



CHALMERS
UNIVERSITY OF TECHNOLOGY

Establishing Relations to Foreign Labour in the Swedish Construction Industry Practices in Three Contractor Firms

Master's Thesis in the Master's Programme Design & Construction Project Management

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ABSTRACT

There is a shortage of capacity in the Swedish construction industry, which is expected to further increase in the coming years. Increased use of foreign labour is seen as one way to meet this problem. This thesis aims to investigate how relations to foreign labour are established in the Swedish construction industry and what factors affect this relationship. Moreover, this thesis discusses how these relationships develop over time.

Three case studies of SME contractor firms have been carried out. Interviews with experienced managers dealing with foreign labour provided insight in how contractors get in contact with foreign labour in terms of recruitment. They also helped to raise the understanding of the everyday interactions and interface problems arising when engaging foreign workers. The cases are based on interviews with totally nine managers as well as two questionnaires to twelve Croatian and nine Polish craftsmen.

Recruitment was found to differ among the companies, where recruitment by former relations and recommendations were most prevalent. Another strategy that was found was to establish a subsidiary to deal with recruitment in the concerned country before the workers went to Sweden. Reasons for foreigners to go abroad to work in Sweden were found to be higher salary and better working conditions. For the Swedish contractors, lower labour costs, but also skills not found domestically are primary motives to engage foreign labour. Findings on how to establish relations show culture, communication and trust to be important fundamentals, whereas mutual respect and the right attitude alongside a willingness to learn have been pointed out as crucial for further contact.

Key words: Construction industry, foreign labour, recruitment, communication, trust, culture, Sweden

Att etablera relationer till utländsk arbetskraft i den svenska byggsektorn
En fallstudie av tre entreprenadföretag

Examensarbete inom masterprogrammet Organisering och ledning i bygg- och fastighetssektorn

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SAMMANFATTNING

En kapacitetsbrist har uppmärksammats i den svenska byggsektorn, till följd av en ökad efterfrågan de senaste åren. Ett sätt att lösa kapacitetsbristen är att anlita utländsk arbetskraft. Detta examensarbete har som syfte att undersöka hur svenska byggtreprenörer etablerar relationer med utländsk arbetskraft i svensk byggsektor och vilka faktorer som påverkar denna relation. Arbetet kommer även undersöka hur relationen utvecklas över tid och påverkande faktorer kommer kartläggas.

Tre fallstudier har genomförts av mindre och medelstora svenska byggtreprenörer med syfte att samla information från företagsrepresentanter på ledande positioner med erfarenhet från att anlita utländsk arbetskraft. Intervjuer med dessa lade grunden till en förståelse för vardagliga interaktioner och vanliga problem som uppstår vid användande av utländsk arbetskraft. De bistod även med information om hur företagen arbetar för att komma i kontakt med utländsk arbetskraft gällande rekrytering. Fallstudierna är baserade på intervjuer med totalt nio stycken personer i ledande roller samt två enkätundersökningar besvarade av totalt 21 byggnadsarbetare från Kroatien och Polen.

Resultat påvisar kultur, kommunikation och tillit, samt ömsesidig respekt och rätt attityd som starkt påverkande fundamenta. Rekryteringen skiljde sig åt mellan de berörda företagen där, rekrytering via tidigare relationer och rekommendationer utgjorde de främst förekommande formerna. Ett företag hade etablerat ett dotterbolag som verkade lokalt i det land man rekryterar från. Anledningar för utländsk arbetskraft att arbeta i Sverige har visat sig vara högre lön samt bättre arbetsvillkor.

Nyckelord: Byggtreprenörer, utländsk arbetskraft, rekrytering, kommunikation, tillit, kultur, Sverige

Contents

ABSTRACT	I
SAMMANFATTNING	II
CONTENTS	III
PREFACE	V
1 INTRODUCTION	1
1.1 Background	1
1.2 Purpose and boundaries	1
1.3 Outline of the thesis	2
2 FRAME OF REFERENCE	3
2.1 Swedish Government Official Report	3
2.2 Posting	3
2.3 Incentives for Swedish contractors	4
2.4 Motives for foreign labour to go abroad	5
2.5 Recruitment of staff	5
2.6 Contractor-subcontractor relationships	6
2.6.1 Aspects affecting the relationship with foreign labour	7
2.7 Summary	12
3 METHODOLOGY	14
3.1 Literature review	14
3.2 Case study	15
3.3 Interview methodology	15
3.4 Analysis of empirical data	18
4 RESULTS	20
4.1 Company X	20
4.1.1 Recruitment	20
4.1.2 Project description	21
4.1.3 Observations	21
4.1.4 Experiences & outcomes	21
4.1.5 Summary Company X	23
4.2 Company Y	23
4.2.1 Recruitment	23
4.2.2 Project description	23
4.2.3 Observations	24
4.2.4 Experiences & outcomes	24

4.2.5	Questionnaire survey	25
4.2.6	Summary Company Y	27
4.3	Company Z	27
4.3.1	Recruitment	28
4.3.2	Experiences & outcomes	28
4.3.3	Questionnaire survey	29
4.3.4	Summary Company Z	31
5	DISCUSSION	32
5.1	Drivers and incentives	32
5.2	Establishing relations	33
5.3	Long-term thinking	33
5.4	Experiences from using foreign labour and relationship factors	34
5.5	Offsetting the capacity shortage	35
6	CONCLUSION	37
6.1	Recommendation	37
6.2	Future research	38
7	REFERENCES	40
8	APPENDICES	44
	Appendix I - Tysta boken	44
	Appendix II - Questionnaire survey – foreign workers	45
	Appendix III - Interview questions – Swedish managers	47

Preface

This master thesis was conducted in the spring of 2016 at the Department of Technology Management and Economics at Chalmers University of Technology. We would like to thank all participants who contributed with helpful insights in the case studies as well as our supervisor Anna Kadefors for providing her academic knowledge and for guiding the work towards a meaningful direction. Special thanks also to our opponents for giving useful feedback and recommendations. The work on this thesis has been educational and interesting, visiting the work sites has been rewarding and the hospitality as well as the provided information have exceeded our expectations. The topic has been well received and all parties involved have expressed a genuine interest.

Göteborg, June, 20

1 Introduction

This chapter will explain why the topic was chosen and what questions this thesis aims to investigate. Lastly the purpose of this thesis with its boundaries and the methodology are outlined.

1.1 Background

There is a capacity shortage in the Swedish construction market, which is expected to further increase in the coming years. There is also a need for residential construction, since population growth has increased vastly in metropolitan areas (SOU 2015:105). This matter is crucial as the housing sector has the ability to significantly affect the overall economic growth, with high housing prices, low productivity and increased construction costs. Foreign contractors entering the Swedish market could help solve this problem, but there are few contractors active today as main contractors (SOU 2015:105) However, Swedish contractor companies frequently engage foreign subcontractors and individual workers. This practice can potentially play an important role in meeting the current capacity shortage.

In order to facilitate the process of engaging foreign subcontractors and improve the value provided, we need to know more about how relationships between Swedish contractors and foreign labour are established today and which the experiences are.

Previous research show that values such as trust and communication are central in all subcontractor relationships but are often problematic. Relations to foreign labour are also affected by language barriers and cultural differences that complicate the process of establishing relations. The prevalent capacity shortage alongside the potential lucrative use of foreign labour gave rise to looking into how to establish relations to foreign labour in order to meet both the current and coming demand.

1.2 Purpose and boundaries

Meeting the future demand in the Swedish construction industry with foreign labour will most likely imply several changes in the dynamics of the industry and entail new procedures for many actors. The purpose of this thesis is therefore to investigate the relationship between foreign labour and Swedish contractors, primarily from the perspective of the Swedish employers, but also that of the foreign workers.

The main focus will be put on what incentives and drivers there are for both foreign labour to go abroad to work in Sweden and why Swedish contractors should engage them. How to establish a relationship the best possible way and how to maintain it healthy and prosperous over time will also be highlighted. Finally, what barriers complicate the process of establishing these relations and how to deal with them and overcome problems deriving from cultural differences will also be considered.

In order to do this, the following three research questions have been established and will be answered:

- *Which are the drivers for Swedish construction companies to engage foreign labour and which are the incentives for the foreign craftsmen?*
- *How are relationships between Swedish contractors and foreign labour established and to what extent are relationships long-term focused?*
- *What are the experiences from using foreign labour and how are relationships managed on project level?*

The contractors covered in this thesis are three SMEs, with 100-200 employees. The qualitative research carried out in form of an interview study is limited to the concerned companies' knowledge and experiences gained from previously collaborations with foreign labour done through subcontracting. The foreign craftsmens' perspective was captured by a short survey.

The thesis does not investigate contractual issues or nor the profitability of these relationships. Neither will any attention be paid to salary aspects or workers staying illegally in Sweden, these matters could otherwise be factors to look at in future research.

1.3 Outline of the thesis

The process this thesis was conducted in can be divided into three parts. To get an understanding of the topic, an initial literature review (see Chapter 2) was carried out. By identifying the incentives for both sides of the newly established collaboration, the reason for Swedish contractors to engage foreign labour and why to go abroad will become clearer. The literature review also covers the general relationship between contractors and subcontractors before getting into the relationship with foreign subcontractors, as subcontracting constitutes the most common way of dealing with foreign labour. The literature study proceeded throughout the whole thesis whilst the writing developed. The second part of the study consists of the interviews found in Chapter 4, these helped to answer questions that could not be answered by reading previous studies and literature within the area. The interviews gave the authors a deeper insight regarding the collaboration with foreign labour from experienced representatives from the construction sector. The last part was to conclude all new facts, insights and learning that arose from writing this thesis in the discussion and conclusion chapters (Chapter 5 and 6).

2 Frame of reference

This chapter outlines the results of a literature review regarding aspects relevant for understanding relationships with foreign labour through subcontracting. The chapter constitutes the theoretical basis of the thesis. A summary at the end of the chapter presents the key findings from the literature review.

2.1 Swedish Government Official Report

A Swedish Government Official Report (SOU 2015:105) was prepared in order to raise an understanding of the current situation in the Swedish construction sector regarding labour and market conditions. This report raised an interest for this thesis to further look into how the use of foreign labour can help resolve the capacity shortage and meeting demand, it also paved the way of where to start off the literature review.

The Official Report "Plats för fler som bygger mer" is based upon a government meeting with the purpose to examine the competition for increased housing in Sweden. It concludes that population growth in the metropolitan areas has increased tremendously, particularly in Stockholm and Gothenburg. Meanwhile, the rate of new construction has remained low and has only followed the population growth to a limited extent, which has led to rising house prices. It also highlights the fact that measures on both the supply and demand side are needed to create a better competition. Foreign companies could therefore be essential in order to stimulate competition in sectors with few domestic players since they contribute to a healthy price formation and efficient use of public funds. The competition in the Swedish construction market is still low compared to similar markets elsewhere, which may be due to the fact that very few actors control the market nationwide (SOU 2015:105).

2.2 Posting

The European construction industry is characterized by a large number of foreign workers (Dainty et al., 2007). Foreign labour is today common also on Swedish construction sites, where labour deriving from most countries within Europe can be found. This is due to a simplification of cross-border movements inside of the EU. Provisional migration has been promoted after the easing of European regulatory frameworks (Petersson, 2012). Movement of labour inside the EU has changed with time and is now impelled by self-governing of workers and firms instead of being state managed, resulting in the EU as a large unison labour market (Arnholtz, 2013). Member states of the EU have to allow for EU labour, as the basis of the regulatory framework is comprised of the constitutionally based freedom of movement for labour and services. The aftermath is a labour force in construction with a higher grade of transnationalism and a more circular and momentary nature (Engbersen et al., 2013).

When an employer sends out workers for temporary work abroad is called posting (Ahlen & Nordegran, 2010). This means that the workforce is being provided across borders where the recipient of the service bears the cost (Arbetsmiljöverket, 2016a). An example of posting is when a construction

company from Eastern Europe visits Sweden for a limited period, to carry out agreed work during a construction project.

