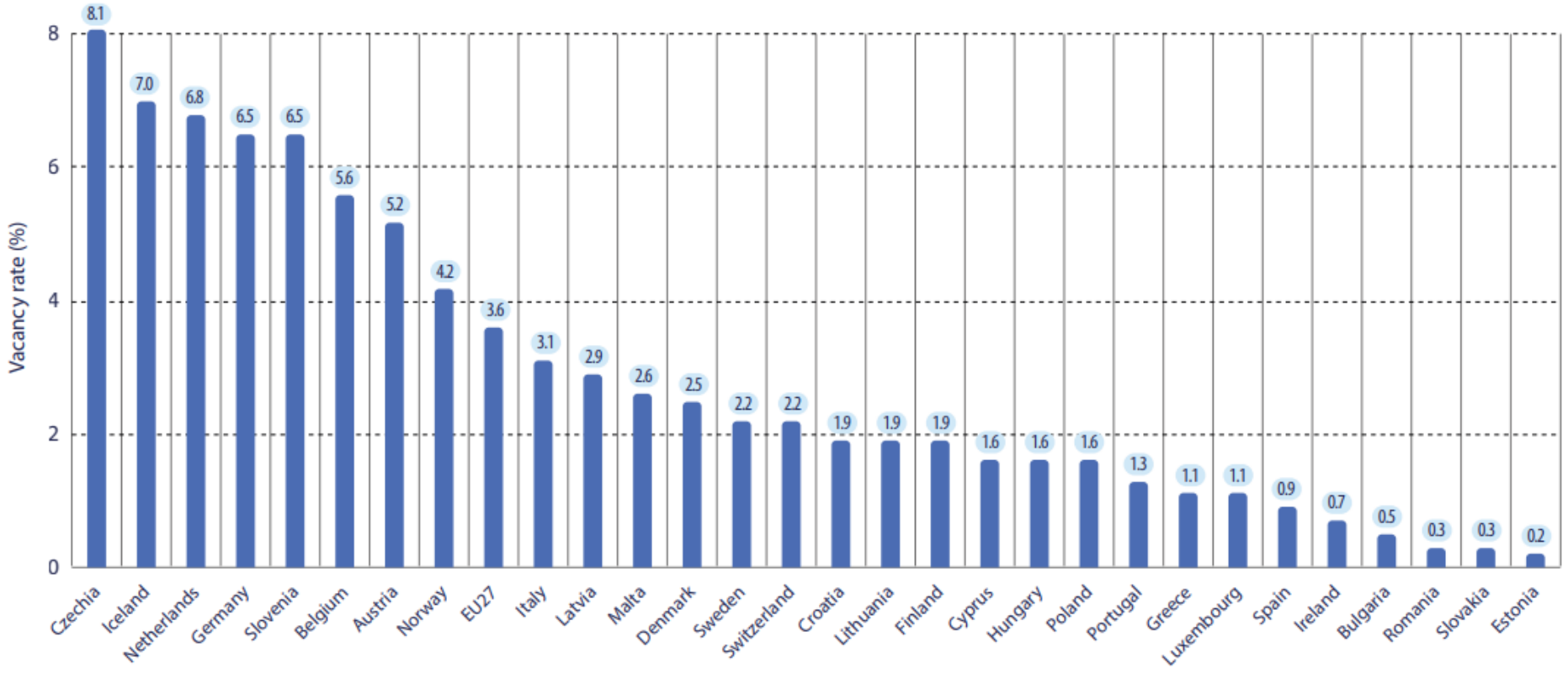


Source: Eurostat job vacancy statistics [jvs_q_nace2]

Source: ELA (2024)

Some facts

Figure 19: Job vacancy rates in construction by country, EU27, Iceland, and Switzerland, 2023Q2



Source: ELA (2024)

