

IEC Study: Economic Impact of Merit Shop Electrical Contractors



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Introduction

The economic impact of the merit shop electrical contractor is largely misunderstood mainly because it has gone unmeasured. IEC has long believed that the merit shop, open shop, or just non-union electrical contractors have an overwhelming influence in the built environment and are a key economic engine across the entire commercial, industrial, and residential construction sector. A majority of jobs and businesses are considered merit shop, and most construction work is done by merit shop contractors and workers.

WHY THE STUDY

The predominate narrative is that union contractors drive the electrical construction industry. They are large, they are organized, and the contractors have been able to rely on the platforms of trade unions themselves to prop up their economic impact and voice. At IEC, we understand this narrative unjustly dismisses a majority of the sector.

HOW THE STUDY WAS CONDUCTED

In 2024, IEC National engaged Geo Strategy Partners, a well-known and nationally regarded economic consulting firm, to conduct an in-depth study into the merit shop electrical contracting market. A team of economic analysts was tasked to measure the economic impact of the merit shop electrical contracting industry. Specifically, IEC wanted to obtain empirical data on the number of businesses, electrical workers employed, and revenue generated by the overall electrical contractor sector, and then breakdown both union and merit shop segments.

Over a period of several months, extensive secondary research of economic and industry data reported by government agencies, associations, and other publications was collected. In addition, quantitative primary research was captured through surveys gaining insights on IEC members and their businesses. Through this research and data modeling, our economic study measured the size and economic significance of the US merit shop electrical contractor industry, which in turn created key insights on the number of businesses, employment, and total revenue generated.

WHY THE STUDY WAS IMPACTFUL

As you review the summary of the data in the following report, I think you'll find this information as revealing as we did. I believe it will confirm what we and so many other Americans know. Merit shop works for America, and the critical infrastructure needed to electrify the

nation is going to be done mainly through the skilled work and prowess of merit shop electrical contractors and merit shop electricians.

Our story needs to be told to the public, to government officials and to industry partners. Please join us at IEC in sharing this message.

Thank you,



A handwritten signature in black ink, appearing to read 'Thayer Long'. The signature is fluid and cursive, written over a white background.

Thayer Long
IEC National, Executive Director

Key Findings

The findings tell a powerful story. While we knew that the merit shop electrical contractors were outperforming union contractors in the commercial and industrial space, the data is even more compelling.

1

Merit shop electrical contractors account for over

\$165 billion

in electrical construction put in place annually, out of a total market value of

\$260.4 billion

Meaning over

63%

of all electrical construction is completed by companies like IEC members.

2

Non-union electrical contracting firms have grown steadily by

2.2% since 2017 with over

80% of all electrical contractors proudly calling themselves merit shop.

3

Merit shop electrical contractors employ over **356,000**

electricians and employment among merit shop companies has grown an astounding

31% in the period between 2017 and 2023- contrasted to a

market share drop in union electricians by **15%**

MERIT SHOP ELECTRICAL CONTRACTING INDUSTRY’S CONTRIBUTION TO THE ECONOMY.

The merit shop comprises an astounding **80%** of all electrical contracting businesses in the United States, **70%** of electricians, and **63%** of the electrical contracting revenue generated.

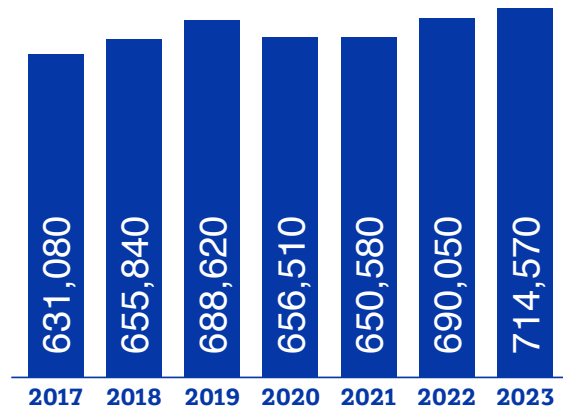
	Total National	Merit Shop	Participation
Electrical Contractor Businesses in 2023	81,046	64,660	80%
Electrician Employees in 2023	712,570	501,998	70%
Electricians Employed by Electrical Contractors	509,010	356,307	70%
Electrical Contracting Revenue in 2023	\$260.4 Billion	\$165 Billion	63%

