



## MANAGEMENT OF HUMAN RESOURCES IN CONSTRUCTION

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### Abstract

The management of human resources is essential not only for individuals working in traditional office settings but also for those involved in construction projects, responsible for creating houses, high-rise skyscrapers, and roadways vital to our infrastructure. The success of any construction endeavour relies heavily on the competence and coordination of both the workers and managers involved. Consequently, the Human Resources (HR) department overseeing this workforce plays a pivotal role. However, managing human resources in the context of construction projects presents its own unique challenges. The implementation, monitoring, and enforcement of HR policies can be more intricate in the construction industry compared to other sectors. This article aims to explore the primary duties and responsibilities of HR in construction firms, highlighting effective HR strategies tailored to address the distinctive challenges within the construction industry. Adopting these proven HR methods can enable your organization to navigate common HR obstacles successfully and gain a competitive edge.

Keywords: Human resources, construction industry.

### Introduction

Human resources management involves overseeing the various stages of hiring and managing personnel within any organization. While many fundamental HR tasks and responsibilities in the construction industry are similar to those in other sectors, the approach used by HR to fulfil these obligations may differ. Given the project-based nature of construction, the HR manager's primary responsibilities often revolve around collaborating with construction managers, project managers, and contractors. This entails maintaining communication with various stakeholders to identify and document the roles and responsibilities associated with each project. Additionally, HR managers must detail the end-to-end processes required for a project to determine the labour needs accurately. HR professionals in the construction industry actively seek skilled and experienced candidates possessing the relevant abilities to successfully complete projects. The limited talent pool for construction positions stems from the specialized nature of the work involved. It's worth noting that many government-funded or subsidized projects are obligated to either utilize union employees or compensate non-union workers at union salary rates.

### Literature review

While environmental sustainability has been the subject of much debate in the last decade, it was not until recently that attention started to shift towards human resource management as an enabler for sustainability [1]. Human Resource Development (HRD) is the domain that performs core function in an organization for the advancement of personal and professional skills, knowledge and abilities of employees. Human resource development includes such opportunities as employee training, employee career development, performance management and development, coaching, mentoring, succession planning, key employee identification and organization development [2]. Workforce is the most valuable asset for an efficient outcome of any organization and this is especially true in case of labour-intensive industries such as construction. However, it has been observed since long that human workforce in an organization also represent the most complex resource to manage compared to any other resources that are required for satisfactory completion of a project [3].



Distinct facets of recruitment and hiring, performance management, and strategic management underscore the significance of Human Resources (HR) in the construction industry. Recruitment and hiring pose particular challenges in the construction sector due to its high turnover rates. To address this, investing in hiring software becomes a valuable asset, and HR plays a pivotal role in sourcing skilled workers, bridging talent gaps, and fostering talent development.

In the realm of performance management, HR ensures a consistent and transparent approach. Performance reviews, encompassing aspects like promotions, career development, terminations, and compensations, are instrumental. These reviews serve as a means to establish clear expectations, guiding employees—such as a general labourer—on acquiring new skills, transitioning to different roles, or advancing to positions like safety manager or foreman. Importantly, feedback need not be confined to formal reviews; regular, informal feedback significantly enhances job performance. In the context of strategy management, an HR professional with strong business acumen can wield considerable influence on a company's bottom line. Successful HR leaders in construction comprehend the intricacies of the company's operations to formulate strategies addressing current and future needs. Rather than waiting for directives, proactive HR professionals take the initiative to align HR practices with broader business goals. For instance, if a construction company adopts a "go-green" initiative, HR can streamline and digitize processes, contributing to time and cost savings for the business.

### **Responsibilities of human resources in construction industry**

Human Resources (HR) assumes a broad range of responsibilities, including onboarding, employee benefits, compliance, safety, payroll, training, certifications, offboarding, and various other tasks. The effective execution of these responsibilities can elevate an HR professional in the construction industry from a good performer to an outstanding one. The following outlines six crucial areas of HR expertise:

1. **Compliance:** When a construction crew transitions to work in a different state, HR must comprehend and adhere to state and federal laws governing wage payments and working hours. Ensuring compliance is vital, and HR is responsible for verifying the authorization of all employees to work in the United States and appropriately documenting these authorizations.
  2. **Forecasting:** Given the project-based nature of the construction industry, HR plays a key role in coordinating project details such as labour needs, timelines, and responsibilities. This collaboration with project managers, construction managers, and contractors is essential to ensure smooth project execution. Forecasting is particularly critical in construction, where project timelines directly impact costs. Accurate forecasting helps prevent budget overruns.
- 3.1. **Distinct responsibilities of Human Resources**
1. **Collaboration with other departments:** Engaging with various departments to establish and periodically reassess project forecasts is a key duty. Flexibility in readjusting forecasts based on evolving project needs is essential.
  2. **Utilizing forecasting software:** The use of forecasting software is integral to gather data and effectively organize information. This technology aids in streamlining the forecasting process for enhanced accuracy.
  3. **Monitoring project status:** Staying current with the status of each project, including identifying and addressing any delays, is a crucial aspect of the role. This involves proactive tracking and management to ensure project timelines are met.
  4. **Regular communication with project teams:** Maintaining open and regular communication with project teams is vital. This ensures a collaborative approach and allows for the exchange of critical information, fostering a cohesive working environment.
  5. **Hiring:** Another essential responsibility involves the hiring process. This entails identifying suitable candidates, conducting interviews, and making informed hiring decisions to build and maintain a competent workforce.
  6. These duties collectively contribute to effective project management and organizational success.



Just like in any sector, construction companies require competent workers for successful operations. Human resources (HR) professionals possess the expertise to identify qualified individuals, particularly in specialized areas crucial for construction projects. Given the frequent turnover in the construction industry, it is imperative for HR to maintain a proactive hiring approach.

### 3.2. Specific duties of Human Resources

1. Tracking staffing numbers: Monitoring staffing levels to determine the need for new hires, ensuring that the workforce meets project requirements.
2. Crafting clear job descriptions: Developing precise and comprehensive job descriptions to attract suitable candidates.
3. Talent sourcing: Employing various strategies such as posting on job boards, utilizing social media, and other channels to source and attract potential talent.
4. Candidate communication: Engaging in effective communication with candidates, keeping them informed about the hiring process and providing necessary information.
5. Overseeing interviews: Managing and coordinating the interview process to assess candidate suitability for the construction roles.
6. Job offers and rejections: Extending job offers to successful candidates and communicating rejection decisions professionally.
7. Onboarding new hires: Facilitating the onboarding process for new hires, ensuring a smooth transition into the company.
8. Payroll and benefits: Handling payroll processes and administering employee benefits to ensure compensation and welfare align with organizational standards.

These responsibilities collectively contribute to the efficient functioning of the construction company's workforce, enabling successful project execution.

The primary motivation for people to work often revolves around financial compensation, as everyone needs to earn a living. Human Resources (HR) plays a crucial role in determining appropriate salary or hourly wage structures for each role through benchmarking. This ensures that qualified individuals are attracted to the positions within the organization.

In addition to financial compensation, HR is instrumental in payroll management to guarantee timely payments, ensuring compliance with state and federal laws. Many in the construction industry, even those well-versed in payroll processes, utilize payroll software for efficiency.

Beyond financial incentives, comprehensive benefit packages are vital in preventing turnover and attracting skilled employees in the construction sector. Common benefits include health insurance, life insurance, dental insurance, vision insurance, short- or long-term disability insurance, paid sick leave, paid holidays and vacations, company vehicles, and training.

Regarding training, given the specialized nature of construction work, HR takes on key responsibilities such as understanding overall training needs, creating training policies and procedures, identifying role-specific training based on skill gaps, tracking licenses and certifications, and conducting workplace safety training. Regular reviews, including 30-, 60-, and 90-day assessments, are conducted to ensure ongoing employee training effectiveness and provide refreshers as needed.

In terms of safety, HR assumes a pivotal role in ensuring compliance with Occupational Safety and Health Administration (OSHA) regulations. This involves preventing and addressing discrimination or harassment, developing, training on, communicating, and documenting safety programs to mitigate risks, reduce accidents, lower health insurance premiums, avoid fees, and prevent potential lawsuits.

### **Possible challenges related to human resources in construction industry**

The construction industry is currently thriving, with indications pointing towards continued expansion. While this is positive news for construction businesses and the overall economy, Human Resources (HR) professionals in this sector face specific challenges. Here, we will explore the top four challenges confronted by HR professionals in construction and propose some solutions.



**Recruitment challenges:**

**Challenge:** Attracting skilled workers to the construction industry is challenging due to misconceptions about low pay, high risks, and physical demands.

**Solution:** HR professionals must maintain a robust pipeline of potential workers, even during non-hiring periods, challenging stereotypes and emphasizing the industry's diverse opportunities.

**Worker safety concerns:**

**Challenge:** Ensuring worker safety is a persistent issue, with potential consequences including medical expenses, rising workers' compensation costs, and legal action.

**Solution:** HR departments can implement safety standards and procedures to minimize the risk of workplace injuries, emphasizing proactive safety measures.

**Managing compensation costs:**

**Challenge:** Escalating workers' compensation costs can hinder a construction business's efficiency and growth.

**Solution:** Establishing safety protocols and procedures can reduce the likelihood of workplace injuries, subsequently lowering workers' compensation costs.