Some facts

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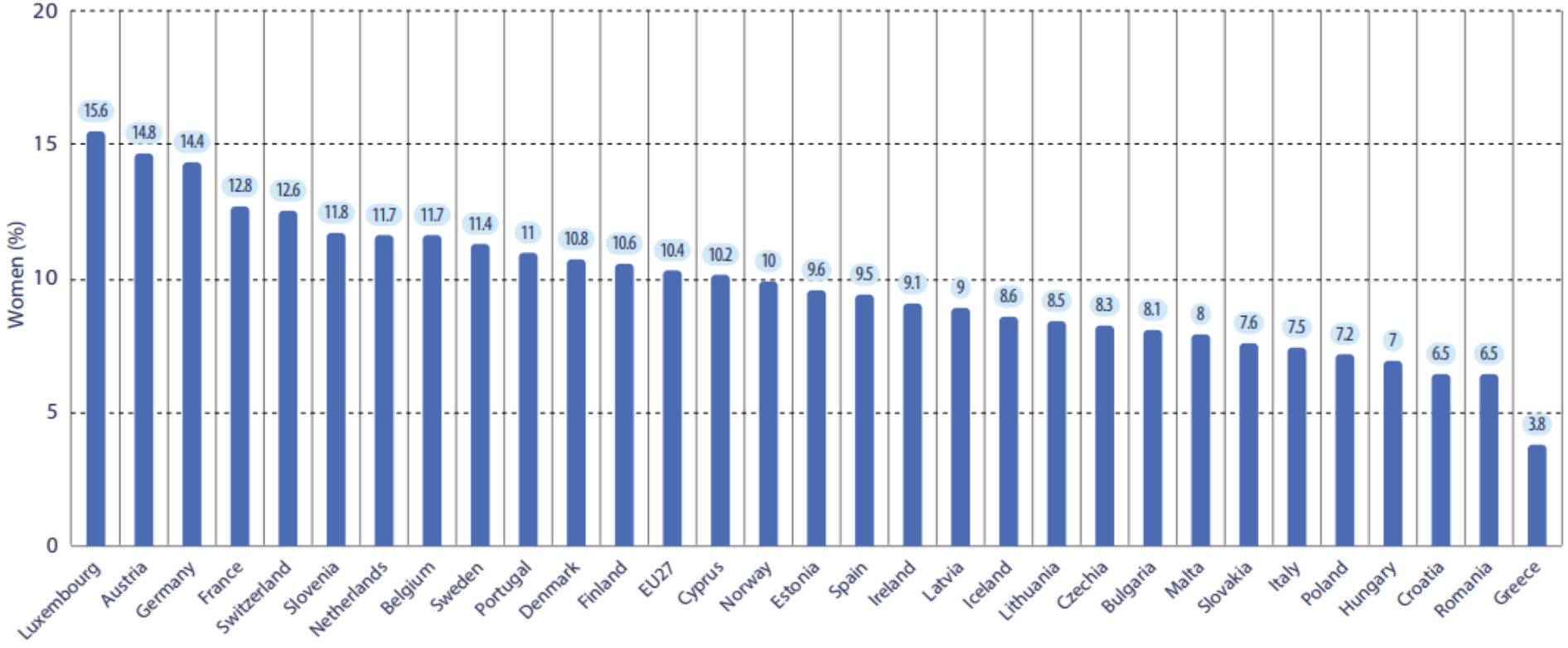
Source: Cedefop Skill Forecast

Source: ELA (2024)

