

## What Employees and Employers Think About Today's Labor Market

Ask any distributor and manufacturer about their business challenges and inevitably they will mention their "people" challenges. They are typically talking about being under-staffed as well as not being able to recruit staff.

At the same time, ask employees about their challenges and inevitably you'll hear people talk about being burnt out, tired and, in some instances, not feeling appreciated or valued.

The "people" side of the business for many companies is more stressed than many can remember. And yet, at the same time, you can open any industry trade publication and see people moving from company to company ... at all levels.

Unemployment is at historic lows. Between the Great Retirement phase that has occurred in industries, a desire for work from home, the "gig" economy and the resulting number of new LLC's that have been created and the unfortunate number of COVID deaths, and more results in a reduced labor pool.

The labor market has changed but businesses need staff to replace those who retire, those who leave, and, to support new endeavors.

While there is demand, the "supply" (people) has different expectations than ever before.

With this as a backdrop, GRN Coastal, [www.grncoastalrecruiters.com](http://www.grncoastalrecruiters.com), a leading recruitment firm for distributors and manufacturers, focused on the construction and industrial markets sought to better understand the candidate and hiring manager mindset.

GRN Coastal commissioned Channel Marketing Group, [www.channelmkt.com](http://www.channelmkt.com), to conduct a study.

The survey, conducted earlier in the spring, was sent to a targeted group of individuals within GRN Coastal and Channel Marketing Group's databases. The result had over 335 respondents with 60% of respondents in the electrical industry.

Overall, 68% were from construction trades, 22% were from "other industries" and 10% were from the industrial markets.



### **Key takeaways**, included:

1. Compensation matters, and a silent majority are looking!
2. Work environment matters and companies must "sell" to recruit as well as retain.
3. Today's recruitment process is quicker and more personal as companies seek to acquire quality talent.

### The Audience

To provide a perspective on the respondent audience:

- 51% were from distributors, 21% from manufacturers, 9% from manufacturer representatives and the remainder were "other". When "others" were compared versus whom the survey was sent to, most, if not all, are individuals who are currently "unattached" to a company. It was expected that distributors would be the largest respondent audience as they employ more "sales / management" personnel than manufacturers given that most manufacturers go to market via independent sales agents.

- 37% classify their employer as a large company, 30% as a medium sized company and 33% were from a small company ... so well dispersed.
- 40% of respondents classified themselves as an employee or candidate whereas 60% were in management (HR or senior management.)
- 29% of respondents had less than 10 years' experience, 25% had between 10-20 years of experience, 23% had 20-30 years' experience and 23% had more than 30 years of experience.

### **Respondents Say ... Compensation Matters**

For purposes of analysis, rather than segment by company type, feedback was analyzed based upon respondent type ... whether they were an employee / candidate versus if they were a hiring manager or in senior management.

#### Why do candidates leave?

When asked why an individual would consider leaving their company, as expected, financial growth potential is the primary reason, followed by growth potential.

However, the next three most frequently selected reasons related to a candidates employer ... their boss, the culture of the company and the future of their employer (which in many instances relates to financial security for the employee.)

At the same time, these individuals shared that:

- 35% of them would leave their company for a position that was a lateral move.
- 76% would change employers for a lateral move that has more upside within the next 12 months ... inferring that they are either actively, or opportunistically looking for their next opportunity because they do not believe it is with their current employer.

Why Leave	%
Financial growth	69.4%
Growth potential	40.8%
My boss	32.7%
Current company culture	28.6%
Concern about employer future	26.5%
Expand skills	22.5%
Desire to be in management	14.3%
New Role	12.2%
Industry Change	10.2%
Better benefits, lower costs	10.2%
Geographic change	8.2%

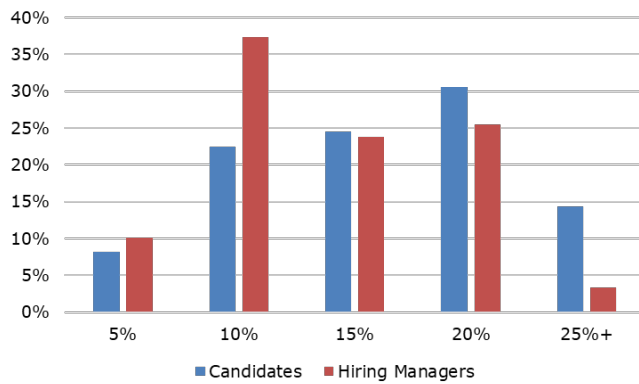
Hiring managers were asked a similar question. They were asked to rank what they feel is most important to candidates today.