**Employee turnover:**

**Challenge:** Retaining skilled personnel is challenging in an industry where recruiting competent individuals is already difficult.

**Solution:** Providing competitive salary and benefits packages, maintaining a safe and positive work environment, and offering regular training opportunities can reduce turnover by enhancing employee engagement.

**Continuous training needs:**

**Challenge:** Continuous training is essential for employee advancement in construction jobs, but managing training requirements and certifications can be complex.

**Solution:** Implementing construction HR software centralizes employee documents and certifications, creating a searchable digital library. This facilitates easy access, timely reminders for certification renewals, and allows employees to self-serve through personal portals for tracking their progress.

By addressing these challenges proactively, HR professionals in the construction industry can contribute to the sustained growth and success of their organizations. The construction industry contends with a higher-than-average turnover rate, presenting a common challenge. For HR leaders aiming to instigate positive changes, obstacles may arise from a lack of comprehension of the industry and inadequate support from line management.

1. **Understanding the construction industry:** Newcomers to the construction sector may find it challenging to effect changes and institute policies without a grasp of the challenges faced by field employees. Gaining insights into the experiences of those working in the field and conducting a SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) can illuminate the business's current state and guide initiatives for improvement.
2. **Gaining line management support:** Once the industry and company dynamics are understood, strategies and process enhancements can be devised. Rather than imposing policies on line management, project managers, and foremen, HR professionals can foster support by providing pertinent solutions to field-related issues. Adapting policies to address their challenges enhances receptivity to change.
3. **Cost of turnover:** Turnover in construction is notably expensive, especially when employees switch jobs after project completion. Layoffs at project conclusions lead to increased unemployment taxes (SUTA and FUTA), alongside the standard expenses associated with recruiting and training new personnel.
4. **Temporary workers:** Given the prevalence of contractors in the construction industry, retaining employees for extended periods can be challenging. Financial considerations may lead workers to move between projects and companies. While hiring contractors can make financial sense, it



necessitates robust planning and solid training programs for quick onboarding and comprehension of job requirements.

5. Navigating unions: Union participation is common in construction, offering workers collective bargaining power for improved conditions, benefits, and pay. Approximately 12.6% of construction industry workers were part of a union in 2021. Effective HR strategies involve enhancing communication and negotiation skills, understanding employee perspectives, and addressing issues related to bargaining and grievances.

By addressing these industry-specific challenges, HR professionals can contribute to positive changes, enhance employee retention, and foster a conducive working environment within the construction sector.

### **Strategies of human resources for a construction company**

Alignment of HR strategy with a construction company's business strategy is crucial for success. For those unsure about their company's business strategy, starting with the mission statement can offer valuable insights into the organization's values, mission, and vision. Crafting an HR strategy involves incorporating key elements such as onboarding, mentorship, and fostering a positive culture.

1. Engaging onboarding experience: Streamlining paperwork and checklists through technology enhances onboarding efficiency. Automated processes not only save time but also increase compliance. Combining this with a structured orientation positively impacts retention rates. Onboarding is viewed as an ongoing process, emphasizing continuous learning about the company culture with defined goals and measurable results.
2. Retention through mentorship: Investing in a mentorship program, featuring weekly check-ins, promotes long-term employee commitment. Mentors serve as role models, guiding new employees in their roles, sharing insights, and aiding them in navigating the company. This strategic investment enhances employee engagement, leveraging the expertise of mentors chosen based on their wisdom, knowledge, skills, and abilities.
3. Cultural improvement: Recognizing that employees leave managers or teams, not jobs, emphasizes the importance of fostering a positive culture. Communication of company values and mission, clarifying individual contributions to overarching goals, offering feedback, and maintaining a healthy work/life balance contribute to retention and organizational success.
4. Additional ideas for enhancing company culture include:
  - Recognizing and acknowledging achievements.
  - Prioritizing diversity, equity, and inclusion for a safe and inclusive environment.
  - Providing opportunities for team building and interpersonal connections.
  - Soliciting feedback for continuous improvement.
  - Offering learning and development opportunities.
  - Encouraging authenticity and transparency.

By integrating these practices, HR professionals in the construction industry can create a strategic framework that not only enhances employee retention but also contributes to a robust and thriving organizational culture.

### **Conclusion**

1. The management of human resources in the construction industry could improve the overall performance of the construction organization / company.
2. The HR professionals are in search of skilled and experienced candidates. This requirement can be met by managing the human resources.
3. Number of certain challenges could also be solved by the efficient implementation of the human resources management.
4. All the needs of the labour, completing the project within the deadline, completion of the assigned duties can be controlled and watched over by HRM.





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