Some facts

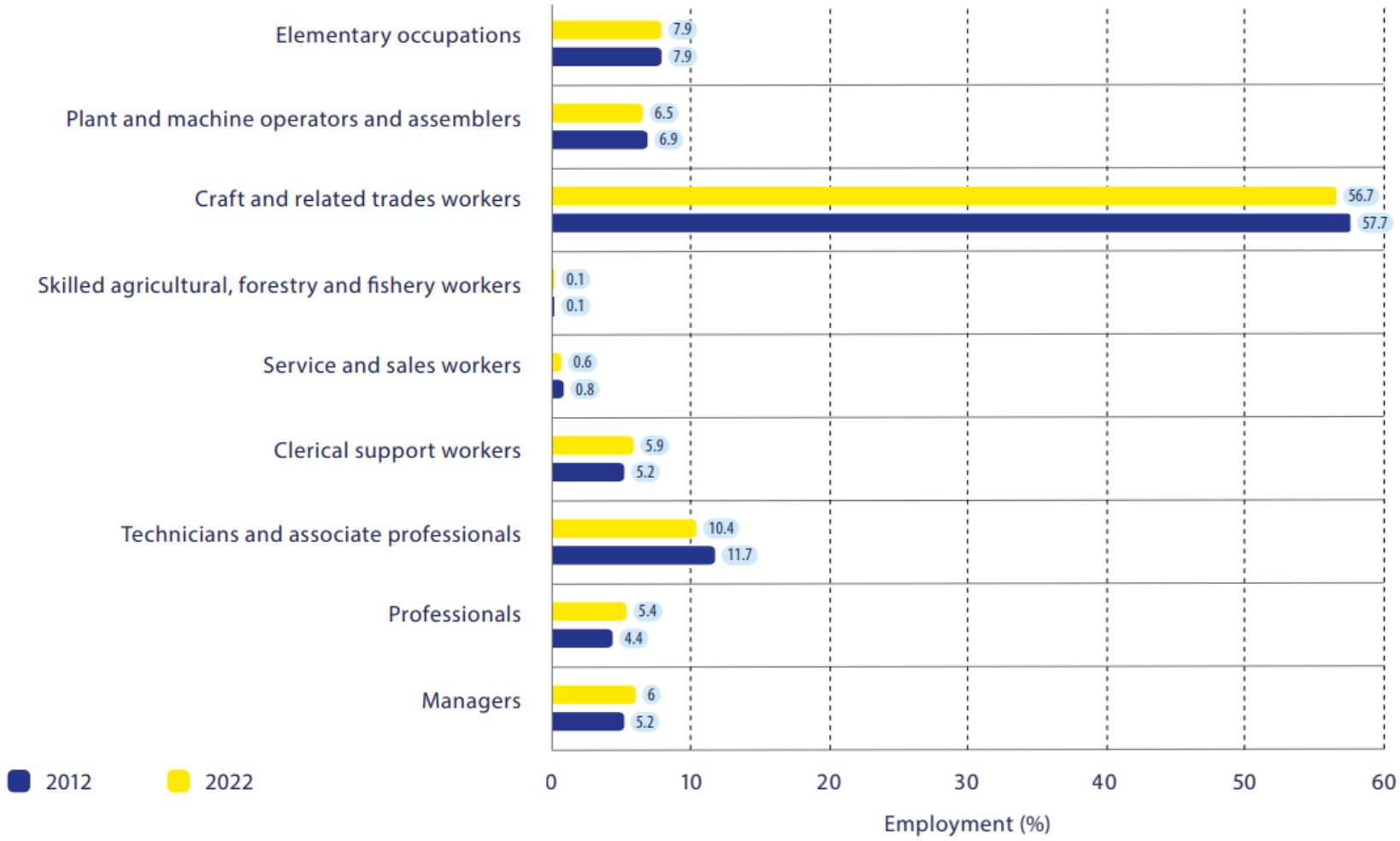
Figure 25: Share of construction employment accounted for by women by country, 2022



Source: ELA (2024)

