

2007 CHARLOTTE EMPLOYMENT TRENDS



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Abstract

Charlotte is a high-growth business environment where local professionals have had limited employment data on the specific metro area to gain insight into the needs of their peers in this community. To develop an understanding of the marketplace rather than continue to rely on national and regional data, AccruePartners sponsored the first survey of local employers and employees in Q1, 2007. Nearly 300 employers and employees responded. This report, "2007 Charlotte Employment Trends," is based on that survey data. It is the first annual report that provides information on the metro marketplace.

Half of Charlotte employers are planning to increase hiring in 2007 because their businesses are growing, but they are struggling to find the right employees to meet their needs. The survey that this report is based on measured the desires of employers and employees in Charlotte and the disconnect between the two that makes hiring more difficult. The key points uncovered in this survey are as follows:

- Charlotte employers continue to increase hiring in 2007 at a rate of 10+ percent.
- Employers often misunderstand why their employees leave.
- Employees believe they should receive more substantial raises.

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Charlotte: A Growing Metro Marketplace

The Charlotte job market is one of the hottest in the United States. According to the U.S. Dept. of Labor, Charlotte-Gastonia-Concord, N.C.-S.C., had one of the largest over-the-year increases in employment in 2006. Major corporations are continuing to invest heavily in local education and training relevant to their respective industries because they believe the growth will continue.

Current Regional Stats

Population: 2.2 million

Workforce population: 1.2 million

Regional Unemployment: 4 percent¹

According to the Charlotte Regional Partnership, the population will continue to grow to match the needs of local employers. Over the next five years, Charlotte's population growth is projected at 9 percent, which is almost double the national average of 4.9 percent.² The workforce is also projected to grow faster than the rest of the U.S.; 9.8 percent and 5.9 percent respectively.³ The business growth in the area is outpacing population and it has increased the need for top talent.

Of the employers surveyed, 68 percent said they increased hiring in 2006. The regional growth, the War for Talent and the increasing sophistication of the workplace is making it more difficult for employers to find the talented individuals they need. In certain fields, the supply simply does not meet the demand. This is especially evident in the services sector.⁴

Employees can afford to be more selective. A recent poll from CareerBuilder.com found that 75 percent of employees are searching for the next best thing—both actively and passively, and only 34 percent of U.S. workers said that they were truly loyal to their organization.⁵ They can also demand a higher starting salary. The expectations for new hire compensation are still elevated, although climbing more slowly than in 2006.⁶ New hire compensation has grown 5.5 percent in the U.S. in the past 12 months. The need to hire on the employers' side and the increased expectations on the employees' side has made an understanding of the marketplace absolutely critical for all involved.

^{1,2,3} The population and workforce statistics are from a recent analysis on regional workforce and education by the Charlotte Regional Partnership.

⁴ This is according to the Leading Indicator of National Employment (LINE) release for April 2007.

⁵ This information is from a survey by Walker International. This is a marked improvement in loyalty over the past five years—in 2001, it was only 24 percent.

⁶ This is according to research data from the Leading Indicator of National Employment (LINE).

