

Handing Down the Construction Industry to the Next Generation

Preparing a Construction Firm for the Next Era of Management



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Introduction

The process of inducting the next generation of workers into a business has occurred countless times since the beginning of organized labor. Sometimes, major differences develop between two generations, complicating this transitional process. This situation is currently affecting the global construction industry. There are multiple causes, including:^{1,2}

- The 2009 Global Recession that caused millions of people to leave the construction industry or steer away from it as a future career
- Lack of training initiatives that were once common prior to the late 1980s to introduce new generations of workers to the industry
- Misconceptions about the construction industry due to stereotypes about the positions available
- Current workers staying longer in their positions and delaying retirement, limiting upper level openings for the next generation
- Increasing reliance on temporary labor and independent contractor positions, which reduces the full-time positions the next generation needs
- Declining rates of younger workers joining the job market across all industries and in many countries

While it may be harder than usual to find the next generation to take the reins of the biggest construction firms, still plenty of millennials are being hired as skilled team members such as project engineers. A firm that manages to attract new workers needs to do everything possible to keep them. With qualified and interested younger managers and executives in short supply for the construction industry, easing the transition between the two work forces is essential to success.

The Aging of the Industry

The global construction industry is aging. Since the 1980s, the average age of the construction worker in most countries has risen by a decade or more. In 2011, one in every five UK construction workers was over 55; in 2008, the average age of the US construction worker was already 40.³⁴ The age gap has widened since then, due to limited hiring of younger workers. Older workers may offer more real-world experience, but they can only continue for so long before needing to retire. Not only do mass retirements increase the likelihood of industry interruption, they also interfere with the forging of essential cultural connections between the “old guard” and the newcomers.

Construction is an Essential Industry

Construction is a foundational industry. When it slows down too much or even stops entirely due to labor fluctuations and other issues, dozens of other industries suffer. Problems with the handover of the industry to the next generation can have surprisingly far-reaching results. Smoothing over the transition doesn't just keep an individual construction company successful and profitable, it also helps support the entire industry.

Embracing Construction Technology

Millennials have grown up surrounded by more technology than any previous generation. Naturally, they want to use their favorite tech tools in whatever career they choose. The construction industry has an unfortunate history of slow adoption of the latest technology. Most firms are only just now embracing planning software, building information modeling (BIM) and other tools that have already been available for quite a few years. Companies who avoid technology integration will find it harder to attract, keep and integrate millennial and Generation Z employees.



Who's Joining the Workforce?

Understanding the different characteristics of the latest generations of workers is essential to hiring and retaining them. Millennials are the next oldest generation qualifying to work in upper-level and management positions and, by 2020, around 50% of the workforce in the US will fall into this generation.⁴ Now in 2019, this generation is graduating or has already graduated from college, qualifying them to enter the industry at above the entry level. Generation Z will follow and as of 2019 the members of this generation tend to qualify only for entry-level jobs in the construction industry. As this Generation Z begins to graduate from college in the next decade, construction firms will need to begin preparing to attract and retain them, hopefully with the help of millennial managers who have already worked their way into executive positions.



Working with Millennial Managers

Hiring and retention depends on understanding the desires, preferences and work styles of the millennial generation. Not only must job opportunities offer the benefits and considerations that this generation expects, the positions must supply specific challenges and rewards. Applying the methods used to recruit and retain baby boomers or even Generation X will not work well for millennials.

New Motivations and Mindsets

Labor experts have tried to define what millennials want from their careers, but these generalizations are often too broad to apply to every industry. Information specific to the construction industry is hard to come by. Conducted by FMI in 2015, a direct survey of millennials working in or interested in the construction industry reveals that despite the claims of many consultants, millennials in the construction industry claim to be motivated primarily by pay.⁵ Yet, they also highly value a corporate culture that feels supportive and empowering. Finally, while participating in an innovating company may not rank as the top priority for this group, they value it more highly than previous generations have.

Engaging Their Education

In previous generations, managers and even owners often entered the construction industry from the very bottom as unskilled and untrained laborers. Rising through the ranks started with a lot of hands-on experience at every level. In contrast, millennials generally come into the industry with plenty of academic training and less direct experience. This has led to 28% of millennials in the construction industry feeling that their employers aren't fully utilizing their skills.⁵ Making maximum use of this academic background may require a serious restructuring of the current managerial process, but it may pay off by improving the workflow of the entire company as a result.



Adopting the Right Technology

The next generation of project engineers and managers are already training on some of the most advanced construction technology available and they look forward to using those powerful tools on a daily basis. After building these skills and learning specific ways of handling essential project tasks, they won't want to go back to old-fashioned methods. Embracing advanced construction technology is an essential recruitment tool that helps a firm choose qualified candidates when there's little relevant job experience to go by.

For example, students studying construction management at Colorado State University train in construction project scheduling on Asta Powerproject.⁶ While they may not avoid jobs that use other types of software, after months of continuous training and use of it, they'll definitely want to use at least an equivalent piece of software. Trying to adopt these technologies only after hiring a significant number of younger workers will result in frustration for everyone and delays in adoption.