While compensation ranked number one, by a wide margin, the role of work / life balance and culture, they feel, are number two and three. While these are important, according to candidates, they are not "the driving force" of why a candidate will change roles. Their decision, inevitably, comes down to opportunity and / or a desire to leave their current environment.

What's Important to Candidate	Mgr Avg
Compensation	6.21
Work / life balance	4.33
Company culture	4.30
Growth opportunity (future with company)	4.01
Health benefits	3.15
Their relationship with their boss	3.00
Current opportunity (role hiring for)	2.75

This highlights that, to retain employees, companies need to ensure that their compensation values the employee appropriately (either relative to their value to the organization, in recognition of their contribution and/or compared to the local market) and that the work environment is "desired".

A "desired" work environment relates to culture, being recognized, open communication as well as the working relationship between the employee and their direct supervisor / management chain. Essentially it comes down to "does the employee want to work for the company and they view it as a career" or is it a "job."



But, at the same time, candidates know that it is a “tight” market and expect to be incented to make a move with 55% expecting at least a 15-20% increase in compensation.

Conversely, 38% of hiring managers feel that candidates expect a 10% increase in compensation.

Hiring managers are using internal comparable, “industry” standards, local geographic standards, and prior employment payment with only 49% of

hiring managers reviewing sources such as Glassdoor to understand exiting employee feedback.

In a market of “tight” supply, there is a disconnect in expectations. It is understandable that companies are concerned about compensating new hires at a different rate than existing employees, however, the market has changed, and candidates are aware of the limited “talent”, let alone “qualified” or experienced talent that there is in the marketplace.

***The takeaway*** ... compensation matters, and many are looking (even if only opportunistically).

### **Respondents Say ... Culture Matters**

Since COVID, many have commented about the role of culture within a company. Survey respondents were asked about the culture they desire, the culture of the companies that they represent and both parties’ views on “work from home”.

Some terms that candidates used to describe culture include:

- Fairness
- Engagement
- Accountability
- Actions
- Open to change
- People vs Process
- Delivering via actions versus “marketing communications”
- Market knowledge
- Company personality
- Shared values
- Enthusiasm
- Focus
- Top-down Leadership

When presented with a list of 18 words and asked to choose 5, the top 5 for each set of respondents can be seen on the right.

A key disconnect is companies want to promote their teamwork whereas candidates desire an ethical and rewarding environment.

Nowadays, an element of culture is expressed to how a company is responding to their team’s desire to work from home.

Key Words	Candidates / Employees	Hiring Mgrs	Diff (C v H)
Ethical	50.0%	35.6%	14.4%
Integrity	45.5%	49.2%	-3.7%
Collaborative	45.5%	39.0%	6.5%
Rewarding	45.5%	37.3%	8.2%
Teamwork	40.9%	55.9%	-15.0%
Accountability	36.4%	25.4%	10.9%
Fun	34.1%	25.4%	8.7%
Empowering	27.3%	39.0%	-11.7%

For some roles this is not an option (i.e. warehouse workers and drivers), however, for many roles it can be feasible.

Further, due to the effects of the pandemic as well as “life changes”, many candidates (and employees) either desire work from home, a hybrid environment or need periodic flexibility. Inevitably this comes down to “management understanding”.

COVID forced many companies to quickly adapt to work from home. Some adapted and launched technology and management systems to facilitate, others have philosophically embraced while others have sought a mid-ground to capture the benefits of both an office and a work-from-home environment.

