ARCORO®

Why Strategic HR is a Growth Engine for High-Performing Construction Companies

Construction companies that lose growth opportunities can't always blame lack of projects. Many times, they're losing them because they lack workforce stability.

High–performing construction companies treat HR as a strategic growth engine, not an administrative function.

According to Arcoro's 2026 State of Construction HR Report, 72% of construction firms struggle to find skilled employees. In a labor-constrained market, most companies are fighting the same battle: rising wage expectations, shrinking talent pools and increasing competition for experienced workers.

But the more important question is, "What about the 28% that aren't struggling?" Those firms aren't just recruiting harder. Their HR departments are structured differently.

They've built HR systems mature enough to protect talent investment, develop frontline leaders and turn workforce data into strategic insight. Instead of reacting to labor shortages, they've engineered workforce stability, and it shows up in their growth.

These companies report faster expansion, lower early turnover and stronger leadership pipelines than their peers. The difference isn't luck. It isn't geography. And it isn't simply pay.

It's infrastructure.

High-performing construction companies treat HR as a strategic growth engine, not an administrative function.

And in today's market, that distinction is widening the competitive gap.

High Performers Treat HR as Growth Infrastructure

What's the secret sauce for having a high-performing HR department? It's something that every company can achieve by switching the way they treat HR.

High-performing companies:

- Elevate HR from compliance to strategy.
- Align HR priorities with business expansion.
- Use workforce data to support operational decisions.

High-performing companies elevate HR from compliance to strategy — because real change can't happen when HR is drowning in paperwork.

What's more, high-performing companies are able to transform their HR departments with modern tools and practices that include:

- Full HR team with specialized roles and strategic leadership
- Automated digital onboarding integrated with all HR systems
- Comprehensive leadership development tied to business outcomes
- Fully integrated HR technology platform with workforce analytics
- Company-wide adoption of AI for data analysis and strategic planning

The proof for this effort is these companies are consistently growing faster than peers with turnover rates below 5%.

It all starts with having a dedicated HR team.

They Make HR a Focus, Not an Afterthought

HR for construction is a big job. It requires staying updated on ever-changing compliance standards, complex labor laws, specific payroll regulations and site safety risks all while performing the business-as-usual tasks like recruiting, onboarding, benefits and mitigating risk all while hiring and employee recordkeeping.

So why do so many companies put HR responsibilities on workers with other responsibilities?

Structured onboarding goes beyond orientation — it drives faster productivity and stronger retention.

Just under 50% of firms have a dedicated HR leader.

The lack of dedicated HR staff quickly puts more work on an already full plate. About one in four organizations without a dedicated HR leader cite time-consuming administrative work as their biggest constraint. Companies that delegate this role to the owner, finance manager or office assistant can't dedicate the time and resources a high-performing department needs and the data confirms it.

On the flip side, organizations with dedicated HR leadership are significantly more likely to report above-industry growth (30% vs. 18%). Meanwhile, companies where HR is managed by finance or administrative leaders are nearly twice as likely to report slower growth (10% vs. 6%).

But leadership alone isn't enough. Systems must reinforce strategy.

They Protect Talent Investment with Structured Onboarding

High performing teams understand it's way more cost effective to retain your workers than hiring new ones. It costs about $4,000 to recruit, hire and train a new employee and those costs are lost if workers leave the job within the first couple of months.

But structured onboarding can be the difference maker.

Structured onboarding goes beyond basic orientation to accelerate new hire productivity, culture integration and retention. It typically features defined preboarding, scheduled training, role-specific goals, regular check-ins and a mentor/buddy system, according to SHRM. And it makes a big difference.

About 2 in 5 organizations without structured onboarding report losing more than 5% of new hires within the first 90 days.

High performers not only use structured or automated onboarding, but they integrate onboarding into their core HR systems to track early turnover – providing a more complete picture of employee retention.

If a 150-person firm reduces early turnover from 8% to 4%, that's 6 fewer failed hires per year, saving $24,000 in direct costs alone, not including lost productivity.

High-growth firms understand that early turnover is not a hiring failure, it's a systems failure. Retention doesn't stop on day 90. It lives and dies with frontline leadership.

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They Turn Supervisors into Retention Engines

Your supervisors are on the front line with your employees, making them the primary connection between your company and workers. If a supervisor or manager doesn't have the skills to effectively lead, it could turn disastrous for your retention rate. LinkedIn research shows seven out of 10 workers would leave a job if they had a bad manager.

