

# SKILLED TRADES — IN AMERICA —



# SKILLED TRADES IN AMERICA

2 .....Table of contents  
3 .....Executive Summary

## SECTION 1

4 .....The Entrepreneurs (1)  
5 .....The Unique Attributes of the Industry (1.1)  
6 .....Opportunity Without Age Bias (1.2)  
8 .....Happiness as Vocation (1.3)  
10 .....The Work is the Reason (1.4)

## SECTION 2

11 .....The Future of the Skilled Trades (2)  
12 .....Concern About Their Businesses (2.1)  
13 .....Concerns about the Broader Industry (2.2)  
14 .....The Economic Consequences of the Concerns (2.3)

## SECTION 3

15 .....The Trade Labor Shortage, Reality and Perception (3)  
16 .....The Labor Shortage Reality (3.1)  
18 .....The Industry Needs to Recruit Women (3.2)  
20 .....The Industry Needs to Recruit More People of Color (3.3)  
22 .....Recruiting Misses the Mark (3.4)

## SECTION 4

25 .....Opportunities On The Table: Growth, Wealth, And Competitiveness (4)  
26 .....Growth for the Innovators (4.1)  
26 .....Growth in Wages Too! (4.2)  
27 .....Seeking Great Attributes (4.3)

## SECTION 5

28 .....Skilled Trades and Covid-19 (5)  
29 .....Essential Businesses and Layoffs (5.1)  
30 .....Supply Shortages and Protective Equipment (5.2)  
  
31 .....Summary  
32 .....References & Methodology

# EXECUTIVE SUMMARY

America's home service professionals, the men and women who keep our homes functioning and functional, are the backbone of our communities. Often representing truly small businesses, the impact they have on one of the biggest financial investments we make in our lives, our homes, is anything but small.

Yet, not much is reported on this vital part of our economy and these skilled tradespeople who possess vital skills and provide essential services.

Our first annual look at skilled home service trades in America, dives into this large group of professionals, asks new questions and provides previously unknown answers and insights into how this important population in the United States works, hires, and thinks about the future. We also explore the hidden potential for individuals and the economy.

What we find is an industry filled with entrepreneurs, who are often happy, successful and generally optimistic about their personal businesses and the value they provide. However, even with overall optimism about their businesses, when we look more broadly across expectations for the whole industry, there's a consistent worry about the future of the skilled home services trades, the perception of the industry and the shortage of labor in home services.

While these concerns felt by pros are valid, there is an opportunity to address many of these issues that could produce improvements in growth, wealth, and competitiveness.

By adjusting some existing attitudes, focusing on the strength of the industry, and bringing more women, minorities, and young people into the field, the industry can double down on its strengths and resolve one of its more pronounced weaknesses: the shortage of skilled labor entering and available to work on a new generation of innovative goods and services.

# THE ENTREPRENEURS

What do you think of when someone mentions the term “entrepreneur?” Is it someone that started a tech company like a Jeff Bezos, Mark Cuban or Steve Jobs? Or someone who proudly gets to don the title “co-founder” in media interviews and on social media? Or is it someone who has decided to learn a trade or a craft, start their own small business and create a lasting impact on their local community?

It is likely the former, but really should be the latter. Entrepreneurship is a prized trait; praised by the media and encouraged in school. But the scope of what it means to be an entrepreneur by media and in pop culture typically has not included building a business in the skilled trades – the plumbers, electricians, carpenters, landscapers, painters, remodelers, cleaners, and other professionals that work on the 120+ million occupied homes in America.

These businesses provide the opportunity to earn an above average salary, own a small business, engage in meaningful work and make a positive impact on the community without being saddled by student loans and debt from a four-year college.

Expanding the perception of entrepreneurs to include home service professionals will start to make changes to the perception of the industry. This section of the report explores the unique attributes that make the home trades a compelling testing ground for new entrepreneurial endeavors and a new generation of successful businesses.

# 1.1 The Unique Attributes of the Industry

Skilled home trades businesses have unique attributes that form an important background to appreciate and understand the current status of the labor market and where it could go in the future.

These unique attributes fall under four broad categories:

- Size of businesses
- Starting costs
- Nature of recruitment
- And customer bases.

First, the skilled trades in home services is composed overwhelmingly of small businesses. In some home professions the number of sole proprietorships can be greater than 60% of the total. This is because the diffused nature of the work – not taking place in centralized workplaces, offices or facilities and almost all jobs being custom – makes it harder for scale economies to form, keeping businesses small. This leads to another unique attribute, the upfront costs of starting a business.

Second, because it does not require a large economy of scale to be competitive in the skilled trades, there are low capital requirements in order to enter. Even in other industries with relatively small businesses – local restaurants for example – it still requires costly leases, installations, labor and facilities in order to get started. But in the skilled trades, talent, a truck lease, and some tools can be enough – particularly in non-licensed fields.

Third, unlike in other industries, training and recruitment does not require years of university-driven education. One cannot become a lawyer, doctor, engineer, accountant, or analyst without typically requiring years of schooling and massive upfront costs from the learner. In the skilled trades, apprenticeships are still common, and trade schools and various programs provide affordable access to learning the necessary skills. This direct mentoring of new learners by experienced workers is not only unique as a learning framework, it also has the added benefit of saving the student years of unpaid labor and upfront tuition costs.

Finally, the nature of consumer demand is unique in the skilled trades, particularly in-home services. There is typically no central headquarters, no requirement to be close to an international airport, no factory or shipping center required. Meetings do not require a strong presence in an expensive downtown core. Instead, much of the work takes place across every type of metro area, in every part of the country.

In home services particularly, the work takes place everywhere. This is a relevant part of not only job flexibility, but also in keeping costs low, because skilled tradespeople have the flexibility of performing their work in the areas that are most affordable to live. Taken together, these are a set of unique attributes, that help define the entrepreneurial experience for the men and women who define the industry.

## 1.2 Opportunity Without Age Bias

Because of the unique characteristics of the skilled trades as an industry, such as the smaller average business size and unique educational pipeline, a career in the skilled trades is significantly different than other career avenues a person might take. One can bypass the standard four-year degree path entirely and get a head start on both their careers and starting their own business.

Many other professions typically require climbing a ladder to reach the most lucrative positions, something that can take years. Yet, with relatively low barriers to entry, both in business formation and in education, the average age of a company owner with employees in the skilled trades is 43, nearly 30% younger than the overall average for CEOs of 59. Since this is the current age of a company owner, it stands to reason that the

average age of company founders is significantly younger at 33 years old.<sup>1</sup>

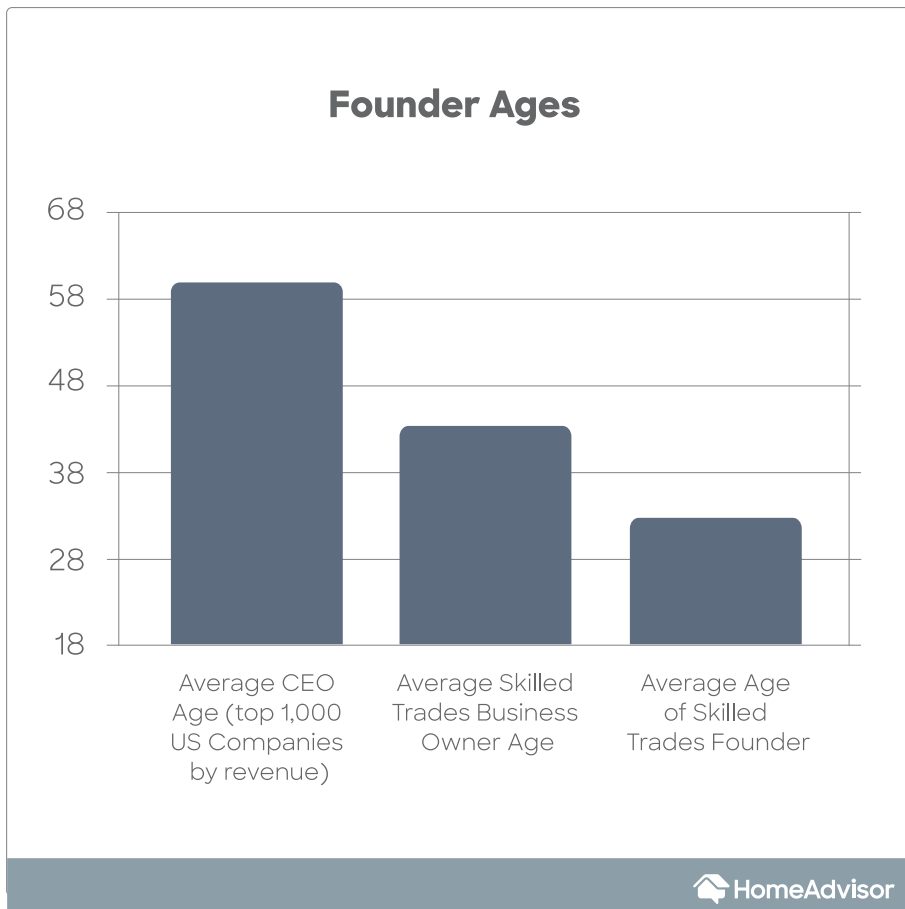
One does not have to wait until they're older to grow a meaningful business that provides valuable service to consumers and gainful employment and income to a roster of employees. In examining the data of HomeAdvisor network professionals, there is no demonstrable relationship between the size of the company and the average age of the owner in the skilled trades.

For example, the average number of employees in the company of an owner under the age of 43 is 6.4, with the average age of owners above 43 is 6.1.