During 2015, 88,975 people were registered as posted workers in Sweden i.e about 7400 postings per month. The most common countries that the foreign labour derives from are Poland, India, Finland, Germany, Latvia and Lithuania, and the most frequent activities were specialized construction activities, housing and computer programming (Arbetsmiljöverket, 2016b).

Posted migrants often end up being socially excluded from the host society (Caro et al., 2015). Furthermore, Caro et al. argue that the posted workers are characterized by a strong home country orientation that affects how they behave during their stay. In addition to this, the place where they reside is often an accommodation slightly secluded from the rest of the society. All this in combination also discourages connection of workers from different firms and nationalities as well as workers in the host society. Caro et al. (2015) continue to argue that these facts implicate the quality of the workers' social life and also advocate that the workers do not have the same ability to build up power resources, such as social, political and economic sides.

The patterns in which migrants move today are more fragmented, less network-driven and more employer-arranged than before (Engbersen et al., 2013), while the traditional patterns, including seasonal and settlement migration, still constitute a significant part of how they move. Factors adding to posted workers' social segregation and their home country focus are the temporary nature of posted work, language impediments and employer-arranged mobility (Caro et al., 2015). The posted workers' communication and exchange with the host country is limited in employer-arranged postings, since the employer mediates almost all communication to the host society. Both pros and cons can be found in this so-called facilitated mediation. Pros in the means of posted workers not having to deal with authorities, searching for accommodation, getting familiar with the language and using financial services (Spencer et al., 2007). Cons in the way that posted workers are being limited in their interaction with the new society, which ultimately leads to higher segregation. With these given conditions posted workers have little or no incentives for social exchange with the host society, which results in development of social connections primarily with workers from the same origin.

2.3 Incentives for Swedish contractors

Recruiting from abroad has long been a popular alternative for Swedish contractors to deal with staff shortage, especially since it also offers lower cost in relation to domestic labour (Frank, 2013). Today's labour market is structured in a way that expects foreign workers to apply for jobs that are in the bottom of the hierarchy, since domestic workers often are unwilling to take on these jobs. With poor language abilities and no references to work conditions back home, most foreign workers become a valuable asset for employers with working conditions that are insufficient for the natives (Friberg, 2012).

Due to language barriers and lack of reliable references, the skillset of a foreign worker can be difficult for a contractor to evaluate. When contractors employ

through subcontracting or agencies instead of recruiting directly to their own company, this become less of a problem since the contractor gets to see the workers in action before making any persistent commitment like a steady employment within the company would have meant. This type of employment also gives the employer a chance to scout the market for possible full time employees while at the same time have access to flexible labour (Abdullahi, 2014).

The work in construction is often divided between the people who know the technical matter and have a lot of knowledge, and the people who are employed to do the manual work. While the first group has been devoted a significant amount of trust and acts as a core, the other group is temporary and seen as the outer circle. This is where the employer often find foreign labour, and if the foreign work fails to reach the expectations of the employer, the relation often ends after finished work, which is an advantage for the employer (Friberg, 2012).

2.4 Motives for foreign labour to go abroad

There are many drivers for foreign workers to work abroad, like overall better working conditions, higher salaries and more stable demand than in the home country (Friberg, 2012). The most popular option is being contracted through large staffing agencies where tasks are predetermined. This is a benefit that is absent in foreign subcontractors' national operations where your responsibilities may differ from carpenter to roofer without any prior notifications from day to day. This type of employment also tends to give the foreign worker a chance to develop their skills and transfer these into the next project (Friberg, 2012). Foreign subcontractors, on the other hand, often recruit relatives and acquaintances with expectations to get a better social community in the work group, which operate as a motive to go abroad (Waldinger & Lichter, 2003).

2.5 Recruitment of staff

Recruiting the right kind of subcontractors will have significant impact on the project outcome (Abdullahi, 2014; Arditi & Chotibhongs, 2005; White & Marasini, 2013). Since finding out that the newly recruited labour do not have the right competence or sufficient knowledge can lead to cost overruns and delays, especially when the employer have to spend more time and money in finding the sufficient skillset. Therefore, the ways of recruiting foreign labour by subcontracting are of high importance for future project deliveries and relations (White & Marasini 2013).

Factors that influence the recruitment of foreign labour have been mapped out from a study on recruitment processes and labour mobility in the European construction sector (Fellini et al., 2007). The primary factors why to recruit foreign labour were staff shortages and to reduce labour costs. Other factors influencing the recruitment were found to be how the industry is structured. As a

construction industry often is characterized as being highly fragmented (Dainty et al., 2007) with lots of small firms and many self-employed workers, it can give the impression of being hard to penetrate as a subcontractor or a smaller labour force. Compared to a less fragmented industry, which is more appealing for foreign labour and smaller actors to try to establish themselves as the numbers of similar labour is more limited.

An apparent trend in labour migration is the move toward countries with more deregulated markets (Fellini et al., 2007).

In a study by Arnholtz & Andersen, (2007) on labour from Eastern Europe in the Danish construction sector, it was shown that 2 out of 3 asked companies using foreign labour from Eastern Europe found these via personal contacts. Beyond this, staffing agencies have gained a major and significant role in recruiting foreign labour to the construction sector. Few of the interviewed companies used public employment agencies as recruitment strategy. One common way of recruiting foreign labour was to ask business partners for their connections to foreign labour (Arnholtz & Andersen, 2007).

Regarding recruitment of foreign labour, staffing agencies and recruitment agencies have the greatest application in construction compared to other industries. Recruitment by friends, which is a way of recruiting labour from abroad via an existing employee's personal acquaintances, has a significant role when it comes to getting foreign labour interested in going abroad. Accustomed recruitment patterns explain why most foreign labour in Sweden derives from Eastern European countries, as a deeper contact with the foreign partners is established. Learning the way a certain ethnicity work is a facilitating factor in repeatedly recruiting from the same origin. Contacting foreign labour is usually done via business partners in order to get an interest from workers already locally present, once interest has arisen the recruitment process is conducted in classical recruitment manners (Pettersson, 2012).

Large companies in the construction sector can leverage on international subcontractors by creating links to labour pools and markets abroad. In countries with many small companies who do not have the same ability to recruit larger numbers of foreign labour these international link establishments are prevented. As the construction sector is highly fragmented and differ among countries, the market conditions vary a lot (Fellini et al., 2007).

2.6 Contractor-subcontractor relationships

A contractor can be relatively confident that good results follow when choosing a subcontractor who again and again proves being competent of completing projects within given frames of time and budget (Maturana, 2007). To be able to deal with problematic situations, construction labour should be able to establish relationships to contractors to help cope in difficult times, which may not be the case when being engaged on temporary teams (Dainty et al., 2007). Dainty continues to explain this complicated relationship as various groups of workers who are paired up for shorter time periods are anticipated to rapidly establish collaborative working relationships, while at the same time they are often engaged on completely different terms and conditions. White and Marasini

(2014) claim that increased reliance on subcontractors results in a strained relationship with the engaging contractor. Disagreements often arise due to a lack of knowledge of the contractors' methods and planned techniques, protection of a party's own interests and pressure from constraints such as time, money and resources (Jin et al., 2013).

The relationship between contractor and subcontractor is perceived as strained (Okunlola, 2015; White & Marasini, 2014). Okunlola calls this relationship adversarial by nature since many parties involved are separated and work is fragmented. He tries to determine the underlying cause, and performed a questionnaire survey which revealed that general contractors considered delay of work and neglecting their instructions as the major causes of interface problems caused by subcontractors. Whereas subcontractors viewed assigning part of the works to another subcontractor without informing the original subcontractor and general contractor's financial problems as the major causes of the interface problems. The tense relationship often results in time overruns but can be reduced if there is mutual trust and understanding between the parties (Okunlola, (2015).

Six common interface factors causing problems were derived from a synthesis of previous surveys and opinions from industry representatives (Huang et al., 2008). These were: management factor, experience factor, coordination factor, contract factor, acts-of-god factor and regulation factor.

- Management factor includes problems faced in general management such as lack of communication and coordination between relevant parties, deferring decision-making by the owner, delays in owner payment, bad decision-making timing, insufficient compatibilities of detail design and dissonant project plan
- Experience factor comprises problems concerning experiences such as owner's high requirements but with a proportionally low budget, poor accuracy of the project budget, contractors' designs do not fit in with the owner's need, incompetence in solving the problems of new techniques
- Coordination factor includes problems due to insufficient communication shown as poor planning and scheduling and lack of a management system updating new information
- Contract factor comprises problems faced in the contract execution such as unclear details in the drawings, incomplete contract and design change.
- Acts-of-god factor involves actions not controlled by humans
- Regulation factor includes problems caused by the parties being unaccustomed to rules, laws and regulations

2.6.1 Aspects affecting the relationship with foreign labour

Since different cultures have varying opinions on how to interact with people of their own as well as with strangers from other groups, not only via body language but also congenial jargon and, culture constitutes the underlying fundamental of a relation. Furthermore, culture highly affects communication, as different parts of the world are variously open-minded. Both culture and how people communicate lays out the foundation for how trust is embodied (Chan &

Tse, 2003). For a majority of the world's population, relationships are regarded higher than anything else (Meredith & Mantel, 2012) and is an important element in anything that has to do with interactions.

2.6.1.1 Culture

Problems when working with people from other areas are mostly affected by differences in culture, and not geographical or organizational differences (Meredith & Mantel, 2012). Dong & Liu (2010) argue that intercultural conflict comprises the utmost challenge on international business and needs to be addressed in order for a world to adapt to the current globalization.

Richard D. Lewis (2006) talks about Swedes' personalities and how they perceive and are perceived by others in his book "When cultures collide" (2006). He states that power distance is relatively low and managers are generally available to staff and for discussions. Furthermore, Lewis claims decision-making time in Sweden to be among the longest in the world, once made though, decisions seems to be unanimous. This is contrary to most eastern European countries where decision-making is done in more authority fashion. Swedes are also known to be avoidant of conflicts and taking sides as well as avoiding confrontation, have social independence and rarely show strong emotions (Lewis, 2006). Swedes' personality traits also seem to be conforming to a national management style positioned around low power distance, loose control and low uncertainty avoidance (Bröchner et al., 2002).

Lewis (2006) has tabled three categories in which people from different cultures are to be put, namely linear-active, multi-active and reactive cultural types. People in the linear-active type are found to be well organized, doing one thing at a time within a scheduled period of time. When communicating, linear-active people are presumed to be direct, obtuse, serious and openly disagreeing since they value truth above diplomacy. Although their frankness they want to learn other's perspective and are good listeners, in order to avoid uncertainties and mistakes linear-active people tend to want to go over details again and again. Sweden is found in the linear-active category and the culture is democratic and decentralized in its nature, people value loyalty, equality, honesty and have a high tolerance. Little focus on hierarchy along a horizontal structure characterizes Swedish culture (Lewis, 2006). Hofstede continues to argue Swedish culture as feminine with high individualism (Hofstede, 2005). Multi-active culture does not focus on schedules or being well-organized, they consider man-made appointments less important than reality (Lewis, 2006). People in the multi-active category tend to be very flexible and think they get more done in an unstructured way where they do several things at a time (Lewis, 2006).

