Hampton Roads
Chambers of Commerce
Membership

Employer Needs Analysis

April, 2003

Part I

Skills and Training Focus
and
Utilization Review

Including members from the:

Hampton Roads Chamber of Commerce
Virginia Peninsula Chamber of Commerce
Franklin Southampton Chamber of Commerce
Williamsburg Chamber of Commerce
Gloucester Chamber of Commerce
Isle of Wight-Smithfield-Windsor Chamber of Commerce
Peninsula Alliance for Economic Development

A cooperative effort by the
Hampton Roads Chamber of Commerce and Opportunity Inc.
Funded by a grant through the U.S. Department of Labor.
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Introduction

Matching skilled, qualified workers to regional labor market demands is imperative to creating a healthy employment environment in any community. To aid in the achievement of this objective, Opportunity, Inc. and its partners recognized the need to expand the outreach to regional employers and create a more accurate picture of their hiring needs. Using grant resources from the U.S. Department of Labor, Opportunity, Inc. partnered with the Hampton Roads Chamber of Commerce (HRCC) to conduct an employer needs survey that targeted staffing and skill demands. HRCC, as the lead chamber distributed the survey to its members along with the members of the following chambers of commerce: Virginia Peninsula (VPCC), Williamsburg (WACC), Gloucester (GCC), Franklin – Southampton (FSACC) and Isle of Wight-Smithfield-Windsor (ISWCC). An additional instrument will be released subsequent to the Part I phase targeting hiring and retention issues faced by employers and will be distributed to HRCC and VPCC. The Chambers were chosen as a distributor of this survey because it was in a unique position to reach a diverse cross section of businesses that would include small and large employers as well as all industry sectors. Although the survey did reach a cross section of employers that closely mirrors the industry composition of the Hampton Roads business community, it must be noted that a bias exists in the results because only chamber members were among the survey recipients.

Part I of the survey process was distributed February 22, 2003. Data collection ran through March 17, 2003. HRCC managed distribution, data collection, entry and verification, tabulation and the analysis of survey responses. Part II of the survey was distributed April 4, 2003. Data analysis is expected by mid-May 2003.

PART I
Executive Summary

Survey Method and Response Rates

A total of 2828 surveys make up the distribution profile. The HRCC and VPCC member lists were divided equally in an even-odd distribution with even numbers receiving a copy of the survey, and the odd numbers being reserved for a Part II survey on hiring, training and retention measurements. Part I surveys distributed through these two chambers were sent to chamber members with 10 or more employees. Surveys to the remaining chambers were distributed to all members with over 5 employees due to their smaller sampling pool. Of the total distribution, 304 were returned, representing an overall 10.7 % response rate. An effort to increase the response rate was made through phone calls, fax notices, website postings and e-mail requests. The following table demonstrates return rates by chamber and percent of responses by the number distributed for each chamber.

Table 1 Survey Response Rates

Chamber	Number distributed*	Responses	Return Percentage
HRCC	914	146	16%
VPCC	726	71	9.8%
PAED	303	20	6.6%
WCC	236	25	10.6%
GCC	186	8	4.3%
FSACC	217	19	8.8%
ISWCC	246	15	6.1%

* Number excludes surveys returned as undeliverable.

Summary of Key Findings

- On average, 26.5% of the 304 responding employers are aware of public employment resources[1] within one-stops that serve their location.
- 70% of employers do not use WIA[2] funded/supported employment and training resources.
- Less than 5% of employers indicate they use hiring and training tax credits.
- 67% of employers hire less than 10 employees per year for the in-demand positions they listed as being difficult to fill.
- 68% of in-demand occupations require some level of post-secondary education.
- 30% of employers recommended community college as the source for the skills they need; 20% indicated university level education.
- 59% of in-demand occupations require a minimum of two years education through either an Associate's Degree program or an Apprenticeship.
- Of the 26 companies listing technology positions as being the hardest to recruit qualified workers, 100% require a minimum of two to four years of post-secondary education.
- 50% of employers disqualify candidates primarily due to "poor skills base or lack of experience".

[1] Public Employment Resources: funding, information or other assistance available to employers in hiring, recruiting and/or training workers.
[2] Workforce Investment Act: Federal act establishes funding and programmatic guidelines for worker training.

- Nearly 60% of employers rate WIA workforce resources as being “little or somewhat” valuable to their business.

- 68% of employers indicated they would like to attend a seminar on workforce resources and labor market information.

- Two of the top occupational fields face challenges due to projected attrition rather than job growth: trade workers and teachers. Average worker age in these fields is skewed towards the 45-55 year old demographic.

Analysis and Key Findings

- Employers are highly interested in workforce issues, but are clearly disconnected from WIA or WIA related employment resources that offer hiring, retention and training solutions.

- The perceived value of public employment resources offered through one-stop locations is not high enough to elicit spontaneous engagement by employers.

- Employers primarily utilize hiring resources rather than retention and training work supports[3] that aid in stabilizing staffing levels.

- Small businesses face critical hiring issues and have less internal resources to develop successful staffing strategies, yet they have a low knowledge base of available workforce development resources that can be used to meet workforce challenges.

- The majority of employers hire in-demand positions a few times a year. Resources need to be easily accessible and flexible to meet the needs of employers who have sporadic or slow hiring patterns.

- Employers are faced with a substantial qualifications gap when recruiting new employees primarily due to poor skills base and lack of experience.

- Top in-demand positions require long-term training, (18 months on average) and include: social workers, teachers, business administrators, customer service representatives, RN’s, LPN’s, HVAC technicians, carpenters, plumbers/pipe fitters, marketing sales, engineers, programmers and computer scientists.

- In-demand positions that do not require significant levels of post-secondary education tend to require no higher education and are entry level, unskilled or low skilled positions.

[3] Work supports: Aid in the expenses of acquiring or maintaining a job such as: childcare, work equipment and transportation supplements.

- There were very few occupations reported that require little education or short-term certification or licensure. They include: security guards and day care workers.

- In order to impact the workforce available to regional employers, public one-stops[4] should align policy and funding resources with in-demand jobs.

PART II
Industry Representation and Occupation Results

Industry Distribution & Employer Size

The survey provided broad categories of industry sectors for employers to identify themselves. Eighteen percent of respondents elected to delineate their industry by specific trade or core function rather than choose a general industry category. Of this 18%, nearly 100 % represent small businesses that provide specialized services and have less than 10 employees. The one exception is staffing services, which may have hundreds of employees, only a small number of whom handle daily on-site operations. The following table presents the responses by percentage and sub-category.

Table 2 Industry Categories

Industry	Industry *>Sub-category*	Number of Responses*	Percentage of Industry	Percentage Of Total
***Other (Table 3 provides a break down of "other" choices)		33		10.8%
F.I.R.E. (Finance, Insurance, Real Estate)		30		9.9%
Retail/Wholesale		27		8.9%
Social Services/Non-profit		27		8.9%
Technology		26		8.5%
	Gov't Contracting/ Technology	1	*3.8%*	
	Engineering	3	*11.5%*	
Construction		24		7.8%
Government		24		7.8%
Health Care		23		7.6%
Manufacturing		23		7.6%
	Printing/Publishing	3	*13.0%*	
	Distribution/ Warehouse	2	*8.7%*	
Hospitality/Tourism		17		5.6%
Education		13		4.3%
Communications		11		3.6%
	Media	3	*37.5%*	
	Marketing	2	*12.5%*	

[4] One-stops: Employment centers that serve unemployed, returning or low-income workers and provide hiring and retention resources to employers. May be funded through WIA.