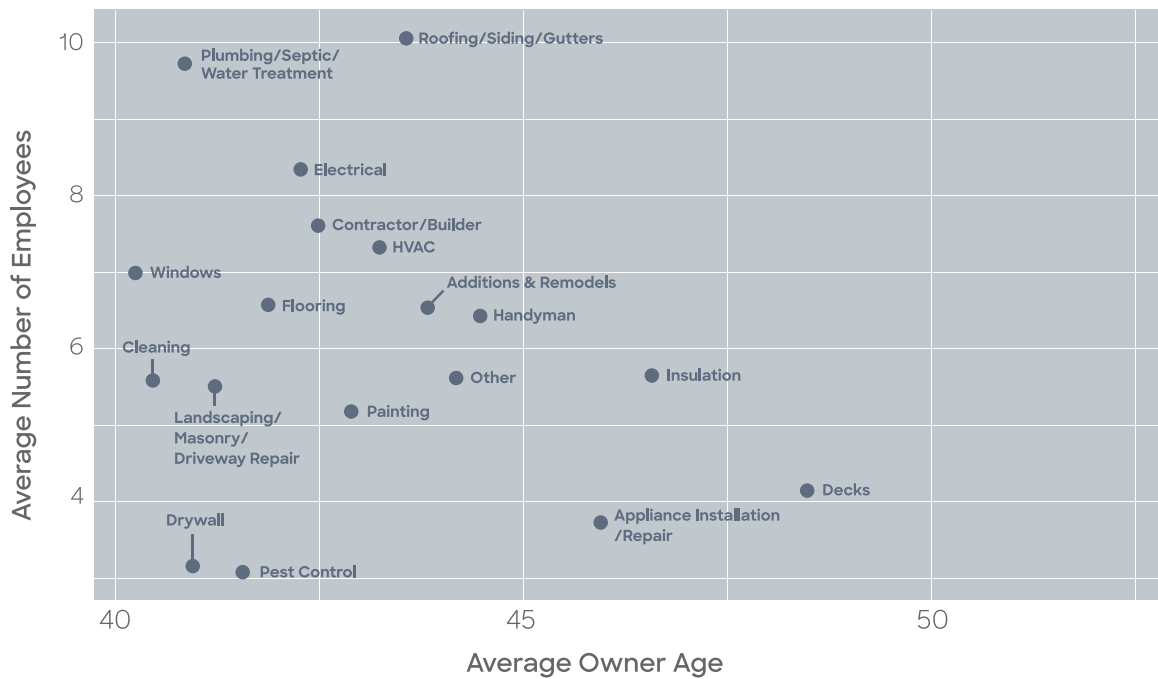
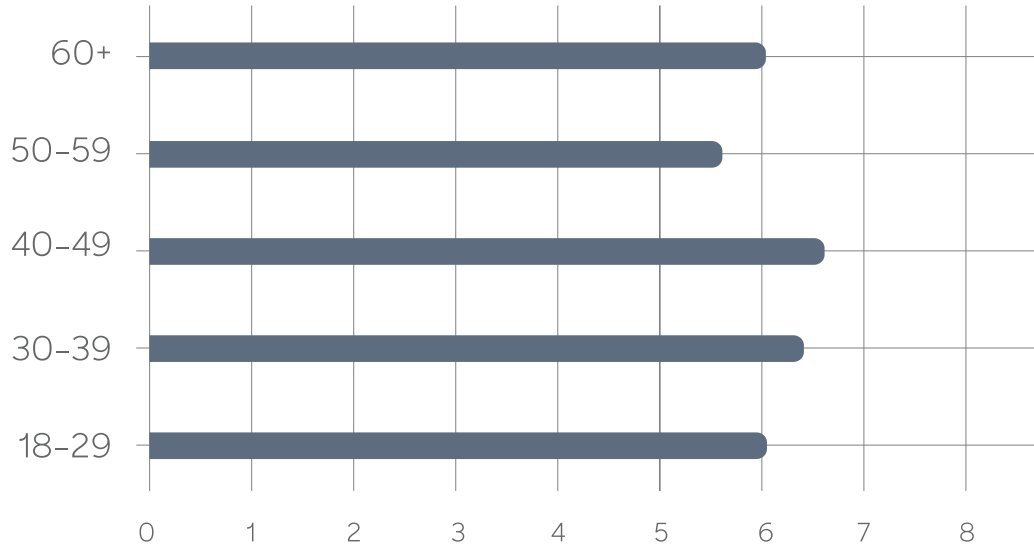
Looking at the average number of employees across business owners of each decade of age

group, we find a similar trend, with no discernible increase as people get older, suggesting running a successful business that employs multiple people does not require a lengthy proving ground waiting for one's turn to be in charge; rather, innovation and hard work are rewarded with self-grown leadership opportunities.

There are however differences across each type of skilled trades, with window, cleaning, and plumbing businesses having the youngest average owners, at 40.2, 40.3, and 40.7 years old respectively. Conversely, insulation, decking, and locksmithing have the oldest average business owners at 46.5, 48.4, and 53.3 years old respectively.



## Average Age of Employees Depending on Age of Company Owner



There are also differences in the average size of companies these owners are running in terms of employees. With pest control, drywall, and appliance installation being the smallest companies on average at 3.1, 3.1, and 3.8 respectively, and electrical, plumbing, and roofing/siding/gutters being the largest at 8.3, 9.8, and 10.04 respectively, more than 3 times the average size of the smaller companies.

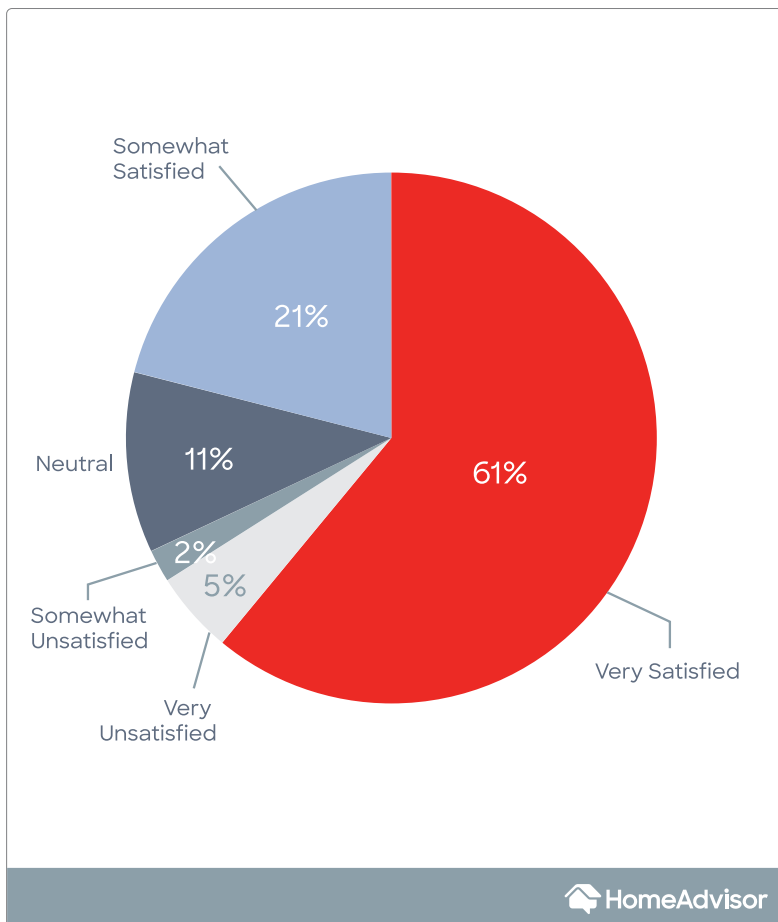
Both of these sets of characteristics are important for two reasons.

First, they add another layer to how we understand the trades by noting the differences in size between these different activities. Plumbing, electrical work and roofing all typically

have larger project scopes than pest control, drywall, and appliance installation, which can be smaller in scope on average, so it makes sense that companies with larger scope of their project types would have larger teams on average.

The second reason this is important is that it provides additional clarity on the nature of the opportunity a young person has going into these fields, and the types of businesses they tend to create and grow. A plumbing pro and a pest control pro both tend to be younger on average, but the plumbing pro is more likely to grow a larger team, which brings with it both more opportunity for a larger business and more management challenges that surround growing and managing a larger enterprise.

## 1.3 Happiness as Vocation



We know that the skilled trades are composed of talented craftspeople and remarkably young business owners containing an entrepreneurial spirit, but are they happy?

Answering this question is not only important on a humanistic level – there has been a growing focus in recent years on happiness as an important economic metric – it is also important for the future of the industry itself. In a competitive landscape for labor, with different fields trying hard to recruit new talent, happiness is itself a compelling reason for people to pursue a career; and, consequently, it is an important part of any field’s attempt to market itself to new entrants.

And in this area, the skilled trades are remarkably happy, only 7% of all respondents said they were somewhat or very unsatisfied with their career choice to be in the trades, while a remarkable 82% of all respondents said they were somewhat or very satisfied



in their professional choice. While there is no direct comparison using identical methodology, another commonly cited method suggests that the overall level of job satisfaction in the best jobs in the country is 76%, nearly ten percent lower than the average in the skilled trades.<sup>2</sup>

This was consistent across both owners and workers, with there being virtually no difference in the proportions saying they were satisfied or unsatisfied between the two groups.

Within skilled trades categories, every single professional group had remarkably high levels of job satisfaction, ranging from the low end of roofing/siding, flooring, and insulation with satisfaction levels of 75%, 76%, and 77% respectively, to a high of appliances, plumbing, and locksmithing at 87%, 87%, and 94% respectively. This gap between the highest and lowest satisfaction professions is not zero, but even the lowest satisfaction trade categories are overwhelmingly happy with their choice in career.