High performers understand good leaders aren't born, they're made. That's why they invest in formal leadership programs, tie supervisor training to retention outcomes and prioritize foreman development as a strategic initiative.
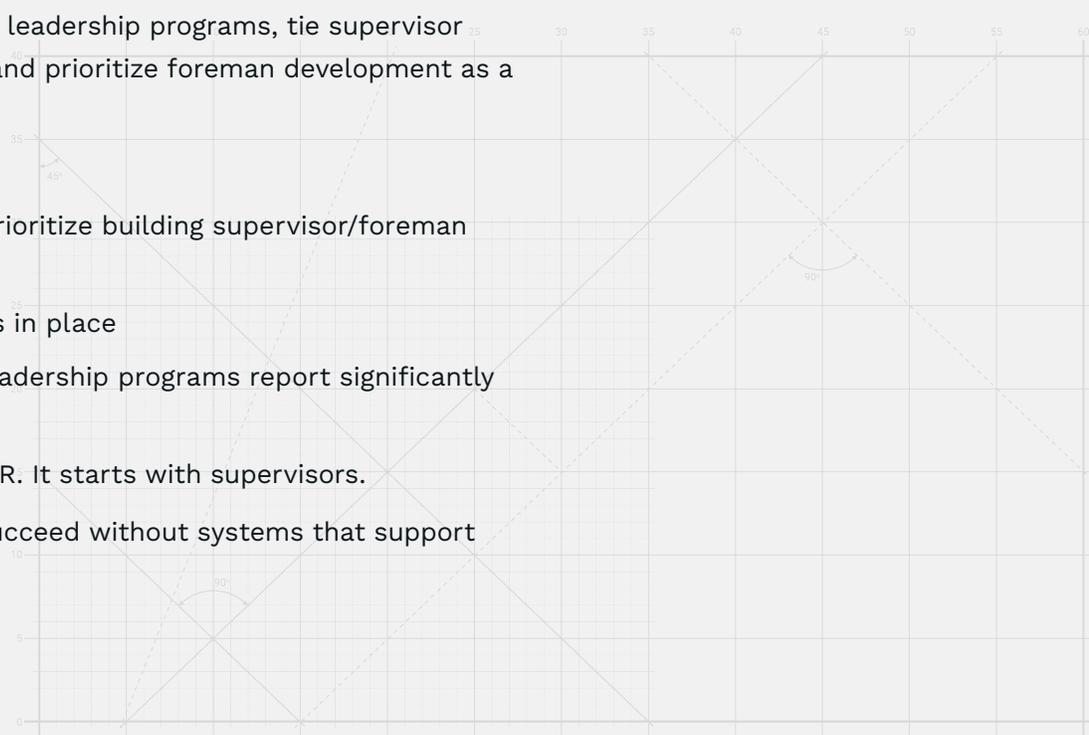
Research shows:

- 53% of high performers prioritize building supervisor/foreman leadership skills
- 31% have formal programs in place
- Companies with formal leadership programs report significantly lower early turnover

Crew stability doesn't start in HR. It starts with supervisors.

Even strong supervisors can't succeed without systems that support them.

They Use Integrated Systems and Analytics to Work Smarter

It's nearly impossible to be strategic when half your time is spent doing administrative work like data entry, compliance paperwork and manually posting job openings.

An integrated system – one that allows all your software solutions to talk to each other – is essential for streamlining time-consuming administrative tasks.

High performers understand this and use fully integrated systems that connect payroll, time, recruiting and benefits, eliminating duplicate data entry and centralizing workforce visibility. When administrative tasks stop being a burden, there's more time to focus on:

- Workforce planning
- Retention strategy
- Compliance oversight
- Expansion support

They also use workforce analytics, yet they're the minority.

Research shows only 22% of survey respondents use workforce analytics but high performers are more likely to use it over organizations without a designated HR department.

> When administrative tasks stop being a burden, there's more time to focus on workforce strategy.

> Fewer than 1 in 20 firms without formal HR leadership are leveraging advanced HR data analytics.

High performing firms use advanced analytics to:

- Track early turnover
- Analyze hiring source effectiveness
- Connect training to business outcomes
- Forecast workforce needs

This information is essential for understanding every part of your workforce as it relates to company goals.

In high-performing firms, HR reports look like operations dashboards, not filing cabinets.

They Experiment Early with AI, But Build the Foundation First

AI is entering construction workforce management fast. It can analyze safety footage, optimize crew assignments, identify skill gaps, generate job descriptions and screen resumes.

But here's the reality: AI does not fix broken HR systems. It amplifies strong ones.

While 46% of firms report partially or fully using AI, adoption isn't random.

The companies leveraging AI most effectively already have:

- Dedicated HR leadership
- Integrated HR systems
- Clean, centralized workforce data
- Clear retention and growth metrics

Without those foundations, AI produces noise, not insight.

High-performing firms use AI to enhance what they already measure and manage. **They use it to:**

- Detect early turnover patterns
- Improve workforce forecasting accuracy
- Connect training data to productivity outcomes
- Reduce administrative burden at scale

The result isn't just automation. It's acceleration.

