Workforce trends in the construction industry
An aging workforce

An aging workforce tsunami and workforce shortages are about to impact many industries in the U.S. over the next 10 years. According to the Bureau of Labor Statistics there are staggering statistics to support this shortage:

- The share of the youth labor force — workers ages 16 to 24 — is expected to decrease from 13.6 percent in 2010 to 11.2 percent in 2020.
- The primary working age group — those between 25 and 54 — is projected to decline from 66.9 percent of the labor force in 2010 to 63.7 percent in 2020.
- By contrast, the share of workers ages 55 years and older is anticipated to leap from 19.5 percent to 25.2 percent of the labor force during the same period.

The most significant shortage of workers is projected to impact Healthcare, followed by Personal Care/Services and Community Social Service. Many of these industries are typically related to the service of the country's elderly and disabled populations. The shortage of healthcare workers is not an unknown fact. News organizations, colleges, universities and outreach programs have been working to inform the public and attract an aspiring new workforce for the last several years.

According to the Bureau of Labor Statistics on Occupational Outlook, the construction industry will require approximately 1.7 million workers by the year 2020, and the computer industry is predicted to require about the same volume of workers. However, unlike the computer or healthcare industries, there isn’t as much talk about the need to develop future workers for the construction industry. A predicted decline in workers from ages 16 to 24 is expected to decrease from 13.6 percent in 2010 to 11.2 percent by the year 2020. This will challenge construction employers to compete for a smaller labor pool of younger workers.

According to a 2012 survey conducted by McGraw-Hill Construction, specialty trade contractors will experience the most significant shortage of workers. The survey covered 15 skilled trades; the top five with shortages include carpentry and millwork, electrical, HVAC/boilermaker, concrete finisher/cement mason and ironworker/sheet erection/fabrication/welding.

The Bureau of Labor Statistics also reports that six of the fastest growing detailed occupations are in the construction and extraction occupational group. Helpers of brick-masons, block-masons, stone-masons as well as tile and marble setters and helpers of carpenters are projected to be the fourth- and fifth-fastest growing occupations, respectively. As the economy recovers from the 2007-2009 recession, demand for these workers will increase as population growth contributes to the need for schools, hospitals, apartment buildings and other structures. These helpers are also needed to repair existing buildings, roads and bridges. Also among the fastest growing occupations are reinforcing iron and rebar workers; helpers of pipe-layers, plumbers, pipefitters and steamfitters; glaziers, and brick-masons and block-masons. When combined, these occupations are projected to add 132,900 jobs by 2020; however, most of these occupations will not reach the level of employment that they experienced prior to the recession.
The Associated General Contractors (AGC) of America’s Chief Executive Officer, Stephen E. Sandherr, says, “We need to take short—and long—term steps to make sure there are enough workers to meet future demand and avoid the costly construction delays that would come with labor shortages.” He also states that, “74 percent of construction firms across the country report they are having trouble finding qualified craft workers to fill key spots.” The AGC officials called for immigration and education reform measures to help avoid worker shortages.

**Workforce shortage solutions**

According to a 2010 survey conducted by the Sloan Center on Aging & Work, employers reported greater concerns with recruiting competent job applicants, knowledge transfer from experienced employees to less experienced employees, shifts in demographics of the workforce, being able to offer competitive pay and benefits and unwanted turnover.

The survey also concludes, when compared to organizations in other sectors, construction organizations are experiencing many of the same talent pressures and are adopting many of the same strategies to attract, retain and develop their workforces. However, many of these employers are also operating “in the dark” and have surprisingly limited understanding of the demographic make-up of their workforces, the skills shortages that may be on the horizon and the competency sets of their current employees. The exit of older workers from the construction sector may exacerbate the impact of talent shortages, especially in age-pressured organizations that have too few policies and programs in place to attract and retain talent. However, the aging of the population may offer employers in the construction sector opportunities to employ new workers in different ways. There is evidence to suggest that the job flexibilities available in the construction industry offer promise as a means of attracting and retaining a diverse, multi-generational workforce.