CATEGORY	VERY SATISFIED	SOMEWHAT SATISFIED	NEUTRAL	SOMEWHAT UNSATISFIED	VERY UNSATISFIED	TOTAL SATISFACTION	TOTAL DISSATISFACTION
<b>Additions/Remodels</b>	<b>59.41%</b>	<b>21.40%</b>	<b>12.18%</b>	<b>2.95%</b>	<b>4.06%</b>	<b>80.81%</b>	<b>7.01%</b>
Appliances	67.74%	19.35%	6.45%	0.00%	6.45%	87.10%	6.45%
<b>Cleaning</b>	<b>56.06%</b>	<b>22.73%</b>	<b>14.77%</b>	<b>2.27%</b>	<b>4.17%</b>	<b>78.79%</b>	<b>6.44%</b>
Contractor/Builder	54.59%	22.70%	11.89%	4.32%	6.49%	77.30%	10.81%
<b>Decks</b>	<b>58.33%</b>	<b>23.33%</b>	<b>11.67%</b>	<b>0.00%</b>	<b>6.67%</b>	<b>81.67%</b>	<b>6.67%</b>
Drywall	65.31%	18.37%	8.16%	2.04%	6.12%	83.67%	8.16%
<b>Electrical</b>	<b>72.18%</b>	<b>13.53%</b>	<b>7.52%</b>	<b>1.50%</b>	<b>5.26%</b>	<b>85.71%</b>	<b>6.77%</b>
Flooring	54.87%	21.24%	18.58%	0.88%	4.42%	76.11%	5.31%
<b>Handyman</b>	<b>60.71%</b>	<b>20.71%</b>	<b>12.50%</b>	<b>1.79%</b>	<b>4.29%</b>	<b>81.43%</b>	<b>6.07%</b>
HVAC	71.05%	13.82%	11.18%	1.97%	1.97%	84.87%	3.95%
<b>Insulation</b>	<b>53.85%</b>	<b>23.08%</b>	<b>15.38%</b>	<b>3.85%</b>	<b>3.85%</b>	<b>76.92%</b>	<b>7.69%</b>
Landscaping	55.29%	27.06%	8.63%	3.92%	5.10%	82.35%	9.02%
<b>Locksmith</b>	<b>76.47%</b>	<b>17.65%</b>	<b>5.88%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>94.12%</b>	<b>0.00%</b>
Painting	57.19%	26.56%	11.88%	2.19%	2.19%	83.75%	4.38%
<b>Pest Control</b>	<b>76.67%</b>	<b>3.33%</b>	<b>16.67%</b>	<b>3.33%</b>	<b>0.00%</b>	<b>80.00%</b>	<b>3.33%</b>
Plumbing/Septic	73.27%	13.86%	7.92%	0.99%	3.96%	87.13%	4.95%
<b>Roofing/Siding/Gutters</b>	<b>58.96%</b>	<b>16.18%</b>	<b>15.61%</b>	<b>0.00%</b>	<b>9.25%</b>	<b>75.14%</b>	<b>9.25%</b>
Windows	66.07%	19.64%	8.93%	1.79%	3.57%	85.71%	5.36%



High satisfaction is also true across age groups, where 84% of the 18–29 year old age group are somewhat or very satisfied with their career choice, with satisfaction dropping negligibly to 79% of those 60 or older.

A takeaway from this is that over the course of one’s career multiple things can change: coworkers, work responsibility, choice in employers and employees to name just a few; but the one constant is the choice of industry, and people remain very satisfied with that choice.

## 1.4 The Work is the Reason

Knowing that the skilled trades are a happy group is important because it informs both our understanding of the professions currently doing the work, but also how the industry can market itself, and make places of employment more attractive to potential new entrants or to recruit talented employees from adjacent businesses to create the most competitive business possible.

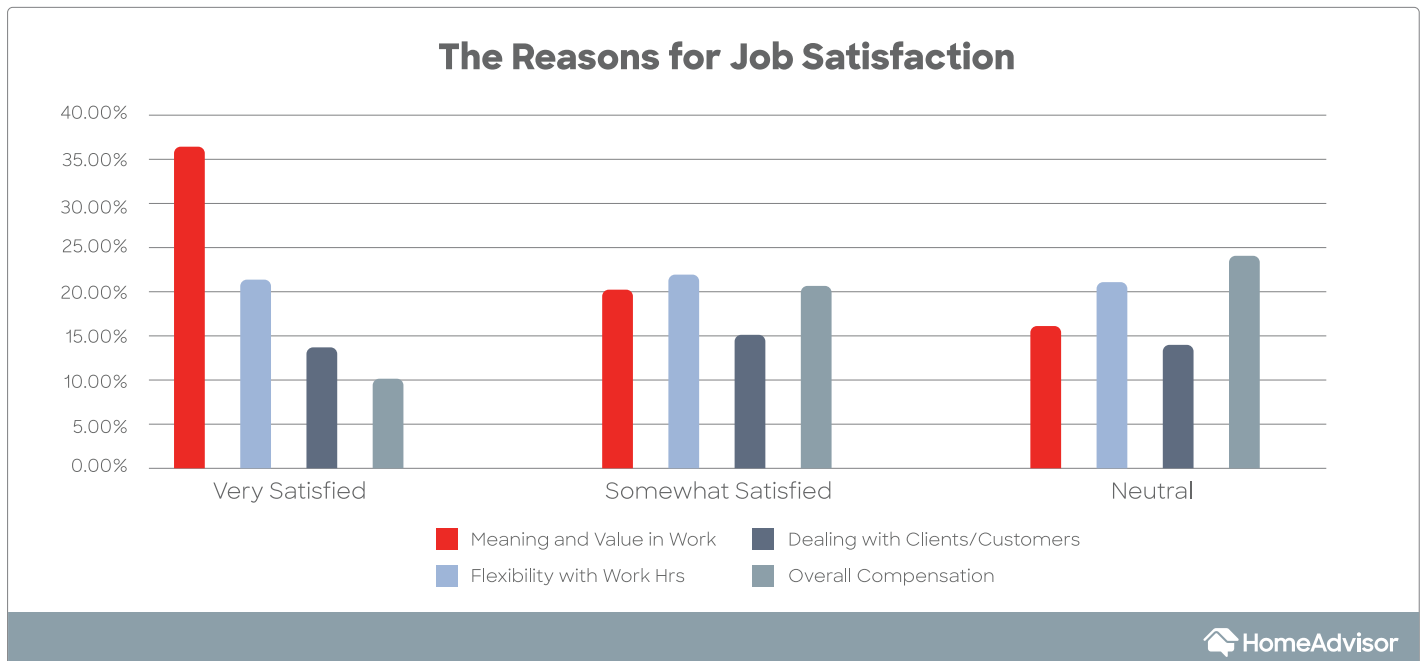
Understanding why the trades are happy is also important and is one of the most compelling findings about the industry. The number one reason people use to cite their happiness is finding meaning and value in their work.

The largest source of happiness in skilled trades and home services work is not driven by more pecuniary considerations, but rather by deeper, more sincere thoughts and feelings of what their chosen vocation means. Skilled tradespeople rate meaning and value at more than two times the rate as pay for their number one reason for happiness with their career choice.

Furthermore, among those listing their fulfillment as ‘Very satisfied’, meaning and value in work was the number one reason with 36.2% saying that was the biggest factor (‘dealing with clients and customers, and flexibility and work hours’) were the second and third most cited reasons, with compensation coming a distant fourth as the primary reason listed.

Among those citing meaning and value in their work as the number reason for their overall level of job satisfaction, 74% listed ‘very satisfied’ as their primary reason.

What all these facts point to is an industry filled with professionals who are proud of what they do, exceptionally happy in their choice to do it, and finding fulfillment for all the right reasons. Taken together, that is a strong case for the industry as it exists today, but what about the industry in years to come?



# **THE FUTURE OF THE SKILLED TRADES**

Home service pros serve a vital function, improving, repairing and maintaining our homes. As a nation, we continue to build homes and these homes will continue to require work and servicing. In the previous part of this report, we explored key characteristics of these skilled men and women.

Understanding that the trades are entrepreneurial, happy, and place value and meaning in the work gives us a better understand of what the skilled home trades labor force looks like today.

But what will they be in the years to come?

To begin to understand that question, we need to have a clear picture of how the industry is growing, how they attract new talent and training new talent into the craftspeople of tomorrow. We also need to understand what professionals are concerned about, both in terms of the health of their own businesses and in terms of the health of the broader industry.

## 2.1 Concern About Their Businesses

Looking directly at one's own business, the most common concern raised in our survey were impacts related to individual costs of business.

This could be in terms of taxes, tariffs, regulations, health insurance premiums, or regulatory compliance time. Regardless of the specific issue, the dominant concerns were about improving the bottom line and reducing what are perceived as unnecessary expenses in the form of administrative overhead not directly tied to the direct cost of performing the work in question.

When asked about the concerns for their businesses taxes, policies and laws were often repeated.

However, when surveying these same skilled professionals on what concerns them about the broader industry, the answer does not come back about taxes, their bottom line, loss of time to regulatory compliance, or less profit as a result of rising healthcare premiums.





## 2.3 The Economic Consequences of the Concerns

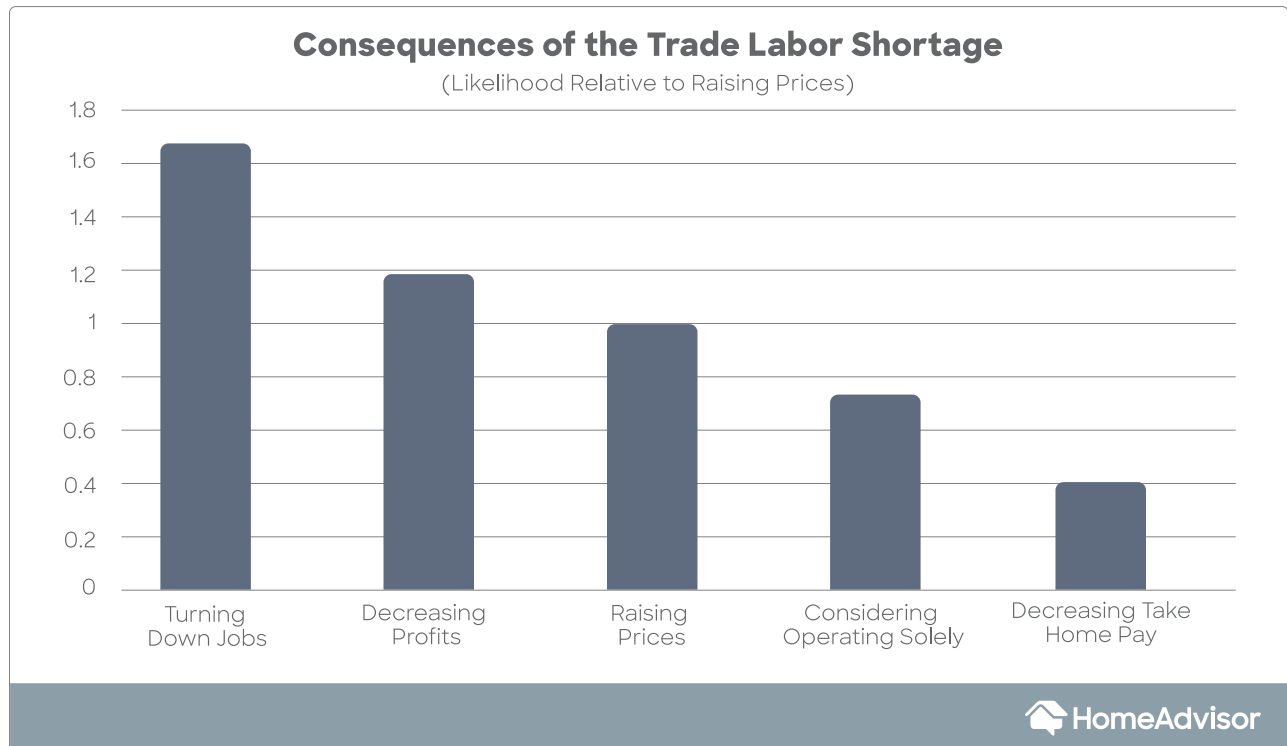
More than half of skilled tradespeople we surveyed report that the shortage of people in the field is impacting their business. The largest number of home professionals (26.6%) reported that they must turn down jobs, costing them precious revenue and profit.