Companies using AI broadly report faster growth, stronger workforce visibility and early turnover rates often below 5%.

AI simply compounds the advantage of companies that already treat HR as growth infrastructure.

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What This Means for Construction Leaders

The strength of your HR department matters more than the size of it.

The firms outperforming their peers have made a fundamental shift. They've stopped asking: "Do we need better HR?" And started asking: "Is our HR function strong enough to support our growth goals?"

Growth requires infrastructure. You wouldn't scale your operations without project management systems, estimating tools or safety protocols. Workforce growth demands the same intentional structure.

**Use this quick self-assessment to pressure-test your organization:**

- Is HR owned strategically or administratively?
- Do we know our 90-day turnover rate, and what's driving it?
- Are supervisors trained to lead, or simply promoted because they're good at their trade?
- Can we access real-time workforce data in minutes?
- Are we building future leaders or scrambling to fill gaps when someone leaves?

> Growth requires infrastructure. You wouldn't scale operations without project management tools—workforce growth demands the same intentional structure.

If those questions are difficult to answer, that's not a failure. It's a signal.

The highest-performing firms didn't transform overnight. They invested in leadership, systems and technology that reduced administrative burden and elevated HR into a strategic growth driver.

Because in today's market, workforce strategy is business strategy.
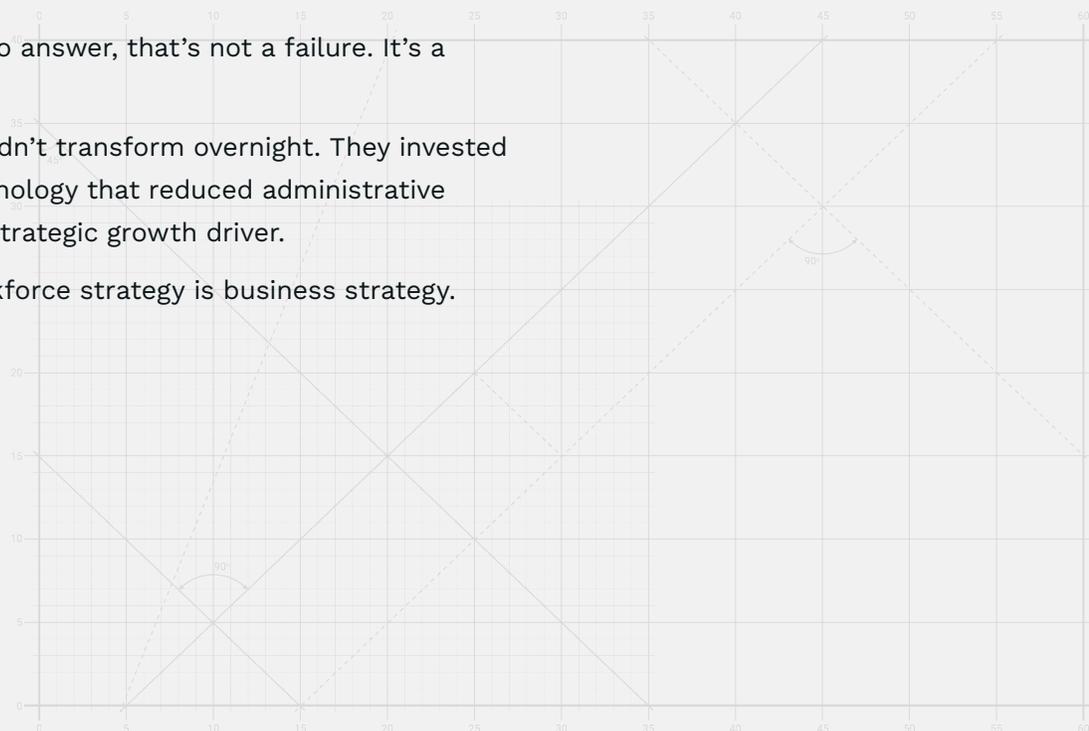
The Competitive Divide Is Widening

Construction is entering a clear divide.

On one side are firms stuck in compliance mode, reactive, overwhelmed and constantly replacing talent.

On the other are firms using HR as a competitive advantage, proactive, data-driven and positioned to scale.

In a labor-constrained market, the difference shows up everywhere:

- Turnover rates
- Growth velocity
- Leadership bench strength
- Workforce stability

The companies growing the fastest are great recruiters, but they also build systems that protect talent, develop leaders and turn workforce data into strategic insight.

They're filling roles, engineering retention, and building workforce infrastructure strong enough to scale.

And as the talent gap continues to widen, that infrastructure will be the defining factor between companies that survive and companies that lead.

