

Attracting and Retaining Construction Workers in Today's Labor Shortage

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Regardless of company size or industry, employers are struggling to attract and retain quality workers. With the construction industry expected to continue to grow in 2022 and beyond, construction companies and contractors face a labor shortage and struggle to find workers to meet industry demands. This article highlights new employment research, outlines factors contributing to today's worker shortage, and offers tips to help employers attract and retain skilled workers.

Labor Market Factors

The first contributing factor to today's employment challenges is anticipated industry growth. Of note, the recently signed \$1.2 trillion Infrastructure Investment and Jobs Act will likely contribute to this growth as roads, bridges and other infrastructure will be updated countrywide. Although industry demand is promising, companies need skilled workers to meet the booming demand. Consider the following statistics regarding industry growth and demand:

- Construction job growth is projected at 7% from 2020 to 2030, according to the Bureau of Labor and Statistics (BLS).
- The construction industry needs 650,000 workers above its current pace of hiring to meet 2022 demand, according to Associated Builders and Contractors (ABC).
- The industry gains 3,900 jobs for every \$1 billion in additional construction spending, according to ABC.

Another factor in today's labor shortage is the high number of workers in the industry reaching retirement age. An overwhelming number of construction workers are expected to retire over the next decade; according to the National Center for Construction Education and Research, 41% of the current construction workforce will retire by 2031. Fewer young workers are joining or staying in this workforce, as there has been more focus on higher education than the trades in recent decades. Furthermore, many of those industry veteran workers have management roles. In addition to finding employees, employers will also need to address

leadership gaps to keep their operations running smoothly and retain institutional knowledge.

Like many other industries, the construction industry competes for today's workers amid high turnover rates. Regardless of industry, the pandemic caused many employees to reconsider their line of work and try different roles or industries entirely. This employment shift is especially difficult for construction companies and contractors, as the candidate pool for construction is significantly narrowed since they depend on workers who have acquired specialized skills.



New Research

In early 2022, employers across the country were surveyed about various employee attraction and retention topics, and more than 150 employers of all sizes and industries responded. Notably, the construction industry had a high participation rate in Zwave's 2022 Attraction and Retention Employer Pulse Survey. Consider the following key research findings from respondents in the construction industry:

- Over 90% of organizations somewhat have difficulty attracting new employees.
- 58% of organizations at least somewhat have difficulty retaining current employees.
- 81% of employers consider employee attraction and retention a top-five business challenge and expect the trend to continue.

Employee attraction and retention come with general hurdles, but construction leaders say they are working most to combat these specific challenges:

- Increasing compensation to meet current demands
- Addressing current and future skills gaps
- Addressing increased benefits demands
- Meeting desires for flexible work arrangements (i.e., remote, hybrid, flexible hours)

Such challenges significantly impact talent strategies. Similarly, surveyed organizations reported that the top priorities of today's workers include competitive compensation, competitive benefits and flexible schedules.

While those components are what today's construction workers are looking for, employers have their own wish lists for ideal candidates and employees. Experience, reliability and professionalism are the top desired traits of construction workers. Knowledge and technical skills were top traits for roughly a quarter of respondents, suggesting that employers would instead hire for personal attributes and soft skills, potentially supporting new hires with technical training on the job.

Worker Attraction and Retention Tips

Bringing in and keeping workers will continue to be a top challenge for construction companies and contractors. The construction industry is struggling to find skilled workers to meet the current and upcoming work demands—and there are no quick fixes for many of the reasons this is happening.

As workers retire, take other construction jobs or leave the industry altogether, employers will need to get creative with employee attraction and retention strategies. Consider these general tips:

Expand Recruitment Tactics

Employers can consider the best methods for reaching suitable candidates and growing their candidate pool. As the construction industry looks to recruit a new generation—specifically millennials and Generation Z—new recruitment tactics can be successful. In addition, construction employers can consider ways to grow their applicant pipeline by considering underrepresented groups in the industry. According to the BLS, women make up around 10% of workers in the construction industry, trailing most other key sectors. However, this creates an opportunity to increase talent pools in this expanding industry.

There's no single approach, but employers could try using social media, attending job fairs or presenting at high schools, trade or technical schools and universities to target key and new talent markets. Recruitment tactics that worked in the past likely won't be as impactful in today's market.

Invest in Training Opportunities

Employers can provide learning and development opportunities to both long-term and new employees to address looming skill gaps left behind by retired workers. After all, the construction industry requires workers to have specialized skills, and the work comes with a variety of safety hazards. Learning opportunities may be a way to recruit young employees and help them build a career in the construction industry. Here are a few examples of learning and development opportunities:

- **Employee training** can focus on specialized skills, new technology or safety-related topics. It's essential to identify any skills gaps left by retirement. The rework rate is a major concern for construction projects, and proper training can help businesses avoid such costly circumstances.
 - **Hands-on training** can be the most engaging since employees actively participate and may remember their experience better. As soon as new technology is available or used on a site, employers could allow all workers to interact with and practice using it. This will also help supervisors understand if there's a learning gap with devices or software so they can pivot to correct mistakes before they happen on-site.
 - **Virtual training** can help employees learn about health and safety regulations quickly and safely. Safety is critical in the construction industry. On-demand virtual training allows employees to test their skills and knowledge and retake lessons as needed to become familiar and comfortable with safety rules and standards.
 - **Simulated training**, including augmented



reality (AR) and virtual reality (VR), can provide hands-on training without endangering workers. Employees can use VR to learn how to operate remote-controlled heavy equipment without damaging equipment and other materials or worker injuries. Additionally, employers could use AR to allow teams to learn how to repair equipment or other critical mechanical components.

- **Mentoring plans** can prepare newer employees for future leadership roles and support the transfer of institutional knowledge from seasoned employees.
- **Leadership development programs** can also help prepare employees for management roles. The transition to supervising can be a significant change for many.

The internal promotion of skilled trade positions to managerial roles can also strengthen employee morale and provide clear career paths. Many managers who have or will be retiring may have started in an entry-level or junior position. Such employees understand the work and what it takes to be successful on the job—and they often can be great managers and leaders for the business. Besides offering such opportunities, it's equally important to promote them during recruitment and leverage them as a selling point to workers.

Review Compensation and Benefits Strategies

Regardless of the line of work, employees are looking for competitive salaries and benefits. If raises or sign-on bonuses aren't feasible, a benefits package could help seal the deal for some workers. Disability and life insurance can go a long way in showing that companies care about construction employees' health and well-being. To assist with employee retention, employers could consider ways—such as health and wellness programs—to help employees in their work and personal lives.

Provide Autonomy

Work autonomy means giving employees the freedom to work in a way that suits them. As such, employees get to decide how and when their work should be done. This type of workplace flexibility can go a long way with workers as the construction industry is generally very rigid and comes with high levels of problem-solving.

As feasible, construction employers could look for ways to minimize micromanagement and focus on policies instead of processes. Job autonomy builds trust with employees because it gives them the freedom to manage their work and helps them find purpose in their day-to-day work. Furthermore, autonomy could help encourage mastery as well. Workers who are newer to the industry may feel like a master of their work sooner, which bolsters confidence and accountability. In today's labor market, accountability and autonomy can be a winning combination to attract and retain skilled workers.





Summary

Attracting and retaining construction workers has never been easy. Still, the problem has only worsened during the pandemic because of factors such as highly-skilled workers retiring or reconsidering their line of work. As industry growth outpaces talent availability, employers will need to get creative with their efforts to compete in today's tight labor market.

Reach out to us for more attraction and retention guidance.

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