Candidates and employers were asked about the importance of Work from Home and where roles being located:

Candidates shared their input on a scale of 1-4, with 4 being "Required".

Role Location	Importance (1-4)
Work from Home Full-time	2.53
A Hybrid Work Environment	2.83
Primarily home	2.73
Office	2.11

As can be seen, there is a preference towards a hybrid environment, followed by primarily home (indicating periodic visits to the office.)

Hiring managers indicate that their companies are open to discussion depending upon the role, however, it is not a preference in most instances.

Role Location	Mgmt
Depends upon the role	45.8%
We have a hybrid work environment	25.4%
No remote work (100% onsite)	20.3%
We allow remote work	17.0%
We give employees the choice based on role	8.5%

While most companies appear to prefer an office environment, leading companies seek to accommodate staff and are focused on acquiring, and retaining, talent with their locale being of secondary importance. This flexibility / openness becomes an indicator of culture.

The culture of a company is critical in the retention of staff as well as the recruitment of top talent.

The adage "'People leave managers not companies'" is apparent based upon candidate / employee feedback. Frequently an employee's feeling about their manager is also a reflection of the culture of the company.

Frequently companies interview for candidate skills and the cultural fit with the "team". The reverse is true as the candidate is interviewing the company to determine if it is the right environment for them.

Hiring managers not only need to "sell" their company as a preferred destination for a candidate but must be able to communicate the "how" the company lives the values it espouses.

In a competitive talent recruitment market, companies need to differentiate themselves based upon the opportunity as well as their culture to land their desired candidate.

**The takeaway** ... companies are being interviewed as much as they are interviewing. While the role and the compensation need to align, candidates are selecting companies based upon a company's cultural alignment with their belief system. The more a company can identify its culture, live and "sell" it, the more productive, and happier, an employee they will be able to recruit.

## Respondent's Say ... **Process has Changed**

We asked candidates and hiring managers about today's recruitment process, given the competitiveness of the market:

- The perception that there is much "turnover" and talent leaving the industry is, unfortunately, correct. They shared that 22% of the roles they are seeking to fill are to replace retiring staff, 40% are for "standard" staff turnover and, surprisingly, 39% are for new roles to support business growth and planned expansion.

Recruiting new talent into companies for new roles highlights companies' needs to identify individuals with different skill sets. Companies are seeking engineers, data analytics personnel, eCommerce staff, digital marketers, operations specialists, and other new roles. These are individuals who may not be familiar with the industry, or your company, and hence may need to be sold on "why" the company and the industry.



- Companies were asked how they are sourcing talent.

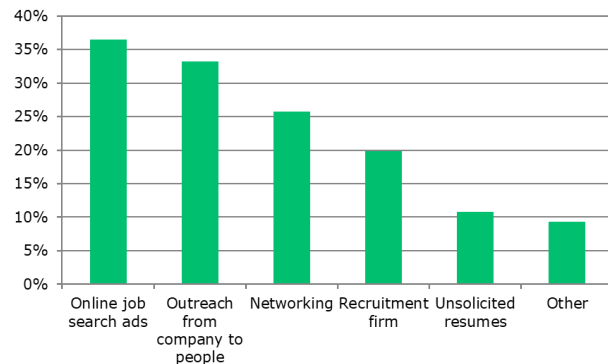
However, at the same time, recruiting managers shared that their frustrations with

- 90% saying they can't find qualified talent
- 36.5% sharing that there is a lack of responses to their ads
- 14% stating that they do not have enough time to devote to an active recruitment process
- 13% admitting that they only want to hire experienced people.

When candidates were asked what they felt was the most effective way for a company to recruit someone similar to themselves, they shared that personal outreach was most effective.

Part of the reason for this may relate to the level of the role. Sales and management roles are "higher" level roles and these individuals, unless unemployed, are typically not searching online for their next roles.

