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CULTURAL & WORKFORCE CHALLENGES Facing Construction Today



After surviving the Great Recession, the industry is finally on the rebound. All construction sectors are reporting growth, and for the first time in history the U.S. is now the world's leading producer of oil thanks to the refinement of hydraulic fracturing technology.¹

This unprecedented event has created a plethora of oil and gas infrastructure and construction jobs as well, generating competition for construction labor among all sectors. But as the competition increases, there are limited resources for labor, talent, and training.

WHERE HAS ALL THE LABOR GONE?

According to the AGC of America's 2014 report "Preparing the Next Generation of Skilled Construction Workers: A Workforce Development Plan for the 21st Century,"² the shortage of labor in construction is driven by "a series of policy, education, demographic, and economic factors that have decimated the once robust education pipeline for training of new construction workers."

The booming energy sector has also created a demand for more skilled workers (e.g., pipe fitters and heavy equipment operators). Some workers may lack the skills to qualify for those jobs.

According to results from CFMA's 2014 Construction Industry Annual Financial Survey Online Questionnaire, 43% of companies are losing skilled trade workers.

The overall labor shortage could undermine the recovery of all construction industry sectors and have a negative impact on the broader economic growth by creating construction delays, high costs for projects, and potential contractor defaults.

And, as the construction industry has evolved with new materials and processes, contractors have not ensured that the existing labor force and leaders know everything needed for proper installations.

Technology and delivery systems continue to change (including a heavy emphasis on BIM, LEED, and Lean), and the

contractual exposures to contractors have skyrocketed. These factors create a perfect storm that could lead to catastrophic risk exposures related to safety, quality, and schedule.

HOW DID WE GET HERE?

How can an industry that lost millions of jobs in a few short years be faced with such a significant labor shortage? Where did the workforce go and why aren't they coming back?

During the downturn, many laid-off workers found positions in other industries, retired, or went back to their country of origin. Furthermore, the makeup of our supervisory and project management teams has drastically changed over the years. Lifelong industry professionals who grew up in construction and apprenticed under their families are now a rare breed, replaced by college graduates who have studied construction science and theory in books.

Key Areas for Reform

The AGC report highlights comprehensive reform focused on nine key areas:³

- Reform and reinvigorate the *Carl D. Perkins Career and Technical Education Act of 2006*,
- Encourage private funding for craft training programs,
- Improve the *Workforce Investment Act*,
- Encourage veteran training and hiring,
- Create partnerships with community colleges for apprenticeship programs,
- Expand federal resources for apprenticeship program,
- Offer high school programs for free,
- Establish public school vocational and technical programs, and
- Enact immigration reform.

While these items are critical to the future vitality of the construction industry, they all take time, money, and resources to implement. However, profit margins are still down and schedules are tighter than ever, leaving little room in the budget for training and education and even less room for any failure related to safety or quality.

Practical experience (the sheer know-how of watching, doing, and learning) has vanished from the industry. A desperately needed transfer of knowledge never took place.

In addition, several factors have contributed to the lack of new talent gravitating toward the construction industry. Spurred by the recent emphasis on attending college, federal funding has shifted from public construction vocational training programs to college preparatory programs.

Decreased union participation has resulted in decreased access to union apprenticeship training programs. Federal and state rules make it difficult for open-shop contractors to form similar apprenticeship programs. As a result, many contractors hesitate to invest in training for fear that competitors will hire their newly trained staff and underbid them on their projects.

MAKEUP OF U.S. CONSTRUCTION WORKFORCE

The construction industry has heavily relied on a foreign-born workforce in the past and will continue to do so well into the future. According to a 2012 report from the U.S. Bureau of Labor Statistics, nearly 25% of construction workers are Latino.⁴ Over the past 15 years, the U.S. has spent billions of dollars on border enforcement, yet the number of undocumented residents has increased from approximately seven million to 11 million.⁵

Construction labor grew by 16,000 jobs in September of 2014, and it is estimated that more than 230,000 jobs will be added in 2014 alone.⁶ One would think this could be a win/win situation: Hispanic workers coming to the U.S. need jobs; the construction industry needs workers.

