

## Leading the Gen Z Construction Workforce Requires Refreshed Tactics

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Over the past five years, labor shortages have continued to put pressure on the construction industry as employers seek to recruit and retain high-quality talent. According to the Bureau of Labor Statistics, while the overall growth in the labor market for construction is expected to grow around 4% in the next decade, there were still more than 440,000 job openings reported early last year in the industry, the highest in recorded history.

Derek Hoffine, Vice President of Hensel Phelps, shares his perspective on these industry challenges. “The demand for construction labor remains strong; most companies would hire more labor if they could find it,” Hoffine says. “This remains true even though labor pay rates have increased at a higher pace.”

Trends in workforce shortages and employee retention are not expected to change anytime soon – especially with the challenging economic outlook for the year ahead. Associated Builders and Contractors (ABC) reported that the industry needs to attract 650,000 new workers to keep up with demand, while the Association of Equipment Manufacturers recently reported that 41% of the current construction workforce will retire by 2031. This is a concern for leaders across the construction industry. “The impact on our business is that fewer young people are entering the labor workforce and one out of four trade workers are 55 or older,” Hoffine says.

As workers with more experience retire, it places an even greater burden on the industry to navigate the balance between productivity and expertise with a smaller, less-skilled workforce. For construction leaders and teams, this means



that the pressure is on as they prepare for the future of their workforce. Addressing these labor issues requires action. Leading differently will be required to attract and retain a millennial and Gen Z construction workforce.

### Creating A Talent Pipeline

A career in construction offers vocational skills and a path to advancement with a number of advantages. Millennial and Gen Z workers seek careers that offer continued learning and opportunities for training, upskilling, and credentialing. While pay and benefits are important to younger workers, other drivers include being a part of a team and having real world opportunities to gain experience. Creating a talent pipeline

where there is a clear path for growth, development, and promotion is valuable and attractive to the younger workforce.

Apprenticeships and mentoring programs help employees see that career path and can prepare younger workers for inevitable changes facing the construction industry. These programs can also be a critical strategy for seasoned employees to pass on their knowledge and expertise. Mentoring is often very satisfying for team members in later stages of their career as it solidifies a legacy and allows them to give back in meaningful ways. It is also powerful for new talent as they strive to gain skills and improve. Providing younger workers with the tools to grow and advance will position them for and attract them to long-term careers within the construction industry, ultimately turning them into the seasoned workers from whom they learned.

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## Shake It Up

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In addition to apprenticeship programs, which offer a unique pathway for entering the field, construction organizations benefit from considering ways to enhance the pool of candidates and remove common barriers to hiring. Opportunities must be competitive as organizations are vying for talent, not only against other firms within construction, but also against other industries.

Employers should diversify their talent pool with varied recruitment methods. Research supports that referred hires are often better aligned to their culture and stay longer within their organization, and while using current employee referrals is one excellent method for growing the business, it's important to consider other strategies as well. Establishing relationships with trade schools, considering diverse populations from which to recruit (women, veterans, individuals with criminal history), and using modern technology to reach out to younger workers are all effective recruitment efforts.

Talent is often scooped up quickly, so companies should review recruitment processes, identify what steps are critical, and rethink how to reduce the time between each part of the process. Employers must also ensure job postings reflect realistic expectations of the role and company. The postings

should include a statement of company values and the intangible benefits of working there.

Some companies are even asking candidates to provide a 60-second video upon application to expedite and facilitate screening. Others are looking for external vendors to accelerate the turnaround of background checks and drug testing. Employees conducting interviews should review the entire process to ensure good candidates do not get overlooked or turned away. All these pieces work together to improve an employer's candidate pool and allow leaders and teams to make hiring decisions more effectively. Ultimately, businesses want to make hiring as easy as possible for candidates while also maintaining the integrity of the process to secure the best fit.

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## New Generation. New Priorities.

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Millennial and Gen Z workers want purpose in their work and support from leadership. In addition, they are seeking opportunities where they can feel pride in their work, have variety in their tasks, and be challenged. "The workforce we see today wants to make more of an impact compared to generations before," Hoffine says.

While younger workers do hold a desire to break barriers, stability is also an aspect worth promoting in the hiring process, and construction is a field that historically offers stability of work, despite many of the challenges that exist for other industries when the market changes.

Given those market changes, younger workers also want flexibility. While remote work is often not an option in many construction roles, giving employees a voice in their work and in decision making promotes engagement while in the workplace or on the jobsite. Employers retain employees when they focus on building cultures of respect, trust, and transparency, so building a strong, inclusive, and psychologically safe environment – whether in the office, on the jobsite or working from home – will lead to employee retention.

Leaders must begin to lead in more emotionally intelligent and empathetic ways. New and more personable leadership techniques are more effective as younger generations demand

leaders who are supportive, can manage difficult situations with grace, and establish a relationship with their employees. Listening to concerns, encouraging active involvement from team members in decisions, and demonstrating higher levels of respect all lead to happier teams that perform better, operate more safely, and are more engaged in their work and with each other.

Meeting the workforce challenges ahead requires a continued focus on developing new approaches to accommodate that changing workforce. Understanding the current and evolving needs of the workforce and adjusting processes and approaches to meet those needs is imperative for successful business. 



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## About the Author

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## About the Article

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