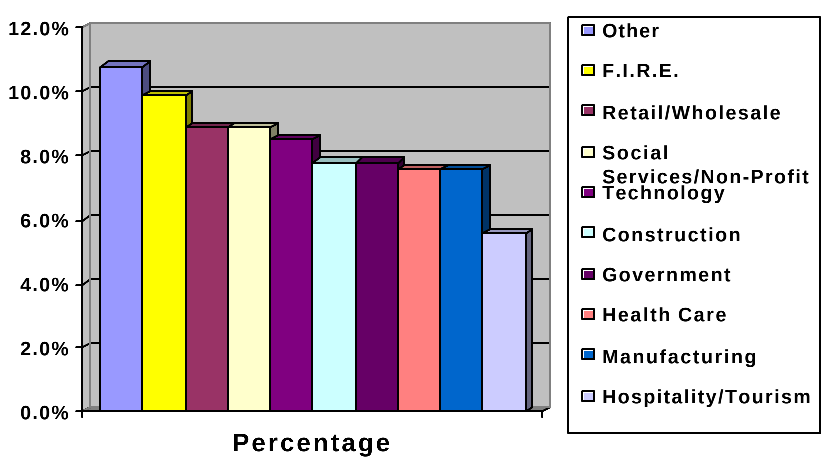
Industry	Industry >*Sub-category*	Number of Responses*	Percentage of Industry	Percentage Of Total
**Trade Services		9		2.9%
	Automotive Repair/Maintenance	3	*27.2%*	
	Electrician/ Technician	1	*18.1%*	
	HVAC	5	*55.5%*	
Food Service		5		1.6%
Transportation		4		1.3%
Ship Building/Repair		3		1.1%
Call Centers		3		1.1%
Agriculture/Forestry		1		< .5%

* Total is 303 due to one response that did not choose an industry.
** A new industry category created in response to handwritten responses.
*** Percentages are rounded to the nearest tenth and may not equal 100.

Table 3 Industry Categories: Other Response Defined

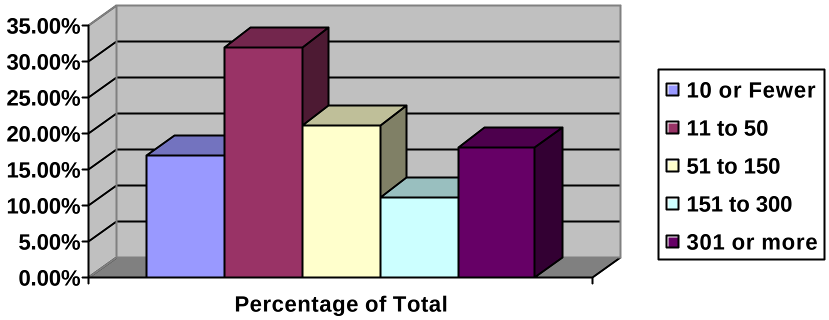
Industry	Number of Responses	Percentage of Other	Percentage of Industry Totals
Other total:	33		10.8%
Staffing Service	7	22.5%	2.3%
Legal Services	6	19.3%	2.0%
Landscaping	5	16.1%	1.6%
Security	4	12.9%	1.3%
Cleaning Service	2	6.4%	< 1%
Accounting Services	2	6.4%	< 1%
Health Club	1	3.2%	< .5%
Consulting	1	3.2%	< .5%
Waste Management	2	6.4%	< 1%
Funeral Home	1	3.2%	< .5%
Entertainment	1	3.2%	< .5%
Cosmetology	1	3.2%	< .5%

Chart 1 Top Ten Industry Responses by Percentage



Larger businesses with over 151 employees make up 29.4 % of responses. Employers with over 151 employees make up 21.3 %[5] of the Hampton Roads business community.

Chart 2 Employer Size by Number of Employees

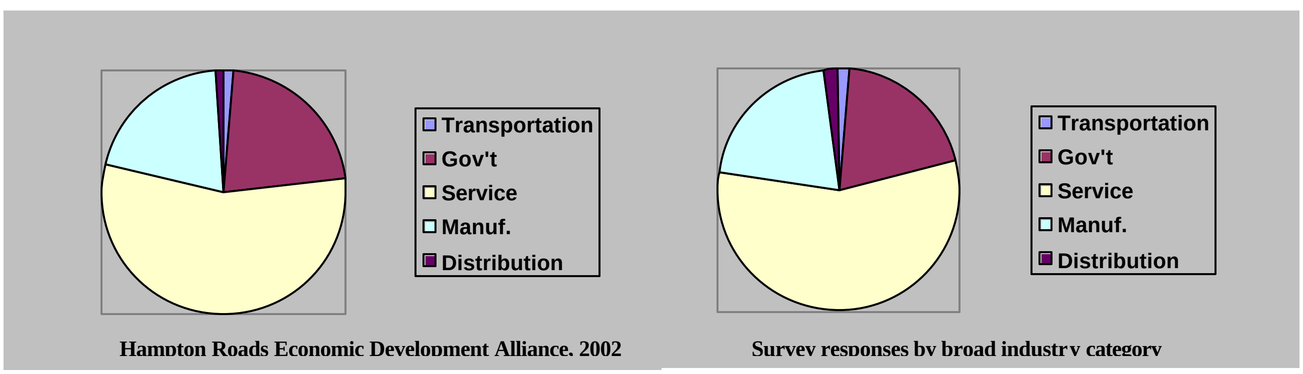


Nearly 50% of the businesses responding to the survey employ less than 50 employees. 17% of those responding employ more than 301 employees.

INDUSTRY REPRESENTATION as Compared to Regional Market Share

A key question in determining the validity of the survey data was the representation of industries as compared to the industry composition for the region. Regional industry data available through public records is generally categorized according to the Bureau of Labor Statistics industry categories. The survey broadened these categories to reflect the unique industry presence in Hampton Roads. Therefore, survey data were further categorized from the regional employer list available on the Hampton Roads Economic Development Alliance (HREDA) website and the survey responses to determine how well the region's business community, according to market share, was represented.

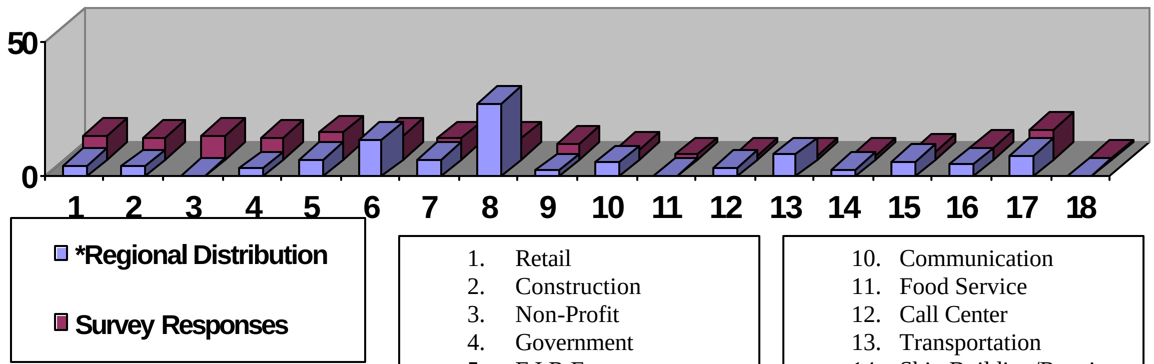
Chart 3 Comparison of Broad Industry Representation



The broad industry categories garnered from survey responses are closely aligned with the actual market as reported by HREDA.