The second most common impact is consequently, directly diminishing profits (16.8%) followed closely by raising prices (15.8%) and decreasing take home pay (11.5%).

But surprisingly a large portion say it's not currently adversely affecting their own business, even though they view it as a problem. This could in part be to both a combination of selection bias –

only successful businesses who have found a way to navigate the issue are still around to answer the question – and for an individual business profitability does not require growth, so the harm comes to the overall market and missed opportunities rather than a short term loss of revenue. This latter hypothesis is supported by the average size of companies reporting the labor shortage is not a problem for them personally being about 10% smaller than the overall average.

This disconnect between concern for their industry without necessarily feeling the same concern for their own businesses is, perhaps counterintuitively, creating an opportunity to innovate.



## **PART 3:**

# **THE TRADE LABOR SHORTAGE, REALITY AND PERCEPTION**

What is a trade labor shortage and is it happening in the home skilled trades? Simply put, there is more demand for the worker or work being done by home pros, than people seeking jobs in the trades or choosing to start careers in the trades. It is fundamentally important to fully understand the trade labor shortage before we and the industry can find opportunities to innovate and grow.

One of the enduring challenges for the industry is the often-negative perception of careers in the trades. Labels like blue-collar and low education do not accurately represent professions in the trades. Home trades are often high-paying, high-value jobs that turn into worthwhile careers with opportunities for entrepreneurship and deep community impact.

But today, what individual tradespeople are concerned about and their concerns for the industry creates opportunities across the board to innovate and grow and tackle the enduring perception challenges.

This means deep diving into the perception and reality around the shortage of skilled labor entering the industry.

## 3.1 The Labor Shortage Reality

Measuring a shortage in a labor market is not a straightforward task. It can be difficult to determine what is simply an occupational preference on the part of people entering a labor market, from what is actually an economic shortcoming in people actively practicing in an occupational field.

However, the main way to examine the issue, is to ask a variety of people across the industry to what extent they believe it is a problem. For this reason, we asked skilled tradespeople directly if they view the shortage as a persistent problem. What we got were resoundingly clear answers from across the field about the nature of the issue.

Across our whole survey of pros, 71% think there is a shortage of skilled tradespeople, and only 4% of them think it has gotten better over the last 5 years, with 73% thinking it has worsened over the last 5 years.

While there is some variation between certain groups of people over the degree to which the trade labor shortage is a problem, clear majorities still believe there is a shortage of qualified labor, and we find this to be true across all the trades, all ethnic groups, and between business owners and employees alike.

While there is a clear consensus across the industry that the skilled trades have a labor shortage, there is variance within groups over the degree to which it's a problem.

Majorities within different trade skills, ethnic groups, and business owners and business employees alike all agree it's a problem, but the gaps between them provide additional clarity around why there is a problem and how it is manifesting itself.

### BY TRADE GROUP

For example, people working in electrical, plumbing, and HVAC are all more concerned about the shortage of skilled labor than are people in cleaning, pest

control, and drywall, where there are lower barriers to entry and less time required to train someone in the latter professions relative to the former.

### BY AGE GROUP

There are also gaps between age groups, where younger workers – on average – are less likely to think there is a shortage of skilled trades.

Like gaps in the degree to which it is a problem make sense within certain professions; age gaps also make sense.

The youngest cohort of skilled tradespeople are less likely to think shortages are a problem because they are more focused on growing themselves professionally and mastering their personal skillsets, before they turn their focus in their 30s and onward to what the talent landscape looks like, where, the number of people saying there's a shortage increases by 15 percentage points, before climbing even higher for older generations.

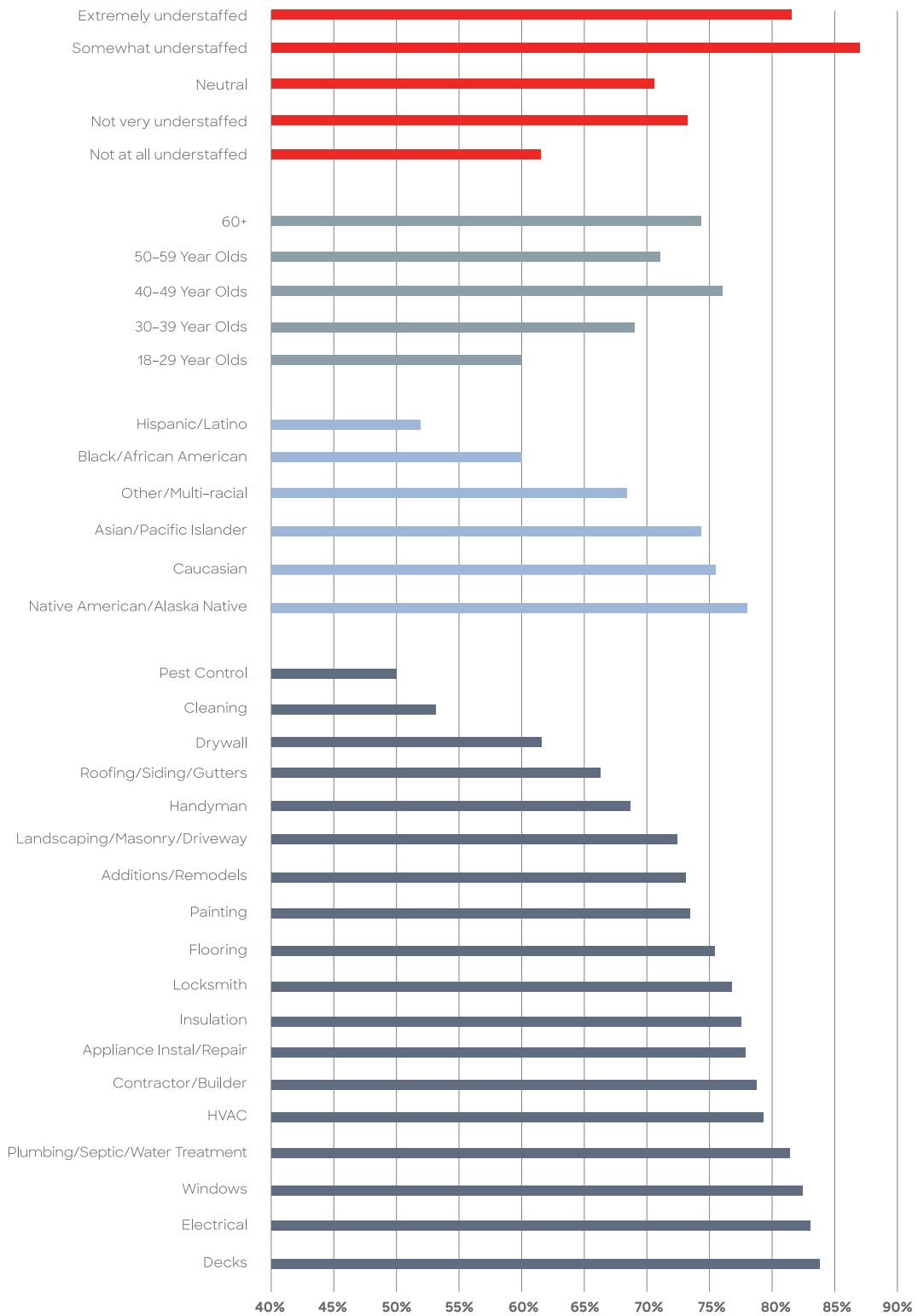
### BY RACIAL GROUP

There is also a gap in the degree to which different racial and ethnic groups view the shortage as a problem, where Native American, Caucasian, and Asian skilled tradespeople are more likely to think there is a shortage of skilled labor than are Hispanics, where only a slim majority think it is a problem. African American sentiment lies in the middle, with 60% believing there is a labor shortage problem.

Some of this gap is attributable to age differences across each of these groups, where controlling for age and occupation shrinks the gap between these groups (Hispanics for example are younger than African Americans or White Americans. And it is possible some of the difference in sentiment across ethnic groups is capturing differences in demographics and the supply and demand for skilled labor across different geographies.



## Shortage Problem



Finally, between owners and employees, there is a negligible gap between those concerned about a problem, with 73.1% of employers concerned against 71.5% of employees, and this is true regardless of whether or not a business is understaffed or not, with 62% of businesses that are not at all understaffed themselves still believing it's a problem.

Taking this all in, majorities of people across all age groups, ethnic groups, and trade groups agree there is a trade labor shortage, and that it is worsening. So what can be done about this?