Candidate Recommended Recruiting	%
Personal connection from company	40.4%
Recruiter Outreach	36.2%
HR from company contacting candidates	8.5%
Posting on company website / social media	8.5%
Online ad / Indeed / Zip Recruiter	6.4%



These are employed individuals who are "open" to change but not actively looking and need to be recruited.

- 54% stated that COVID has brought changes to the hiring process with key changes being:
  - Usage of Zoom / Teams for interviews, especially for initial or secondary interviews and as a way to involve other hiring influencers.
  - Increased sensitivity to Work from Home needs
  - Increased use of recruiters, staffing agencies and referral bonuses given the challenge of finding people and workload on internal staff.
- 79% of candidates feel that two interviews are reasonable before an offer is extended or for a company to identify that a candidate is not a good fit.

Conversely, 57% of companies feel that their company is conducting two or less interviews before deciding on a candidate. 42% of the time companies are utilizing more than three interviews in reviewing a candidate, especially as the role increases in responsibility.

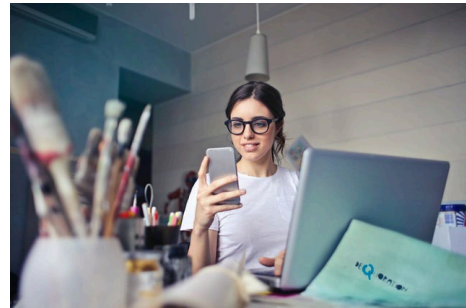
Some of this dynamic is driven by scheduling issues, however, “quality” talent is typically also being pursued by other companies and the longer a process takes, the greater the risk in losing a candidate. Further, as candidates interview companies, the ability to “make decisions” or “act with speed” comes into question. Typically, a candidate’s biggest frustrations are not being informed about the hiring process as well as a company’s desired time frame in filling the role.

- 30% of hiring managers stated that testing, such as Myers Briggs, Profile XT, Wonderlic or similar is part of their hiring process for sales and executive roles with another 22% saying for certain roles.

**The takeaway** ... today’s recruiting process is more challenging and moving at a faster speed. With limited, qualified, talent available companies need to be decisive, and candidates should consider how to brand themselves to rise to the top while knowing what they want.

The recruiting process has changed.

Given the insights shared by candidates and hiring managers, John Salvadore, Managing Partner of GRN Coastal, shared some thoughts:



- On the topic of Work from Home – “The conflicting views could present a battle in the near future. Employees seek their happiness which is driven by flexibility that they have become use to, while employers seek to regain control of the workplace. Who will win will be dictated by just how happy the employee is and how their lifestyle has changed, work/life balance improved and how much the employer believes that they need to be back in the office? We see resignations continuing based on this conflict as top talent in the marketplace will always be able to find suitable work, challenge, and balance elsewhere.”
- On being an employer of choice and the interviewing process – “Employers view of the market is that they are still the destination of choice, we don’t see a lot of changes in the way companies interview and try to control and dictate the process. As companies continue to not take into consideration that candidates do have a job, they put pressure on candidates to interview multiple times and this is a big turn off to candidates. Employers need to be more organized and sympathetic to candidates. To do background checks and testing before even a first interview is a major turn off. Time kills all deals.”

- On the ideal recruitment process – “Assemble your interview team, have a point person that is responsible for driving the process and moving candidates quickly through the interview and vetting stage. Conduct 2-3 interview and decide. Use testing as a knockout or area to focus on improvement as tests sometimes are not accurate. It is questionable to waste the time and effort upfront on a background check, conduct that while checking references as a final step. Present offers late in the week and ask for an acceptance on Monday. Do not elongate the process and allow the candidate to shop your offer, tighten up on the timeline. Make it clear upfront what your process is to weed out tire kickers.”

When asked to share an overview of the market, Salvadore commented, “It is a candidate dominated market where top talent has choices and lots of opportunity to increase income and determine their ideal role. Candidates want flexibility to decide how they work, where they work and for how much money. They want to have a work environment driven by empowerment, trust and challenge. Employee happiness is becoming more and more important to if that employee stays or ventures out into the market. The economy is also making candidates think twice about making a move. With so much uncertainty, maybe riding the wave is better than jumping into uncharted waters.”