The difference between companies that survive and companies that lead isn't luck—it's the systems they build to protect their talent.
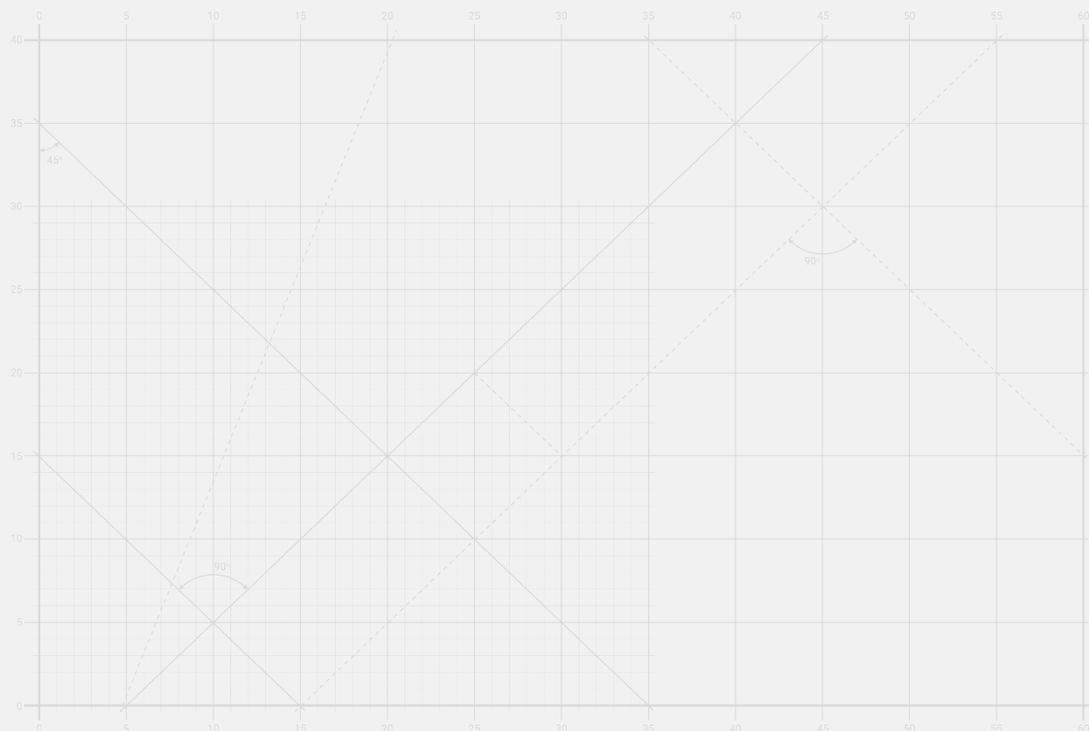
Next Steps

High performers aren't born; they're made. These organizations understand that HR is the catalyst for consistent company growth. They make smart decisions that produce long-term ROI.

Not every firm has the ability to hire a full HR team or sees company-wide adoption of AI has a current need. But making small changes, like improving your onboarding and using data analytics to drive strategic decisions, can make a big impact.

If you're unsure where your organization stands today, the first step is clarity. An honest assessment of your current HR maturity can reveal where to focus, what to prioritize and how to build a strategic team that produces results without being weighed down by administrative tasks.

Download Arcoro's **HR Maturity Self-Assessment Worksheet** to see where your company currently lands on the maturity scale.
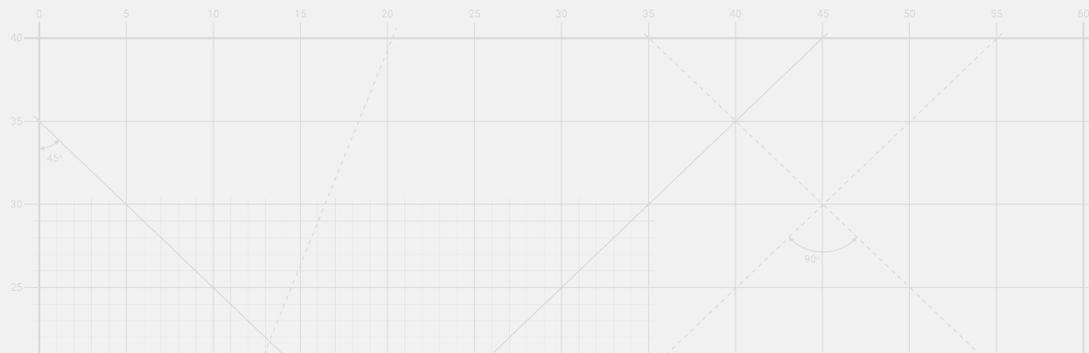
Hire
Streamline applicant tracking and onboarding.

Manage
Manage core HR, benefits, safety, and ACA compliance.

Time
Simplify time tracking and payroll.

Grow
Support employee growth with performance & learning.

Advanced Analytics   Insights powering every step of your workforce journey