Prepare for Innovations

Millennials naturally bring with them plenty of innovative ideas. Not every idea can be implemented, but a firm must take these suggestions seriously and encourage them. Millennial workers who don't feel appreciated and engaged by their peers and superiors tend to move on to other careers despite pay level or great benefits. Create a structure that captures suggestions from the younger generation of team members and evaluate suggestions positively, rather than just shooting them down as too novel or risky.

Develop a Strong Company Vision

Corporate culture and a distinct written company vision are two workplace features that younger generations are looking for and yet they're commonly overlooked at construction companies. Cultural documents and mission statements are sometimes considered to be of little value in a company that deals in physical work and material processes. However, taking a few weeks to write up where the company plans to head in the future can pay off for decades to come in increased engagement and loyalty from a new generation of workers. Millennials want to know what a company is planning and why it exists before they commit to it and even the smallest or most specialized construction companies can come up with some kind of vision or mission statement to sum up their aim.

Present a Wide Range of Challenges

One misconception about the construction industry that often scares away potential employees is the idea of task repetition. But as any executive or manager in the industry knows, every single project is different and presents a new set of challenges. Instead of trying to train a less experienced project engineer or manager by having them complete the same tasks on every project, let them move around between projects and sample different parts of the work. In the construction industry, 70% of millennials stated they were more than happy to go above and beyond for their employers, but they can only do that when their employers give them a chance to shine.⁵ Exposing new team members to a broad range of challenges is a useful training technique that helps them build skills faster than repetition of just a few tasks does.



Conclusions

The construction industry is already motivated to attract a new generation of workers, but it can do more to make positions appealing as long-term careers. Understanding millennials motivations is the best way to keep them feeling happy and fulfilled by their career. Economic conditions aside, most candidates qualified for higher-level positions in construction companies can also utilize those tools in other industries. Companies that truly embrace the value of highly trained and innovative workers will continue to find themselves with a flow of qualified candidates, while the competition inevitably falls behind in the labor race.

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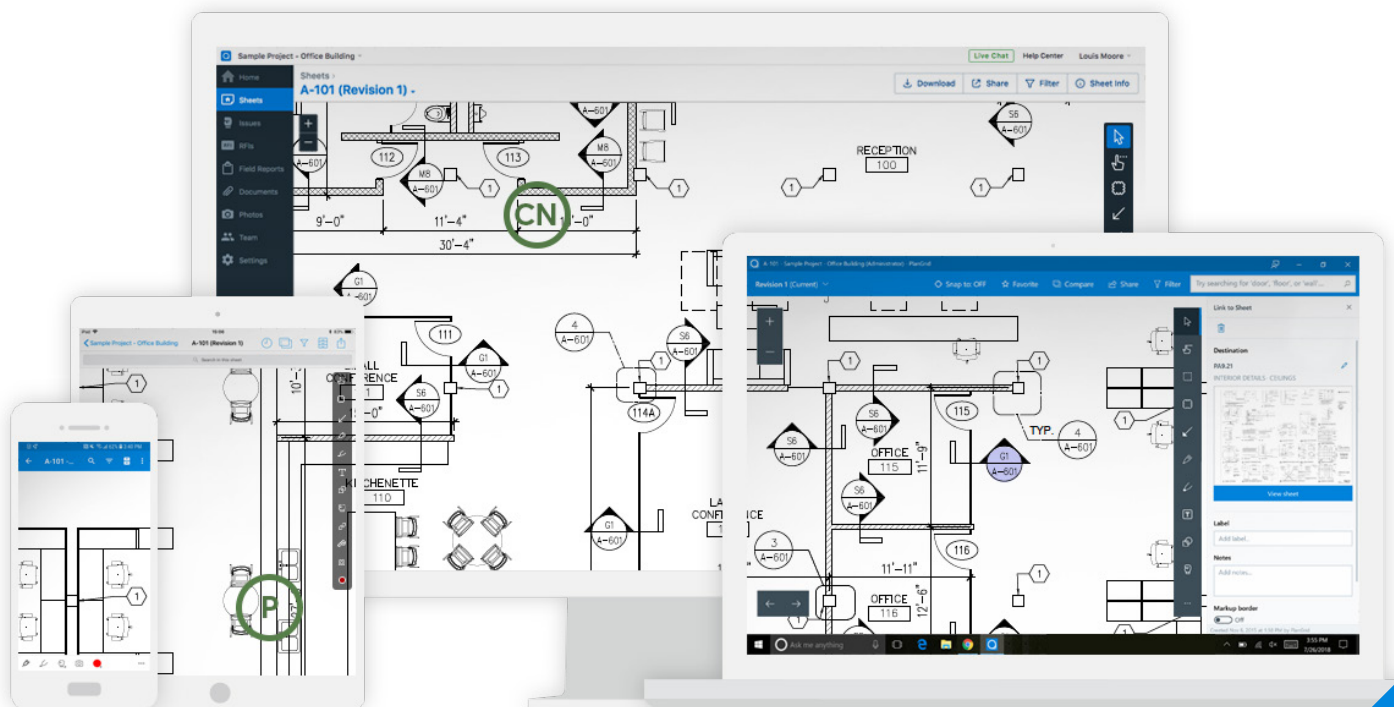
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