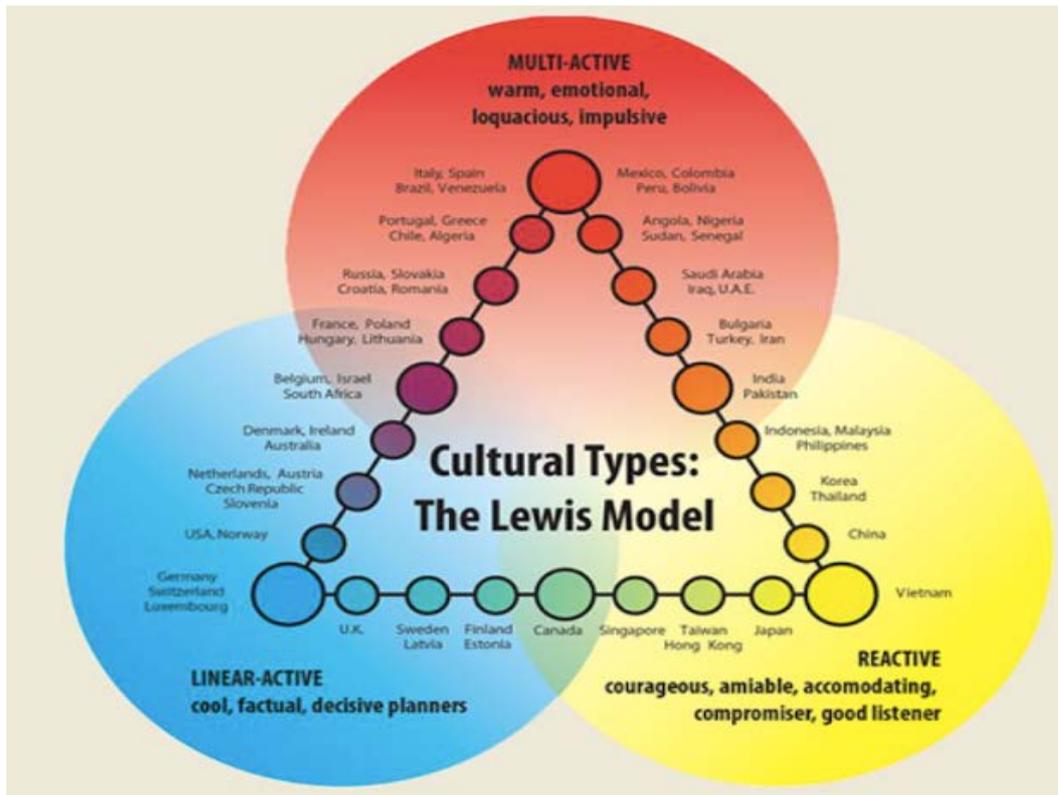


Figure 1. Cultural types, the Lewis model (Lewis, 2006).

Problems usually arise when people from a linear-active culture interact with people from a multi-active culture, as different standpoints on time, punctuality and flexibility often result in disagreements (Lewis, 2006). Time is a factor in cultures which is affecting projects significantly, especially in projects using multicultural workforces since large differences on how this aspect is perceived among different cultures exist (Meredith & Mantel, 2012). However, when working with people deriving from a culture in the same category or a culture sharing characteristics from the same category, similar aspects can facilitate interface problems (Lewis, 2006). The characteristics with highest impact potential in the construction industry from the linear-active and multi-active cultural types are according to Lewis (2006):

Table 1. Characteristics of Linear-active and Multi-active types. (Lewis, 2006).

Linear-Active	Multi-Active
Introvert	Extrovert
Patient	Impatient
Quiet	Talkative
Likes privacy	Gregarious
Plans ahead methodically	Plans grand outline
Does one thing at a time	Does several things at a time
Works fixed hours	Works any hours
Punctual	Not punctual
Dominated by timetables and schedules	Timetable unpredictable
Sticks to plans	Changes plans
Follows correct procedures	Pulls strings
Confronts with logic	Confronts emotionally

2.6.1.2 Communication

Communication was defined by Thomasson (1988) as:

“The lifeblood of any system of human interaction as without it, no meaningful or coherent activity can take place”.

This is as important today as back when it was first stated. Forming good and effective communication strategies is difficult, nonetheless essential in the establishment and the maintaining of strong working relationships in construction (Ochieng & Price, 2010). In recent time, organizational and environmental psychology have become a basic fundamental, which many sectors build upon, whereas construction is lagging. Even though construction is largely based upon collaboration with alliances and subcontracting, these psychologies that span extensive and fundamental foundations in communication have not gained enough attention and are not sufficiently implemented in construction (Aulich, 2013).

In order to manage a project successfully, communicating is the most important skill (Goetsch & Davis, 2013). All other components and strategies of managing projects depend directly or indirectly on effective communication, with insufficient communication leadership, teamwork, problem solving, training, empowerment, employee involvement and decision making would struggle and lead to unsatisfactory project executions (Goetsch & Davis, 2013).

Danish construction companies’ experiences with labour from Eastern Europe has been mapped out by Arnholtz & Andersen, (2007). Focus was on the barriers and problems these operations had encountered. A majority in the study had

encountered problems due to insufficient communication as a barrier. These language obstacles were often dealt with by interpreters or using a third party with sufficient knowledge in the concerned languages, but remains as a common problem. In order for a construction company to be effective, the ability to manage communications is necessary and can form great relations in projects and overcome barriers such as different cultures, interests or opinions (Kliem, 2008). Insufficient face-to-face communication can result in misconceptions and eventually lead to losses in nonverbal signs such as body language, these are aspects that further hamper the achievement of mutual trust and confidence in project teams consisting of various ethnicities (Ochieng & Price, 2010).

Problems regarding intercultural communication often derive from understanding issues, for example a person might not be aware of misunderstanding an important point or concept. Misconceptions like this often occurs if the message is misinterpreted and due to insufficient knowledge in the used language, strong expectations or a lack of understanding of the other's cultural background (Goetsch & Davis, 2013). Misunderstandings due to different ways to express oneself, deriving from culture alongside national characteristics and philosophies are common grounds (Lewis, 2006). Communication has the ability to eliminate or minimize uncertainties within a comfort zone in which people interact in a way that builds up the relationship. The outcome is that cooperative behavior will be applied when trust is present, and if not present, distrust will lead to conflicts (Lau & Rowlinson, 2009).

2.6.1.3 Trust

Previous research has noted that trust constitutes an important element in any business relationship. Regarding project management, a clear pattern is trust and its reliance on the ability and willingness of others to meet commitments (Meredith & Mantel, 2012). Relationships under working conditions have an important effect on project performance and collaborations are presumed to be a behavioral consequence of trust (Lau & Rowlinson, 2009). Trust is considered as a quality of a relationship and involves interactions from people at an interpersonal level and inter-firm levels. Encouraging trusting relationships is more than satisfying hard aspects such as goals in technological and economical terms, it also highlights soft aspects like morale within the group along social goals, which eventually results in a socially sound working place (Meredith & Mantel, 2012; Lau & Rowlinson, 2009).

Trust is developed over time and after interactions between individuals, concerned parties find themselves gaining personal experiences from these interactions which later on acts as a foundation of trust (Kadefors, 2004). The temporary nature of the construction industry complicates the forming of trust. Trust is of high importance for good interpersonal relationships within construction projects and is considered to enhance performance (Ling, 2015). Trust is a facilitating factor for positive developing relationships (Pinto et al., 2008) and trust has a central role in interpersonal relationships as well, trust is therefore highly affecting the continuity of relationships after project closeout (Ling, 2015). In the construction industry, through previous research three main

factors have emerged as influential regarding trust: honest communication, reliance and delivery of outcomes (Khalfan et al., 2007). Honest communication corresponds to how people communicate to each other, aspects on being open, a willingness to share vital information with the rest of the team that actually reflect the real conditions in the prevailing situation have been emphasized. Reliance relates to trusting what information that has been communicated and the person who mediates it, without this reliance believing in getting things done would not be genuine. Delivery of outcomes is the ultimate proof of being reliable to carry out what has been promised and constitutes a black-on-white answer to contributing or not in the project (Khalfan et al., 2007). Figure 3 shows how trust develops through the three mentioned factors, people need to be able to rely on the given information, where individuals stand by their commitments and where deliveries match or exceed the expectations.

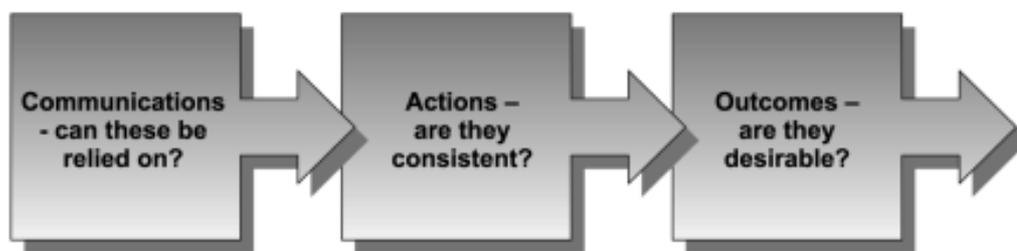


Figure 3, Development of trust (Khalfan et al., 2007).

Projects within the construction industry involve uncertainties, high-risk exposure, need for fast decisions and different strengths, backgrounds and experiences, which makes working together challenging (Lau & Rowlinson, 2009). Trust is vital when it comes to collaboration and integration between involved parties in any construction project (Manu et al., 2015). Since most construction is project based, trust becomes even more important since it increases the ability to respond quicker and work in a more flexible manner. This does not only shorten the timespan but also leads to cost savings throughout the project. A construction project consists of many segmented actors with varying backgrounds. If a high level of mutual trust permeates the whole workforce, the enticement of working towards a common goal is achieved (McDermott, 2004). Studies have found trust to be an essential fundamental when working in project teams with groups from various cultures, trust prospers in environments with mutual respect between managers and craftsmen (Ochieng & Price, 2010).

2.7 Summary

During the literature review, several aspects that affect the relationship between contractors and foreign labour have been identified. The following bullet points can sum up the outcome:

- Posted workers often end up being socially excluded from the host society as they get to reside secluded and tend to stick with a strong home country orientation.

- Recruiting the right kind of foreign labour is of high importance since their skills play a vital part in completing a construction project and lets the contractor widen its business span.
- There are many reasons for recruiting foreign labour, the primary circumstances are capacity shortages, reducing labour costs and obtaining unique skills.
- Inside the EU, migrant flows facilitate the recruitment of foreign labour and the structure of the host industry also determines the receptiveness.
- Foreign workers tend to move in order to reach better working conditions and higher salaries.
- The relationship between contractors and subcontractors may impact the project outcome and plays an important role for future collaboration as contractors can access new areas by using foreign subcontractors and thus compete for additional projects.
- Several aspects affect the relationship to foreign labour where the most common causes of problems are barriers in communication, trust and culture.

3 Methodology

This chapter outlines the chosen methodology of the thesis, and the reasoning behind the chosen method to reach an answer to the research questions is argued for and explained. Finally, the strategy of how the interviews were performed is presented.

The general methodological approach of the thesis contains the following steps:

- A literature review in order to establish a theoretical framework related to the topic of the thesis
- An interview study was conducted with individuals related to each case and foreign workers engaged in the organization to acquire a deeper understanding of the companies and various perspectives on the topic from different hierarchical levels
- The interview study, in conjunction with the theoretical framework, then formed the foundation for the results
- The results were developed into an analysis, discussion and conclusion connected and supported by the theoretical framework and research questions

3.1 Literature review

An initial literature review started off this research process, it is of importance to be familiar with the research area and hence it gives the researcher a thorough knowledge base as a foundation for the topic. A good knowledge base to build upon is also important as it forms an awareness of possible holes in existing research and what approaches could be useful in further investigations (Bryman & Bell, 2011). To get an interview part as fruitful as possible, the literature review constitutes the basis of understanding and was therefore conducted first. This part was conducted by reading scientific articles within the field of research, as well as books and reports that were found relevant. Literature regarding both Swedish and international contexts was used as a way to broaden and diversify the perspectives of the thesis. The considered literature was examined and evaluated to determine the relevance to the topic of the thesis, and the ones corresponding most and thought to add the most value were selected.

To facilitate the literature review, different scientific databases, such as Google Scholar, ScienceDirect and Summon, were used. These were accessed via Chalmers online services. In determining which articles were relevant to the scope of this thesis, abstracts, keywords, summaries and conclusions were examined. In finding articles via the databases the following keywords were commonly used: posting, foreign labour in construction, foreign subcontractors, subcontractors' relationship to contractors, cultural dimensions, relationship factors. Citations in articles also led to finding more helpful articles. Other than scientific articles that were found online, relevant books used as course literature from previous courses in the Master of Science in "design and construction project management" program at Chalmers as well as the master in "engineering management" program at National University in San Diego were used.

3.2 Case study

The purpose of conducting a case study is to make a definite description or resolution of a case, as an organization for example (Flick, 2009). The aim is usually to be able to make a general statement of the concerned case or cases, hence a common problem is identifying a case that is coherent to the research question. Bryman and Bell (2011) as well as Flick (2009) argue how findings in particular cases can be used as generalizations and consequently be useful or not. This concern is specified as external validity, and is argued to be a phenomenon where researchers are looking only for observations and findings that would be useful to their own research topic (Bryman & Bell, 2011; Flick, 2009). Thus, the cases selected for research are of importance as they enable a generalization which conclusions can be drawn upon. Since more cases decrease the chance of faulty generalizations this thesis consists of several cases, as findings then can be found to vary to a higher extent and thus help generalize.

