

eBook



# HOW TO HIRE TALENTED WORKERS

Even During a Labor Shortage



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All signs are pointing to a promising 2015 for the construction industry—the Associated Builders and Contractors (ABC) predicts a continuous economic recovery for construction. More than 200,000 construction jobs were created in 2014, and there's constant demand for new and improved infrastructure.

Despite these encouraging statistics, hiring talented people remains a big challenge for plenty of companies. In fact, December 2014 was the third highest month of unfilled construction jobs since the end of the recession, according to the National Association of Home Builders and the Bureau of Labor Statistics. Even more worrisome, the Associated Builders and Contractors estimates the construction industry will face a shortage of nearly two million skilled workers by 2019.

The troubling stats keep pouring in. Home builders have reported taking longer than usual to finish jobs because they are unable to staff their crews with skilled workers. The Associated General Contractors of America (AGC) reports 83% of contractors can't find qualified skilled labor to meet the demand. But it's not only looking grim for the construction industry; the Bureau of Labor Statistics warns that slower labor force growth will have a limiting effect on the United States' overall potential economic growth.



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Some of the bad news is disguised by optimistic reports—the recent sudden and steep drop in oil prices means consumers can spend their money elsewhere, which helps boost the economy. However, it means less work for the companies and workers in the oil field, though that isn't necessarily a problem because contractors in shale-oil regions had been having trouble finding workers anyway. The circuitous good news/bad news cycle doesn't end there: as consumers spend more, they will want better stores, new hotels, nicer homes, and bigger schools—increasing business for construction companies—and in turn making labor shortage even more of a problem.

It seems like an insurmountable issue: how can a company hire skilled workers during the labor shortage with seemingly everything stacked against them? To answer that, it's important to understand the underlying causes of the shortage.



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## THE ORIGINS OF THE CRISIS

Few industries were hit harder by the recession than construction, which slipped into decline earlier and recovered later than any other job sector. Since 2006, the construction industry was forced to lay off more than two million workers; many left the field altogether to find more secure work, or have retired from the workforce. Further complicating things, the 2012 Census reported that roughly 44% of the construction workforce was 45 years of age or older, with nearly 20% being 55 and above. These numbers point to a minimum of 1.1 million construction workers who are likely to retire within ten years. This, coupled with anemic job gains, has led to two words that no business owner in construction wants to hear: labor shortage.

In recent years, there has been a big push to focus on college preparatory programs in high schools as the U.S. economy shifts from manufacturing to knowledge-based work. Construction isn't seen as a desirable career path for most students graduating from high school, and fewer schools than ever before are offering classes in career and technical skills, due in part to the federal funding for such declining 29% over the last eight years. Additionally, there is declining participation in union apprenticeship training caused by a variety of factors, including an overall societal push towards students obtaining a college degree and legislation that restricts unions and open-shop contractors from creating apprenticeship and training programs.



The threat of a labor shortage means a variety of issues that will plague not only construction businesses, but also the general public. Understaffed construction firms may be forced to propose slower schedules for vital projects, which can slow the speed of economic development. Infrastructure, commercial, industrial, and institutional projects will languish to the detriment of the public that would use them upon completion. Fewer companies will bid on projects due to understaffing, and the reduced competition means that owners are likely to spend more money on a project—dampening both the enthusiasm as well as the budget for future projects.

Complicating the issue are the unemployment rate and the number of job seekers. It seems that an easy solution to a labor shortage would be to hire more of these job seekers, but many of those who respond to job openings in the construction industry lack the necessary experience. As the field evolves, so does its job requirements. In 1950, 60% of manufacturing jobs could be handled by unskilled labor. In 2005, only 15% of manufacturing jobs were unskilled. This trend indicates that just adding warm bodies to the workforce won't suffice—they need to be trained and qualified.

Thus, the industry is left with a twofold challenge: an aging workforce and an inexperienced workforce.