Assessing company demographics in the workforce is necessary to understand where gaps in skills and knowledge will be lost. A systematic means of identifying skills/knowledge needs to be conducted. Recognizing the presence of the aging in the workforce presents opportunities to integrate older experienced workers into new careers and roles. Some assessment activities may include:

- Understand the demographic make-up of the company’s workforce
- Anticipate future needs and skills for the organization
- Develop succession plans
- Develop a process to capture and transfer institutional memory/knowledge
- Identify competency sets of current employees
- Project retirement rates
- Develop employee career plans
- Identify work preferences
Creating a pipeline of future employees can be essential to recruitment of skilled workers to fill workforce shortages. Many programs are already in place at local colleges; apprenticeship programs are also leading the effort to keep up with shortage demands. The California Department of Education supports related and supplementary instruction in 35 regional occupational centers, as well as programs and adult education programs (local education agencies) with over 200 apprenticeship programs supporting over 40,000 registered apprentices.

Apprenticeship programs in California are developed and conducted by program sponsors including individual employers, employer associations and/or a jointly sponsored labor/management association. Local education agencies individually contract with program sponsors providing educational leadership.

Despite all these efforts, we still have much to do to educate young people on the value of learning a trade. One hurdle in particular is dispelling misconceptions about the construction industry. To attract people to this industry, we must change the public’s perception of construction as the industry of the four D’s: dull, dirty, demeaning and dangerous. Many construction firms are committed to advancement and training within their organization. There are many opportunities for people to build a career within the company. According to Don Whyte, president of the National Centers for Construction Education and Research, “60 percent of future jobs are going to be for students who have two-year certificate or degree programs and technical education background”. This consideration needs to be shared as a means to influence parents who expect their children to attend a four-year school.

**Risk solutions**

Zurich’s construction data between 2003 and 2013 reveals that employees that have been on the job less than one year have a disproportionate number and cost of lost time injuries. The percentage of lost time claims for the construction industry is 51 percent during the first year of tenure compared to 37 percent for all other industry types. Some assumptions can be made about the higher percentage of injury when compared to other industries:

- Construction work is more dangerous than most jobs in general.
- New, inexperienced workers are more likely to get injured because they lack experience working in dangerous environments.
- New workers may not have the physical conditioning needed to perform heavy work.
- Experienced workers are aging, which can contribute to cumulative muscle wear and tear.
- Experienced workers are coming back from layoff and/or reentering the job market again, and some could be physically deconditioned.

As the economy improves, new hires will become a greater portion of the workforce. The same Zurich data also reveals that 46 percent of these lost time claims arise from workers in the age group between 41 and 60 years (i.e. experienced workers). Without intervention, lost time frequency and severity will likely increase. A pre-placement/post offer test (POET) can help screen out candidates with injury or those who lack the physical condition to perform heavy work.
A POET may consist of both a medical exam and a functional assessment. The purpose is to ensure newly hired employees are properly matched to the physical requirements of the jobs for which they are hired. This screening may also help employers determine proper placement of employees and reasonable accommodation of qualified applicants, limit liability for work-related injuries and illnesses, and promote workplace safety. Testing can also help an employer establish a baseline health status. If an employee is injured on the job, the employer is only responsible for getting the injured employee back to work at the level of physical requirements the employee was at when he/she was hired. Having a clear plan can help manage costs associated with hiring practices, work and non-work related injuries and employee turnover.

Like any employment practice, be sure to work with your legal counsel for expertise in program development and implementation, employment practices law for Americans with Disabilities Act (ADA) and local jurisdiction compliance.

**Ergonomics**
According to Sang D. Choi (2013), understanding the age profile of the workforce, considerations can be given to task assignment, work hours, workspace design and performance expectations relative to the age of the construction workers. Also, the stakeholders in the construction industry need to make the necessary changes to accommodate an aging workforce if they wish to remain competitive. Ergonomic interventions involve matching the task, the tools, and the environment to the needs of the worker with the goal of achieving a healthy and productive workplace. Since older workers may struggle with work demands, using ergonomics to improve work design, the work environment and tool design becomes extremely important.

**Stretch & Flex**
Stretching is recognized by numerous experts as having many benefits. This fairly simple and effective activity may decrease the risk of injury, increase work or activity performance, and minimize muscular soreness. Stretching may also help decrease the chances of an activity-related injury by increasing the length of both the muscles and the tendons that are stretched.