This thesis is based on three different cases where the objects have been two construction sites and one local office of three different companies. The visit at the first construction site is referred to as Company X, the second construction site is called Company Y and the visit at the last company's office is specified as Company Z. The reason and intentions for having several cases was to get as much input as possible from as many perspectives as possible as the concerned companies at the time engaged foreign workers from different areas in Europe. Two representatives asked to get a rough draft of the questions that were to be asked during the interviews in advance, in order to get a chance to prepare themselves. These two representatives were also sent a draft of the findings from the interviews afterwards in order to attain validation to the conclusions drawn upon the interviews. Bryman and Bell (2011) claim that this process through respondent affirmation can lead to a higher validation.

3.3 Interview methodology

According to Bryman & Bell, (2011) two dominant methods of data gathering exist: qualitative and quantitative research. Qualitative research underlines verbal explanations rather than numbers and quantity, hence a qualitative research strategy was chosen when interviewing the Swedish managers. This encompassed getting a deeper understanding of the establishment of the relationship to foreign labour by asking experienced individuals working as contractors and procurers. In order to not only get input on the relationship from one perspective, another study was performed to capture views of representatives of the foreign workers. This side represents the quantitative research method, as finding interviewees who are willing to participate in a deeper interview was believed to be hard. The quantitative research strategy encompassed getting input addressing the research questions based on questions that had predetermined alternatives in the form of a survey. Both these strategies were used in combination, thereby a better overall picture of reality developed.

The interview study process was aligned according to the seven stages suggested by Kvale & Brinkmann (2009).

1. *Thematisation*. The purpose of the interview study was formalised and what questions sought to be answered by the study.
2. *Planning*. The study was planned and structured before commencing the interviews. Interview questions was prepared and created with regards to the thesis purpose and research questions.
3. *Interview*. The actual interviews were performed.
4. *Transcription*. In preparation for a proper analysis the recorded interviews were summarized in writing.
5. *Analysis*. The interview material was analysed. Relevant information was sorted into different categories and subcategories.
6. *Verification*. The validity and reliability of the interview was examined and compared with the purpose and research questions presented in the introduction chapter.
7. *Reporting*. The material of the interview study was composed and presented in the chapter results and later analysed in the analysis chapter.

Fundamentally there are two different kinds of interview types when it comes to qualitative data collection, namely (Bryman & Bell, 2011):

- Unstructured
- Semi-structured

The unstructured way is very much like a normal conversation where no questions are predetermined. The flexibility of this type results in spontaneous responses and can lead to additional information, which might not have been considered otherwise. The semi-structured way is a list of questions with somewhat specific subjects, also called an *interview guide*. This way might not be as flexible as the unstructured way but still offers plenty of room for interpreting the questions and gives more information inline with the referred topic.

The qualitative interviews were conducted with a cross-sectional design, as the interviewees were questioned only once (Bryman, 2012). Two of the three companies requested to be anonymous, which led to the decision not to name any of the companies. A semi-structured way was preferred in order to control the outcome and since a predetermined idea of what the interview should cover had been established. The interview guideline was therefore divided into three categories called introduction, recruitment and relationship factors with each category containing several related questions, (see Appendix III). However, this turned out to be much more flexible than first anticipated due to counter-questions and long answers on the more basic questions. This flexibility, in combination with follow-up questions provided a chance to further explore

noteworthy deviations (Cresswell, 2014). All interviews were performed with at least one site manager since this constitutes high credibility alongside a more comparable result. Interacting with people with real-life experience and visiting them on their construction site gave a more substantial and practical understanding.

The interview with the site manager from Company X was held at a condominium project in Gråbo, and the information provided by Company X's CEO was acquired at a brief meeting at Chalmers after the CEO performed as a guest lecturer. At Company Y's project in Högsbo, two supervisors and one site-manager were interviewed. Due to little knowledge about the recruitment process, the CEO for their recruitment channel was later on contacted via e-mail. Concerning Company Z, a project manager, a site manager and two supervisors provided insights. The representatives from Company Z all shared the same view of engaging foreign labour, which might have been due to the interview execution where they all were present in the same room and could therefore have been influenced by each other. Quantitative data was collected from both Company Y and Z as they helped sending out a questionnaire, (see Appendix II) this was however unfortunately not possible at Company X due to time restrictions. Table 2 summarizes the dates of the interviews, the concerned companies and the interviewees.

Table 2. Participants in the qualitative interviews

Participant	Company	Date of interview
Supervisor	Y	08-04-2016
Supervisor	Y	08-04-2016
Site Manager	Y	08-04-2016
CEO - Recruitment channel	Y	03-05-2016
CEO	X	18-04-2016
Site Manager	X	27-04-2016
Supervisor	Z	20-05-2016
Supervisor	Z	20-05-2016
Site Manager	Z	20-05-2016
Project Manager	Z	20-05-2016

The quantitative data, in form of a questionnaire survey was gathered from two teams of foreign craftsmen where both groups had one spokesman each that acted as a foreman because he could speak English. The group engaged by Company Y originates from Croatia and the group previously engaged by Company Z is Polish. In order to carry out the quantitative survey one supervisor at Company Y held a meeting with the foreign workers where he translated the questionnaire survey into English, their spokesman then translated it further into Croatian. No translations by a present manager were required at Company Z whereas this procedure was done in their e-mail exchange.

Table 3. Participants in the quantitative survey

Participant	Company	Date of survey
Spokesman	Y	15-04-2016
11 craftsmen	Y	25-05-2016
Spokesman	Z	25-05-2016
8 craftsmen	Z	20-05-2016

3.4 Analysis of empirical data

Recordings as well as notes were taken during the interviews, these were thoroughly examined afterwards by listening to the recordings and selecting the most important points. These were later summarized in order to give an overview as complete as possible. The empirical findings were evaluated and analyzed based on the theoretical framework, many of the findings were linked and supported by theory and the deviations were further analyzed and brought forth for discussion. As each of the three different companies involved constituted one case apiece, a comparison of the findings was possible. Since the approach of the interviews was structured in the same way with questions following a chronological order, the results were easier to compare and analyze.

After the first interview the use of analytical software was contemplated as Silverman, (2013) suggests facilitating interviews, however after consideration it was decided that recordings and notes were sufficient enough. Regarding the quantitative surveys, Microsoft Excel was found very helpful to compile the results and was the tool used. All performed interviews were conducted in Swedish, why the gathered data including citations have been translated into English. All citations have been translated from Swedish to English by the authors and careful consideration has been given in order to not distort the meaning or the concept.

In conclusion, the analysis and discussion were further built upon and the most important issues and findings were brought forward. The conclusion is structured to address the research questions and reflects the use of foreign labour, important aspects to consider in the relationship and finally recruitment approaches. Finally, recommendations and suggestions for further research are proposed and presented based on gaps discovered in the theory used and questions that arose when researching for this topic.

Finally, the credibility of the results needs to be addressed as the number of interviews and cases can be discussed. It could have been desirable with more than three cases in order to obtain more information from additional perspectives and more respondents. One could also argue that the results obtained from the interviews are dependent on the interviewee as underlying personal biases can exist. To get a more widespread perspective, more

contractors in various sizes could have been used as the engaging of foreign workers varies depending on several factors. The current economic cycle could also be discussed, as the situation could have been very different if we were in a recession with minimal activity in the construction sector. Nonetheless, with the forecasts of future prosperity within the Swedish construction sector these conditions constitute a sound basis to build upon.

4 Results

This chapter will present the results from the interviews as well as describing the interviewed actors.

4.1 Company X

Company X consists of three different business areas: real estate, project development and building. The concerned company is a small actor within the construction industry with just over 100 employees. They operate mainly in the Gothenburg area but have recently stretched its business to the Stockholm area as well. Their ambition is to be the modern building contractor, emphasizing long-term relationships with main focus on personal relations with customers, partners and employees. The company acts as the project developer as well as the performing constructor and property manager. The concerned segment of the consolidation of the company in this thesis is the building section as it corresponds most to the aim of the thesis.

4.1.1 Recruitment

Company X only recruits their foreign workers from labour forces already established in Sweden, they perform this recruitment on basis of recommendations from colleagues in the industry. These colleagues are often larger and well-established firms such as Peab, Skanska and NCC. This approach enables Company X to ensure competence without undertaking the risk of the craftsmen not having the right skills.

When asked how often they recruit foreign workers directly to their own company, the site manager's response was:

"We have a philosophy to provide about 50-60% of the workforce with our own people. This means that when working in a boom, a lot of temporary workers are bought, while in a bust when demand is low we never have to fire an employee and have not done this since the start in 1995."

Site manager, Company X

Company X recruits their foreign labour through the same process as if recruiting domestically and the type of work may range from concrete to carpentering jobs. The word of recommendation in combination with a diploma certifying the craftsmens' qualifications in the concerned area forms the basis of competency assessment and is complemented with daily checks of their performance on site. A site manager within Company X told that well-functioning relations to some groups of foreigners had been established in the past and that he then tried his best to re-engage them later on as new projects emerged.

4.1.2 Project description

The project studied is located in Gråbo, which is an urban area located approximately 20km outside of Gothenburg city. The condominium project, consisting of 49 apartments, is a first step in developing Gråbo into a modern small-town and the vision of the project is to combine innovation and experience with a strong environmental focus. In this project, both Latvian and Polish workers were engaged as subcontractors for prefabricated concrete elements. The Latvian craftsmen were familiar from earlier projects years back, then also engaged by Company X. The Polish workers had been in the firm for a while at other projects in the Stockholm area and thus new to this Gothenburg located group.

4.1.3 Observations

When we came to the project and had a walk around with the site manager it became apparent to us that the project was culturally diversified. One could easily distinguish different ethnical groups as these kept themselves together performing their assigned tasks. Both the Polish as well as the Latvian group had a foreman who could speak English and acted as a sort of translator at the same time as supervising and helping his team completing their tasks. Some subcontractors present on the site were domestic and communication between the different work groups had to be conducted through the foreign workers foremen. One noticeable point was the respect that the foreign workers seemed to cherish for the managers of the project, as soon as we were closing up to a group of foreign workers they stopped to nod at the manager and to make sure to get out of his way. Another aspect we noticed was the neat and tidiness of the construction site, the site manager told us this was something the management pushed for and wanted to emphasize. They believed this to result in a better working environment where not only safety were improved but all aspects of working together with other individuals. As it is clearly evident if one group is making a mess in an otherwise clean site, this is one step in getting all groups of thinking and acting in the same direction.

4.1.4 Experiences & outcomes

Representatives from Company X highlight mutual respect as the most important factor in a healthy relationship with their foreign labour, as this creates an understanding of each other's needs that also spurs the collaboration. An aspect raised as complicating the collaboration was communication in an early stage. A book called "Tysta boken", see appendix I, was used in this stage in order to communicate the most basic knowledge. Tysta Boken is a book compiled by a large contracting company in Sweden regarding safety measures on construction sites in order to reduce accidents and increase safety. It is a book that reaches out to everyone no matter the language spoken as it only consists of simple pictures explaining the most basic measures on site. It is also small in size and therefore compatible to be carried around inside a pocket to facilitate communication about these remarks with everyone on site at all times. As the project proceeds and the relation between the foreign workers' spokesman and the managers at Company X gets more easygoing, the communication aspect becomes less of a problem. The managers at Company X all share the same

opinion of foreign craftsmen not only being cheaper but also more effective, conducting better craftsmanship at a lower price compared domestic subcontractors. Another crucial aspect of using foreign labour for the company was their skillset, which they find absent among Swedish workers. The managers also perceive domestic workers as lazy and spoiled compared to eastern Europeans who possess a “just do it”-attitude. However, they also stated that this attitude of just getting things done as soon as possible could have drawbacks. Swedish workers were perceived as more prone to question instructions and suggest improvements, a lack of such thoughtfulness can lead to both cost overruns and hamper the innovativeness.