U.S. ELECTRICAL CONTRACTING INDUSTRY OVERVIEW

- The electrician workforce in 2023 was **712,570**, reporting an average annual growth of **2%** between 2017 and 2023
- There are **81,046** electrical contracting businesses employing the largest share (**71.4%**) of electricians at **509,010** in 2023
- Overall, the electrical contracting industry has **\$260.1 billion** in annual estimated revenue

U.S Electrician Employment

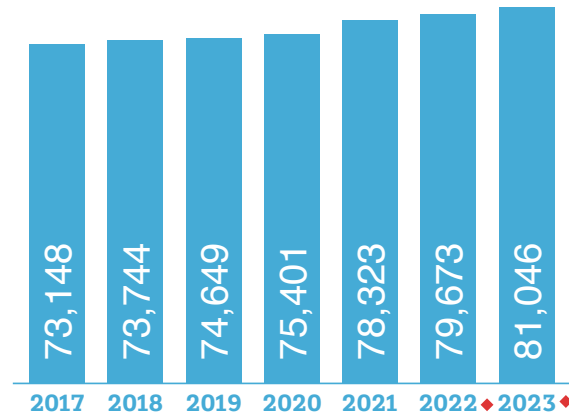
Employment 2023: **712,570**



Total Electrician Employment for Occupation SOC 47-2111 taken from Bureau of Labor Statistics

U.S Electrical Contractor Firms

Businesses 2023: **81,046**

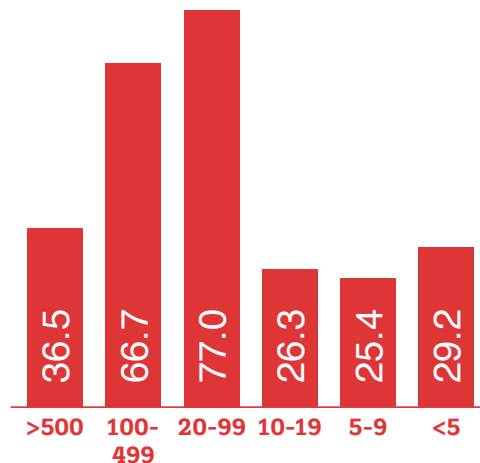


Total Electrician Employment NAICS 238210: taken from US Census SUSB Annual Survey.

♦ Estimation of total electrical contractors based on CAGR 1.7% (2021-2017)

Revenue in Billion (~)

Revenue 2023: **\$260.1 Billion**

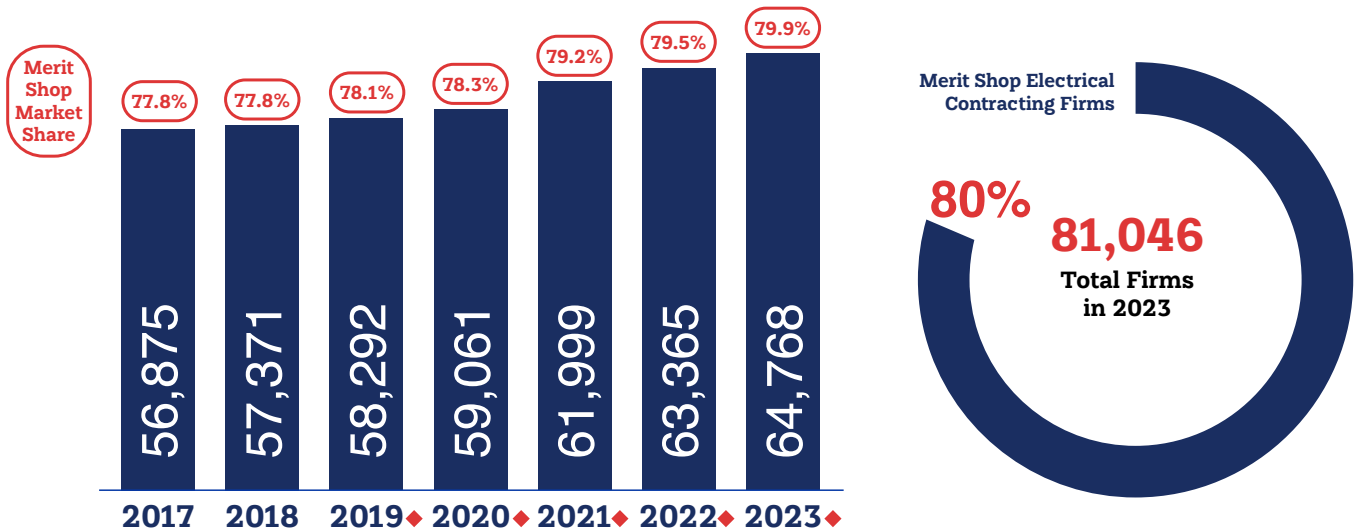


Estimation using number of Firms per employee count (US Census SUSB Annual Survey) multiplied by average revenue of each employee from contractors reporting +80% revenue coming from Electrical contracting services in the IEC survey

THE MERIT SHOP COMPRISES 64,660 ELECTRICAL CONTRACTING FIRMS

- Merit Shop contractors have grown steadily by 2.2% since 2017 (CAGR 2017-2023)
- As of 2023, there are an estimated 64,768 Merit Shops in the U.S.
- The market share of Merit Shops has remained stable, increasing from 78% in 2017 to nearly 80% in 2023.