If done correctly, stretching can also lead to an increase in the normal range-of-motion, thereby leading to better flexibility. This increased flexibility allows for greater range-of-motion throughout the joints. Ultimately, this can contribute to a greater amount of force that can be generated. Generally, the longer a force can be applied to a task, the better the performance may be. Being flexible enables us to bend, reach, twist and turn with more ease, making everyday tasks much easier to execute.

The benefits of such a stretching program may include:

- Reduced risk of injury to joints, muscles and tendons
- Minimized muscular soreness
- Enhanced physical performance
- Reduced overall costs associated with work-related strain injuries
Loss analysis conducted by Zurich in 2012 to identify overall program outcomes for 100 customers reports implementing a Stretch & Flex program produced 6 percent improvement in frequency and an estimated loss ratio improvement of 19 percent for periods recorded.

**Wellness**

Both the aging workforce and the obesity epidemic have resulted in increased evidence that an employee's general health may be a factor when determining the cause in the accident investigation process. Many safety professionals concentrate on identifying unsafe conditions and acts without addressing employee health as a potential contributing factor.

Everyone has genetic health risks. However, most of us could make a few lifestyle changes that can dramatically reduce the likelihood of illness, disease or overuse syndromes surfacing in the future. In fact, studies show that 15 percent of medical costs are associated with a sedentary lifestyle – which is why many of today's cost-conscious employers are turning to Workplace Wellness Programs. Learning how to minimize health risks is essential for helping reduce the work disruption and lost productivity associated with illness and injury.

An assessment of employee health risk can help identify areas to focus on such as, smoking cessation programs, diet and nutrition programs, physical conditioning and others. Every workplace has some unique characteristics, yet the following components are common to all successful Wellness Programs:

- Obtaining senior management support
- Establishing a wellness team
- Collecting and analyzing your data
- Selecting the right interventions
- Implementing the interventions
- Measuring results

**Return to Work (RTW)**

The overall health of our nation's workforces is challenged with health care issues like obesity and diabetes. The healthcare industry is leading the campaign to address these issues, and many employers are partnering with their providers to keep medical cost down and keep their workforce healthy. Now an added challenge to the construction industry is workforce shortages. Keeping people at work during periods of illness or injury can help minimize the chance of older employee's retiring into a disability status. Maintaining a work schedule and being active can also help with the rehabilitation of illness.

Employee absence and disability are significant cost drivers for most employers. One of the best strategies for controlling costs is an effective return-to-work (RTW) process. RTW can dramatically reduce workers’ compensation costs (medical, indemnity, and legal costs), which can significantly impact your company's bottom line.
It is estimated that organizations can spend as much as 14 to 21 percent of total payroll on both direct and indirect disability costs as a result of employees being off of work. It is important for employers to establish sound RTW practices and provide some formalization around their company’s RTW policies. Some companies fear that it is too costly and time consuming to formalize their RTW program. The reality, based on industry estimates, is that for every $1 spent on RTW/SAW (Stay-at-Work), a company saves $10 — resulting in a 15 to 30 percent reduction in total program costs per year.

RTW best practices:

- Workplace policies including a formal RTW program and policy statement
- Identified preferred health care providers
- Responsibility and procedures for immediate claim reporting and ongoing contact with injured employee
- Established job descriptions including physical job demands
- Identified temporary transitional work assignments
- RTW policy, purpose and responsibilities communicated to all managers and employees
- Ergonomic risk assessments conducted to identify necessary job modifications
- RTW policy and transitional work alternatives communicated to healthcare provider for initial assessment
- Temporary transitional work assignment offered as soon as medically appropriate
- Consider alternative work options (not-for-profit work) for cases where on-site RTW is ruled out
- Comply with state and federal disability laws, such as the American with Disabilities Act and consider reasonable job accommodations for disabled workers

**Conclusion**

As the population continues to age, older groups of Americans are expected to have more rapid growth than younger groups. As the baby boomers continue to age, the 55-and-older population is projected to increase by 29.1 percent, more than any other age group. As we head toward the mid and later part of this decade, construction employers will be wise to utilize the talent, skills and knowledge of their experienced aging workforce to mentor and train the younger generations to assume greater roles in the organization. However, retention strategies, training, succession planning and anticipating future needs of the organization cannot be done without a systematic means of identifying skills/knowledge needs. An assessment of risk and consideration for risk strategies must also be addressed.
References


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