



Tackling the Talent Gap in Construction

Practical Insights on Recruiting, Retention
and Workforce Management



The construction industry continues to face challenges related to finding and retaining skilled workers

According to the [2024 Workforce Survey](#) from the Associated General Contractors of America (AGC) and Arcoro, an overwhelming 94% of companies report difficulty in hiring employees, including both salaried and craft positions. This shortage has resulted in project delays for over half of the companies surveyed, underscoring the continued need for effective recruitment and retention strategies.

Compounding this issue, although the US construction sector employed over 8 million people at the end of 2024—marking the highest number since 2006—there is still a shortfall. [Industry reports](#) indicate just under half a million new workers are needed in 2025 to meet labor demands and prevent further disruption. This gap highlights the urgent need for comprehensive workforce development strategies.

To help better understand how the industry is addressing workforce issues, Arcoro included several additional questions in AGC's 2024 Construction Workforce Survey that were not released with the initial overall results. These findings, synopsized below, demonstrate areas where companies are focusing their efforts in terms of recruiting, upskilling and retention.

We also wanted to learn how businesses are using technology to deliver key HR processes and how they are leveraging data to inform decision-making.

What the survey showed

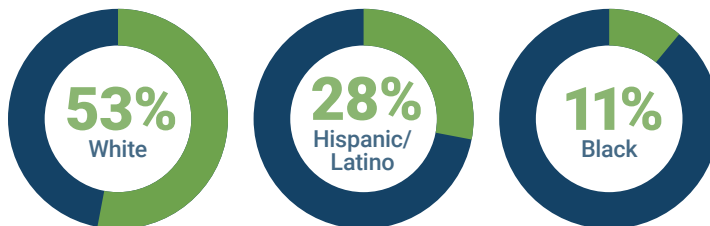
Overall, we found that the industry is actively pursuing a variety of new employees to fill workforce gaps, with many using culture as an effective recruiting tool. While companies understand the importance of upskilling and feedback/performance management, relatively few have turned to technology to help them with delivery and administration, representing a potential area of process improvement that may help free staff to focus on other work.

As companies manage a workforce that is stretched thin, just over a third are using business intelligence and data to maximize their strategy planning and management. Analytics of HR and workforce data can help organizations make more informed decisions about everything from hiring practices to project staffing to safety management. We see this as an area of high potential as more companies tap into the value of their data.

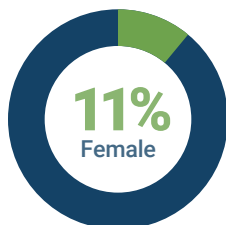
The industry is expanding recruitment horizons

Historically, the construction industry has been male-dominated with less representation from people of color. However, the composition of the workforce has been changing over time.

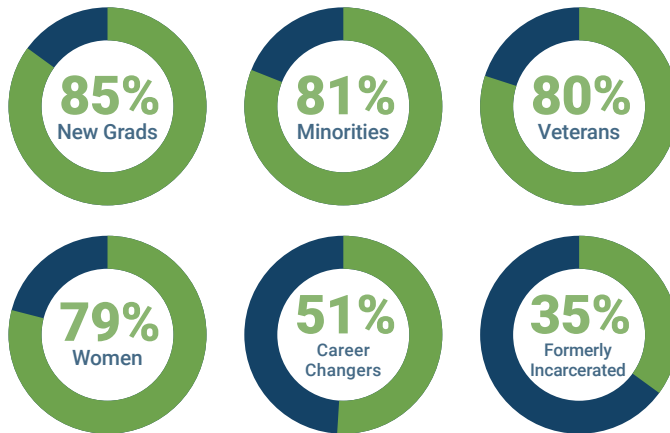
Construction workforce composition



Women in the construction workforce



In the face of continued demand for talent, there is increasing recognition that the workforce needs to expand and employ more people from across different demographics and with different experience sets. Our results indicate that companies understand this necessity and are actively looking to hire from a variety of talent pools.



Among the most recruited types of potential employees are new hires and veterans, which may present some challenges as both groups are limited by how many students graduate and how many veterans are transitioning to civilian life each year. This can make demand for these workers more significant.

However, career changers represent a somewhat untapped resource; these individuals possess work experience but are seeking new career paths. It may be more challenging to target these potential new hires since they can come from various work backgrounds and don't represent a cohesive, easily targeted pool. However, companies that focus on career changers may face less hiring competition.

Additionally, over 30% of companies report actively recruiting those who have been previously incarcerated, reflecting the industry's willingness to consider a variety of backgrounds as they look to fill open positions.