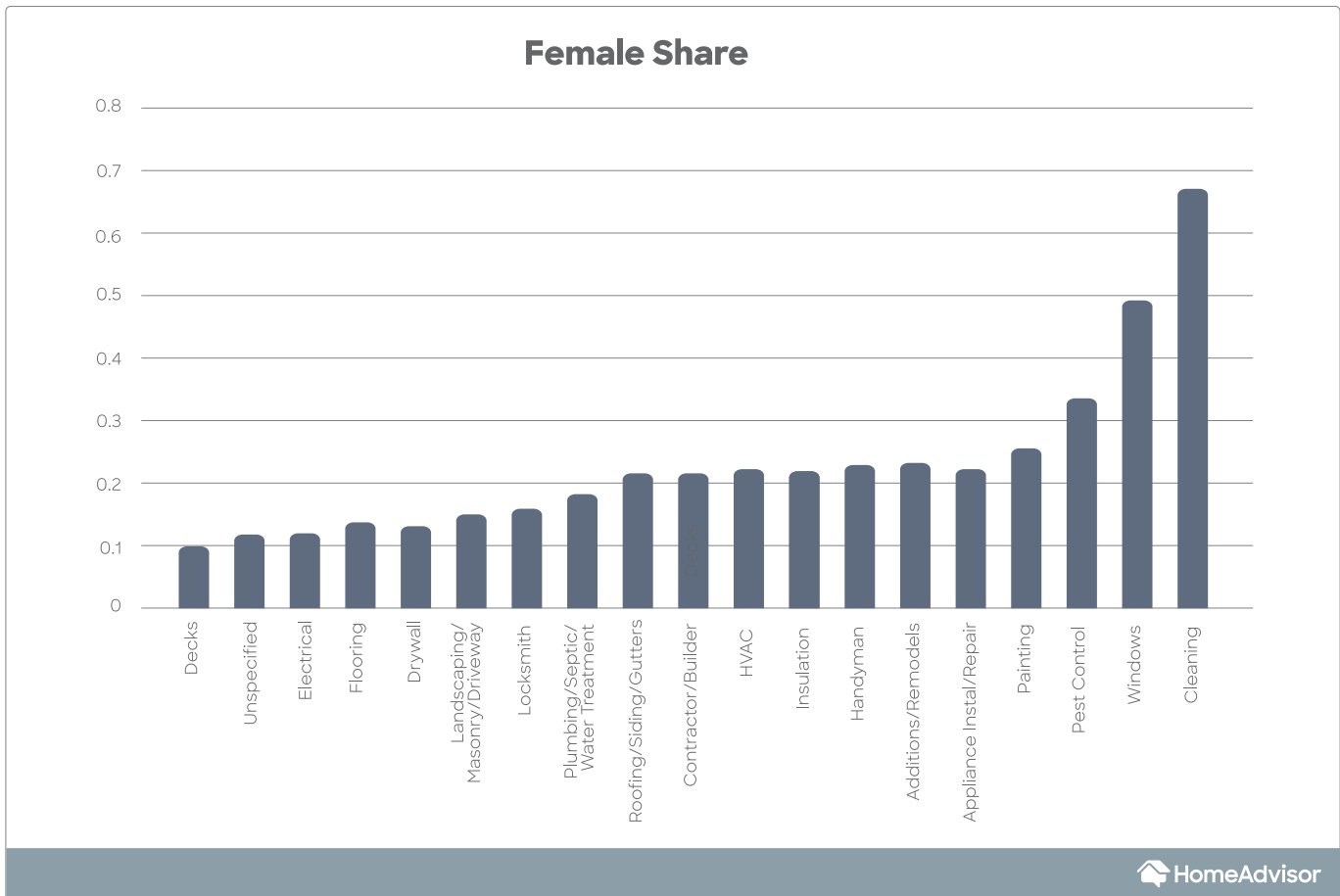
### 3.2 The Industry Needs to Recruit Women

There is widespread agreement that the skilled trades have a serious and increasingly worse shortage of skilled labor, we saw this is true across age of the worker, their trade group, their ethnicity, and whether a business itself is understaffed.

But is the industry trying to attract everyone into its ranks? The answer is no.

The median share of female skilled tradespeople

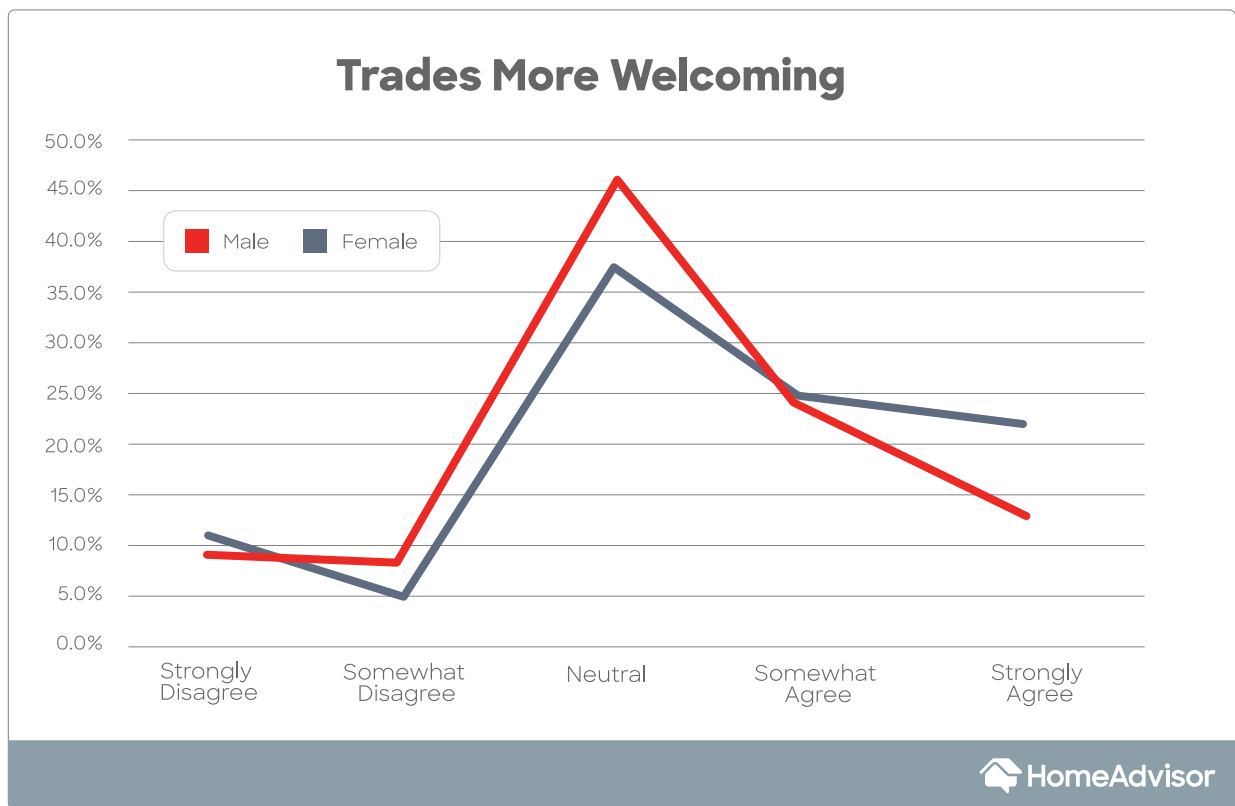
at the average business is 0. That means that if it were not for some employers with larger numbers of female skilled tradespeople, the typical business has no female employees. This is because the overall average is skewed by businesses with higher numbers of female skilled tradespeople raising the mean share to 19.7% of the total workforce. This is obviously better than 0%, but still woefully low relative to other sectors of the economy.



There is a high degree of variance between the trades, ranging from lows of 1 in 10 workers being women for the electrical trades, decks, and flooring, to highs of 20 to 30% of workers being women in remodeling, painting, and pest control. It is impossible to know with absolute certainty after the fact what caused the disparity of genders within specific trade groups, but it is certainly possible that the principle pathway by which people pursue the trades is through either social networks or cultural expectations, as a result a trade that has not actively pursued non traditional recruitment would see some level of inertia in how it represents certain demographics.

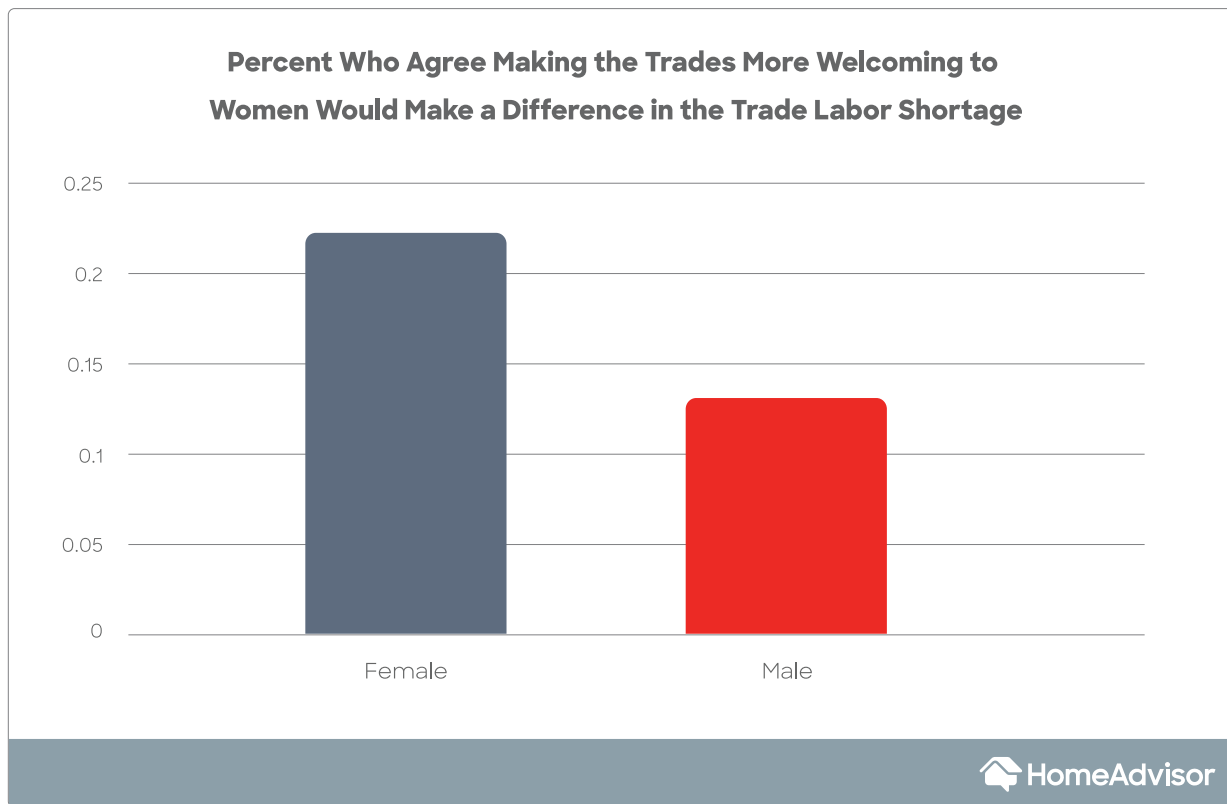
Only cleaning has a majority share of women tradespeople, at roughly 65% of the workforce, and windows is the only trade that matches the general population with a roughly 50/50 split between the genders.