[5] Hampton Roads Economic Development Alliance, Major Employer Analysis by Industry, 2002 http://www.hreda.com/Research.asp

Chart 4 Comparison of Specific Industry Sector Representations



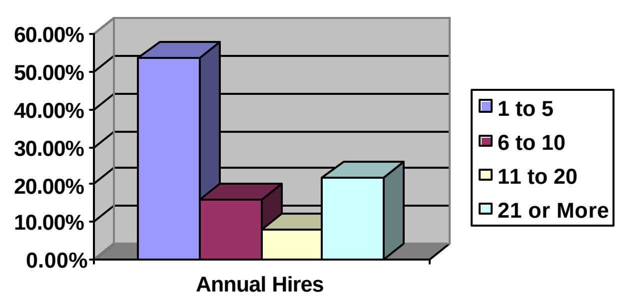
1. Retail
2. Construction
3. Non-Profit
4. Government
5. F.I.R.E.
6. Technology
7. Health Care
8. Manufacturing
9. Hospitality
10. Communication
11. Food Service
12. Call Center
13. Transportation
14. Ship Building/Repair
15. Trade Work
16. Education
17. Service
18. Agriculture

A comparison of these numbers by detailed industry category would be misleading due to the fact that HREDA data do not include employers with under 100 employees, and as previously mentioned, a large percentage of responses were derived from small business. However, some general conclusions can be presented. The health care, retail, food service, agriculture, non-profit, construction, education, hospitality, government, service (other) and F.I.R.E. (Finance, Insurance, Real Estate) sectors are well represented at rates equal to or above their market share. Technology, communications, ship building and repair, trade and call centers are represented at about two-thirds of their market share level. Sectors that are severely underrepresented include transportation and manufacturing.

Hiring Rates

Employers were asked how often they hire in-demand positions noted in their survey. The high percentage of small businesses responding to the survey would indicate lower hiring rates, and in fact, hiring rates correlate well with the staff size of the employers represented (Chart 5).

Chart 5 Hiring Rates



52% of employers hire hard-to-fill positions 1 to 5 times per year. The number of employers hiring in-demand positions more than 21 times per year (20.1%) corresponds to the 18% response rate of larger employers with over 301 employees.

In-Demand Occupational Analysis

Just as employers were inclined to list their specific industry sector, a majority indicated a specific occupational position(s) that presented recruitment and hiring challenges for their organization. Some companies chose a general occupational category in question 6 and then noted a specific position in the training section next to questions 8, 9 or 11 (ref. Appendix for a copy of the Survey). Many companies listed two or three positions that are difficult to fill. Therefore, these data were calculated in two ways. First, specific positions were counted under the broader occupational fields where possible. For example, an electronics engineer position was categorized within Information Technology. Positions that could not be integrated into the listed categories were aggregated into new categories. The categories created were: professional, (highly trained workers in specific skills such as accountants, teachers etc.); para-professional, (to include positions requiring some level of certification such as child-care associates and security guards); unskilled production/laborers, (landscapers, packers, housekeeping etc.). Table 4 presents occupations broadly by category and by specific position.

Table 4 In-demand occupations

Occupational Field	Total Responses*	Percentage of Occupational Field	Percentage of Total Responses
*>specific position***			
Professionals	33		9.4%
Social Workers/MSW	7	*21.2*	
Attorney	4	*12.1*	
Professor	2	*6.1*	
CPA/Accountant	5	*15.1*	
Teachers (100% indicated science & math fields)	6	*18.2*	
Finance/Analyst	2	*6.1*	
Police Officer	4	*12.2*	
Firefighter	3	*15.1*	
Administration	33		9.4%
Medical Office/admin.	1	*3.0*	
Non-Profit Management	4	*12.1*	
Paralegal	5	*15.1*	
Business Office	7	*21.2*	
Tellers	3	*9.1*	

Customer Service	30		8.6%
Health Care	38		10.9%
CNA	3	*7.9*	
LPN	5	*13.1*	
RN	5	*18.4*	
Speech Pathologist	2	*5.2*	
Psychologist	3	*7.9*	
Radiology Tech.	1	*2.6*	
Physical Therapist	2	*5.2*	
Occupational Therapist	2	*5.25*	
EMS/Paramedic	3	*7.9*	
Trade Workers	90		25.7%
Welder	4	*4.5*	
Pipe fitter/plumber	6	*6.7*	
Machinist/Tool & Die	4	*4.5*	
Electricians	4	*4.5*	
HVAC	10	*11.2*	
Industrial Maintenance	2	*2.2*	
Industrial Mechanic	3	*3.4*	
Carpenter	9	*10.1*	
Masons	5	*5.6*	
Heavy Equip. Operator	4	*4.5*	
Auto Mechanics	3	*3.4*	
Printer	2	*2.2*	
Food Service	12		3.4
Sales	35		10.0
Retail/merchandiser	3	*8.6*	
Marketing	8	*22.8*	
Business/equipment	2	*5.7*	
Technical Equipment/Services	3	*8.6*	
Insurance	2	*5.7*	
Para-Professional	16		4.6
Drivers (CDL)	7	*43.7*	
Security (Armed & Unarmed)	6	*37.5*	
Early Childhood Care	3	*18.7*	
Unskilled Production/Laborers	19		5.4
Housekeeping/cleaning	7	*20.0*	
Landscaping	6	*17.1*	
Warehouse	6	*17.1*	

Information technology	44		12.6
Engineers [environmental (2); civil (3); electrical (1); Transportation (2); Field (1); Technical (2)]	14	*31.8*	
GIS analyst	1	*2.3*	
Computer Science	8	*18.2*	
Programmers	9	*20.1*	
Electronics technicians	5	*11.4*	
Info Systems	3	*6.8*	
Graphics Design/CAD	5	*11.4*	

*Number of responses exceeds number of surveys received because some employers listed multiple positions.
** Specific position totals do not equal category totals because some employers did not write in a specific position, just checked the general category option.

Clearly, the most prevalent position representation is for trade workers (25.7%). Specific companies that provide trade services only made up 4% of the response share, (trade and shipbuilding/repair aggregated). The demand for this occupational group came from multiple industry sectors; construction, manufacturing and government. A diverse group of industry sectors expressed difficulty in hiring trade workers. The second most revealing response occurred within the Information Technology (IT) arena. Only two employers listed single item certifications (i.e. MCSE) on the skill set listings (Table 5), and in both cases they were required as part of a higher set of skills generally gained through an Associates or Bachelor's degree with an information systems or computer science major. A close look at the IT data demonstrates that nearly 100% of the positions listed require a two-year associate's program at a minimum.

Multiple employers noted most of the positions listed. In the IT sector, the highest need is for programmers, engineers and computer science graduates. All of the education employers indicated a need for teachers specifically in science and math. Among health care employers, most listed RN and LPN positions.

The top in-demand occupations indicated by surveyed employers are within specific areas of knowledge acquired through education and on-the-job experience. The top positions represented are as follows:

- Social workers
- Teachers
- Business Office Administration
- Accountants
- Registered Nurses
- Licensed Practical Nurses
- Trade workers: HVAC, carpentry and plumbers/pipe fitters
- Marketing Sales
- Engineers
- Programmers
- Computer Scientists

Specific Skills Notations

Several employers listed a specific certification or area of knowledge required for reported in-demand positions. The listing primarily represents technology related criteria that are not implied in the positions listed in Table 4 (implied criteria are those associated with positions such as R.N.; CPA and Teachers where the requirements are fairly standardized nationally.)

Table 5 Specific Certifications or Areas of Knowledge Employers Stated are Required Criteria

Cisco	GIS	Health Info Systems
Unix	Novell	C++/Java
CAD	Oracle	Blueprint Reading
AS 400	Great Plains	HTML
Citrix		

The tension between the number of available workers and the number of open jobs in the market is increased when occupational projections are factored into the picture. Over the next seven years, the Bureau of Labor Statistics[6] projects the following occupations will post the largest job growth rates:

Computer software engineers, applications	100 %
Computer support specialists	97 %
Security guards	35 %
Customer service representatives	32 %
Food preparation and serving workers, including fast food	30 %
Registered nurses	26 %
Office clerks, general	16 %
Cashiers, except gaming	14 %
Retail salespersons	12 %

Job growth percentages for a low-volume occupation, such as computer support specialists may equate to a smaller number of actual jobs versus projections based on total volume. A closer look at the data would reveal that 100 % job growth in the computer engineering occupations means 380,000 job openings, while a 32 % growth rate for customer service representatives equals 631,000 new jobs. A measure of occupational outlook that demonstrates the projected volume of positions is more useful to job seekers.