Immigration Challenges

Unfortunately, the current immigration system does not provide the appropriate mechanisms for legal work entry into this country. Permanent U.S. work visas for unskilled workers are limited to only 5,000 per year for all industries.⁷

According to a report from the Workers Defense Project,⁸ the challenges of entering the U.S. legally creates many problems for both workers and contractors. Without proper immigration reform the government may be inadvertently creating a demand for undocumented workers.

President Obama's recent immigration reform provides a hopeful step toward repairing a broken system and would potentially allow for more than four million who are in the U.S. illegally to ultimately fully integrate into American society. It remains to be seen how effectively the current reform will impact the construction labor force.



Supporters of the reform indicate that current foreign-born workers will now be able to obtain work permits and ultimately legitimate employment. Some critics say that while the reform is a necessary step, it did not go far enough and will ultimately require additional steps to fix the broken system (e.g., verification, border protection, streamlining the legal immigration process and fixing the visa system to allow businesses to address the need for new hires).⁹

Undocumented workers are exposed to poor and unsafe working conditions, less pay, and wage theft and have a higher propensity to be killed on the job than U.S.-born workers. In 2013, 66% of fatal injuries involving Hispanic or Latino workers were foreign-born.¹⁰ Also in 2013, almost half (42%) of foreign-born workers killed from fatal injuries were Mexican.¹¹ These workers are inherently willing to take more risks and less likely to speak up when it comes to safety issues because they feel lucky that they made it to America and actually secured work.

Contractors hiring undocumented workers fare no better. They put their companies at risk for fines and criminal charges. Yet contractors in certain geographical areas (e.g., the southwest) that chose not to hire undocumented workers face unfair competition, labor shortages, and an inability to meet production requirements.

The fact is that the construction industry will continue to rely heavily on a culturally diverse, predominately Hispanic workforce. The construction industry needs to accept that cultural recognition and awareness is necessary to end the unacceptable trend of Hispanic death and injury rates.

The Current Climate

Latin American immigrants often come to the U.S. for a chance at a better life, searching for the American Dream. Yet, there is a much more basic motivation – survival. Latin American countries such as El Salvador, Honduras, and Guatemala are considered some of the most dangerous places in the hemisphere. People are no longer coming to the U.S. for economic opportunity; many are fleeing for their lives.

In fact, it is estimated that more than 90,000 unaccompanied minors have illegally crossed the U.S.-Mexico border in the past fiscal year. A survey by the United Nations High Commissioner on Refugees of 404 children who arrived in the U.S. illegally from Mexico and Central America asked: “Why did you leave?” The majority indicated they were forcibly displaced at the hands of armed criminals, drug cartels, and gangs; nearly half (48%) of the children reported being impacted by the violence.¹²

The poor of Mexico do not fare much better. Mexico is known for its unevenly distributed wealth where 10% of the nation’s wealthiest have 42.2% of all income and 10% of the nation’s poorest have 1.3% of the remaining income.¹³

Approximately 44% of the Mexican population lives under the poverty line, yet the country ranks as the 11th richest economy in the world. Social inequality coupled with extreme violence, political corruption, no welfare system, and no child labor laws creates a dire situation for the poor. Survival is the only goal of the extreme poor and the chances of that are often considered slim.

Why Does This Matter?

According to humanistic psychologist Abraham Maslow, our actions are motivated in order to achieve certain needs. Maslow first introduced his concept of a hierarchy of needs in his 1943 paper “A Theory of Human Motivation” and his subsequent book *Motivation and Personality*.¹⁴

This hierarchy suggests that people are motivated to fulfill basic needs before moving on to more advanced needs and is displayed as a pyramid, where the lowest levels of the pyramid contain the most basic needs (food, water, sleep, and warmth) while the more complex needs (safety and security) are located at an advanced level.

Considering the dire situation from which Hispanic immigrants come, safety is not an obvious concern. If the Hispanic immigrant’s primary motivation is to escape a desperate situation and survive, the need for safety and security is not even a consideration. Food, water, and sleep – yes; fall arrest systems, job hazard analysis, and hard hats – not so much.