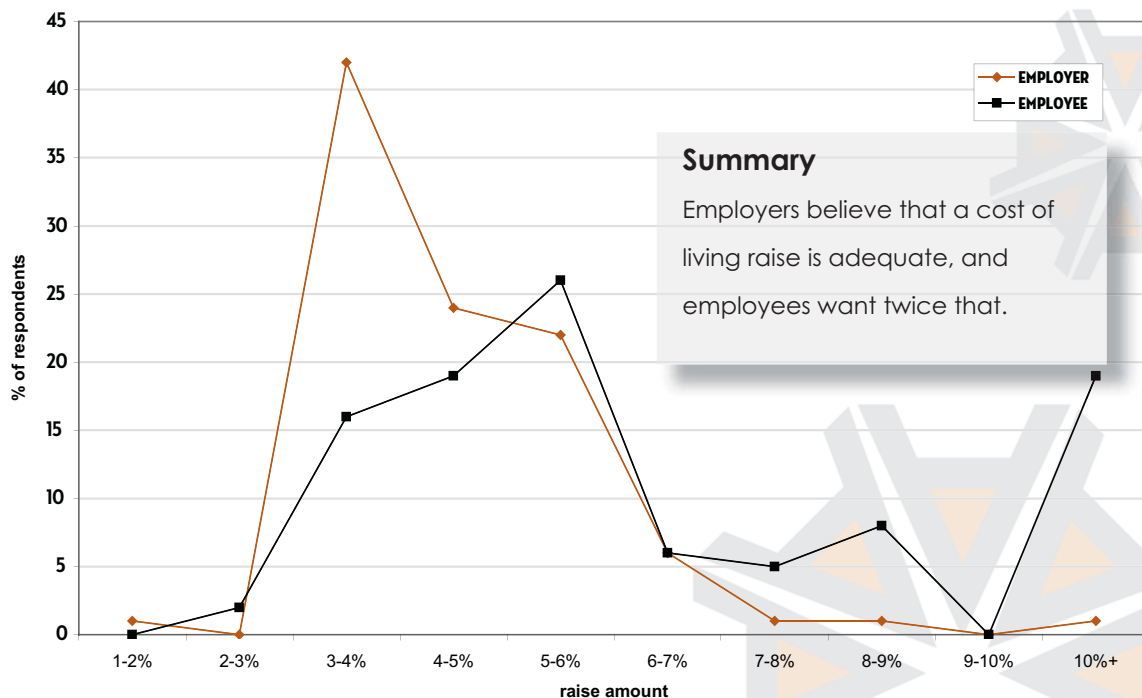
Retention: A Growing Concern

Throughout the U.S., retention is a growing concern. In a job market as robust as the Charlotte metro area is currently, employers have a tougher time keeping valuable employees. An employee leaving can cost up to 150 percent of their annual salary in new hire costs and lost profitability. In Charlotte, the average employee tenure is two to three years (selected by 30 percent of respondents). This is lower than the national average of four years, provided by the U.S. Bureau of Labor Statistics. Charlotte employees are more flexible, and that makes an understanding of their motivations even more critical for metro area employers.

One of the greatest disconnects discovered between employers and employees was the reason for leaving a position. Employers tend to attribute employee attrition to quantifiable variables such as compensation, but employees are more interested in quality of life issues such as work environment and meaningful work. More than half of employers believe that upward mobility was the main reason employees quit (cited by 54 percent), but only 19 percent of employees said that was the case. Compensation, the second most popular answer for employee attrition by employers (41 percent), was the main reason for leaving their last job for only 16 percent of employees. The saying that "employees don't quit their jobs, they quit their bosses" is appropriate here, but it seems that many employers prefer to see the issue in more tangible terms.

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APPROPRIATE RAISE, WITHOUT PROMOTION



Summary

Employers believe that a cost of living raise is adequate, and employees want twice that.