Merit Shop Electrical Contractor Firms & Market Share (%)

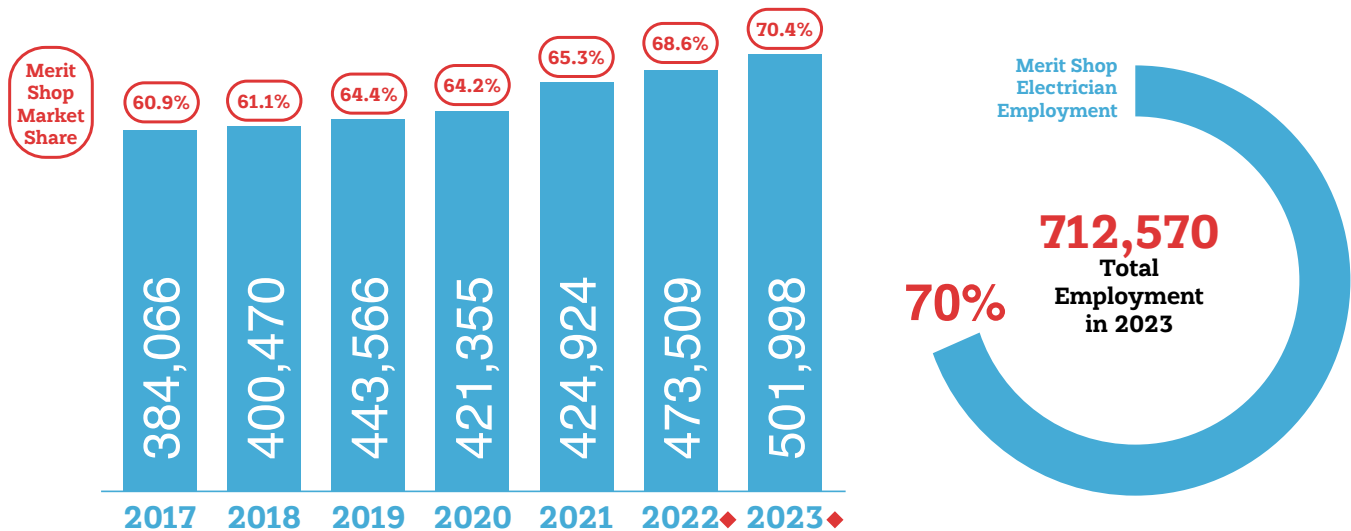


◆ Estimation of Merit Shop Market share is based on the yearly estimation of Unionized contractors, forecasting with an CAGR -0.1% (2018-2012 last available data - NECA)

THE INDUSTRY CONTRIBUTES 501,998 JOBS TO THE ECONOMY

- In 2023 the Merit Shop industry supported over 501,998 electricians, an increase of 31% in the 2017-2023 period
- Contrasting with a drop in Union of (-15%)
- The share of electrical workers that belong to a merit shop increased by 9 percentage points from 61% in 2017 to 70% in 2023

Merit Shop Electrician Employment & Market Share (%)



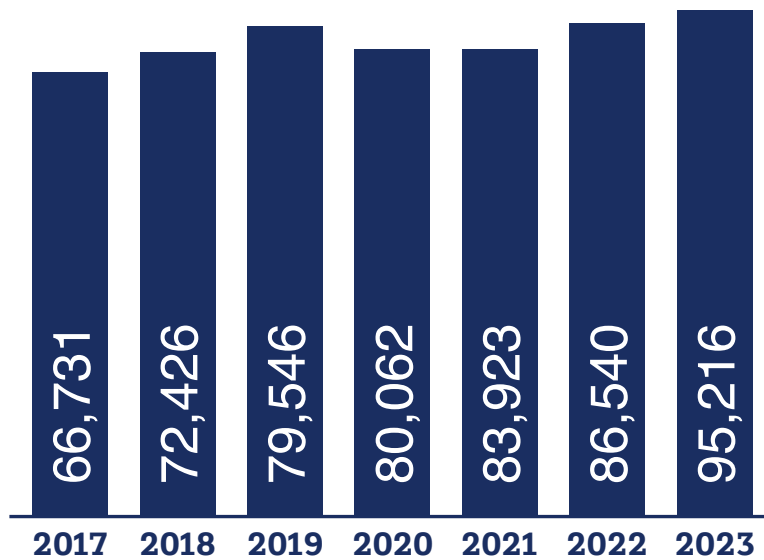
Total Electrician Employment of 2023 is taken from BLS reporting employment of 47-2111 occupation code