“It lies in their culture to be afraid of admitting that they do not understand or are inadequate to perform a task. Unfortunately, this results in briefings where they often reply yes, yes, yes without actually understanding the assignment.”

Site manager, Company X

The requirement imposed on the foreign workgroup was that at least the supervisor of the group should be able to speak English. Poor language skills were not something that the site manager had experienced as a major issue, however he saw that problems still occurred due to insufficient communication. He also pointed out that he saw several advantages with foreign workers compared to domestic, such as faster workflow and less whining, which he thought derived from differences in culture.

“There is a completely different attitude amongst the foreign workers. They originate from another culture and no matter what one thinks about it, they have a totally different respect at the workplace.”

Site manager, Company X

Representatives from Company X claims that the presence of foreign labour has increased rapidly over the last 10 years since the opening of cross-border movements within the EU. They also highlight that foreign labour will be vital for meeting the future demand within the Swedish construction sector, not only as craftsmen but also at engineering positions. The site manager in Gråbo claimed that many smaller construction companies find it difficult to keep their own craftsmen occupied since they often only have one or two projects running. This makes it difficult to keep everyone constantly busy and often leads to smaller contractors being forced to undertake non-profitable projects just to keep a steady rate of occupation. He continued to claim that engaging foreign workers by subcontracting as a solution to this since they come in and do their tasks and then leave without having to be engaged later on. Thereby he agrees with Friberg, (2012) who stated that subcontracting foreign workers is one way to address short-term employment issues.

4.1.5 Summary Company X

- Recruits based on recommendations from business partners and colleagues
- Highlighted mutual respect as most important relationship factor
- Found communication in an early stage as main problem
- Perceived foreign labour as more hard-working and less whiny
- Considers foreign labour to be better craftsmen than domestic, and at a cheaper price

4.2 Company Y

Company Y consists of three different business areas, namely: carpentry, project development and building services. The company is a small contractor within the construction industry with slightly less than 170 employees. They emphasize building safety together with quality at all levels and strive for better sustainability in building. Company Y operates in the Gothenburg area and its vicinity, the section of the concerned company in this thesis is building services. This part operates in smaller new-construction projects as well as reconstruction projects where common works in reconstruction projects are adaption of premises, repairs, smaller undertakings and maintenance services on all kinds of properties.

4.2.1 Recruitment

Company Y has established a subsidiary for recruiting foreign labour, which is an affiliated company within Company Y. The subsidiary was established in order to provide a cost effective concept for the ROT renovation of 1960's housing areas and has a local office in Zagreb. The subsidiary serves Company Y only and has been used since 2001. The recruitment takes place in Zagreb, but done through a process established in Sweden. The Croatian workers get to attend an interview in Zagreb and in some cases also conduct test works at local construction sites in combination with a medical test. Company Y uses the previous mentioned test works as well as a probationary employment in order to ensure that the right competences are attained and sometimes also recruit to permanent employment in Sweden. One aspect pointed out by Company Y is the difficulty of providing and offering continuous employment as a smaller actor where the backlog of waiting projects may not always be full. By having an own subsidiary helping to serve foreign labour when in need the problem of retaining foreigners by providing steady employment is limited.

4.2.2 Project description

The studied project of Company Y is located in the western region of Gothenburg in an area called Högsbo. The project's scope is to produce 59 new apartments distributed in two buildings. The project is a densification project, which also includes demolition, removal and groundwork. All foreign workers in this project were from Croatia, although the interviewed Swedish supervisors had worked with Polish craftsmen in earlier projects too.

4.2.3 Observations

When walking around at the concerned construction site the diversity of ethnical groups was not as clear as in Company X's construction site, deriving from only workers from Croatia being engaged as foreign labour in this case. However, there were still several groups working at different places on different tasks but they seemed to have a connection as they easily communicated to each other. The site manager with whom we walked around the site claimed that their ambition was to have a high number as possible of foreigners proficient in speaking English but as far as we could see the foreman was the only one who could communicate with the management and the domestic craftsmen. The same kind of respect for the management that was found on site at Company X was not acknowledged at this site whereas the foreign workers did not stop in advance to greet the manager but continued to work until the manager was close by.

4.2.4 Experiences & outcomes

The interviews at Company Y revealed that both the site manager and supervisors highlighted communication as main barrier and emphasized the need for patience to overcome struggling communication when using foreign workers.

“A lot of patience is required to cope with the struggling communication, which I luckily have. However, this seems to be a major issue for many older supervisors.”

Supervisor, Company Y

Patience was highlighted as especially important in the beginning of the collaboration when working in a newly established relationship. As the verbal abilities within the foreign team often are limited to one spokesman, the managers at Company Y considered communication as the biggest hinder. This aspect, in combination with many of the older Swedish site managers and supervisors not mastering the English language, often leads to constrained communication. The effect of this is less effective communication, which can also lead to longer lead-times and misunderstandings. The Swedish managers at Company Y also highlighted a noticeable difference among the foreign craftsmen regarding the willingness to learn and strive for a consensual understanding. They believed these discrepancies to depend on the foreigners' ethnicity.

“You teach the Croatian workers the Swedish way whereupon they, to some extent, become independent while you constantly have to control the Polish workers to limit the errors.”

Supervisor, Company Y

In the studied project, Company Y used only Croatian workers and had in an early stage conducted a thorough review, in order to direct the collaboration

toward common goals. An important requirement stressed by one of the supervisors was that the foreign workers should have an understanding of their given tasks, even though these may be unfamiliar and differ from the way they are performed in their home country. Another request on the foreigners was that as many as possible should be able to speak English, otherwise it usually ended up in using sign language and drawings to communicate. In spite of this inferior communication, the overall quality and effectiveness, in relation to costs, were found to be the main motives for engaging foreign labour. The managers held out the reasons for foreign labor to go abroad to be higher salaries and better working conditions, which are in line with the results in the questionnaire survey, see figure 6, question 4 below.

4.2.5 Questionnaire survey

The Croatian workers at Company Y's construction site were asked to fill out a questionnaire survey in order to obtain their view of the collaboration and integration to the Swedish construction industry. To acquire a better understanding of their understanding, the following questions were asked:

1. I speak Swedish
2. I speak English
3. The communication with the employer works well
4. Why do you want to work in Sweden?
5. How did you come in contact with the Swedish employer?
6. Was the recruitment smooth?
7. Is integration into the new society complicated?
8. Do many problems occur when cooperating with the Swedish employer?
9. Does the relationship evolve in a positive direction?

The result of the questionnaire survey is presented below in three different figures, in order to give a simple overview and as the possible answers could differ. 12 workers participated in the survey, all of which had been enrolled through recruitment by friends, which constitutes question number 5 and is therefore not included in any of the figures.

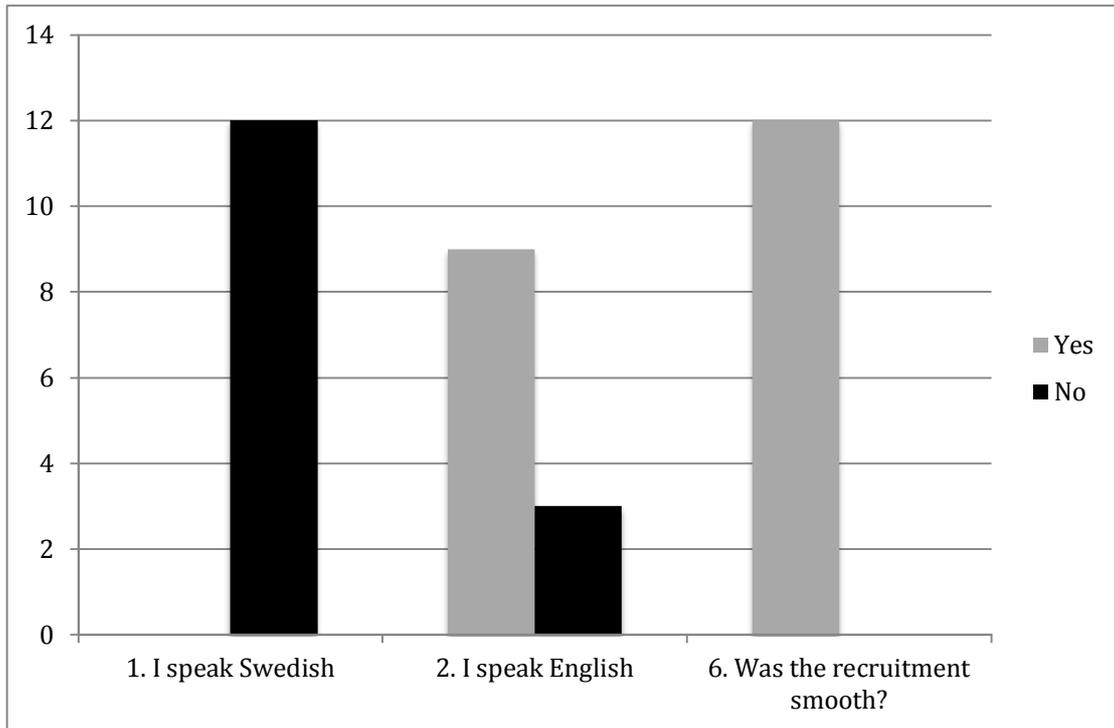


Figure 4. Showing answers to question 1,2,6.

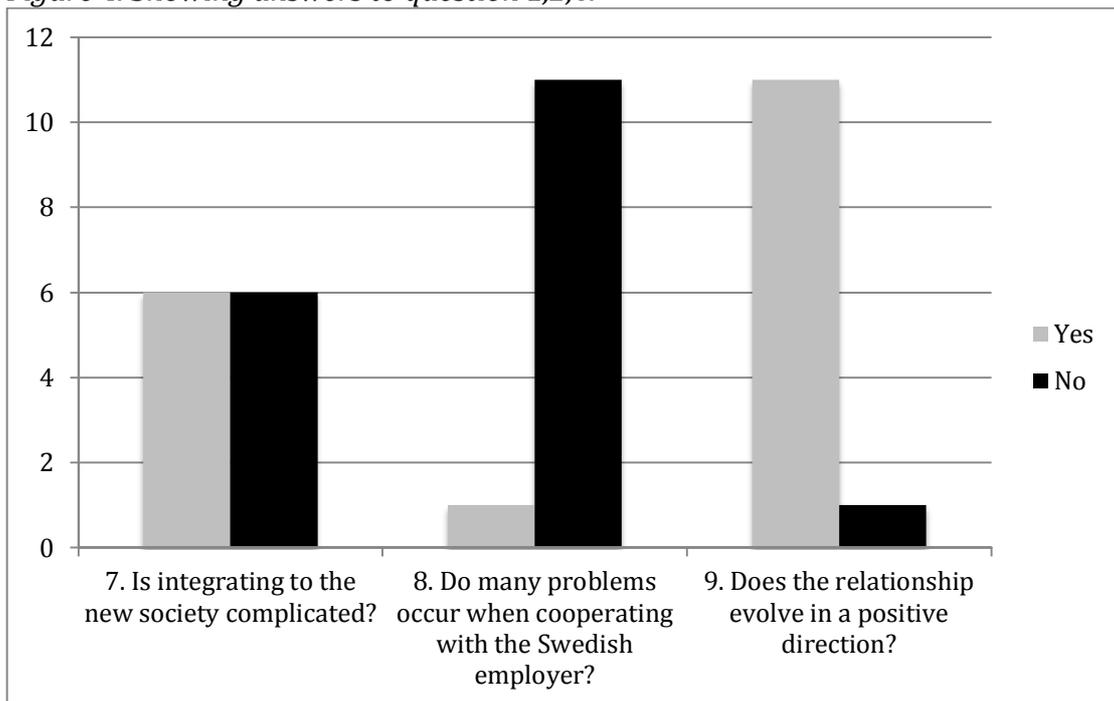


Figure 5. Showing answers to question 7-9.