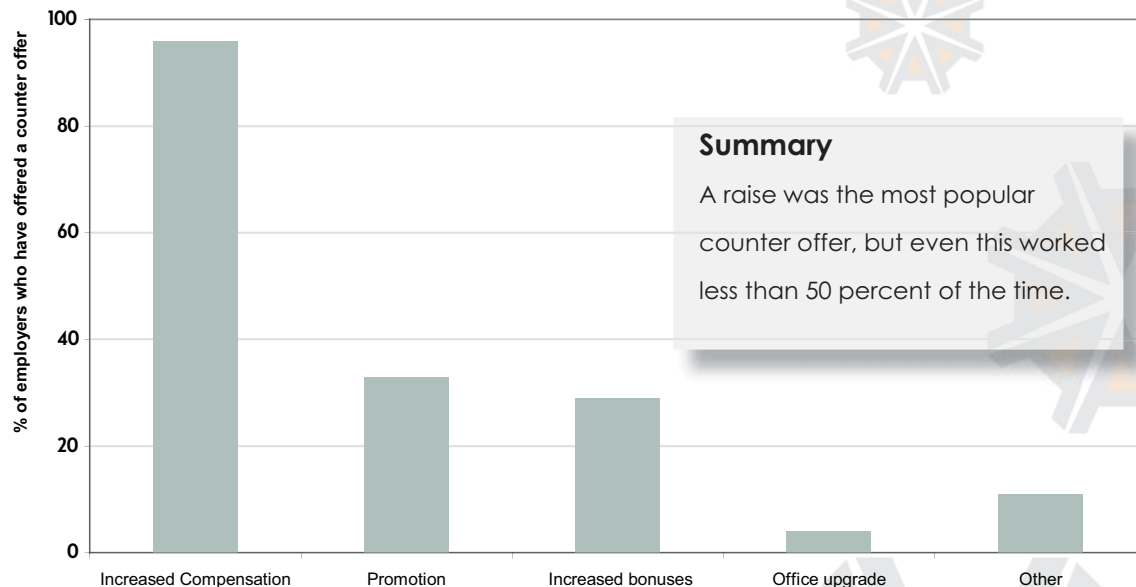
While actual compensation is based on many factors, raise expectations are an indicator of the expected rates. What employers believe is an acceptable raise without a promotion is far lower than what employees believe is an acceptable raise without a promotion.

Work Environment

When employees were asked what it would take for them to leave their current position, many responses centered on the work environment. This response is representative of the answers for those who enjoy their current position: "I would have to have a significant increase in salary and responsibility to leave my current position. I have learned that it's more important to get along with others within your organization, and we have a true team." Of those who were looking for a better work environment, many of the features they sought were a better work-life balance, a shorter commute and the ability to work from home. In most cases, employees said it would take a significant salary increase to lure them away from a work environment they enjoyed.

For employers who received a two-week notice from one of their employees, more than half have made a counter offer (55 percent). Those employers increasing hiring were more likely to have made a counter offer to employees in the past. Increased compensation was the most popular counter (offered by 96 percent), and 33 percent offered a promotion. More often than not, a counter offer fails regardless of the incentive. This may be because employees are not primarily concerned about compensation.