Some facts

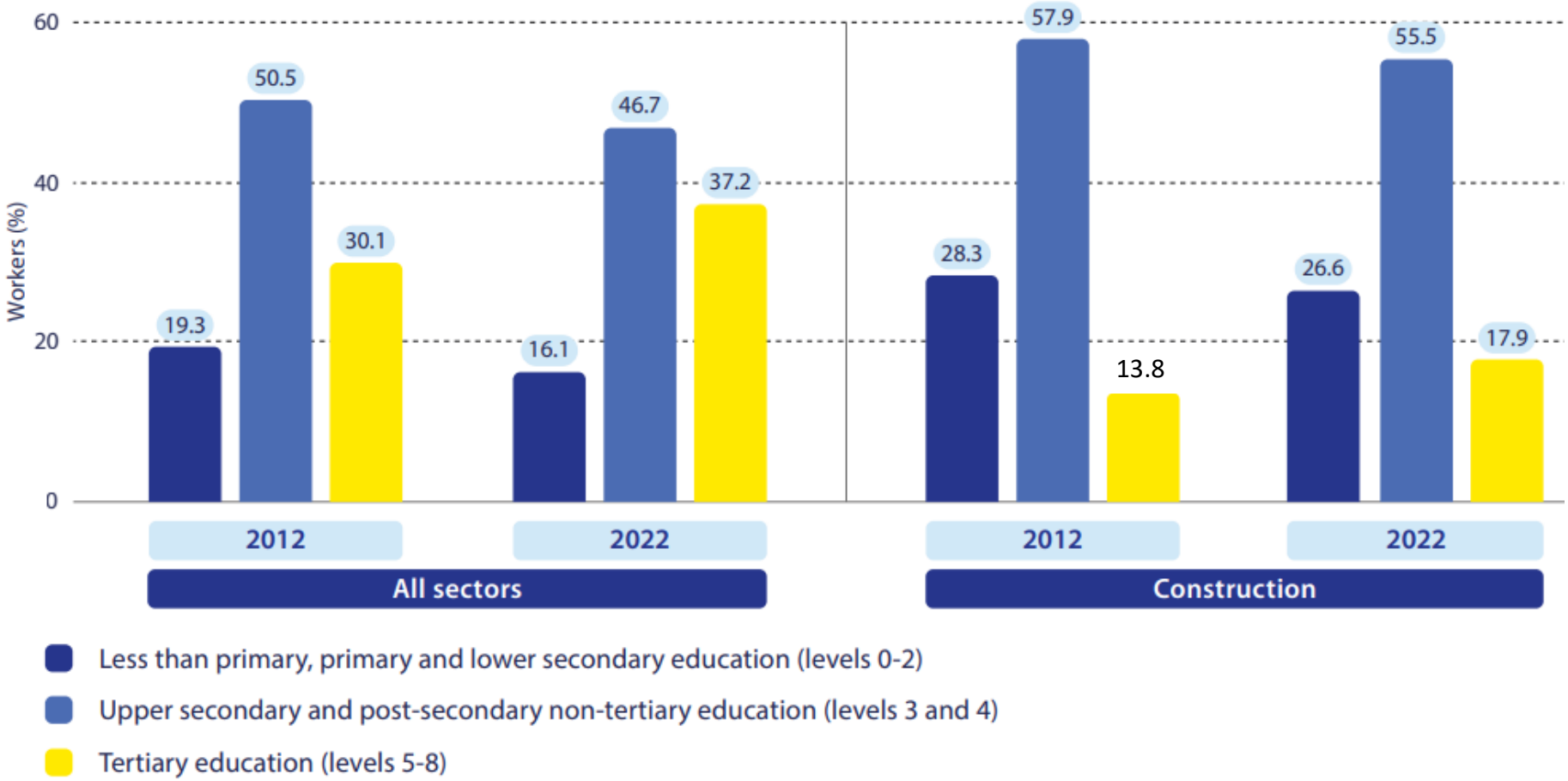
Figure 27: Occupational structure of employment in construction in EU27, 2012 and 2022



Source: ELA (2024)

Some facts

Figure 28: Educational attainment in the construction sector in EU27, 2012 and 2022