An important component of recruiting from non-traditional candidate pools is having programs and structure in place to help them successfully enter and remain in the field. However, only [24%](#) of construction firms have implemented structured mentorship or internship programs to support new recruits, potentially pointing to an opportunity for enhanced development and retention strategies.



Companies see culture as a competitive advantage

In any labor market, but especially when competition for employees is significant, company culture can play a crucial role in both attracting and retaining employees.

Many organizations across the industry are using culture to their advantage. Just over half of the companies surveyed report having a well-defined culture that they actively promote, and that helps in their recruiting and retention efforts. However, around 20% either lack a defined culture or do not promote one. That offers an area of improvement for those companies, especially as they compete for talent.

Companies that prioritize and promote a strong culture gain a competitive edge in hiring. [Research](#) shows organizations with clear workplace cultures see **34% higher employee satisfaction**, highlighting the value of defining and communicating company values.



Upskilling may be taking a back seat to recruiting

Ongoing training and upskilling are essential for companies seeking to maximize both productivity and retention, especially when labor is scarce or not highly experienced. One way to

attain talent is through hiring, but it's also possible to gain needed skills and competencies by training and upskilling existing employees.

Training is also important when hiring workers that may need to acquire new skills, such as career-changers or those not graduating from a construction program in college or trade school.

While some companies prioritize employee development, nearly 24% have not implemented any upskilling techniques. Among those focused on training, the most common strategies include strengthening performance management, with 45% of companies using this method to identify areas for employee improvement.

Other techniques include partnering with third-party organizations for training (34%) and implementing career pathing (32%). Despite these initiatives, many companies may still be struggling to effectively manage training processes.

A staggering 75% do not use technology to deliver or track training, relying instead on manual methods that can lead to inefficiencies and compliance risks and that may translate into a less impactful approach overall. [Research](#) shows that using digital training platforms reduces onboarding time by **40%**, suggesting an opportunity for significant efficiency gains in workforce training.



Data analytics represents an emerging opportunity for better workforce management

Data analytics enables more targeted, meaningful workforce planning and management. However, 49% of respondents don't use business intelligence to inform their strategies.

While 35% use available data, many companies may not yet fully appreciate and embrace the potential benefits of data-driven decision-making. Deloitte's research underscores this, revealing that **firms using workforce analytics report a 22% increase in project efficiency** ([Deloitte, 2024](#)).

The adoption of workforce analytics is becoming increasingly essential for maintaining competitiveness and achieving operational excellence.

Implementing data-driven strategies allows construction firms to optimize resource allocation, improve project timelines and address skill gaps more effectively.

By adopting more advanced workforce data analytics and technology-driven HR solutions, companies can strengthen their recruitment, training and retention efforts, helping to address the workforce gap and contributing to long-term success.

"This new data makes it clear that construction companies will have to up their game to recruit and retain talent in the future. However, many companies have yet to adopt modern technology for core HR processes, like training or performance management. This represents a real opportunity for the industry to take advantage of HR solutions that enable them to be more efficient and effective."

Chad Mathias, Senior VP, Sales & Strategy, Arcoro

Next Steps for the Industry

To effectively address workforce challenges, companies need to integrate both short- and long-term strategies.

Here's where our research demonstrated that more focus is needed. Companies need to continue to:

- **Expand recruiting horizons:** Continue building a diverse workforce by recruiting from new pools.
- **Leverage culture:** Define and promote company culture to attract the right talent.
- **Invest in training:** Prioritize upskilling by implementing technology to manage and deliver training programs.
- **Enhance feedback mechanisms:** Use digital tools to streamline feedback and performance reviews, ensuring employees frequently receive constructive input.
- **Embrace data-driven decision-making:** Begin using data analytics to inform workforce strategy, track HR metrics and make informed decisions.

The construction industry is making strides in addressing its workforce challenges but still faces hurdles including slow adoption of HR technology, an undersized focus on training and lagging use of data and analytics for workforce management. By leveraging HR technology for recruitment, training and data-driven insights, companies can continue to build the strong, skilled workforce needed to meet demands today and into the future.

Arcoro sponsored the [2024 Workforce Survey](#) from the Associated General Contractors of America (AGC). Nearly 1,500 firms completed the survey, which included several proprietary questions from Arcoro specifically focused on recruiting and workforce management to better understand how and where the industry is attracting talent and managing the talent they have. The results of these questions were not released with the rest of the 2024 survey.