Perhaps unsurprisingly this gap between the two is reflected in the difference between outlook over the skilled trades between men and women. Men are about 10% more likely to view the trade labor shortage as a problem – 72% – vs. women at 64%. Clear majorities of both sexes view it as a problem, but, perhaps recognizing that part of the issue is the trades shortcomings in recruiting more women into their ranks, female respondents are less likely to view it as a problem.



This effect is particularly captured by asking questions about the solution to the problem. When asked if making the trades more welcoming to women would have an effect on improving the trade labor shortage, by a 2:1 margin women are more likely to think it will. With nearly a quarter of all female respondents strongly agreeing, compared to barely more than 1 in 10 male respondents agreeing it would make a large difference.

This is also reflected in the company level data, where the average number of skilled tradespeople on staff is a clear predictor of how much respondents think providing a clear pathway to women would improve the trade labor shortage.



### 3.3 The Industry Needs to Recruit More People of Color

There is a second and equally pronounced shortage in the skilled trades, people of color.

Looking at the demographic composition of a handful of occupational skills from the American Community Survey, we can identify where certain occupational skillsets fall short of representing the full breadth of talent across the American demographic spectrum.

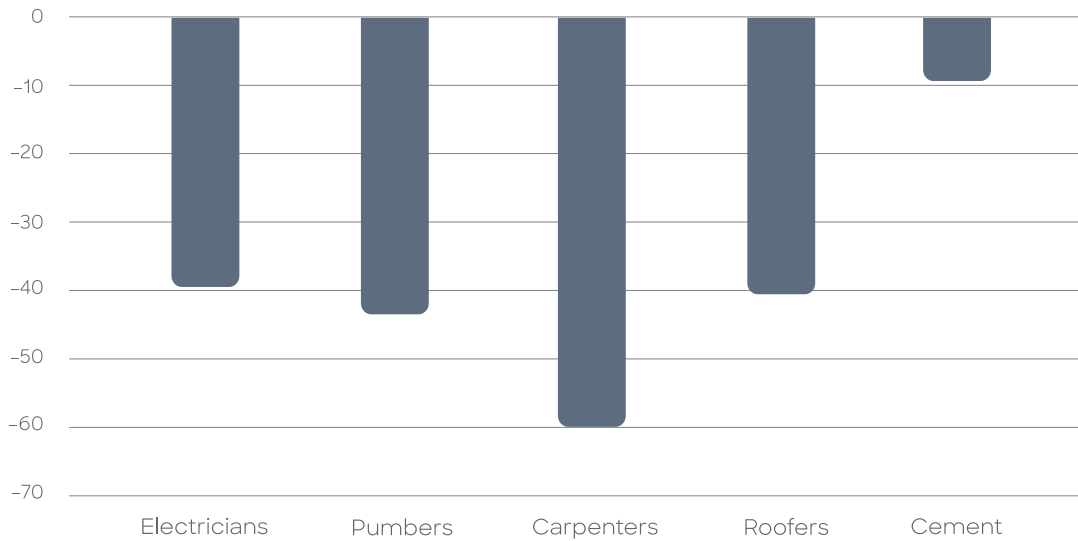
Examining the share of a range of occupational skills for demographic representation relative to the country, Black and indigenous people are substantially underrepresented relative to their share of the population. For example, among electricians the Black share is 40% smaller than

demographics would suggest, among plumbers is 43% smaller, and among carpenters it is 60% smaller.

While the skilled trades provide a satisfying career for every ethnic group, with satisfaction rates of 70% among Asians and Pacific Islanders to around 85% of indigenous people, the skilled trades can be a satisfying industry to earn a living for any group.

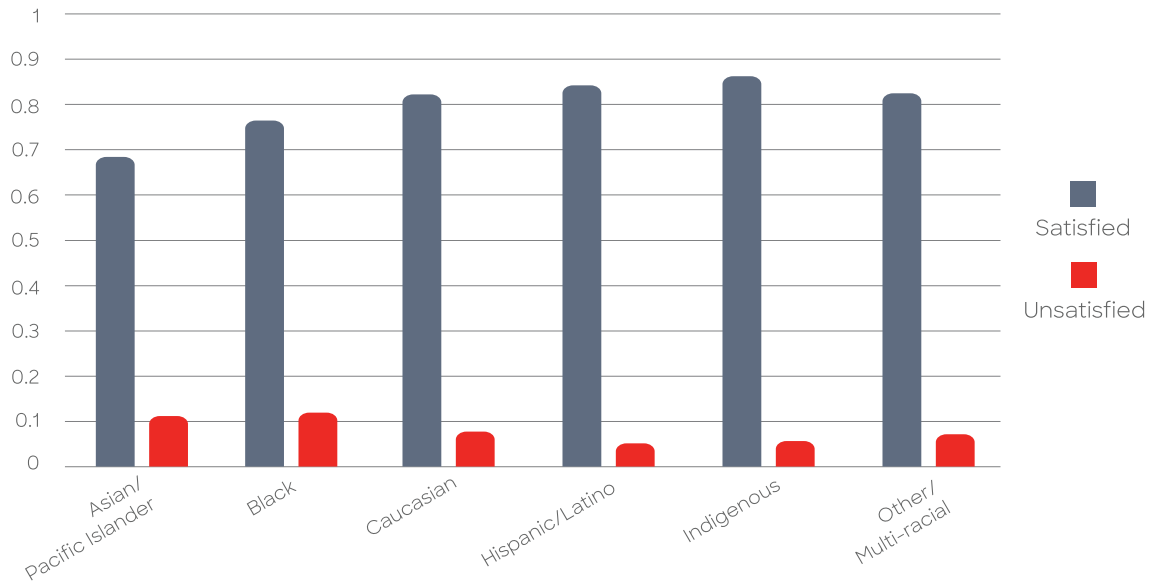
The important takeaway here is that the skills training pipeline is broken when there is persistent under representation of demographics in skilled trades that are simultaneously expressing alarm about the shortage of skilled labor.

## Black Share Underrepresented



HomeAdvisor

## Job Satisfaction by Racial Background



HomeAdvisor

### 3.4 Recruiting Misses the Mark

The shortage of skilled workers in the industry, coupled with the pronounced absence of women and BIPOC from the field, leads to another important question. How is the industry recruiting new entrants to the field?

Are current efforts working? Are they well aligned with the intention of bringing women into the field? Are they optimized to recruit the current young Millennials and Gen Z students who are ready for a career that allows them to avoid a potential lifetime of student loan debt?

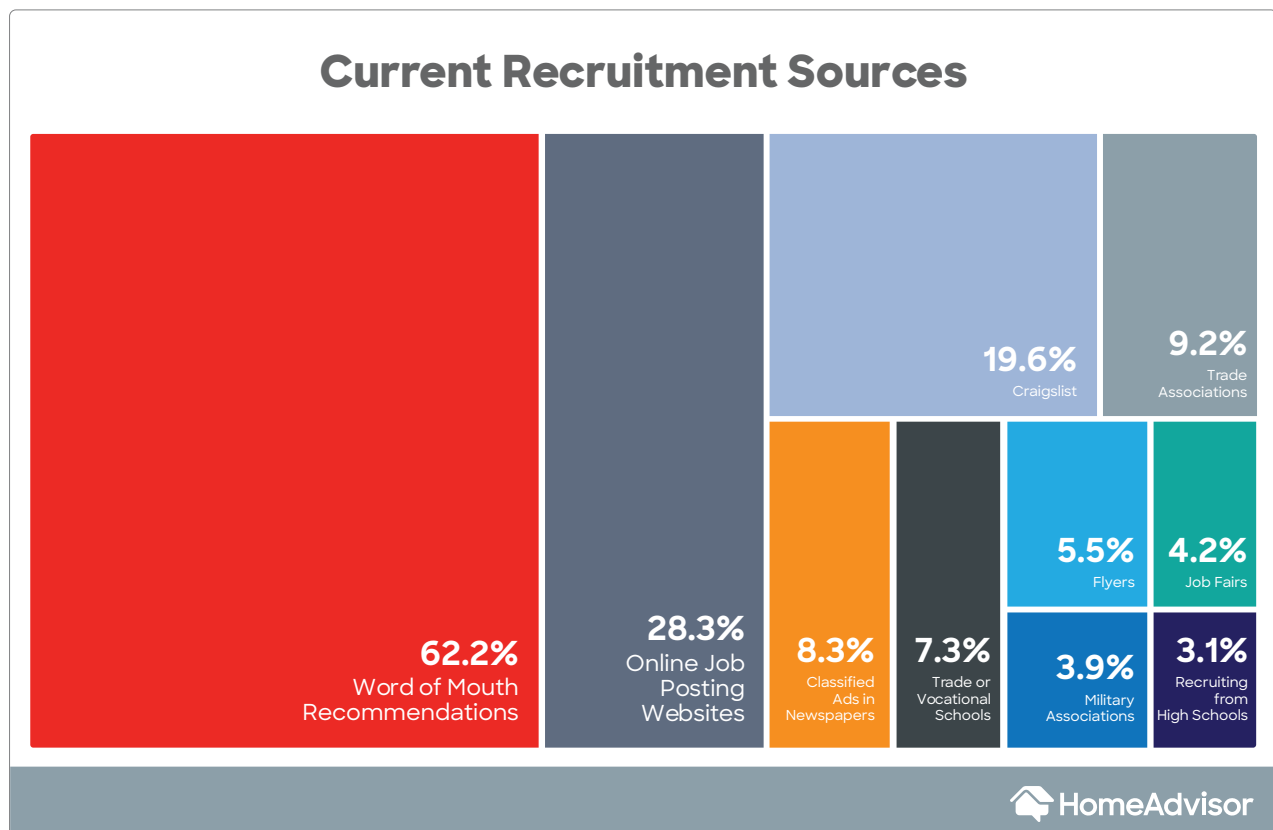
In this regard the answer is largely no. There are shortcomings in many of the current recruiting efforts.