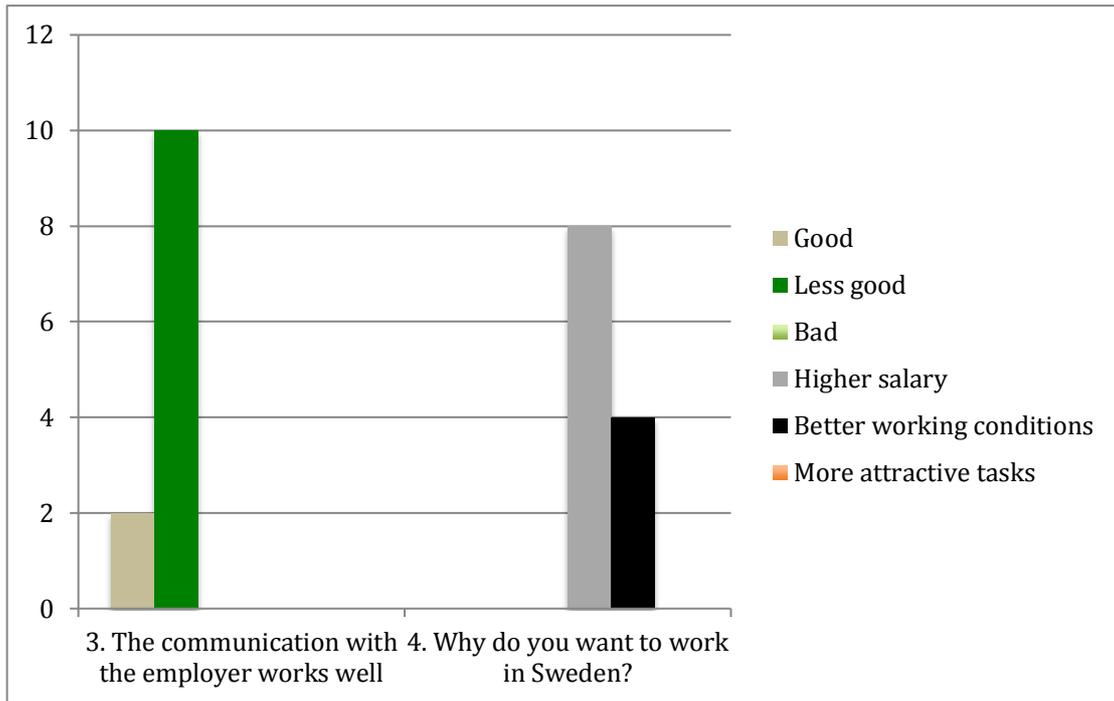


Figure 6. Showing answers to question 3 & 4.

4.2.6 Summary Company Y

- Believed patience to be key in dealing with foreign workers
- Considers communication as main obstacle
- Found their foreign workers more effective compared to domestic
- Uses their own sub-channel in the recruitment
- Considers foreign labour to be more effective than domestic

4.3 Company Z

Company Z is a smaller contractor with less than 50 employees, active in the Gothenburg area who develops and customizes properties for local real estate owners. The company was founded in 1927 and currently operates within a phase of expansion. Their core focus lies in developing and leading construction projects, they emphasize complex projects as they seek to gain a leading market position in this field. The business office is located in a suburb to Gothenburg and has been ever since the start when the primary focus was put on local housing, schools, and center properties. The focus later changed, first in the 80s, when the company started to hold properties for their own development, and once again in the 90s when operations were focused more toward service and reconstruction projects. The most recent alteration was made in 2011 when focus was put even more on developing and building properties that the company itself will own.

4.3.1 Recruitment

Company Z recruits their foreign craftsmen from already present foreign labour forces in Sweden through recommendations by colleagues. They also value experience as this previously has proven to be a good reference, by doing this they can ensure competence to some extent while undertaking little risk. Company Z also stresses the importance to build a strong relation to their foreign craftsmen in order to re-engage them in upcoming projects.

"We have full trust in our colleagues' recommendations and see that this has worked well in previous projects. When we, in addition, take into consideration how many years of experience the foreign worker has, this creates a clear picture of their competence."

Site manager, Company Z

4.3.2 Experiences & outcomes

Unfortunately, Company Z was not using foreign labour in the present situation but all of the interviewed representatives had worked with foreign craftsmen through subcontracting in earlier projects. The previously used foreign labours' ethnicities were mixed, however it mostly consisted of Polish and Croatian workers. It was well known to the interviewees that workers from Poland and Croatia were not only cheaper than domestic, but also better craftsmen than Swedish. Even if their skillset focused on easy monotonous jobs, they were used throughout the project in all kinds of tasks ranging from casting to reinforcement.

Company Z required that at least one individual in the foreign work team should be proficient in English. However, the lack of English skills was something that both supervisors still experienced to be the greatest barrier for establishing a well-functioning relationship.

"The most common problem on worksite is the language. To explain in English becomes difficult when English skills vary and often are poor to none. Many times, it ends up with complements like drawings and gestures while trying to explain."

Site manager, Company Z

Insufficient communication when trying to conduct a thorough briefing regarding work tasks and drawings often lead to a much slower work flow that none of the interviewees were found of. Nevertheless, this was something they perceived changed for the better as the projects came along and the relationship developed. The interviewees at Company Z all saw the willingness to learn as fundamental for upcoming relationships. They pointed out that with the right attitude, communication and trust developed, even if it took time. They continued to state that a relationship could be established faster if the foreign workforce had better skills in communicating in English. With better English

skills from foreign workers, communication would become much more fluent, thus lead to easier trust building, which is a corner stone in a healthy relationship.

“The relationships usually improve over time. As both parties get to know each other, trust develops and an understanding on how to cope and work together becomes clearer.”

Supervisor, Company Z

The site manager stated that the culture of the foreign workers often makes them more formable. This makes them more useful for the supervisor than a normal Swedish worker who usually has a stronger opinion and is not always willing to co-operate to the same extent. One of the supervisors saw benefits with foreign workers taking on alternative working hours, which often resulted in higher profits for the Swedish contractor as well as better overall workflow for the project. To the question on motives to go abroad, the representatives' opinions differed as some saw higher salary as the biggest driver while others claimed it was due to better working conditions. All of the interviewees were convinced that foreign labour is essential for meeting future demand and completing coming projects but had no particulars on the extent of this.

4.3.3 Questionnaire survey

As mentioned earlier, no foreign workers were currently used during our visit at Company Z. However, the interviewed site manager offered to, during the following week, hand out the questionnaire to a Polish team of craftsmen he knew well from previous collaboration and send back the result. A Polish work team consisting of nine workers filled out the questionnaire and gave their opinions.

1. I speak Swedish
2. I speak English
3. The communication with the employer works well
4. Why do you want to work in Sweden?
5. How did you come in contact with the Swedish employer?
6. Was the recruitment smooth?
7. Is integration into the new society complicated?
8. Do many problems occur when cooperating with Swedish employer?
9. Does the relationship evolve in a positive direction?

The questionnaire used, see appendix II, is the same as in Company Y, which fittingly became a comparison between the Croatian and Polish workers. The results of the questionnaire is presented below, in this case too in three different figures as the possible answers differed and to give a simple overview. All workers had been enrolled through recruitment by friends, which is the answer to question 5, hence not showed in figures below.

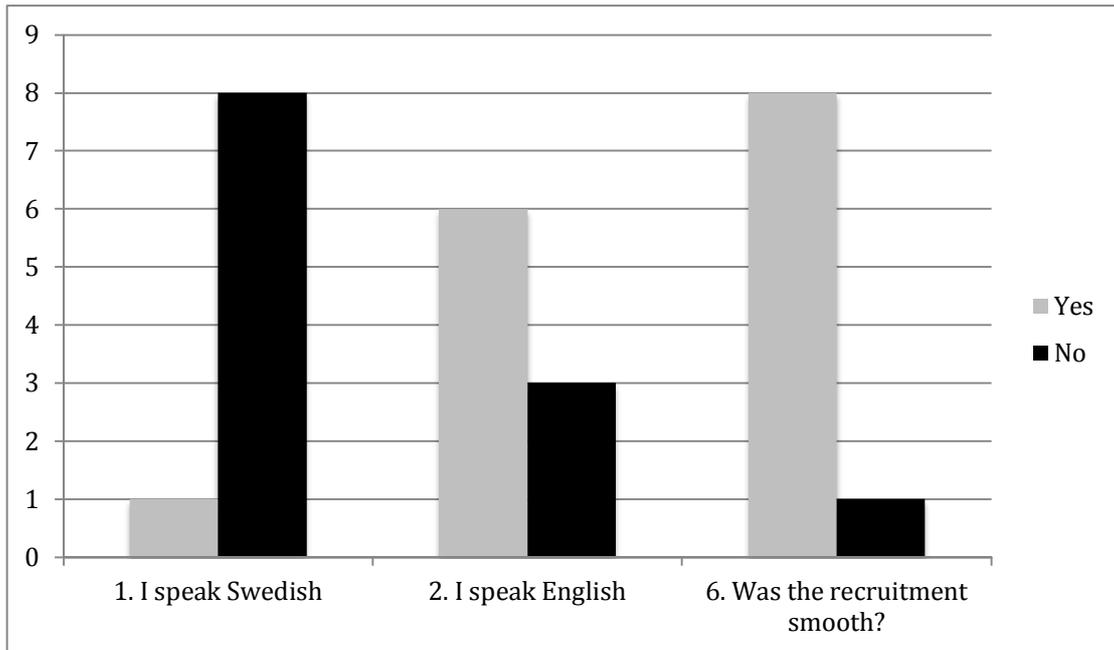


Figure 7. Showing answers to question 1,2,6.

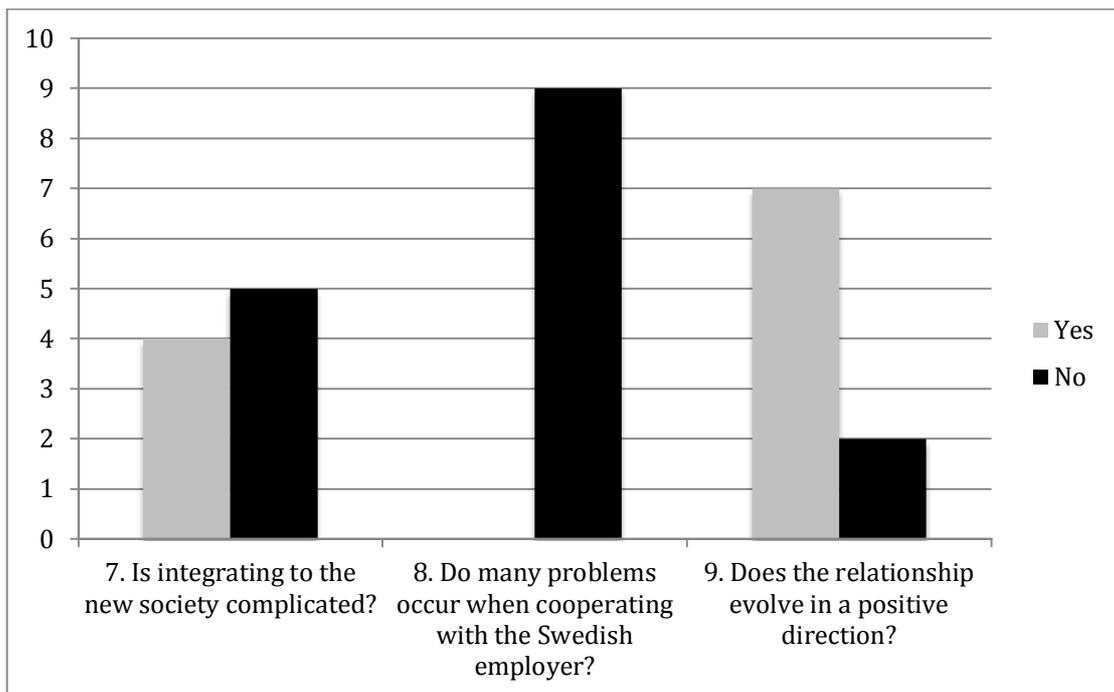


Figure 8. Showing answers to question 7-9.