Neither of these statistics gives a clear picture of markets that will face severe worker shortage due to worker attrition rather than job growth alone. In fact, although retail sales and office support positions are expected to experience significant growth, they have fairly young workforces that will be able to meet higher-level responsibilities as baby boomers working in those occupations retire. Table 6 gives an overview of age distribution for industries in the Hampton Roads region that indicated critical needs through this survey.

[6] U.S. Bureau of Labor Statistics Table 3c. Occupations with the largest job growth, 2000-10, http://www.bls.gov/news.release/ecopro.t07.htm

Table 6 Worker age distribution by occupation

Occupational Field	Under 35 yrs. old	35 yrs. old and up	45 yrs. old and up
Computer Systems Analysts	42.7%	57.3%	26.1%
Sales	41.6%	58.4%	34.7%
Plumbers/pipe fitters	32.4%	67.6%	36.2%
Social Workers	32.8%	67.2%	39.3%
Drivers	31.5%	68.5%	40.5%
Engineers	30.0%	70.0%	39.2%
Teachers	29.3%	70.7%	47.0%
Industrial Mechanics	23.4%	76.6%	44.0%
Nurses	22.5%	80.1%	44.9%
Auto/equipment mechanics	21.4%	78.6%	37.9%

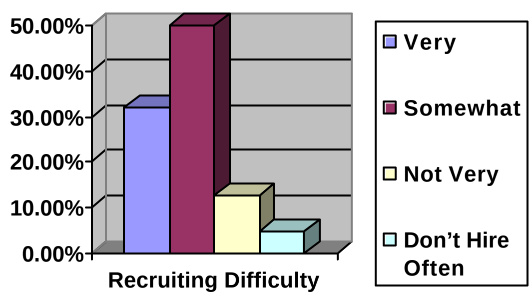
Source: Bureau of Labor Statistics, unpublished data for 2002

Job developers and career counselors, as well as business that market their company as a good place to work, should consider all of the data when guiding workers into career fields.

Hiring Issues

Despite an economy that has added more workers to the available labor pool. Employers report hiring qualified workers is a challenging human resources issue.

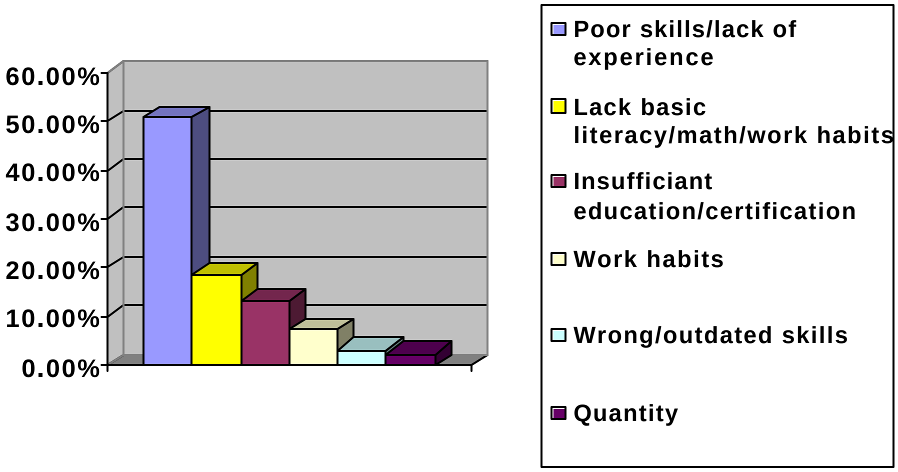
Chart 6 Severity of Recruitment Difficulty



Over 70% of employers have a "somewhat" to "very" difficult time recruiting qualified employees. Less than 5% reported not hiring very often. Only 10% reported that finding qualified workers was not very difficult.

Employers were asked to note the primary reason applicants are not qualified for positions. Although work habits were included in the "lack of basic literacy/math/work habits" choice, twenty-one employers handwrote in "work habits" as reason applicants are not qualified. Other reasons noted were: transportation, failed drug screens, poor credit and high wage expectations account for another 19 write-in responses. Although these responses are interesting to note, they represent less than .5% of responses and are not significant.

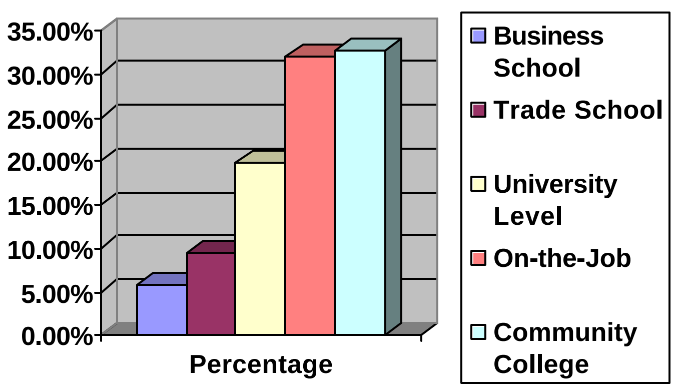
Chart 7 Qualifications gaps



The discrepancy between position requirements and qualifications of the existing applicant pool is consistent with the high demand occupations reported by Hampton Roads industries. In-demand positions are overwhelmingly represented by positions that require specialized skills or a specific knowledge base, and the number one reason applicants are not qualified is poor skills or lack of experience. Further evidence of the need for longer-term, focused education tracks for workers is demonstrated by the education recommendations made by employers for the workforce in Chart 8.

Training Issues

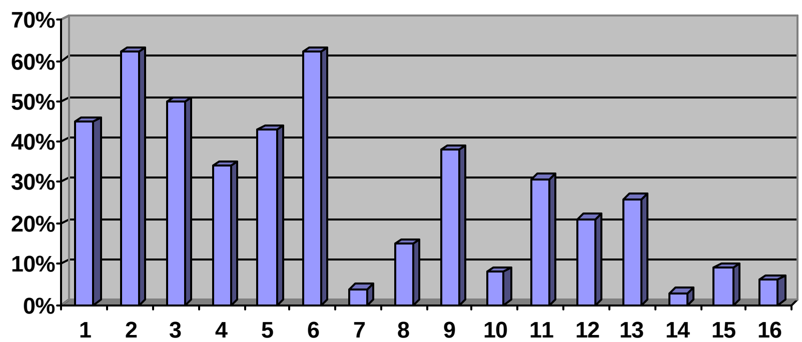
Chart 8 Educational Recommendations



Employers indicated that 68% of positions require some level of post-secondary education in order to be successfully prepared for that occupation. Education alone is not enough to fill position openings in the region. If that were the case, then lack of certification or educational level would have ranked higher on Chart 7. Workers need to acquire skill sets that meet business functions and options to gain experience in order to be productive additions to business teams.

Employers also listed specific certifications and skill areas needed to fill these in-demand positions. Employers checked skill areas from a broad list and then were given an option to list a specific certification or skill set. Employers were allowed to check more than one skill area, so the total number of choices exceeds the number of surveys received.

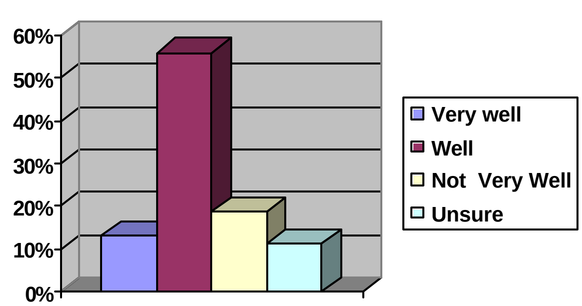
Chart 9 Basic Skill Needs



1 – Literacy	6 – Work Habits	11 – Detail
2 – Verbal Communication	7 – Advanced Math	12 – Hand-Eye Coordination
3 – Teamwork	8 – Mechanical	13 – Basic Computer
4 – Written Communication	9 – Problem Solving	14 – Computer Engineering
5 – Listening	10- Info/Research	15 – Technical - Computer
		16 – Computer Programming

Over 60% of positions require strong communication skills and work habits. Nearly 40% require problem-solving capability. Less than 25% of in-demand positions noted by employers require basic computer skills as a qualification for employment. Less than 15% of responses indicated the need for advanced computer skills: engineering, technical or programming. However these results correlate with the fact that 12.3% of the positions noted on all surveys fall within the Informational Technology field.