THE CULTURE WE CREATE

Geert Hofstede, the author of *Culture’s Consequences*, spent his life researching and defining the complex world of human behavior and its influences. He defines culture as: “The collective programming of the mind which distinguishes the member of one group or category of people from another.”¹⁵

Culture usually refers to societies but can also be applied to any human collectivity or category, such as an organization, a gender, an ethnicity, or a family. The U.S. contains different cultural groups (African American, Hispanic, Asian, Caucasian, etc.). Yet, these groups share certain cultural traits simply by belonging to our society. So within the confines of one geographical area, we have numerous cultures operating in unison.

A simplified definition of culture is “The way we do things around here.” Culture guides our communication, our values, and the way we interact with others.

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Hofstede argued that people carry “mental programs” that are fashioned by family life during early childhood and reinforced in school and organizations – and that these mental programs make up each nation’s culture and values. He analyzed the ways in which cultures differ from one another and developed a model called the “Five Dimensions” to identify areas where cultural clashes can cause problems in the workplace. They are:

- **Power Distance Index (PDI)** – Attitudes toward hierarchy, specifically with and how much a particular culture values and respect authority. In other words, how much a person or group expects and accepts unequal distribution of power.
- **Uncertainty Avoidance** – How a culture and its members deal with and accept unstructured situations; how much a society tries to control the uncontrollable.
- **Individualism/Collectivism** – The degree to which individuals are supposed to look after themselves or remain in the group. Collectivism is the polar opposite of individualism.
- **Masculinity/Femininity** – The emotional roles between genders (e.g., tough vs. tender societies).
- **Long-Term vs. Short-Term Orientation** – The extent to which a culture programs its members to accept delayed gratification of material social and emotional needs.

The First Critical Dimension: PDI

Two of these five dimensions are critical when exploring education across cultures. PDI, which indicates a person’s comfort and respect for authority, is the first.

The higher the PDI value, the more deferential toward authority a person will be. As a result, he or she will not question or verbalize a difference of opinion when it comes from an authority figure. While the U.S. has one of the lowest, Latin American countries and Mexico have some of the highest.

PDI & Plane Crashes

Malcolm Gladwell’s book *Outliers* applies Hofstede’s research and explores “The Ethnic Theory of Plane Crashes.” Gladwell highlights the circumstances of two plane crashes

– one Colombian (Avianca Flight 52) and one South Korean (Korean Air Flight 801) – and how the culture of the pilots and crews may have contributed to each disaster.

In his book, he focuses on how well the pilots communicated with each other and with their air traffic controllers. Gladwell argues that since both Colombia and South Korea rank toward the top of the PDI list, the subordinate members of their cockpit crews were unable or unwilling to speak up as assertively as they should have about safety concerns, which directly contributed to the crashes.

PDI & Hispanic Construction Workers

Applying the same theory to the high propensity for the construction Hispanic workforce population to sustain catastrophic injuries, we can assume the Hispanic population may not be comfortable speaking up when asked to perform unsafe acts and/or that they fear reporting unsafe issues on projects, both of which can contribute to accidents.

Why would this be so? The Hispanic culture carries an ingrained respect for authority. Therefore, a Hispanic employee would not challenge a boss for fear of causing him to “lose face” – an attitude that discourages innovative thinking and initiative. As a result, American supervisors may make incorrect assumptions about their Hispanic employees (e.g., that they are not trainable or lack initiative).

Regardless of how many hours of safety training a Hispanic construction worker goes through, the culture he comes from – coupled with the culture created at the jobsite by the superintendent and management team – will play a monumental role in whether or not an employee speaks up before placing himself in harm’s way.

Until we stop training for training’s sake and really train employees on cultural awareness – and train managers on how to create a culture that values open communication, honesty, safety, quality, and productivity – we will continue to have issues.

The Second Critical Dimension: Individualism vs. Collectivism

The second important cultural dimension is that of individualism vs. collectivism. Americans value individualism and



rank the highest among nations for the value. Our entire concept of the American Dream (achieving our goals and the proverbial “what’s in it for me”) plays an important role in the country’s success.

The complete opposite is true of people from Latin American countries, as the Hispanic workforce responds favorably to “what’s in it for us.” The Hispanic culture is about being a part of something, a feeling of belonging, watching out for one another, and working together for the good of everyone.

Imagine the confusion of an immigrant working on a jobsite where the supervisor creates a “what’s in it for me” culture and management gives bonuses based on schedule only. In addition, each subcontractor performs its own work for its own sake instead of seeing the common goal of what is best for the project.