TYPE OF EMPLOYER COUNTER OFFER

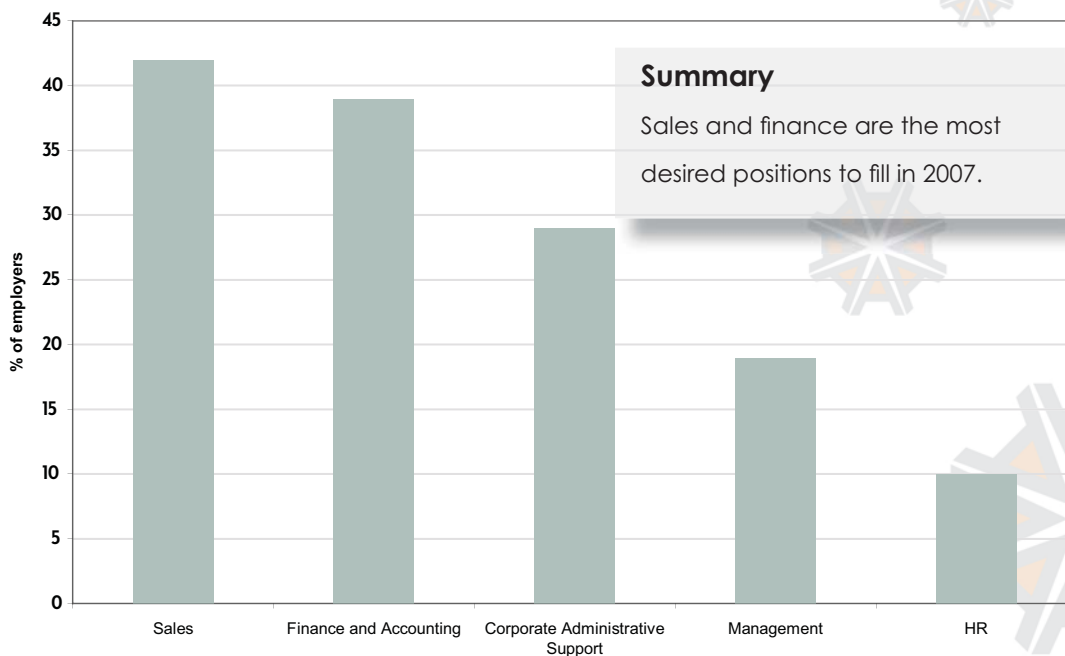


Increased Staffing in 2007

In response to the vibrant marketplace, the majority of Charlotte employers continue to increase staffing. Of those employers who did increase staffing, 38 percent increased hiring by more than 10 percent. A small number of Charlotte employers (3 percent) plan to increase staffing by more than 50 percent. Conversely, 8 percent of employers plan to decrease staffing, and all of the decreases in staffing were 25 percent or less. This is reflective of the growth trend in the Charlotte metro area.

A salesperson is the most desired new hire (sought by 42 percent of employers). This is most likely due to the high turnover rates for salespeople and the tremendous variation in skill set. A top salesperson can have a tremendous impact on an organization; McKinsey & Company found that "an 'A' performer is 50 to 100 percent more productive than a 'C' performer." According to the War for Talent published by McKinsey & Company in the 1980s, salespeople would be hardest to find, and that is becoming manifest in Charlotte.

AREAS OF INCREASED STAFFING IN 2007



Most employers are hiring to accommodate the anticipated growth in the marketplace. Although many respondents said that the need to meet business initiatives and the lack of necessary resources to do the job were reasons for hiring (39 and 29 percent respectively), 76 percent said that growth was a major reason for increasing staffing.

Methods for Candidate and Job Search

Candidate Search

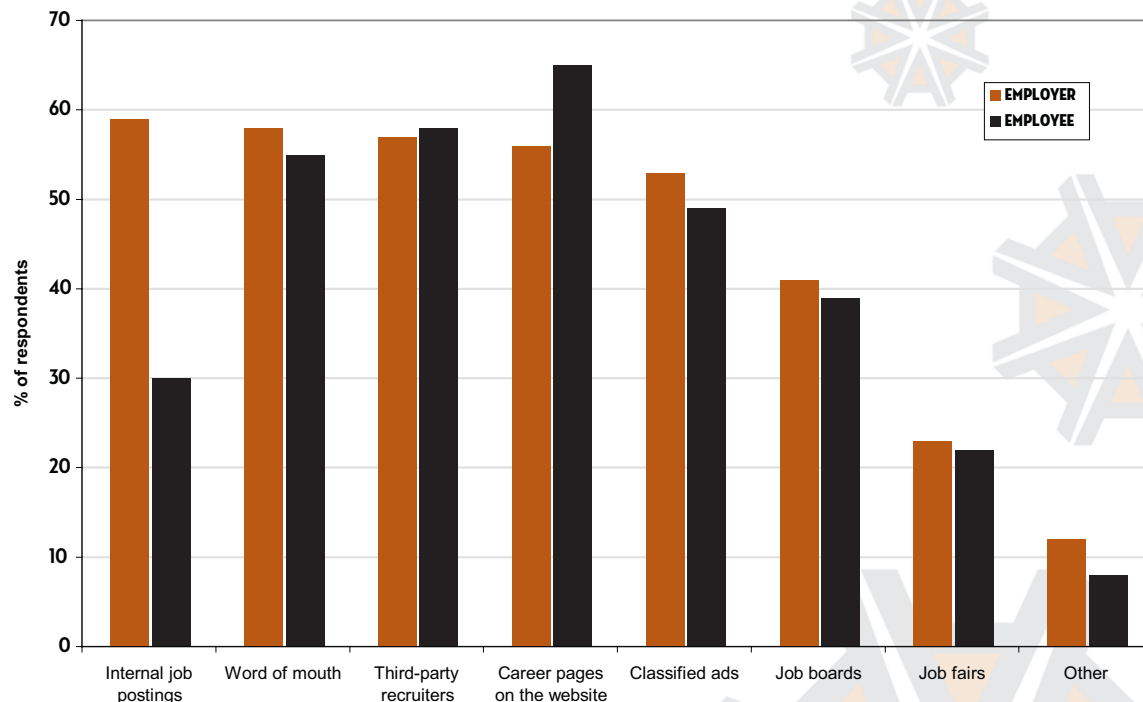
How are employers finding the staff they need to accommodate the anticipated growth in 2007? Nearly 75 percent of employers are employing all of the following search methods with varying success:

- Internal job postings
- Word of mouth
- Third-party recruiters
- Career pages on the company website
- Classified ads
- Job boards
- Job fairs

Third-party recruiters were used by 57 percent of respondents and ranked extremely helpful or most helpful more consistently than any other search tool.

More traditional methods, such as classified ads and job fairs, are still used but less successful. No employer said they relied on any one method exclusively. The top five methods (internal job postings, word of mouth, third-party recruiters, career pages on the website and classified ads) were used by more than half of employers. Of the various tools used, third-party recruiters were used by 57 percent of respondents and ranked extremely helpful or most helpful more consistently than any other search tool. Job boards

JOB AND CANDIDATE SEARCH METHODS USED



Summary

Employers and employees are using the same search methods, but traditional methods are less and less reliable.

and career pages on the company website were also ranked as extremely helpful or very helpful by half of respondents.

Job Search

Candidates are also using a variety of methods to find employment. More than 80 percent of candidates utilize more than one method, and more than half use corporate website career pages (65 percent), third-party recruiters (58 percent) and word of mouth (55 percent). Of all the search methods utilized, third-party recruiters were ranked as extremely helpful or very helpful by 61 percent of respondents in landing a first interview, making this the most helpful tool. The only other tool ranked as extremely helpful or very helpful by more than half of respondents was word of mouth (57 percent). All other search tools were ranked as moderately or unhelpful by most respondents, and those that came in the lowest were classified ads and job fairs.

More traditional search methods such as classified ads and job fairs are still utilized by both employers and candidates; however, both groups said these methods were becoming less and less reliable.

Takeaway Points

- Employees care more about work environment more than any other feature of their job.
- Employers rank sales and finance as the greatest needs for 2007.
- Employees change positions more frequently in Charlotte than the average U.S. employee.
- The most effective tool for locating jobs and candidates is third-party recruiters.

Appendix

Methodology

Because of the large number of Charlotte employees and employers who participated in this survey, we are 99 percent confident that the responses of the Charlotte population to the survey questions would be +/- 7.5 percent from the figures stated herein.

The survey was sent via email to nearly 10,000 members of the Charlotte community. The survey was live for 14 days, and a total of 284 respondents were considered to drive the results and conclusions of this report. Each respondent answered the questionnaire via an online survey tool and were assured of their confidentiality. Their responses will be used only in this aggregate analysis.

Demographics

Of those that responded to the survey, 31 percent of the respondents were employers, and 69 percent of the respondents were employees. Respondents were from a variety of industries including financial services, construction, health care, retail, manufacturing and engineering.

About AccruePartners

At AccruePartners, we strengthen companies and build careers by bringing talented candidates and leading businesses together. We are a Charlotte, N.C.-based full-service recruiting firm handling both temporary and permanent placement. Our specialties include human resources, finance and accounting and corporate administrative support. For more about AccruePartners, visit our website at www.accruepartners.com.