Chart 10 Future Skills Match for Current Workforce



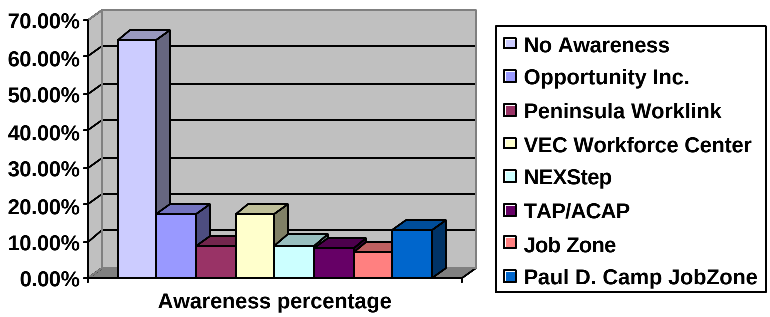
As shown on Chart 10, over 50% of employers indicate their current workforce matches their future skill needs "well". Just over 10% believe employees fit future needs "very well".

PART III
Resource Awareness and Utilization Rates

Awareness of WIA Employment Funding and Training Resources

A crucial component to building the capacity of the workforce system and increasing the quality of the regional workforce are the local one-stop centers that deliver training funds and guide workers into skill sets. Awareness amongst the business community of the one-stops and workforce resources is a key factor in developing policy and legislative positions to address workforce issues. In fact, the U.S. Department of Labor instituted a new Business Relations division to develop models for one-stops to engage the employer community in handling WIA funds and directing WIA programs toward labor market demands. Chart 11 demonstrates the levels of awareness employers have of one-stops. Employers were asked which publicly funded employment and training agencies they were familiar with.

Chart 11 Employment & Training Resources Awareness Percentages



***Opportunity, Inc. is the administrative/fiduciary agent for WIA on the Southside.**

A further analysis of this question explores two correlatives: the aggregate number of respondents who checked any of the choices with totals calculated by number of agencies chosen is shown in Table 7 and the response rates by chamber affiliation are shown in Table 8.

Table 7 Awareness by type of choice

Choices	Number	Percentage of Total Surveys
Opportunity Inc. Only	13	4.6%
JobZone Only	2	< 1%
NEXStep Only	0	0%
Peninsula Worklink Only	2	< 1%
VEC Workforce Center Only	10	3.3%
Paul D. Camp JobZone Only	13	4.3%
TAPS/ACAP Only	3	< 1%
Multiple Choices	65	21.4%
No Choice Noted	196	64.5%

Table 8 Awareness by Market/Chamber Affiliation
(Correlated by geographic location of the resource one-stop)

Chamber Groups	Number of Responses	Percentage of Awareness*
HRCC	146	Opportunity Inc. – 34.9% JobZone – 16.4% NEXStep – 19.8%
VPCC	71	Peninsula Worklink – 22.5%
PAED	20	Peninsula Worklink – 36.8%
WACC/GCC	33	Peninsula Worklink – 18.7%
FSACC/ISWCC	34	Paul D. Camp Comm. Coll. Regional Workforce Center Job Zone - >100%**

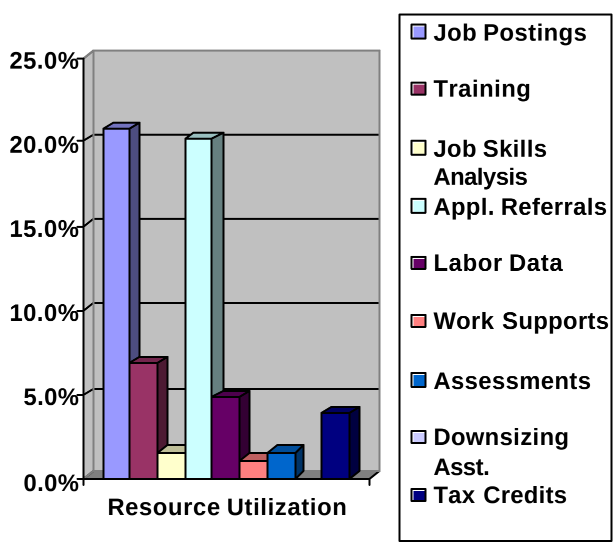
*TAPS/ACAP and VA Workforce Center cross geographical boundaries and are represented as a total percentage.
** Geographically, Smithfield/Franklin adjoins the Suffolk portion of the HRCC membership base, which accounts for the number of respondent selections for Paul D. Camp exceeding the number of participants from FCC and SCC.

Employers who are aware of one resource are more likely to be aware of others as indicated the 21.4 % of respondents who checked more than one one-stop or employment service center location. The most obvious and expected result is that local recognition is higher than regional awareness of these one-stops. For example, Peninsula employers are more aware of the Peninsula Worklink than Hampton Roads Chamber members.

Utilization of Employment Resources/Supports

A complimentary measure to the awareness of public employment one-stop centers is the utilization of resources they support, promote or provide. The following chart demonstrates utilization rates for resources that may be offered at one-stop locations:

Which publicly funded resources does your company utilize?
Chart 12 Resource Utilization Percentages



Among employers that utilize resources, the most tapped into resources are job postings at 21% and applicant referrals at 20%. Nearly 30% of respondents checked one or more of these resources, leaving 70.1% that do not use any of these resources. Less than 5% of employers report utilizing tax credits available for hiring certain worker populations.

The low-utilization of Downsizing Assistance (Rapid Response) may not be significant because a full 48 % of respondents to the survey have less than 50 employees (Chart 2) and do not fall under provisions of the WARN Act[7].

A distinct correlation exists between businesses that indicated an awareness of one or more employment and training one-stops and their use of resources. Employers who are aware of one-stops are more than twice as likely than unaware employers to utilize resources as indicated in Table 9 below.

Table 9 Resource Utilization by Awareness Factor

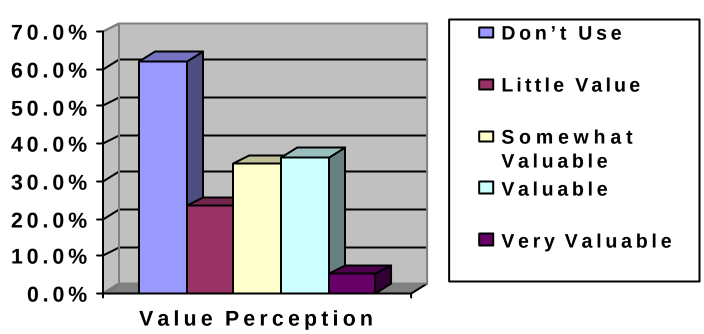
Correlative	Awareness Total	Do Not Use Any Resources	Utilize One or More Resources (Aggregate)	Utilize One Resource	Utilize More than One Resource
Positive Awareness of Employment & Training One-stops	107	58 (54.2%)	49 (45.7%)	18 (16.8%)	31 (29.1%)
No Awareness of Employment & Training Resources	197	155 (78.7%)	42 (21.3%)	24 (12.2%)	18 (9.1%)

The results presented in Table 9 are not surprising. A low awareness of one-stops that provide resources would naturally indicate that resources delivered or promoted by those one-stops are most likely underutilized. Among the 107 respondents that indicated awareness of a one-stop(s), 54.2 % do not use any of the resources available.

UTILIZATION / VALUE PROPOSITION of One-Stop Centers and Resources

Employers were asked how they rated the value of employment resources to their organization.