For example, it is difficult to imagine any answer other than ‘yes’ to the question of whether or not providing a clear pathway for women and minorities into the skilled trades would bring more

women and minorities into the field. And yet, 1 in 6 people either disagrees or strongly disagrees with the statement, and only 38% of people either agree or strongly agree.

Predictably, the odds that someone agrees with the statement rises as the number of women employees at their company increases, with the odds increasing by about 3% that they agree with the statement for every additional female employee at their company.<sup>3</sup>

Recruitment efforts around women are not the only area of recruitment that is falling short of where it could be. Despite nearly 75% of pros saying vocational programs in high schools would have a moderate to major effect on getting more people into the skilled trades, only 3% of pros actually try and engage with high schools around activities like recruiting.



	NO EFFECT	MINOR EFFECT	NEUTRAL	MODERATE EFFECT	MAJOR EFFECT
Making the trades more welcoming to women	6.8%	5.6%	36.9%	30.2%	20.6%
Putting vocational programs back in schools	3.5%	2.3%	19.8%	25.9%	48.5%
Regional partnerships to create sponsorship programs	5.4%	4.6%	37.1%	33.3%	19.6%
Improving the perception of blue collar work	4.2%	3.9%	29.0%	31.0%	31.9%
Recruiting workers from the oil and gas industry	13.2%	8.3%	54.7%	16.5%	7.3%
Recruiting workers from the military	5.7%	4.4%	37.9%	32.5%	19.4%
More government funding of trade schools/scholarships	6.2%	4.3%	27.9%	29.5%	32.1%
More private funding of trade schools/scholarships	5.0%	4.0%	29.4%	31.8%	29.8%
Higher wages in the trades	3.7%	3.5%	27.4%	33.4%	32.0%

There is a similar disconnect between the 50% of people who think recruiting from the military would have a moderate to major effect, and the only 3.9% of people who actively try and recruit from military associations.

And despite wanting more young people to enter the trades, more than twice the number of pros use word of mouth recommendations than use other online job posting sites where younger, more digitally native generations are likely to be found.



Interestingly, some of the methods for recruiting and attracting new talent do change across generations of skilled tradespeople, with the median age of people offering management opportunities nearly 10% younger than the median age of all skilled tradespeople, suggesting that perhaps younger businesses tend to recognize how important a sense of ownership and career growth is to attracting top talent.

While the industry has room for improvement in how it recruits, there are takeaways that are relevant to policymakers as well.

A large majority of tradespeople, over 60%, believe expanded funding for scholarships and tradeschools would make a difference in improving the skilled worker shortage. This means that the solution to broader societal challenges around issues like student loan debt, upward economic mobility, and long-term life satisfaction may have unconventional pathways to solve the problem, such as expanding apprenticeships and ensuring parity in pathways and career options leaving high school.



## **PART 4:**

# **OPPORTUNITIES ON THE TABLE: GROWTH, WEALTH, AND COMPETITIVENESS**

The trade labor shortage is real, and it is a headwind for the industry on both the micro level – limiting job and company growth – and a macro level – reducing the number of qualified people innovating, starting businesses, and satisfying consumer demand.

Furthermore, the industry’s current preferred methods for recruitment and attraction of new labor have room for improvement to align methods with intent.

But this combination of challenge and shortcoming represents a huge opportunity for both individual entrepreneurs, the industry, and future entrants into the skilled trades.

## 4.1 Growth for the Innovators

Because the industry is challenged by labor shortage, there are big gains in terms of starting, growing, and profiting for the businesses and entrepreneurs that figure out how to bring new talented people into the industry. The landscape is open for competition.

If a young entrepreneur can solve some of these compelling problems around recruitment by successfully opening the supply of new labor, bringing in more women and minorities into the trade, innovating in education, working with policy makers to pursue novel career options as part of the formal education system; that person is not only going to have a greater competitive advantage, they're also going to help solve broader problems

for the industry – by bringing in new labor to innovate and meet customer demand, and by helping the industry reflect the diversity of the full American demographic landscape – and broader problems for society, by helping people find new rewarding career pathways, and avoiding lifetimes of student loan burdens, which currently sits at 1.6 trillion in outstanding debt across the entire economy.<sup>4</sup>

But the gains to the entrepreneur and the industry, are not limited just to the entrepreneur and the industry. The skilled trades have pecuniary benefits on offer for the individual contributor as well in terms of what attributes are being sought and the opportunity to enter a field with considerable wage growth.

## 4.2 Growth in Wages Too!

Not only do most skills pay comfortably above median levels in many areas, they also have additional benefits to individual contributors in the field through compelling wage growth, where plumbing and electrical work can see salaries growing by 170%

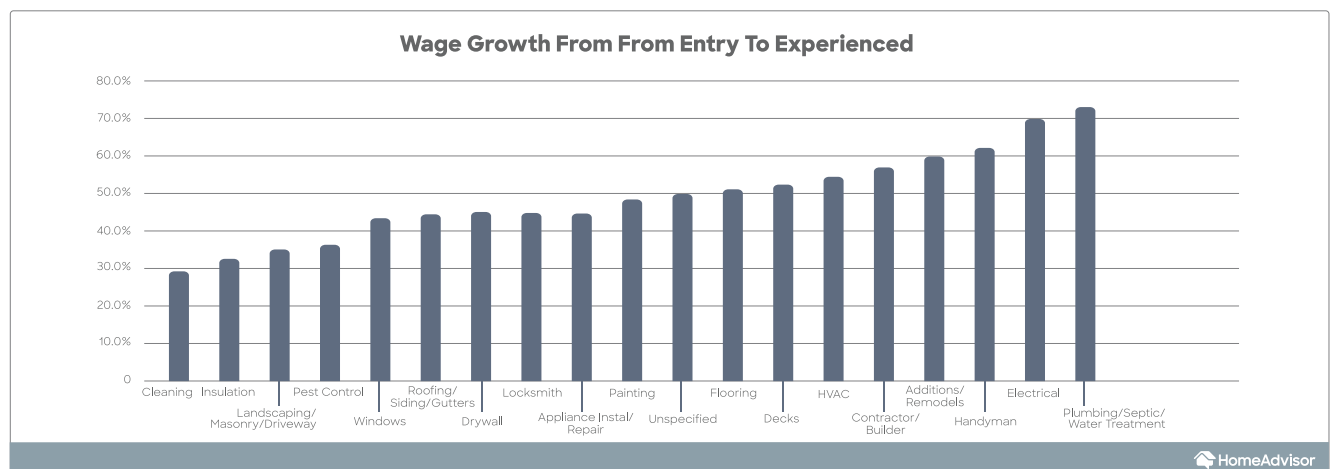
Similarly, handyman and addition and remodels also have considerable opportunities for wage growth, since like electrical work and plumbing, there is an exceptionally broad area of knowledge one can learn to provide new services to

consumers, and additional ways to provide value by tackling a larger scope of practice across home service tasks.

So who is eligible for these compelling benefits?

Everybody.

The skilled trades are not defined by access to elite schools, or certain physical attributes, or cultural expectations, or having an 'in' with a key decision maker. Instead, recruiting in the skilled trades is marked by some of the most wholesome expectations of new employees imaginable.



## 4.3 Seeking Great Attributes

Cultural fit and knowing someone at a company are not uncommon prerequisites in many fields and industries, but they have the unfortunate side effect of potentially being exclusionary to people of certain backgrounds, race and genders, despite however common they may be in many parts of the economy.

In the skilled trades however, they are the two least important factors that employers care about, with less than half the amount of importance placed on them as simply having a positive attitude, which is considered extremely important by nearly 80% of skilled tradespeople.

These are not only really affirming facts about what it takes to be successful in the skilled trades,

there is also positive spillover effect since the attributes being sought – a strong work ethic, positive attitude, and willingness to learn – are also connected to happiness and career fulfillment on an individual level. And they probably contribute to the high degree of satisfaction of people working in the skilled trades.

Finally, these attributes that are sought have a positive reinforcement effect. When looking at the skilled tradespeople who are seeking a strong work ethic, they themselves are more than 2.5 times as likely to list their personal satisfaction as somewhat or extremely high relative to those who are not prioritizing a strong work ethic.<sup>5</sup>

IMPORTANCE	NOT AT ALL IMPORTANT	NOT VERY IMPORTANT	NEUTRAL	SOMEWHAT IMPORTANT	EXTREMELY IMPORTANT
No criminal history	2.20%	3.60%	16.10%	18.00%	54.00%
Driver's license	1.80%	2.00%	8.20%	15.60%	66.50%
Own a car	2.80%	3.80%	13.00%	21.90%	52.40%
Strong work ethic	0.90%	0.30%	2.80%	5.70%	84.50%
Physical endurance	1.20%	1.20%	9.30%	28.80%	53.90%
Experience in the trade	2.40%	4.30%	13.20%	24.20%	50.70%
Fluency in English	2.40%	4.10%	14.80%	25.50%	47.90%
Desire to learn	1.00%	0.40%	4.00%	10.50%	78.50%
Positive attitude	1.00%	0.20%	2.80%	9.50%	80.90%
Strong recommendation from someone you know	2.70%	3.90%	21.60%	27.70%	38.50%
Positive experience working with them in the past	3.00%	3.00%	18.50%	20.50%	47.30%
Cultural fit with your company	4.70%	4.00%	21.70%	20.00%	41.30%

## **SKILLED TRADES AND COVID-19**

The outbreak of the highly contagious COVID-19 virus in the first quarter of 2020 created not only untold hardship for the families and victims of those infected and lost to the virus, it also upended multiple industries and shattered the professional lives of millions of people.

In the context of both these large-scale shocks, home services has the markers of being a more stable source of employment and economic security in the context of this large, global pandemic, although these small businesses were impacted.

On the consumer side, additional time at home means consumers both derive more utility out of their homes given the additional time spent at home and require their homes to serve new and additional functions.

