

## Economic Spillover

# Labor Crunch Adds to Construction Risks, Liabilities

**T**HE ASSOCIATED Builders and Contractors estimates that the construction industry needs 650,000 additional workers on top of the normal hiring in order to meet demand.

That's forcing many construction firms and contractors to work short-staffed or take on and train employees new to the trade, a combination that can lead to a host of problems, from more workplace injuries to shoddy workmanship. Those effects often translate into higher insurance and out-of-pocket costs for construction firms, which are already dealing with rising material costs and unpredictable supply chains.

The following are the risks of working short-staffed or with newly minted workers.

### Workplace safety

When fully staffed, workers and supervisors are better able to identify safety issues.

Studies have found that experienced workers are less likely to suffer workplace accidents than those who are new to the job. Inexperienced workers are:

- Not as familiar with safety protocols, increasing the risk of accidents.
- Less likely to notice dangerous work practices or safety issues.
- Often loath to speak up if they see a problem.
- A potential danger to the public if they are on worksites that are near sidewalks or heavily trafficked areas.

Finally, contractors that are not operating at full capacity may pressure employees to get more done in less time and/or work overtime. That can lead to workers cutting corners and working faster than is safe to get the job done.

### Quality and defects

Quality can suffer when short-staffed. An inexperienced or overworked worker who misunderstands what needs to be done, can repeat a mistake again and again. They may also cut corners, possibly leading to future construction defect claim.

Quality issues and defective work can lead to:

- Tearing out their work and redoing it. This can be costly depending on how many times the same mistake was made. These costs are borne by the construction firm and their insurer.
- Construction defects. Some mistakes may not be readily apparent and may manifest themselves months or years after a project is completed. Once discovered, the client may file a construction defect claim against the contractor.

### The next steps

While getting staffing levels up to meet your demand may be difficult, you should strive to ensure that all new workers are properly trained in how to do their jobs, and in particular how to perform their job safely.

Besides being able to safely do their jobs, they should be trained about other hazards on the worksite, including moving equipment or material and knowing when to ask for assistance of someone to observe their work in hazardous situations.

Before each shift, hold a quick safety meeting as well as a longer tailgate-style meeting on a weekly or bi-weekly basis.

Even experienced workers need to refresh their safety knowledge, so all of your workforce should be in attendance.

Finally, besides your mandatory workers' compensation coverage, you should make sure that you have in place construction liability insurance. This common liability coverage protects your business if it's held responsible for events like property damage, bodily injury or defective work. ❖