◆ Percentage of Merit Shop Employment is based on IBEW reported data of union employment of 2022 in the U.S.

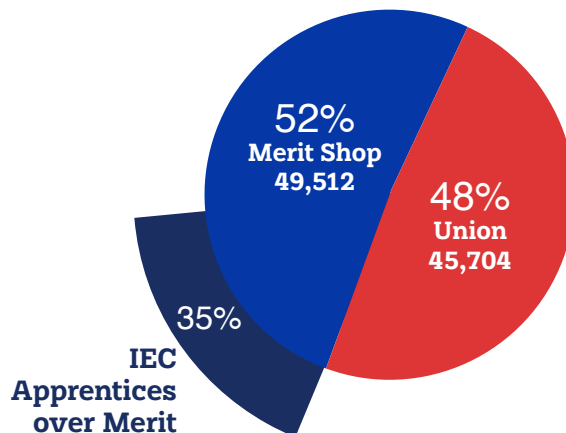
MERIT SHOP HOLDS A 52% SHARE OF THE APPRENTICESHIP MARKET

- In 2023, there were 95,216 people participating in an electrician apprenticeship in the U.S., with a 6.1% CAGR from 2017 to 2023
- The market is almost equally split between Union (48%) and Non-Union apprentices (52%)
- IEC had 17,335 active apprentices in 2023, representing a 35% market share within Merit Shop and 18% of the overall market

National Active Electrician Apprentices



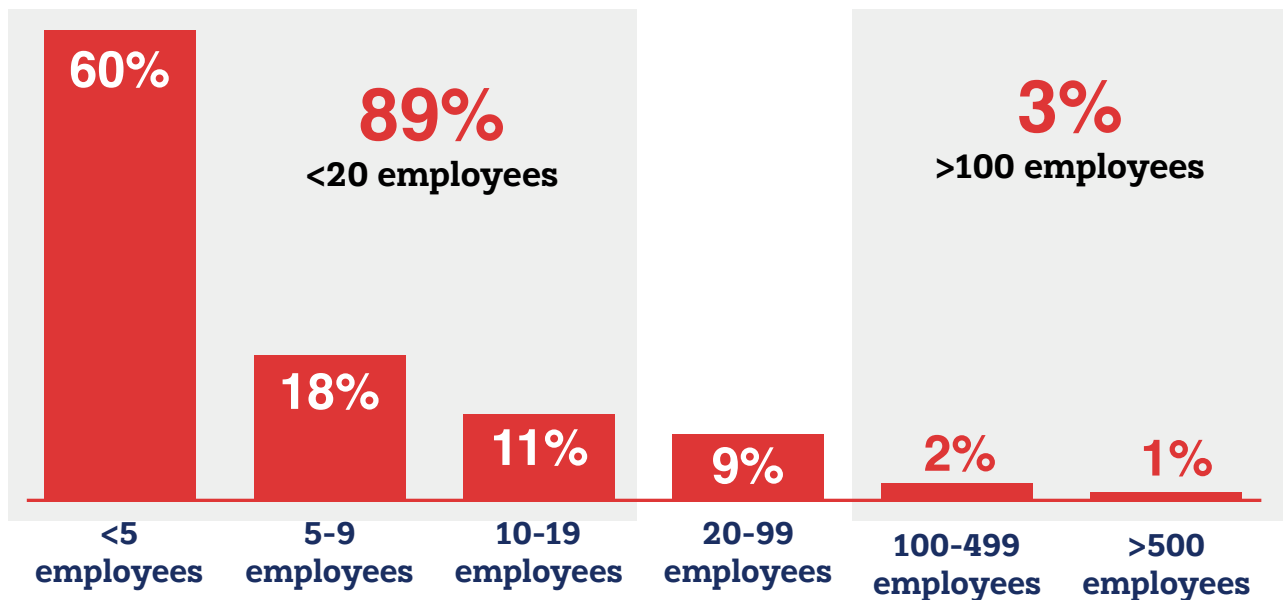
Active Electrician Apprentices % 2023



OVERALL, ELECTRICAL CONTRACTORS HAVE LESS THAN 20 EMPLOYEES

- The majority of electrical contractors are small; 89% of national contractors employ fewer than 20 employees
- 80% of IEC contractor members employ less than 20 employees