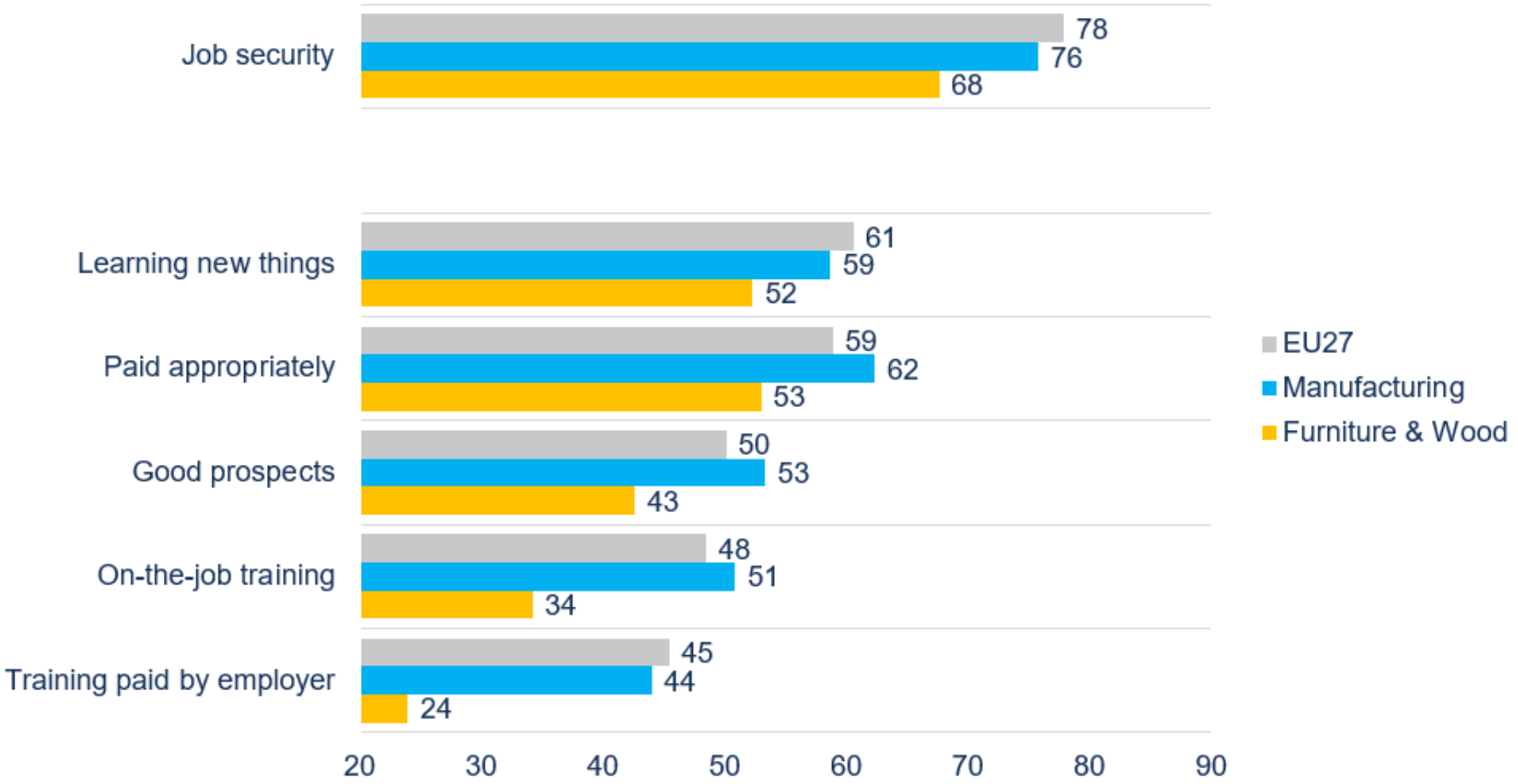


Source: Eurostat employees by educational attainment [edat_lfs_9910]; Data are for 15- to 74-year-olds

Source: ELA (2024)