Chart 13 Value Perception Percentage*



***Percentages do not include responses indicating "Don't use" resources.**

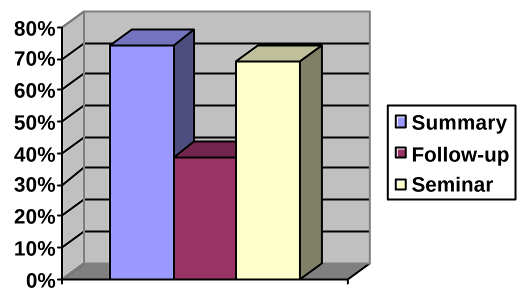
[7] U.S. Department of Labor WARN Act Provisions, 2002 http://www.doleta.gov/programs/factsht/warn.asp

Only 91 companies indicated some level of resource utilization. However, 115 companies rated the value of public resources. This means 20.8 % of ratings come from employers that indicated they do not use resources.

Employer Interest Indicators

Response rates and the utilization of resources are only one indicator of employer interest. Three questions were added to the survey to ascertain the type of involvement and interest employers have toward workforce development. Employers were asked to check the workforce services they would be interested in: 1.) a copy of the survey results; 2.) a follow-up interview to explore the skill needs for their organization; and/or 3.) a seminar on using local employment resources.

Chart 14 Employer Engagement Interest Percentages



Of the 304 employers that responded to the survey, 73% would like to receive a summary of the survey results; 38% want a follow-up interview and 68% would like to attend a seminar on workforce issues.

PART IV
Analysis

Analysis Purpose and Research Structure

The object of this analysis is to gain a better understanding of the high-demand occupational fields lacking skilled workers in Hampton Roads during the current economy; and those that will face increased recruitment pressure over the next decade. In addition, the analysis looked at the awareness, utilization and perceived value of one-stop employment centers and the resources they provide. The analysis is based on data gathered from a paper-based instrument developed by the Hampton Roads Chamber of Commerce under the advisement of the Tidewater Community College, Division of Workforce Development and the Industry Relations Office of Opportunity Inc. The survey was mailed to a total of 3,000 members from the following chambers of commerce: Hampton Roads (HRCC), Virginia Peninsula (VPCC), Williamsburg (WACC), Gloucester (GCC), Franklin – Southampton (FSACC) and Isle of Wight-Smithfield-Windsor (ISWCC). A small portion of this distribution was comprised of partners of the Peninsula Alliance for Economic Development (PAED). Of the 3,000 surveys, 144 were returned undeliverable and an additional 28 were duplicate recipients where the business had offices located in multiple chamber areas resulting in a total distribution volume of 2828. Nine one-on-one follow-up interviews were conducted in conjunction with the paper-based instrument to further ascertain the employment situation faced within the business community and strengthen the research base. As an added mode of distribution, the survey was made available as a *pdf* download through the HRCC website.

The analysis utilizes the aforementioned data and also incorporates relevant data from the Bureau of Labor Statistics and other respected sources. This outside data is used as supporting documentation for conclusions or inferences made from survey results, or to place survey results within the context of a broader picture

Background and Labor Market Overview

Over the past decade, the Hampton Roads Metropolitan Statistical Area (MSA) has consistently posted unemployment rates a full 1 % or more below the national average. The Hampton Roads MSA posted a 3.8[8] % unemployment rate for December 2002. For the year 2002, when the U.S. economy struggled through a recession and labor markets softened, Hampton Roads increased the gap to over 2 %, with the Dec. 2002 national average posting a decade high 6.0[1] %. Although these low numbers bode well for the stability of the region's economy, it further necessitates a strengthening of public and private workforce systems to reduce the impact of labor market shortages on productivity rates both now and in the future. In Hampton Roads, an improved economy can quickly increase labor shortages if hiring rates increase and cause unemployment rates to drop even further.

While a strengthening of the economy and growth of the Hampton Roads region might weaken the strength of the labor market, the movement of baby boomers into retirement age will contribute the challenges employers face in maintaining sufficient staffing levels. Projections involving the economic status of the region are speculative, but aging demographics will be a certain reality for the next decade. Follow-up interviews conducted in conjunction with the paper-based instrument revealed a workforce with an average age as high as 48 years old within some major industries in Hampton Roads, particularly in trade occupations, some health care positions and education. This inference is supported by the demographic trends projected by the Bureau of Labor Statistics, which utilize 2000 census data (ref. Table 6). This is not to indicate that these workers will suddenly drop out of employment at retirement age. National statistics for the past decade indicate a substantial gain in the number of workers among the 60 to 69 year range; contributing as much as 3.8 % more workers to the labor force in 2000 than in 1991[9]. This trend is likely to continue as U.S. populations enjoy longer life expectancy rates and improved health in their later years.[10] However, these older workers cannot be depended upon to fill all expected vacancies, especially in occupations that are physically demanding or that require emerging technology

[8] U.S. Bureau of Labor Statistics, MSA and National Unemployment reports, 2003 www.bls.gov
[9] U.S. Bureau of Labor Statistics, Demographics of Employed and Unemployed Workers, 2003 www.bls.gov
[10] U.S. Department of Health and Human Services, 2001 http://www.hhs.gov/news/press

skills. A further look at the impact of average age by occupation will be discussed in the Industry and Occupation portion of this analysis.

Hampton Roads faces a particularly tough employment outlook. The employer community currently faces critical supply issues in the skilled professional and para-professional fields such as accounting, trades, health care, education and sales that will likely worsen over the next decade. Meanwhile, employment programs such as those offered by one-stop centers are finding worker reemployment or placement to also be a challenging issue because skills gaps and employment expectations within the worker supply chain do not always meet existing occupational demand.

The proceeding indications and observations explore issues presented by the survey results and suggest potential avenues for addressing current and impending workforce shortages.

Indications and Observations

The Employers One-stops Serve

Nearly 50% of survey respondents represent small businesses that employ less than 50 employees (ref. Chart 2). Yet less than 30% of all survey responses indicate the use of publicly funded resources available through one-stop centers (ref. Chart 12). The small business owner is often the one that could most benefit from tapping into a strong one-stop system. Access to an expanded array of human resources assistance services such as pre-screening applicants, assessing job skill for a position or recruiting workers can augment the profitability of a small business. Small businesses rarely have a staff member dedicated solely to human resources and may not have staff that is knowledgeable in the art of hiring and training workers. The challenge is to design access to these services that make engagement a smooth process and provide definitive value to the small employer. Providing them with quality workforce resources can improve their bottom-line significantly and build a stronger economy.

Successful engagement of these small businesses is dependent upon an aggregation of similar employer needs and the creation of partnerships to define skill sets and develop solutions. Engaging a handful of small businesses that have similar staffing needs can provide more cost effective assessment, recruiting and training tools tailored to the skill sets needed in the workplace.

Other survey results also support creating a one-stop system that is easy for employers to use and which meets the needs of business. Over 10% of survey respondents chose to indicate the specific business they engage in, rather than choose a broad industry category (ref. Table 2). The data indicates these are small businesses that hire employees with very specific skill sets that match the business product or services. These categories included legal, accounting, real estate and security. Whereas large employers may hire employees who have any one of these skill sets, small business rely on the ability to hire a particular niche of workers to deliver their product. In other words, to a large company accountants are support staff, whereas for a small accounting firm, accountants are the product. These small employers may also hire less often. In fact, over 50% of all responses indicated hiring 1 to 5 employees for in-demand or hard-to-fill positions annually (ref. Chart 5).

The analysis cannot consider “other” as a category, but it is a good reminder that the qualifications needed by employers, and the diverse specialties of regional businesses, cannot be remedied with a “one-size fits all” strategy. Nor will elaborate systems involving gradual relationship building, which can be effective with large employers who hire on a continual basis, offer value to small employers who need quick recruitment tools to remain fully staffed and maintain production.

