

WORKFORCE SHORTAGE

Addressing the labor shortfall in the construction industry

By Preston Ingalls

According to a recent article in Reuters, construction companies in the U.S. are hiring more workers this year. The problem is finding them. As a result of the '07-'08 Recession, many left the field, took jobs in the oil and gas industry, or retired. With a departure of 2.3 million, restoring that labor pool will be extremely difficult for companies.

The 2014 Associated General Contractors of America (AGC) survey stated 86 percent of companies plan to hire this year, a sizable increase over 2013's 78 percent. The survey stated that two-thirds of companies expect it will be tough to find qualified construction personnel over the next year. This shortage is more pronounced with half of firms reporting losing workers to other construction companies.

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With the departure of so many skilled workers, finding replacements is extremely challenging. To illustrate how limited the available pool of incoming talent is, bear in mind that nearly half of 25- to 34-year-old high school graduates operate at literacy levels of 3 or higher. That means that more than 44 percent of working age adults don't have the functional literacy skills to perform the most basic jobs. On top of that, 55 percent of workers ages 55 to 64 have literacy skills at level 1 or 2. Level 1 literacy is the ability to locate the expiration date on a driver's license, total a bank deposit slip, or sign their names; Level 2 is the ability to locate an intersection on a street map, understand an appliance warranty, or total costs from an order. This affects our ability to attract people to operate the more technological advanced equipment, perform the growing administrative tasks of today's foremen, and use computers to perform daily functions.

GROWING ISSUE

The impact on industry is not narrowed to the construction industry. According to the Employment Policy Foundation (EPF), a major labor shortage is expected to transform the U.S. workplace over the next 25 years as the gap between baby boomers and entry workers widens due to the boomers' mass

retirements. If the U.S. economy continues to grow at 2 to 3 percent per year—the workforce will have to increase by 58 million employees over the next three decades if the same rate of productivity is maintained. Yet, if the current population gap trend continues, the number of workers will only increase by 23 million (one half the need).

So, what can we do to address this issue? Here are ten techniques:

- We need to make this a national issue and consolidate the efforts to address. Fragmented and loosely coordinated efforts fail to deal with this large issue. Increased publicity can help to elevate the problem and accelerate the efforts to address.
- Keep the ones you have happy. The Gallop Polling organization identified 12 questions that most reflect the degree of "happiness" a person has with their job (*copyrights prevent me from sharing these in a printed publication*); use these 12 polling questions to find out if your folks are happy. Don't find out the hard way with an exit interview that they are unhappy ... be proactive. Happy employees will be more likely to stay even when tempted with higher wages and benefits.
- Train and develop your leadership. Most employees will leave their boss over the company. Make sure your foremen and managers have contemporary leadership skills to provide oversight of their employees without driving them away. Old school methods don't work effectively in the 21st Century. Today's leaders need skills and techniques to handle the evolving needs and changing demographics of our workforce.
- Try attracting women—traditionally construction attracts few women to field jobs (about 10 percent of the construction labor workforce). Women now make up almost half of the workforce and would make an excellent recruitment source. Since many blue color jobs in manufacturing have disappeared as we have shipped those jobs overseas, this will provide an alternate source

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to good paying jobs that do not require college degrees or advanced training.

- Offer training and education to attract Hispanics. Hispanics make up the fastest growing segment of the population; making a large recruiting pool. The programs could be bilingual to appeal to them.
- Establish advancement and certification levels to appeal to employees. As they see advancement potential tied to compensation (pay or bonus), you increase retention and attract others where advancement is not as evident.
- Establish apprenticeship programs (most states provide assistance with this). It provides a structured "grow your own" method to acquire talent. You can develop 2-, 3- or 4-year programs tailored to fit your company's skill needs. Get out of the box and look at programs that worked years ago.
- Take a look at your hiring practices. How well do you identify the best match for the job? The most important decision about the right fit is before you hire. How diversified are your hiring programs? Do you offer bonuses or rewards to employees for finding suitable candidates?
- Make sure you are paying in the top 10 to 20 percent if you want to keep them. Just as we look to find what other companies are paying for similar jobs, employees do, too. Although money is not the primary motivator, if an employee is not really happy, making a move for another dollar an hour looks appealing. Conduct frequent comp studies of the area to ensure you are paying well. It doesn't take too long for that excellent wage to become an average wage. Also, examine your benefits; are they competitive or fair? Benefits have a financial value; have you shared that value? It could help demonstrate that it is not just wages they receive.
- Provide a robust training program. As seen with the Gallop Poll's Q12, training is a top issue with most employees. Spending at least 5 to 6 percent of payroll on training will help close the gap with their competencies but also guarantee you have qualified employees. People want to know you care about their development and growth. ■

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