## 5.1 Essential Businesses and Layoffs

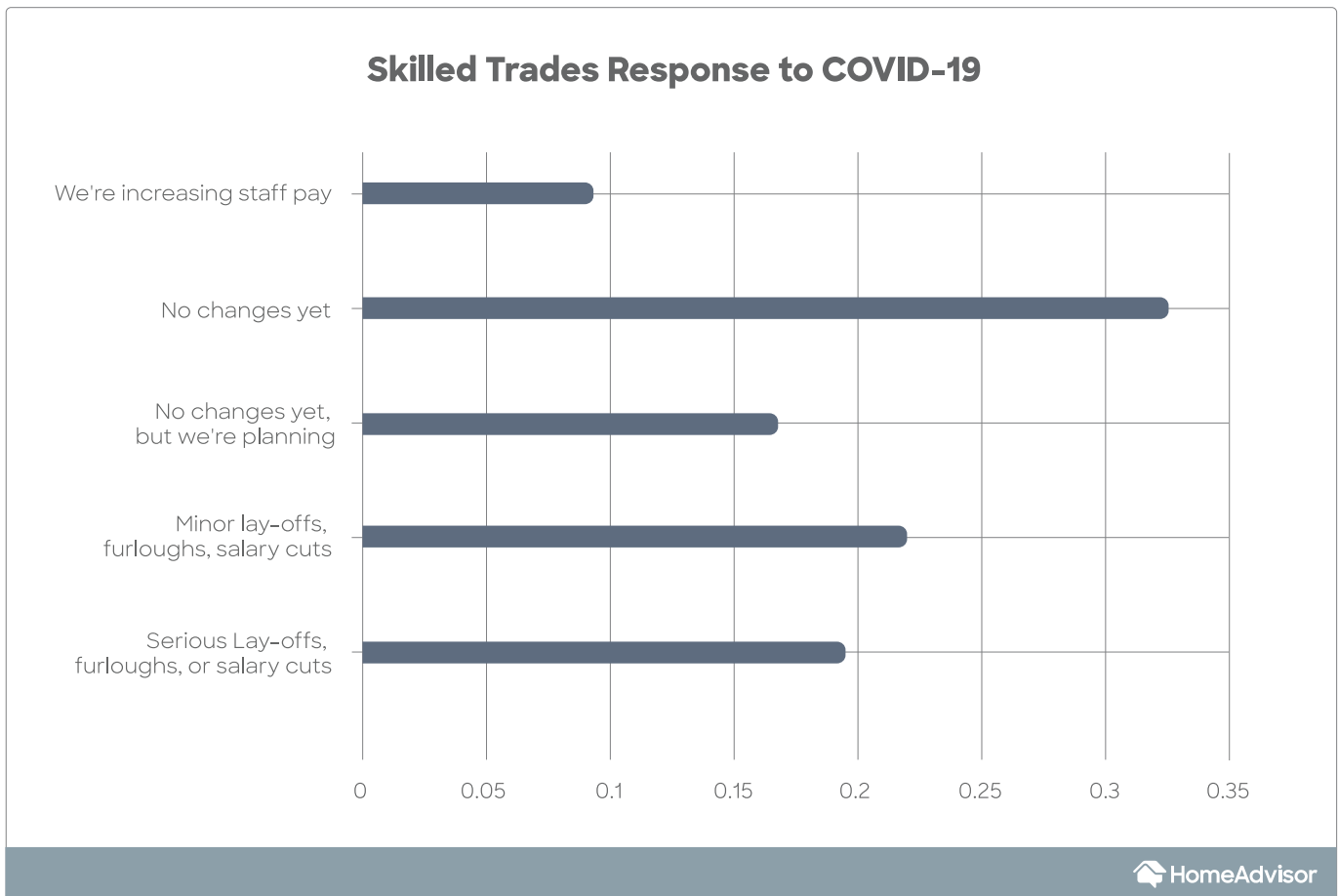
The industry continued to provide essential services to millions of homeowners across the country, with every state deeming some aspect of home service and critical trades essential.<sup>6</sup>

Many home service businesses avoided layoffs and furloughs of the magnitude associated with other parts of the service economy. This could be in part because of the smaller size of the average home service firm – a sole prop has no one to layoff, the individual will simply work less – but it is also just as likely that less than 20% of the industry was saying it was facing serious furloughs, layoffs, or salary cuts at the height of the pandemic, because home service work is an essential part of ensuring safe and effective housing while making

life more manageable during an unprecedented period of uncertainty and distress.

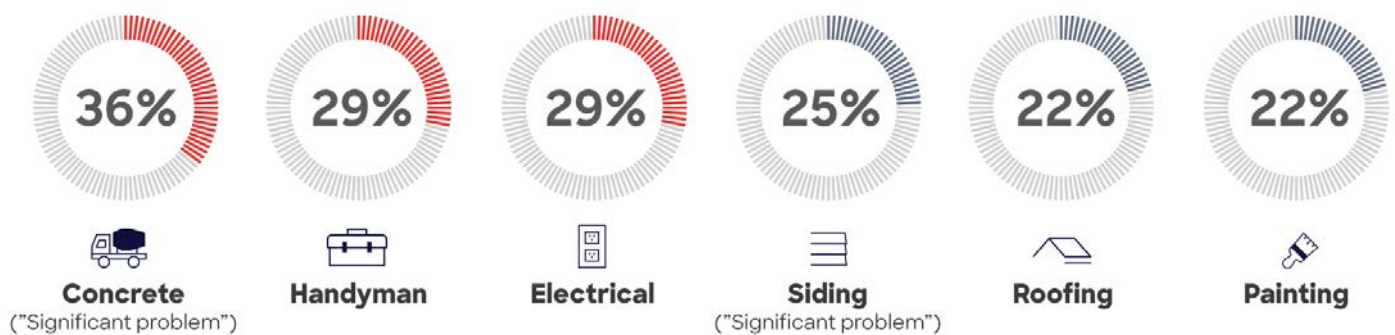
In addition to weathering the impact of COVID-19 relatively well, the economic upheaval associated with COVID-19 could also create recruitment opportunities for skilled trades businesses that have historically had problems recruiting.

There are potentially millions of people well trained in other parts of the service economy in customer service, attention to detail, and hard work, who could be valuable additions to a growing skilled trades small business, if the right training and recruitment takes place.



## 5.2 Supply Shortages and Protective Equipment

In addition to the economic and health effects of COVID-19, we also examined whether or not the economic uncertainty and stress on global supply chains produced any meaningful shortages in either safety equipment or other materials relevant to completing their jobs across trade categories.



What we found was a remarkably robust industry, with concrete trades noting the highest problems of supply shortages for PPE, but still less than a third of concrete pros facing significant shortage issues.

On the materials supply side, the trades facing the largest share of issues were siding, roofing and painting.

In both cases it makes sense that these trade groups had the largest issues.

Electricians and handyman and exterior concrete work are not necessarily as accustomed to sourcing respiratory or sanitary equipment for safety reasons as other professions might be. While for materials shortage challenges, siding, roofing, and painting all have large material input needs for the average project, with complex supply chains typically required to create those materials and get them to market.

However, despite the percentages of firms reporting some significant issues, the overall level of significant impact to the industry was remarkably limited as a result of shortages in PPE. In the short run we can measure the impact of COVID-19 on overall home service activity and considerations like shortages of PPE available, but what are the long-term impacts? If the appropriate pipelines are established, and more people are made aware of the career value available in the skilled trades, it is quite possible that the relative strength of the industry combined with the widespread unemployment in other service sectors of the economy – such as entertainment, restaurants, and travel – could provide an opportunity for new entrants into the skilled trades that have all of the desired qualities: a strong work ethic, a desire to learn, and great customer service skills.

## SUMMARY

The skilled trades, particularly those that work in home services, are an under studied profession in the United States. While we culturally praise entrepreneurship, this report is the first annual research effort to better understanding entrepreneurship within the essential home services industry and the skilled trades.

The skilled trades is an industry filled with entrepreneurs, who are often young, happy, successful, and generally optimistic about their personal businesses and the value they provide.

While these skilled tradespeople possess vital technical skills and an extremely high level of job satisfaction across specific trades, age ranges, and racial demographics, we find there is some pessimism about the future of their industry that is distinct from any concerns about the future of their own businesses.

This is in part explained by the misalignment of recruitment efforts with recruitment goals.

The industry is failing to attract women and minorities at rates that represent the demographic opportunity available to solve some of the trade labor problems, and this is where revising the training pipeline, recruitment tools, and how the industry sells itself presents an opportunity for any new entrepreneur who can solve these problems and grow their businesses.

While these concerns are real, there is an opportunity for growth that resolves these issues, and produces across the board improvements in growth, wealth, and competitiveness with hidden potential for individuals and the economy.

By adjusting some existing attitudes, focusing on the strength of the industry, and bringing more women, young people, and minorities into the field, the industry can double down on its strengths and resolve one of its more pronounced weaknesses: the shortage of skilled labor entering and available to work on a new generation of innovative goods and services.

# REFERENCES & METHODOLOGY

## SURVEY:

Survey data was gathered from 3,766 skilled trades professionals between December 3rd, 2019 and February 2nd, 2020.

## MODELS:

Equation 1		Equation 2	
<i>Dependent variable:</i>		<i>Dependent variable:</i>	
WomenPathwayAgree		Highly Satisfied	
WomenEmployees	0.036** (0.015)	Strong Work Ethic Importance	0.977*** (0.121)
Constant	-0.490*** (0.036)	Constant	0.626*** (0.112)
Observations	3,753	Observations	3,755
Log Likelihood	-2,501.652	Log Likelihood	-1,765.834
Akaike Inf. Crit.	5,007.304	Akaike Inf. Crit.	3,535.669
<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01	<i>Note:</i>	*p<0.1; **p<0.05; ***p<0.01

## REFERENCES:

<sup>1</sup> Korn Ferry, CEO Age and Tenure, 2020

<sup>2</sup> Glassdoor, 50 Best Jobs in America, Comparison is Average out of 5 scaled to 100%. [https://www.glassdoor.com/List/Best-Jobs-in-America-LST\\_KQ0,20.htm](https://www.glassdoor.com/List/Best-Jobs-in-America-LST_KQ0,20.htm)

<sup>3</sup> See Equation 1

<sup>4</sup> <https://www.federalreserve.gov/releases/g19/current/>

<sup>5</sup> See equation 2

<sup>6</sup> <https://www.ncsl.org/research/labor-and-employment/covid-19-essential-workers-in-the-states.aspx>