### **Conclusion**

Today’s recruitment market represents unique challenges for candidates and companies. From a candidate viewpoint, while companies may have opportunities, outreach can come with risk. There are financial upside and, depending upon the situation, the workplace environment may be more satisfying.

From a hiring company viewpoint, the dearth of qualified talent is challenging as typically the “best” talent is hidden within another company. Candidates respond better to personal outreach and, while they may have simmering discontent, they need to be sold on why change is in their best interest and why the hiring company should be their “company of choice.” Further, COVID and generational change are driving a different workforce environment. Adapting a leadership style and being intentional with cultural development is critical to reducing turnover, premature retirements and improving retention. An investment in people management should lead to improved productivity, stronger talent acquisition and improved profitability ... and a happier workplace.

### **About GRN Coastal:**

GRN Coastal is an award-winning search firm, having placed multitudes of candidates across the electrical, automation, plumbing, HVAC, PVF, industrial supply and energy sectors. We are successful because we are from the industry with years of work experience on the plant floor and job site with distributors and manufacturers within the industries we serve. To learn more visit [www.grncoastalrecruiters.com](http://www.grncoastalrecruiters.com).

### **About Channel Marketing Group:**

Channel Marketing Group offers strategy, channel marketing and market research services to manufacturers, distributors, manufacturers reps, and associations focused on the electrical, lighting, HVAC, and plumbing industries. With its principals’ channel expertise, the company also serves the broader construction and industrial trades. To learn more visit [www.channelmkt.com](http://www.channelmkt.com).

### How Candidates Describe Culture

Employees / Candidate respondents were asked to define what they mean by “culture”

- Fairness & equity across the board
- Engagement and Accountability approach, and personal life encouragement
- Your actions.
- Open to making change to accommodate an employee’s goal.
- Grow people in conjunction to profits
- Leadership’s ability to visibly demonstrate a Zero Bias workplace, not just posting "in vogue" commentary in internal communications. This can be best experienced when "everyone" walks the talk.
- The way a company treats its people and the environment which is created by a collaborative work group.
- The overall feel of the company from top to bottom
- What drives the business. Is the focus on the customer and bringing in revenue or something else in the belief that the business will come? For example, too much emphasis on the company chosen CRM.
- Top-down behaviors
- When a company walks their talk both for their customers, employees, and supplier partners
- An ability to apply past learning experiences to grow an organization.
- Vibe, team sense, environment- is it a happy place to work
- How a company is "defined". Their unique characteristics.
- Culture for me is the personality of the company.
- Professionalism, equality, respect.
- Is it a "roll-up your sleeves" mentality from top to bottom? Are LinkedIn posts just lip service, checking boxes? What differentiates the company? Constantly innovating products? Top of the line marketing, website, etc...? Prior interactions with them at industry events. Really only ways to try a gauge culture from outside.
- They understand their market strengths and they understand how to motivate their people.
- Flexible time as long as objectives are achieved
- Valuing one for what one does
- Expectations, attitudes, communication, praise, and criticism
- Comfortable place to work, hear laughter at work, communication happens at all levels.
- A common goal being achieved through a structured plan with everyone on the same page.
- Behaviors beliefs and characteristics of servant leadership
- Positive or negative
- Diversity
- Working with those that share the same ideals
- The attitude, standards and goals of an organization or team
- Brought up in
- Leadership style
- How “yourself” you can be with your coworkers
- People create it
- Positive. Teamwork oriented environment
- Culture to me is the team dynamic, the enthusiasm to show up and work hard alongside people and teammates who share your enthusiasm. When pride in your work falls off, or when team members are no longer aligned in their goals and expectations, that’s when culture suffers downstream

- Culture is more than a statement on a company website. Culture is established from the top down and reflected from the bottom to the top. That is to say the collective mindset and attitudes of the working tranche reveals more about a company's culture or lack thereof. Thus, daily actions and encounters with coworkers determine the baseline of a company culture.