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## SOLUTIONS ON A NATIONAL LEVEL

The situation isn't as dire as it seems, however. There are a number of things that can be done on both a national and local level to protect companies from the labor shortage, which organizations like the Associated General Contractors of America and commercial insurance and risk management company, Gibson, have put forth.

The AGC calls for the reformation and reinvigoration of the Carl D. Perkins Career & Technical Education Act, which would increase funding for high-quality training programs in response to labor market needs. They also recommend that Congress enact legislation that would expand antitrust exemption to open-shop contractors, allowing them to work together to provide funding for craft training programs. As it currently stands, the legislation in place restricts what construction companies can and can't do.

The AGC is also pressing Congress to improve the Workforce Investment Act by removing barriers preventing Workforce Investment Boards from operating more closely with registered apprenticeship programs as well as designating those programs as "Eligible Training Providers." This makes it easier to provide the tools and supplies they need. Additionally, they request at least \$20 million over a three-year period to help sector partnerships align needed skills with local job opportunities.





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On the national level, the AGC calls for enacting immigration reform, requesting that Congress provide undocumented workers an easier path to legal status, which will help fill unfilled jobs. Though it's a polarizing issue, it would provide many business owners with access to labor they hadn't been able to hire before (or make their undocumented workers legal, which, by recent estimates, is around 14% of the nation's construction workforce).

Lastly, the AGC wants to provide community college career and technical programs to high school students for free, as well as make it easier to establish public schools focused on career and technical education. By introducing more young workers into the industry, the loss of veteran workers to retirement won't have as dramatic an effect on the future of construction.





## HIRE VETERANS

A number of construction groups call for hiring veterans, encouraging the industry to connect with veteran organizations and to identify resources that match military work experience with construction job classifications. Many veterans enlisted as engineers, plumbers, electricians, and heavy equipment operators, which translates well to the civilian job sector.

One construction industry executive said of veterans, “[They] are invaluable to the construction industry. Men and women who serve in the military often have the traits that are so critical to our success: agility, discipline, integrity, and the drive to get the job done right.” Connect with organizations like Veterans Build America or Veterans2Construction to find out how you can recruit veterans for your company.

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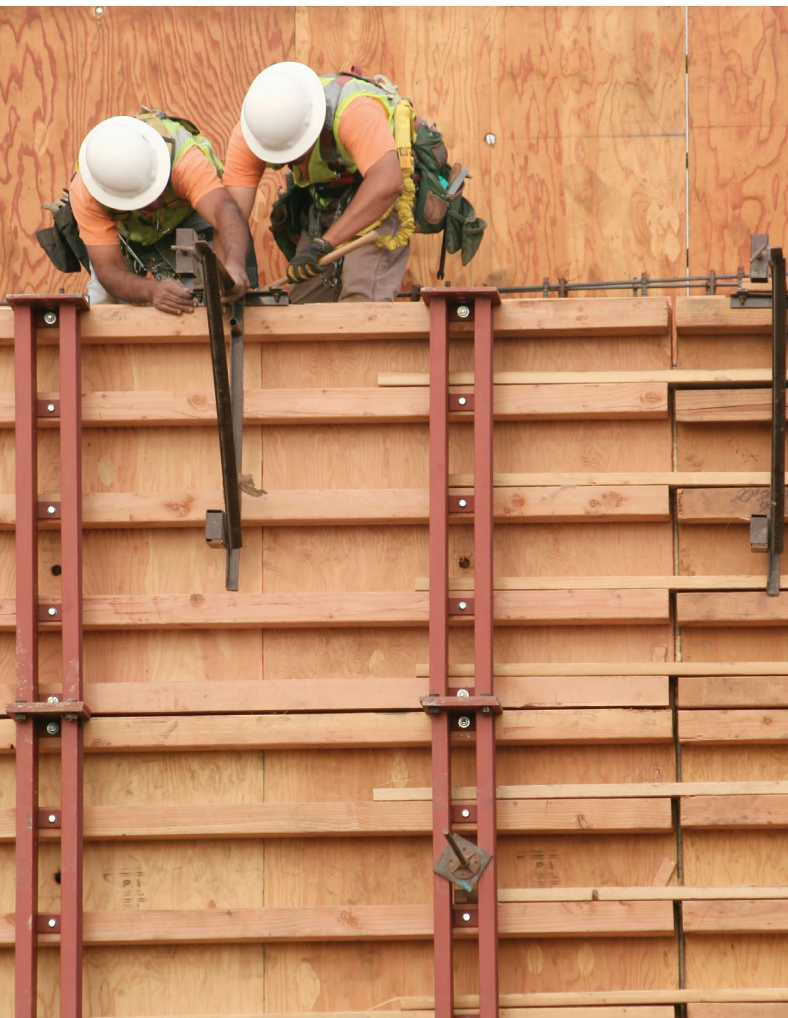