As opposed to smaller employers, large businesses often have well developed human resources departments staffed with professionals who know how to target market the applicant base they need. They also have complex benefits and performance tools to maximize retention and attract top-level employees. However, a company’s internal efforts may not provide a comprehensive solution, whereas a partnership with external employment and training systems could provide larger companies with stronger recruiting and retention programs. This is especially true when larger companies are recruiting more highly skilled, experienced workers. Larger companies may rely on the ability of smaller employers to give experience to qualified workers. When the feeder system doesn’t start with a workforce that has the right skill sets, neither large nor small employers can effectively hire the workers they need.

These larger companies may have a keen interest in workforce development as it affects the productivity and capacity of their suppliers to meet on-going production needs. Partnerships between these interdependent organizations can help produce skilled and experienced workers for both types of business. Model program developers like those housed with the U.S. Chamber of Commerce affiliate Center for Workforce Preparation and the non-profit organization Jobs for the Future provide excellent examples of one-stops working with employer groups to build these partnerships and career progression ladders.

Ideally, the one-stops should serve all businesses, but to do so they need to package services in a few different ways to entice small and large businesses, and all industries into trying their services. For example, one-stops might market training funds or retention aids such as childcare or transportation to large businesses that can manage new programs or practices internally on a larger scale. On the other hand, a package of tax credit assistance or pre-screening applicants for smaller employers would provide an instant monetary savings and a good incentive for small businesses to tap into one-stop worker pools.

In-Demand Occupations and Skill Sets

The industry representation results reveal a 2 % gap between the top nine industries represented by the data and the next cluster of hospitality, education and trade industries (ref. Table 2). The remaining contingent gradually falls in representation. A surprising 8.9% response rate was derived from social service and non-profit agencies (ref. Table 4). One agency in particular, Catholic Charities, noted on their survey the difficulty in finding “state certified professionals who can work for the salaries available in social service fields.” This result poses another issue in addressing workforce shortage problems. The inclination to train workers in newer occupations or industries that are often courted by economic development professionals can cause a severe shortage in less glamorous, more traditional fields. The lack of social service professionals, trade workers and educators are an example of this trend.

When job seekers and workforce support staff review labor market data, the most available and prevalent information is based on fastest growing and highest volume growth by occupation through resources such as the Occupational Outlook Handbook[11]. Taken alone, this data does not prepare workers for occupations that will experience very tight hiring markets due to a lack of skilled, qualified workers to replace baby boomers, nor does it necessarily reflect the local occupational outlook.

In contrast, an age distribution by occupation table expands the pool of desirable occupational choices (ref. Table 6). Hampton Roads employers expressed a strong need for trade workers, health care professionals, highly skilled IT workers, teachers and social workers. Among the teaching and trade occupations in particular, the shortage may be due less to job growth than to the maturity of these worker groups. Engineering and nursing however are impacted by both high job growth expectations and an unbalanced age distribution.

Job seekers who review labor market data to support training and job search decisions face a difficult challenge. A strong argument can be made that the average job seeker does not have the expertise or research experience to conduct a well informed and comprehensive occupational outlook campaign. The ability of workforce developers to meet the diverse needs of these employers rests in the capability of their professional staff to understand these industries and educate workers on realistic occupational goals; to include salary expectations and progressive educational paths that will lead to higher wage positions. It is imperative that the leaders and support staff of these programs provide basic regional guidelines for occupations and lead workers into areas that fit their capabilities and interests within that basic framework.

Workforce development professionals must educate workers on a broad field of occupational clusters and realistically assess workers for the potential to gain solid skills in any one field. The survey data clearly indicates that technology jobs are most prevalent in the higher skilled positions like engineering, programming and computer science applications. Merely giving workers basic training in computer technology is not going to meet the needs of technology employers. The ability of workers to progress from basic skills into engineering or programming fields must be considered before starting those workers on career path involving technology training. Furthermore, one-stops should be well versed in cost effective, customized training options available through local educational institutions such as community colleges and industry sponsored vocational schools so they can provide a venue for not only the worker to gain skill sets, but for the employer to increase the expertise of the incumbent workforce.

Employers were surveyed on the reason most applicants they review are not qualified for a position. By far the most frequent choice was a poor skills base or lack of experience.

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[11] Occupational Outlook Handbook 2000 - 10, U.S. Dept. of Bureau of Labor Statistics, 2003
http://www.bls.gov/oco/ocos226.htm

This poses a challenge for one-stops to deliver a qualified workforce to employers because it indicates an employer need for more experienced, seasoned workers. With the advancing age of the current workforce, this trend is likely to continue as companies lose employees with years of experience to retirement. Serious consideration should be made to developing relationships or partnerships with feeder companies who hire entry-level skilled applicants that can be moved up into positions requiring more experience. Strategically designed career ladders can aid in moving workers into positions that require high skill levels. Although education provides solid skills, workers also need options to gain experience in order to be productive additions to business teams soon after they are hired.

Employers indicated that basic skills are relevant to a majority of the in-demand positions. The high need for employees with problem solving skills correlates with the qualification results that indicated workers lack enough experience to fulfill job requirements. Problem solving skills, as opposed to mechanical or technical skills are gained as much through hands-on exposure to challenges in the workplace as through classroom training. One-stops can provide employers with on-the-job training services that will off-set the costs of hiring inexperienced workers and provide a qualified employee to the company.

32% of employers recommended workers attend community college to gain the desired skill sets and nearly 20% listed a university level education as the preferred track. When comparing the occupational needs of these employers, a clear need for highly skilled professionals exist. Nurses, accountants, social workers, teachers and engineers require intensive long-term training. Although civil servants and trade workers may require shorter-term classroom training, they require extensive additional on-the-job training to become fully qualified. Short-term certification programs should be limited to actual job openings requested by specific employers, unless partnerships are developed that will move workers into higher skilled positions.

Employers believe that their current workforce is well suited to the future skill needs of their organizations. Nearly 70 % reported that existing workers would meet future skill needs either very well or well. However, 18.6 % indicated that current workers do not meet anticipated needs. This could indicate a demand for incumbent worker training and partnerships within industries to address existing worker skill enhancement.

The preparedness of the existing workforce may also attest to the ability of the business community to adjust and quickly retrain or develop new skill sets in work environments. The workforce system must be equally as able to produce a quality product in an efficient and timely manner. The results from this survey indicate that a more targeted and focused approach to supplying the community with an in-demand workforce is paramount to ensuring the one-stop centers remain a viable and relevant service for employers and job seekers.

Employer engagement: Lack of Need, Lack of Value or Lack of Awareness?

One-stop employment and training centers that provide worker and employer services, do not necessarily have the name recognition of the agencies that handle WIA funding for the area. For example, awareness of Opportunity, Inc. is more than double that of JobZone or NEXStep, which are the direct contact points for employers to access worker pipelines. The exception is Paul D. Camp Community College Regional Workforce Center (PDCC), which houses a JobZone one-stop center, and ranks near Opportunity, Inc. This may be due to the smaller community it serves; the fact that it shares the same name as the community college; or other branding strategies, which cannot be determined within the scope of this survey.

Secondly, employers who are aware of one one-stop are more likely to be aware of others as indicated by the fact that 21.4 % of respondents checked more than one one-stop. Finally, the most obvious and expected result is that local recognition is higher than regional awareness of these one-stops. However, with 64.5 % of employers making no choice, the awareness of these employment resources is not as high as it needs to be to engage employers and create consistent utilization patterns of the services provided by these one-stops.

In reviewing the utilization of resources, an inference can be made that the employment resource centers are viewed as hiring tools, rather than partners in the broader scheme of human resource functions, (i.e. training, retention tools and worker support services). Resources that enable retention such as work supports, (child care and transportation supplements, etc.) and tax credits, as well as resources that aid in employment planning strategies such as labor market data and training are highly underutilized. As such, if employers do not garner the applicant base they need from the centers, and they do not view these employment centers as full partners in maintaining healthy staffing levels, the incentive for engaging the system as a whole may be diminished. A small percentage of employers indicate they use Downsizing assistance, but a large contingent of responses was from small employers who are not mandated under the WARN Act to notify public employment agencies of their lay-offs. However, increased awareness of services that can help workers connect to new positions before lay-offs occur would be beneficial to small employers and should be promoted.