National Size Categories of Contractors

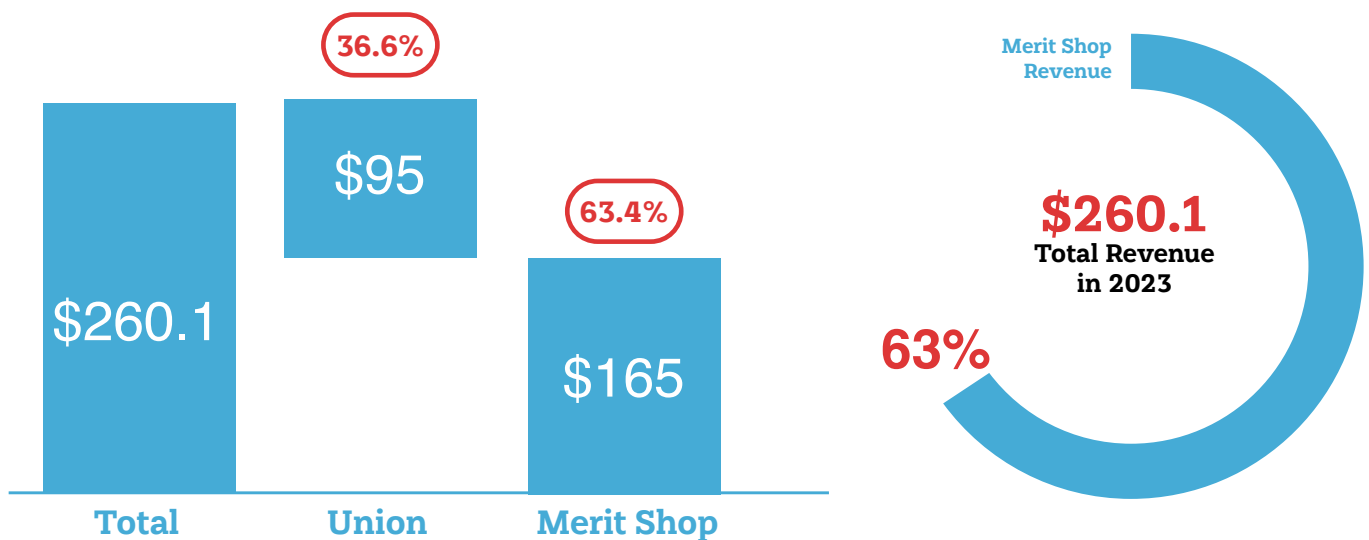


Source: US Census. Calculations to 2023 are based on a CAGR (2021 – 2017). However, the division of contractors by employee count presents the same percentages as 2021. Hence, we can assume the same percentages division for 2023

MERIT SHOP INDUSTRY GENERATES AN ESTIMATED \$165 BILLION IN REVENUE.

- Merit shop contractors also lead the market in terms of revenue
- Merit shops hold nearly two-thirds of the market share for revenue (63.4%).
- Union contractors account for 36.6% of the market revenue

Estimated Electrical Contracting Services Revenue & Merit Shop Market Share (%)



Summary of Data Sources

Category	Breakdown	Source	Last Available Data	Data Point
Electrical Contractor	Total	US Census - SUSB Annual Survey	2021	Number of Firms for NAICS - 238210
	Union	IBEW-NECA Employment Report	2018	Number of Productive Electrical Contractors
	Merit Shop	US Census, IBEW NECA	NA	Estimations of Total and Union Contractor Numbers
Employment	Total	U.S. Bureau of Labor Statistics (BLS)	2023	Electricians: 47-2111 Occupation Code
	Union	National Electrical Benefit Fund (NEBF)	2022	Number of Union Electrical Workers within the local union's jurisdiction for whom contributions were made into the NEBF
	Merit Shop	GSP Calculations	NA	Estimations of Total and Union employment numbers - GSP calculations
Revenue	Total	IEC Survey	2023	IEC survey, US Census, GSP calculations
	Union	GSP Calculations	NA	IEC survey, NEBF payroll, GSP calculations
	Merit Shop	GSP Calculations	NA	IEC survey, GSP calculations



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