## BUILD YOUR REPUTATION ON SAFETY AND HEALTH

Develop a culture of safety in the workplace. This will cut back on accidents suffered by inexperienced workers and will give your company a reputation of one that cares about its employees (which is attractive to job seekers). Don't forget about your older workers, many of whom are choosing to work longer before retiring. While they may have fewer injuries than their younger counterparts, their average cost per claim remains higher due to more frequent treatments and the severity of their injuries.

Promoting a healthy workplace will pay dividends, and it's a simple task to undertake. Analyze the job requirements of your workers: do they require repetitive motion, awkward body positioning or heavy lifting? Repetitive stress injuries are one of the fastest growing workplace health issues and can be solved by encouraging more frequent breaks, varying tasks to break up the routine of activities, providing ergonomic equipment, or incorporating a wellness program to promote healthier lifestyles.





## INVEST IN TRAINING

Take advantage of the wisdom your veteran workers have. They're some of your most loyal and experienced employees, so encourage the transfer of knowledge from them to your newest employees. Combine your older and younger workers in teams to provide mentoring opportunities and help assimilate new workers. Not only will your younger hires learn about the company culture, history, and principles, but your veteran workers will be able to learn from them as well.

Additionally, keep every employee—no matter their level of experience—up to date on training. This will not only make them more knowledgeable and effective workers, but also safer as they'll be kept abreast of the newest accident prevention methods.

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## NAIL DOWN YOUR HIRING PROCESS

In the hiring process, implement new assessments to find the best candidates. While it's important that they have the aptitude for the job, you also want to ensure they hold your company's same beliefs about safety, continuous education, and training, and that they have a positive attitude and an ability to adapt.

Replacing employees is costly and difficult, so be sure to hire those who plan to stick around. Retaining happy and hard-working employees is one big step towards beating the labor shortage.



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## BUILD A MENTORING CULTURE

Get them started young. Offer to be a mentor to students at vocational schools or high schools. Not every student is interested in or suited for a traditional four-year college program, so help guide them into construction apprenticeships and training programs to prepare them for working in the field. Don't hesitate to woo them with attractive salary numbers and other positives of construction, such as the creative and technological aspects, the job security that comes from specialization, leadership opportunities, and the pride that comes with working with your hands to build something from the ground up.

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## THINK OUTSIDE OF THE JOB

Lastly, be aggressive in your recruitment of skilled workers in other industries. With the recent drop in oilfield production, many highly qualified workers have been laid off. Most of them have the same training required of workers in construction, so you know you'll be getting someone with relevant experience. Consider increasing wages or improving benefits, both of which will help you hire and retain employees.



## LOOKING FORWARD

While the forecast may seem dire and many in the construction field are starting to panic about labor shortages, keep a level head and understand that you can make it through the tough times by staying competitive in the hiring process, being mindful of the causes of the labor shortage (and of their solutions), and following the above recommendations.

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