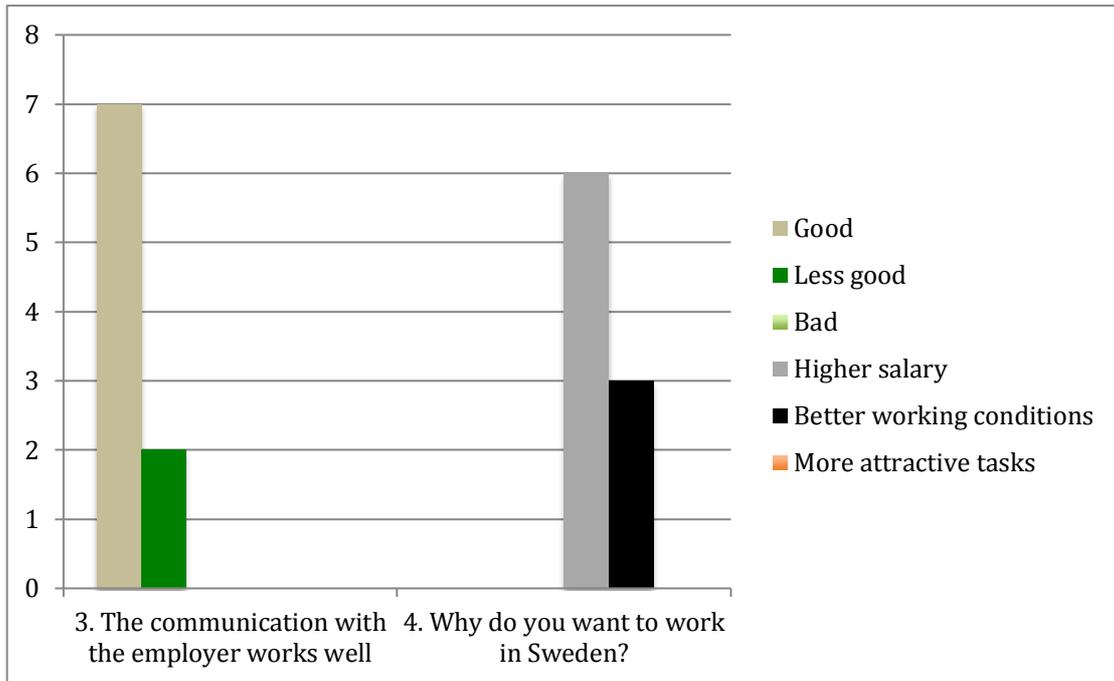


Figure 9. Showing answers to question 3 & 4.

4.3.4 Summary Company Z

- Describes foreign workers' willingness to learn as fundamental for the relationship
- Believes insufficient communication to compose the main obstacle
- Finds foreign workers to be better craftsmen at a cheaper price
- Recruits on recommendations by colleagues
- Considers foreign labour to be better craftsmen than domestic, and at a cheaper price

5 Discussion

In this chapter the empirical results are discussed in relation to the theoretical findings.

Sweden is currently facing a capacity shortage within the construction industry, and the use of foreign labour has increased over the last decade (SOU 2015:105). We have through the interviews concluded that foreign workers offer a more effective, flexible and risk-free solution for especially smaller construction contractors. This is due to the manner foreign craftsmen are employed by Swedish contractors, as it mostly concerns temporary or project based engagements. This in-and-out fashion often seen when engaging foreign workers facilitate employment problems for the contractor but can also be destructive as it hinders the ability to build long-term relationships. Without knowing anything regarding future employment, the foreign craftsmen easily ends up adopting a mindset where focus on integration to the new industry as well as long-term business opportunities are lacking (Caro et al., 2015). These aspects should be addressed by any industry facing a capacity shortage in order to meet the future construction demand.

5.1 Drivers and incentives

What we have found both through literature and interviews to constitute the major driver for contractors to engage foreign labour is meeting the future demand as a capacity shortage prevails the Swedish construction industry. Using foreign labour is defined by White and Marasini (2013) as a necessity to be able to cope with coming projects and to keep the industry running. All of the interviewed managers agreed on foreign labour being essential in order to meet future demand and some interviewees saw foreign labour to be used not only as craftsmen but also as engineers. They confirmed the importance of foreign labour by asserting themselves as not being able to take on certain projects without foreign craftsmen. According to the interviewed managers, cost is in addition to the capacity shortage one of the most crucial factors considered when engaging foreign workers. By stating this they agree with Frank (2013) who also highlights cost as one of the eminent impulsions to engage foreign labour. When asked, all concerned companies want to re-use the same foreign workers in upcoming projects. This is something we found a bit contradictory, as relations should be based on good communication and trust, which will not be the case if the contractor replaces a subcontractor as soon as they find cheaper options.

Furthermore, as the future for the Swedish construction industry holds a lot of coming projects, an increase in the use of foreign labour is imminent. Other advantages of using foreign labour have resulted in an overall better workflow at the construction sites as many of the interviewed managers believe foreign craftsmen being better craftsmen than domestic labour at the same time as they bring in unique skills not present today. Friberg (2012) states foreign labour as a valuable asset for the employer as they work harder, are not as picky about working hours as domestic labour and accepts almost any tasks. From our point of view, we agree on foreign labour as a proactive element in completing projects

and construction jobs. However, we stand a little hesitant of the question whether or not foreign labour is treated with the same respect as domestic, since contractors may consider the foreign craftsmen too much as an asset (Friberg, 2012).

Regarding incentives for the foreign labour to leave their home country, the theory presented by Friberg (2012) is well consistent with the findings from the surveys. The main incentives are higher salaries and better working conditions and we consider this as reasons sufficient enough to seek employment abroad. We do however think and hope that the aspect of long-term thinking will permeate job seeking abroad more in the future as it will contribute to reciprocal better business opportunities.

5.2 Establishing relations

Establishing relations to foreign labour can be done in various ways, no best way of doing this seems to exist and various actors have different methods and undertakings. Recommendations by colleagues seem to be the most widely used method, which also is the case of Company X and Company Z. When establishing a new relation to a group of labour the competence is of high importance, however it is not an easy task to determine competence in advance. Company X and Company Z have the possibility to ask their industry colleagues about the competence of the group of labour when asking for recommendations. An edge in determining competence based on recommendations can be found as the recommending actor has had the chance to see the labour performing the work they are wanted for. Another method of establishing relations is to use a subsidiary, where competence can be determined before any commitments as the subsidiary is in physical contact with the labour before any engagement takes place. As in the case of Company Y where the subsidiary interviews the applying labour and makes them conduct test work, this is a convenient and safe way of engaging labour with the right skills. However, having a subsidiary entails a lot of administrative efforts for the engaging company and is not as undemanding as going by recommendations. We think that using a subsidiary is a good and efficient way of establishing relations to foreign labour as competence can be ensured and it offers a method where both actors get to meet in advance, which infuses a kind of understanding of each other's needs. Though, we do not think this form to become significantly widespread among smaller companies as the following extra work in establishing a subsidiary may be discouraging compared to the more easy-going way of simply ask industry colleagues.

5.3 Long-term thinking

The most remarkable observation throughout the work with this thesis is that the interviewed representatives still consider price as the ruling factor when choosing which team of foreign craftsmen to engage. Though, they all agreed on long-term relationships with the foreign labour as vital in meeting the future demand. We see a hitch in this somewhat contradictory observation, as the Swedish contractors and the industry as a whole later on would benefit from the newly established relationships to be more focused on long-term business capabilities. However, another aspect on incorporating more foreign actors and

thus facilitating their penetration of the Swedish construction industry is how to involve more new individuals while at the same time building long-term relationships with the current foreign labour teams. We consider the form of solicitation presented as recruitment by friends as a helping factor to this problem as the newly brought in individual often has some kind of blood ties or connection to the recruiting friend, which expectantly would reassure commitment. If striving for long-term relationships and using this recruitment strategy at the same time, we see incorporating more new foreign labour and long-term business plans to interlace. As Petersson (2012) states recruitment by friends as a vital method in getting foreign labour interested in going abroad we hope that this will get an even bigger impact in the future.

There is a chance of getting a negative outcome on looking to re-engage the same team foreign labor as this could prohibit the pervasiveness to some extent for new actors trying to establish themselves abroad. Nonetheless, we consider this as less of a problem as the Swedish construction industry figures in a boom cycle where many new job opportunities will continue to emerge. We also think that the coming opportunities numerically will outweigh contractors' hesitation of not choosing the team of labour with which they have just established a relation to and executed a project together with.

5.4 Experiences from using foreign labour and relationship factors

When comparing the cases, several interesting findings could be identified. All of the involved companies saw numerous positive aspects in dealing with foreign labour and pointed out important factors affecting this relationship. In addition to being cheaper, the foreign workers' unique skills and more respectful attitudes were found to be main reasons for preferring them over domestic workers. The site manager at Company X gave a perceptive view over the differences in respect shown at the construction site between foreign and domestic labour. He explained foreign craftsmen showing their respect in a straightforward way as he said: *"They sometimes bow to me as if I were their king"*. Whether or not this can be connected to differences in culture is hard to say as the foreign craftsmen are found in a different dependence than the domestic. Adding to this the site manager also said: *"it lies in their nature to be afraid of admitting that they do not understand or are inadequate to perform a task"*. We think of this as a way of looking after oneself where showing the ultimate respect and not wanting to appear unaware can make it look like considerable differences in culture, of which the employer could take advantage by in having them work any hours and perform any tasks.

When comparing the cultural aspects in the Lewis model presented in 2.6.1.1, one can see that Swedes and people from Eastern Europe are within the same category, namely linear-active and nor are they found furthest apart from each other. Though, some of the Eastern European countries are on the brink of being found in the multi-active category. Being a distance apart from each other within the same category or being in found in another category would usually result in differing standpoints on time, punctuality and flexibility (Lewis, 2006). Though, we see the differences found from the interviews to be due to a question of

power where the foreigners are ensuring their engagement instead of a question of differences in culture as the Swedish managers leaned toward and ascribed. Considering the different characteristics representing linear-active and multi-active presented in Section 2.6.1.1, we cannot agree on most of the points expect for labour from Eastern Europe to be willing to work any hours and taking on several things at a time and performing any tasks. We do however think this can be traced back to the same issue of trying to ensure engagement and the other mismatches commonly representing their cultural values and beliefs to be overlooked due to the safeguarding of one's occupation. When looking further on the question of respect, the supervisor at Company Y stated patience as the most important factor. However, we think that this can be seen as the other side of the coin of respect, this time shown towards the foreign craftsmen as showing patience is a recognition of respect. We believe the difference in respect found among the foreign workers at the site of Company X and Company Y can be traced to the fact that only foreign workers from the same origin were to be found on the site of Company Y. As a more ethnically mixed site could lead to the different groups being more on guard, trying to make sure they appear to be hard working and contributing.

Even though all the studied companies are general contractors, similar in size and work within the same area, several dissimilarities were also found in how they deal with foreign labour. Company X stressed mutual respect as most important and pointed out Swedish craftsmen as whinier and less effective compared to foreign craftsmen. Company Y also perceived foreign workers to be more effective but saw a big difference in working attitude depending on ethnicity. This attitude was shown by less thoughtfulness from the Polish workers compared to the Croatians who were more self-going. Company Z saw great potential in the Polish just do it attitude since they were more adaptable and could be used throughout the project on everything from casting to reinforcement. The mentioned effectiveness is another take on the culture issue, as no one raised effectiveness as an expression of a weaker position but put it as culture. We think that this can be deduced to the same point whereas foreign workers put their best foot forward in order to look after their employment and not deriving from some cultural difference.

5.5 Offsetting the capacity shortage

Counteracting the current capacity shortage prevailing the Swedish construction industry is not something that will be fixed over a day but an objective with a longer time horizon. One aspect we have found absent during the work with this thesis is a focus on trying to integrate the foreign craftsmen offside the construction sites, which would have led to the foreigners feeling more welcome and at ease while residing in Sweden. Feeling more home and comfortable would also lead to a more open minded view towards the Swedish construction industry. As the foreign craftsmen inevitably shares their opinion with friends back home and thus prospective labour, conforming to the previous presented method of recruitment by friends. If the companies were to emphasize and

provide support for this out at the sites, we think a facilitated influx of new foreign labour would be the result.