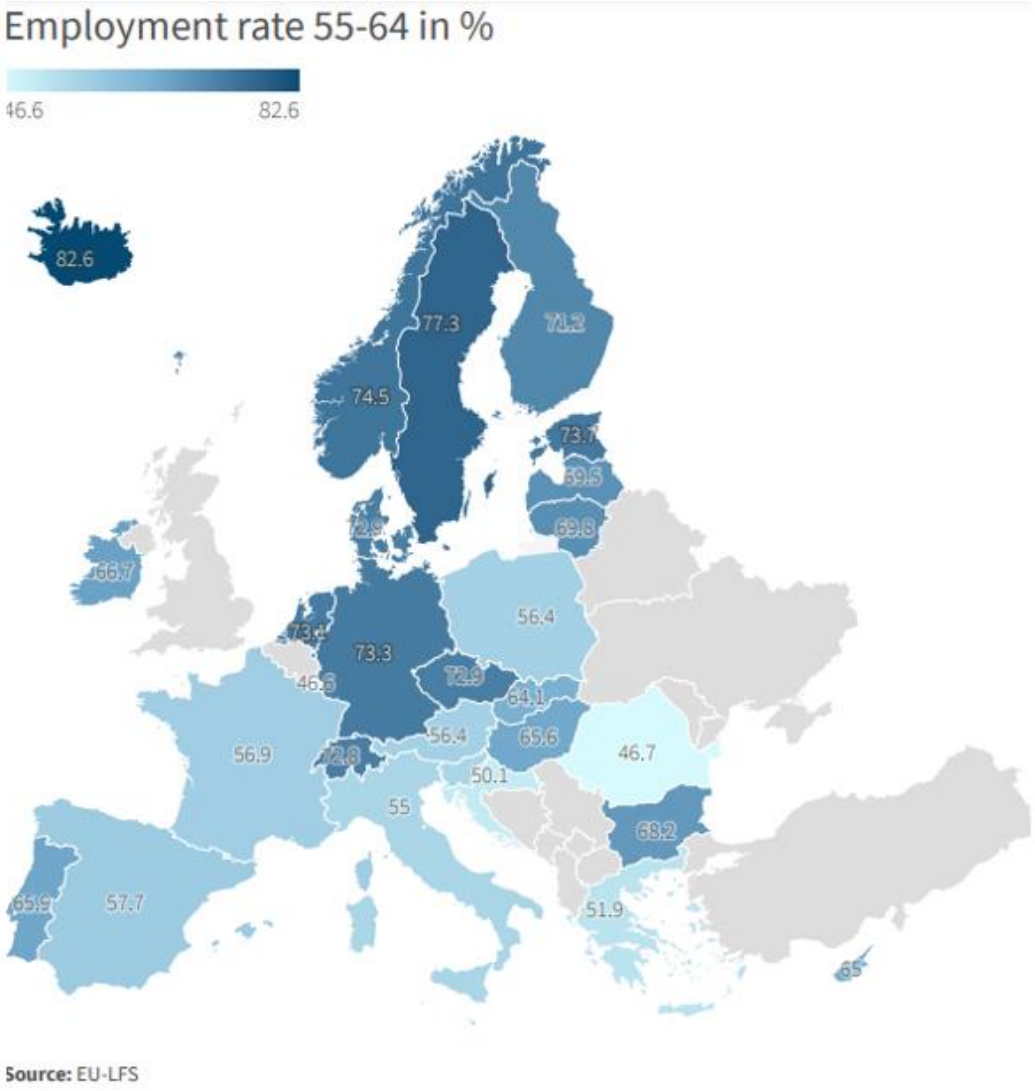
Some facts – furniture sector

Job quality: selected items



Source: Eurofound (2024)

Some facts – ageing workers



Source: Eurofound (2024)

Job attractiveness in construction, and woodworking and furniture

Job attractiveness

Job security or stability (rf. contract type)

- Preference for stable, permanent positions
  (Milovanska-Farrington, 2023: US; Non et al., 2022: NL; Ripoll et al., 2023: ES)
- Blue-collar sectors often higher share of temporary employment
  (Quintelier, 2020: BE)
- Construction has relatively few temporary workers, but relies on temporary unemployment, subcontracting, and secondment, impacting job stability (Quintelier, 2020: BE)

Job attractiveness

Working conditions and development opportunities

Job design

- Important elements for job attractiveness:
  Workload, autonomy, teamwork, task variety, task significance, feedback and skill development and training
- Blue-collar sectors:

– heavier workloads and fewer opportunities for professional growth and skill enhancement (Cedefop, 2023a: EU)

\+ Connection with colleagues
(Bulińska-Stangrecka & Bagieńska, 2021: PL; Hanaysha & Tahir, 2016: MY)

Job attractiveness

Working conditions and development opportunities

Work environment (physical and mental aspects of a workplace)

- Blue-collar sectors:

– Poorer health and safety conditions (e.g. physically demanding work, changing climatic conditions and excessive noise)
(Carvajal-Arango et al., 2021: CO; Schreuder KJ et al., 2008: NL; Väisänen et al., 2020: SE).

– Potential risks: occupational incidents and accidents, stress, and deterioration of physical and mental health
(EU-OSHA, 2005: EU; Väisänen et al., 2020: SE).

Survey in 4 countries:

Discrete choice experiment

Discrete choice experiment

Which job do you prefer?

- ❑Job 1
- ❑Job 2
- ❑Neither job 1, nor job 2

Discrete choice experiment

- ✓ Simulates real-world decision-making
- ✓ Allows for hypothetical circumstances
- ✓ Controlled experimental conditions (causal interpretation)
- ✓ Quantifies preferences and trade-offs
- ✓ Willingness-to-pay (WTP) estimates
- ✓ Less prone to social desirability bias (relative to traditional surveys)

Discrete choice experiment

Attributes

1. Wage/salary
2. Working time **OR** shiftwork
3. Contract type
4. Commuting time
5. Task variety
6. Skill development and training

Discrete choice experiment

Attributes and levels

- **Wage/salary**

  (5 levels relative to median/average wage in the sector)

- **Working time** **OR** **Shiftwork**
  - Fixed start and end times
  - Flexible start and end times

  - No shiftwork
  - Permanent shiftwork – Morning
  - Permanent shiftwork – Evening
  - Rotating shiftwork

Discrete choice experiment

Attributes and levels

- **Contract type**
  - Permanent contract
  - Temporary contract

- **Commuting time**
  - 15 minutes
  - 30 minutes
  - 45 minutes
  - 60 minutes

Discrete choice experiment

Attributes and levels

- **Task variety**
  - High
  - Medium
  - Low

- **Skill development and training**
  - High
  - Medium
  - Low

Discrete choice experiment

Which job do you prefer?

- ❑Job 1
- ❑Job 2
- ❑Neither job 1, nor job 2

THANK YOU

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Labour shortages in wood and construction
HIVA Team

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Labour shortages in construction, and woodworking and furniture

Labour shortages

Quantitative imbalances

- Lack or excess of available workers
  (e.g. because of geographic mismatches)

Qualitative imbalances

- Workers do not match the demands of available jobs
  - Skills and competencies (overqualified or underqualified)
  - Preferences
  - Information

Labour shortages

Labour market imbalances

Supply side (employees)

- Quantitative imbalances (shifts in the working-age population)
  Demographic trends
  Migration patterns
  Variations in labour force participation rates
- Qualitative imbalances
  Students' educational choices
  Labour supply preferences
  Inefficient job search methods

Labour shortages

Labour market imbalances

Demand side (employers)

- Quantitative imbalances (fluctuations in labour demand)
  Economic growth or slowdown
  Demographic trends (most notably the ageing)
  Consumer preference shifts
  Prices of other production inputs
- Qualitative imbalances (mismatch in required skills)
  Technological, sectoral, or occupational changes
  Recruitment difficulties (use of inefficient recruitment channels)
  Unattractive working conditions or reputation concerns

Job attractiveness

- Shortages worst and increase most in jobs with lower wages and worse conditions

Rewards and recognition

- Earnings and bonuses are lowest in labour-intensive sectors
  (Du Caju et al., 2012: BE)
- **!** Construction workers rate rewards and recognition as most vital for well-being but give low ratings to this factor
  (Carvajal-Arango et al., 2021: CO)