Training, education, and incentives that are focused on the “what’s in it for me” mentality will simply not achieve expected results and ROI with Hispanic workers unless the inherent cultural issues are considered, addressed, and accepted.

For companies with especially high numbers of Hispanic employees, their future success (and possibly even survival) depends on moving some of these employees into leadership roles. As always, some leaders emerge naturally, but many contractors are making a concerted effort to educate and promote their Hispanic workforce.

BEST PRACTICES FOR WORKING WITH THE HISPANIC WORKFORCE

Our experience working with a predominately Hispanic workforce in El Paso, TX provided the opportunity to look at many of the cultural issues that impact overall performance on jobsites. Beginning on the next page is a list of best practices that can improve communication, respect, and leadership abilities when leading a predominately Hispanic workforce.

Identify the Group’s Leader

The leader may be someone who speaks better English than others. Crew members will typically look to someone who will explain and spend time translating, evaluating, and representing the group. Regardless of whether he or she has a title, the person will emerge.

To identify the leader, simply watch the group’s dynamics. After a daily huddle or a jobsite meeting, the group may

linger and one person may be clarifying the supervisor’s expectations. That is the person you need to get to know and with whom you must establish rapport. This will be your key to effective communication and earning the crew’s respect.

Walk the Talk

The Hispanic culture is one of pride, loyalty, and respect – yet each of these must be earned. A superintendent who sets the example, is visible, and is interested in the job is the one who will reap the rewards of a loyal crew. A superintendent who is not afraid to get his hands dirty and who will work side by side with the crew when necessary will go a long way in earning the crew’s respect and loyalty.

However, a superintendent who sits in the trailer all day and only comes out to bark orders and complain is not going to earn the respect of the Hispanic worker (or any worker for that matter).

Include Family

Americans tend to separate work and family life. Family, however, is of primary importance for Hispanic workers, and this may be felt at the workplace.

For example, Mexican workers are more comfortable in an environment where they have established personal relationships at work. Often, Mexican workers invite each other over to family gatherings and develop a sense of kinship with each other. Because of these personal relationships, Mexican workers tend to work well in groups. Taking time for personal interaction will help to engender more trust and loyalty from this employee.

Be Aware of Translation Issues

Bilingual people are often used as translators on a project. This can be helpful if you are aware of the potential issues that may result. Dialect, lack of knowledge of the subject matter, and accurate use of terms can change the meaning of a message. Carefully select someone who has the right experience and the right relationship with the crew to be successful.

Take notice if a three sentence translation turns into a few spoken words; chances are your message has been lost in translation. Also, be aware when a crew stands around after a meeting looking confused. This means your message was not accurately conveyed.

Finally, be very careful with the question “Do you understand?” Nine times out of 10 you will get an answer of “Si” (Spanish for “yes”), but it does not mean they understand.

It may mean “OK” or it may be an attempt to show respect. The best way to assure your message is understood is to look for opportunities for the workers to show you and repeat back the instructions.

A Picture Is Worth 1,000 Words

It is of utmost importance that your workers are fully knowledgeable on all the latest techniques. Mock-ups, plans, demonstrations, examples, and pictures are all excellent ways to enhance the communication process on a jobsite. Giving people the opportunity to observe the work being performed will be very beneficial and can help avoid injuries and unnecessary rework.

Open Your Mind to Learning

Challenge yourself to open your mind. Explore the opportunity of learning a new language and getting to know the people on your project. It is not as difficult as you may think and only requires a willingness to try and practice.

Bradley Hartmann created a learning system that is specifically designed for the construction industry called Red Angle. The program was designed with time-crunched construction superintendents and project personnel in mind. The 6-week program requires just five minutes per day and teaches construction jobsite basics related to schedule, safety, and other relevant construction topics.

CONCLUSION

The real meaning of a team environment and a culture of success is accepting and appreciating diversity and differing experience and points of view.

View diversity as a competitive advantage instead of a hindrance. Encourage construction leaders to learn a new language and connect, train, and improve working conditions for the Hispanic workforce. ■

This article was updated from “Education Across Cultures” that was first published in the November/December 2010 issue of CFMA Building Profits.

Endnotes

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