Another way of enhancing the influx of foreign labour would be if a more structured cooperation between contractors within a shared catchment area were to be found, several aspects could help boosting this. First, a greater focus on creating long-term business opportunities for foreign labour should permeate the business environment. Making more foreigners spend longer periods in Sweden would result in them learning how the Swedish construction industry works in a smoother way. Second, a system where Swedish managers were coached in establishing good communication and a safer working environment would lead to an atmosphere with higher spirits for the foreigners, which also would boost the relationship between Swedish managers and the foreigners. Lastly, a promotion of training for the foreigners brought on by the contractors where information, education and language practice would favor their subsistence and facilitate both working and living in Sweden. Even going as far as organizing recreational activities could be a way of making the foreigners become more at ease and help their transition to the new host society.

6 Conclusion

Workforce migration within the EU has been facilitated since the opening of borders, which has led to an alternative for many companies to employ foreign workers. As they provide labour cheaper than the domestic and skills not found locally, they constitute a popular option in the Swedish construction industry. Primary motivations for foreign labour tend to be higher salary and better working conditions as they seek employment in Sweden. Foreign labour is today widely used in the Swedish construction industry and will be of high importance to meet future demand. It is thought that foreign workers' role will become more essential in the future, not only as craftsmen but at higher managerial positions as well.

The exclusion from the Swedish society in which foreign workers often end up in from the perspective of the individual worker is something we see as prevented to some extent since the group of foreigners often reside together, which could enhance dynamics and morale within the group. Though, the group as a whole is secluded from the surrounding society. We experience this as something not totally unwanted from the foreigners as their mindset often is fixed on hard work for a number of weeks and then going back home to family and friends for a while. To build upon this, integrating foreign workers into the Swedish society is a question that fits a much bigger spectrum than the project based part of the construction industry, as it only constitutes a small part of the whole apparatus in fully integrating to the Swedish society. Nevertheless, focusing more on the integration of foreign workers would help to fulfill the holistic process of engaging foreign labour. The foreigners' ambitions often only stretch to perform the work without caring much about the host society. This prevents integration necessary to optimize the cooperation when using foreign labour and should be addressed in order to reach for long-term business plans.

The cultural aspect of trust has been argued to play a big role in relationships. However, it is not easy to build trust in a nature where short durations and differing tasks are characteristic, such as the construction industry is configured. We think that encouraging trust in relationships will lead to an overall better situation, as it not only helps the project in reaching its goals and objectives by letting involved parties believe in given information and instructions, but also results in a well working socially construction site infused by morale and a friendly atmosphere.

Finally, all factors that have emerged as barriers throughout this thesis are seen as more troublesome in a short-term perspective compared to long-term thinking where common goals and gains should help to overcome these and result in a more profitable collaboration.

6.1 Recommendation

After investigating this topic, a clearer idea of the relationship between Swedish contractors and foreign labour has been obtained. In order to handle this kind of

relation in a prosperous way in the future, we would like to present some recommendations.

Competence should be emphasized and ensured in advance to make sure that the relationship starts without any tedious revelations, which would set a negative tone for the forthcoming collaboration. The way to ensure competence can be done in various manners as described in this thesis, regardless the approach it is sound and wise to use a way that has shown to be successful in the past and try to optimize it as new experiences are obtained. In addition to craftsmen competencies, communication is key in any relationship. Skills in English language should be sufficient and applicable from both the foreigners' spokesman and Swedish managers in order to avoid misconceptions. One way of impelling communication is to have regularly meetings with the foreign subcontractors often, which will enforce interactions and thus facilitate communication. A second way to enhance communication could be the systematic way where the company coaches their Swedish managers to establish well-functioning cornerstones of a relationship mentioned in Section 5.2.

Furthermore, focus should be put on involving the foreign labour in an early stage in order to establish a comprehensive understanding of their role and try to establish relationships for long-term collaborations. Lots of gains on overcoming early-stage problems can be avoided when re-engaging the same workers. Even though this might conflict with monetary questions and the perception of foreigners' mindset while working abroad, the advantages in the long run outweigh the contradicting aspects.

As a final recommendation, the regards of attitude and respect should be addressed. An open-mindset to working with new and unknown people should permeate both sides of the relationship alongside mutual respect, which is a mindset that most likely will be found widespread in the future as the world is getting more globalized for each and every day.

6.2 Future research

This thesis has been conducted under the spring of 2016, which may be considered a limited time in such a comprehensive and broad topic. Three cases were investigated with companies similar in size and area, more thorough studies including companies in various size and areas could be covered to raise a better holistic understanding of this topic.

This thesis was delimited from looking at profitability matters when engaging foreign labour compared to domestic, important findings on that aspect can have major impacts on future collaborations and is therefore recommended to look at in the future.

Another interesting angle on this research would be to conduct the same investigation during a different business cycle, as the conditions would differ and other outlooks probably would affect the view on engaging foreign labour.

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8 Appendices

Appendix I - Tysta boken

These are example pictures from the book "Tysta boken" created by NCC in order to communicate simple safety measures when word of mouth will not do the job.

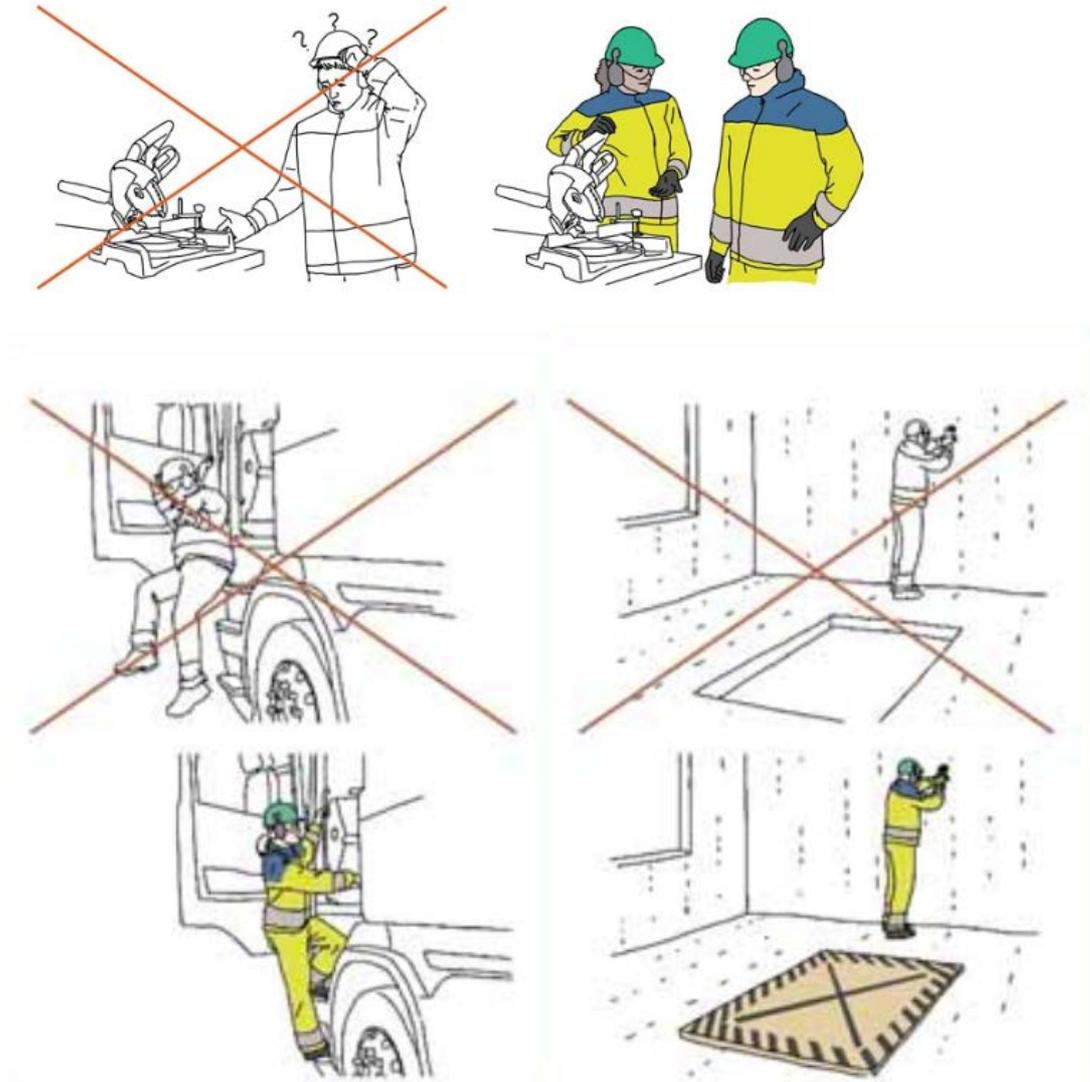


Figure 8-10. Showing picture samples from "Tysta Boken"

Appendix II - Questionnaire survey – foreign workers

1. Jag pratar svenska

Ja

Nej

2. Jag pratar engelska

Ja

Nej

3. Kommunikationen med arbetsgivaren funkar

Bra

Mindre bra

Dåligt

4. Varför vill du arbeta i Sverige?

Bättre lön

Bättre arbetsvillkor

Bättre arbetsuppgifter

Annat:

5. Hur kom du i kontakt med den svenska arbetsgivaren?

Rekryteringsbolag

Bemanningsbolag

Kompisrekrytering

Annons från svenska arbetsgivaren

6. Går rekryteringen smidigt?

Ja

Nej

Kommentar:

Figure 11. First page of the questionnaire survey for the quantitative research

7. Är integrationen till det nya samhället komplicerad?

Ja

Nej

Kommentar:

8. Blir ni involverade i projektet från ett tidigt stadie?

Ja

Nej

9. Uppstår det många problem i samarbetet med svenska arbetsgivare?

Ja

Nej

10. Hur utvecklas relationen under arbetes gång?

Bra

Dåligt

11. Arbetar ni aktivt för att bygga långsiktiga relationer med den svenska arbetsgivaren?

Ja

Nej

Figure 12. The final page of the questionnaire survey for the quantitative research.

Appendix III - Interview questions – Swedish managers

Intervju

Intro

- Vad gör ni (företaget)?
- Vad är din roll (position)?
- Använder ni utländsk arbetskraft? Vilka länder är vanligast att ni rekryterar ifrån? Varför? Vilka är fördelarna med utländsk arbetskraft?
- Tror ni att man kan få bukt med den svenska kapacitetsbristen genom utlandsrekrytering?
- Har ni några krav på arbetarnas språkkunskaper etc.?
- Vilka yrkesgrupper är det ni oftast upphandlar?
- Varför tror ni att dem är villiga att komma till Sverige och arbeta?
- Är det någon skillnad ur historiskt perspektiv på användandet av utländsk arbetskraft?
- Hur tror du framtiden ser ut inom användning av utländsk arbetskraft?
- Vad är din relation till den utländska arbetskraften?

Rekrytering

- Hur kommer ni i kontakt med utländsk arbetskraft?
- Hur går rekryteringen sedan till?
- Vilka skulle du säga är de viktigaste aktörerna i rekryteringsprocessen?
- Rekryterar ni även till anställning i det egna företaget?
- Hur arbetar ni för att säkerhetsställa att ni får rätt kompetens?
- Märker ni redan på det här stadiet av några barriärer som försvårar rekryteringen?
- Finns det någon aktör som motsätter sig utlandsrekryteringen?

Figure 13. Page one of the interview questions for the qualitative research

Relationsfrågor

- Hur arbetar ni för att integrera dem nyanlända och få dem att känna att dem är delaktiga? Sätts dem i grupper med andra från samma ursprung?
- Sätter ni upp några mål tillsammans? Hur arbetar ni för att sträva mot gemensamt gynnsamma mål?
- Ser arbetsgången olika ut för utländska/inhemska arbetare? Vad är skillnaderna?
- Vilka problem har ni stött på i samarbetet med utländsk arbetskraft? Vilka är dem vanligaste problemen? Hur gör ni för att lösa problemen?
- Hur har förhållandet med de utländska arbetarna utvecklats under arbetets gång?
- Hur arbetar ni för att bygga långsiktiga relationer?
- Vad skulle man kunna göra för att bygga en bättre relation redan från början?

Figure 14. Last page of the interview questions for the qualitative research