Data indicates that the publicly funded resources utilized by businesses are for the most part also offered through national or state agencies one-stops and not just at the WIA funded one-stop locations. Among these are: job postings (83%); training (15%); and tax credits (10%). Potentially, job postings could be made through America's Job Bank. Training opportunities could include seminars held by other government entities such as the EEOC and educational institutions. Another 23 % indicated they use applicant referrals, which could indicate they are receiving job applicants from public employment centers despite not indicating awareness or having name recognition with local one-stops. It appears that the alignment of one-stop centers with additional resources available at the state and federal level can create a more robust system and provide a well-rounded array of solutions to employers seeking to improve their access to the local workforce.

Since a majority of respondents place some value on these resources, low utilization does not appear to be due to discontentment with the employment and training services available. However, there is significant room for improvement in this area. Nearly 60% rate the value as "little or somewhat" and that average value perception may not be enough for employers to spend time and resources determining how one-stop employment centers can help them achieve their business goals.

The low utilization rates, coupled with the low awareness rates suggest that targeted outreach to employers to promote the value of public employment and training centers and the services they provide could increase employer engagement in the system. The positive value perceptions outlined above should be included in this outreach strategy, and an effort to find specific employer endorsements of these resources might provide an effective marketing tool.

In fact, employers indicated they are interested in learning more about these resources and exploring their own needs for worker training. 68% indicated they would like to attend a seminar on how to effectively tap into one-stops, several respondents wrote in that they would send HR staff members to an employment resource seminar.. 38 % of respondents indicated they not only want a copy of the results, but would also like to participate in a follow-up interview to explore a skills development strategy for their company. These responses indicate a strong interest in workforce and employment issues.

Summary

One-stop centers provide a valuable resource to the community. However, in order to be truly effective they must serve a broader population base that gives employers a wide range of skill sets to choose from and they must provide services employers can effectively utilize. Although there is a need for unskilled workers, there is little need for semi-skilled workers who go through short-term training programs. Rather, employers indicate they have a need for workers with professional skills requiring long-term education and training. The one-stop system does not always have the capacity or ability to fulfill these positions. However, a systematic approach that designs long-term career paths for workers could aid in achieving a goal of supplying the economy with higher skilled workers.

One-stop centers could achieve these goals by identifying employers who have entry-level positions and creating strategies for moving those workers into positions requiring higher skill levels. Incentives for businesses who work with the one-stops in achieving this goal should be easily accessible and relatively simple to implement. In addition, one-stops should view themselves as educators to the business community on the challenges posed by future changes in the labor market as another tool in engaging those employers in workforce development solutions.

HAMPTON ROADS REGIONAL EMPLOYMENT MARKET ANALYSIS SURVEY

Part 1: Qualification of Skills Focus

Please complete survey by **January 31, 2003** and submit to:

Hampton Roads Chamber of Commerce • 420 Bank Street, Norfolk, Virginia 23510 • Email: mcarrera@hrccva.com
Fax: 757-622-5563 • For an electronic version visit www.hamptonroadschamber.com
For further information call Michelle Carrera, 757-664-2535

SURVEY GLOSSARY OF TERMS:

Primary Industry: The tax identifier or primary work activity of your business.
Occupational Field: The primary functional areas of the position being explored in this survey.
School-to-Work: Opportunities to give workers field experience while becoming educated.
One-stop: Publicly funded centers where workers seek employment assistance and training.
Providers: Organizations that fund, manage or deliver services to the public and business community.

1. Mark the primary industry of your business. (Please check only one)

❑ Agriculture/Forestry ❑ Social Services/Non-profit ❑ Hospitality/Tourism
❑ Retail/Wholesale ❑ Ship Building/Repair ❑ Construction ❑ Manufacturing
❑ Government ❑ Call Center ❑ Education ❑ Communications
❑ Finance, Insurance/Real Estate ❑ Transportation ❑ Food Service ❑ Health Care
❑ Technology ❑ Other: ______________________________

2. How many employees do you have in Hampton Roads?

❑ 10 or fewer ❑ 11 to 50 ❑ 51 to 150 ❑ 151 to 300 ❑ 301 or more

3. What percentage of hires require a security clearance?

❑ None ❑ Under 25% ❑ 25 – 50% ❑ 50 – 80% ❑ 80% +

4. How difficult is it to recruit a qualified workforce?

❑ Very ❑ Somewhat ❑ Not Very ❑ Don't hire often

5. Which is the <u>most</u> likely reason applicants you recruit do NOT make a good candidate?

❑ Poor skills base/ lack of experience ❑ Wrong/outdated skills
❑ Insufficient level of education/certification ❑ Lack of basic literacy/math skills/work habits
❑ Other:______________________________

6. In which occupational field/position do you have the hardest time finding qualified workers? (Check one) *If you have more than one position that is particularly challenging to fill, please use a separate sheet of paper and answer questions 6 through 11 for each position.

❑ Administration ❑ Health Care ❑ Trade workers ❑ Food Service
❑ Information Technology ❑ Customer Service ❑ Sales
❑ If you have a specific position need, please list:______________________________

7. How many openings for this occupational field/position do you have in a typical year?

❑ 1 to 5 ❑ 6 to 10 ❑ 11-20 ❑ 21 or more

8. What skill sets are critical to this occupational field/position?

❑ Literacy ❑ Advanced Math ❑ Verbal Communication ❑ Computer - Basic
❑ Computer - Engineering ❑ Mechanical ❑ Problem Solving ❑ Written Communication
❑ Computer - Technical ❑ Computer - Programming ❑ Listening ❑ Basic Work Habits
❑ Information/Research ❑ Specific Trade:__________________ ❑ Teamwork
❑ Detail Orientation ❑ Hand-eye Coordination ❑ Other: ____________________

9. What skills do applicants for this occupational field/position typically lack?

____

10. Where would you advise an applicant go to gain the skills needed to work in this position?

❑ University level ❑ Community College ❑ Business School ❑ On-the-Job

11. What specific coursework, certification or degree would you recommend is best suited to prepare for this occupational field/position? ______________________________

12. How well does your current workforce meet your future skill needs?

❑ Very well ❑ Well ❑ Not Very Well ❑ Unsure

13. Do you currently engage in any of the following activities?

❑ On the Job Training ❑ Co-Op/School-to-work ❑ Internships

14. Would you be interested in exploring school-to-work partnerships? ❑ Yes ❑ No

15. Are you aware of the publicly funded employment resources available locally? ❑ Yes ❑ No

16. If Yes, please check which you are familiar with:

❑ Opportunity Inc. ❑ Peninsula Worklink ❑ NEXStep Training for Transition Center
❑ JobZone ❑ Virginia Workforce Network/Center ❑ TAPS/ACAP Employment Centers
❑ Paul D. Camp Regional Workforce Center

17. Does your company use any of the following publicly funded employment resources?

❑ Job Postings/Orders (by phone or on-line) ❑ Applicant referrals ❑ Assessments
❑ Training Seminars ❑ Labor Market Data ❑ Downsizing Transition Assistance
❑ Job Skills Analysis ❑ Work Supports ❑ Tax Incentives/Credits

18. How would you rate the value of these resources to your organization? (circle one)

1 – Don't use 2 – Little value 3 – Somewhat valuable 4 - Valuable 5 – Very valuable

Company Name: ______________________________________
Representative Name & Title: ____________________________
Contact Phone: __________________ Contact E-mail: ____________________

Would you be interested in receiving a summary of results from this study? ❑ Yes ❑ No
Would your company conduct a follow-up Skills Development Strategy interview? ❑ Yes ❑ No
Would you attend a seminar on using local employment development resources? ❑ Yes ❑ No

If you have further comment, please attach an additional sheet.