

What *Employers* Need



Background

Every two years the Workforce Training and Education Coordinating Board surveys Washington State employers and uses their responses to identify workforce needs and practices.

The most recent survey was conducted during the summer and fall of 2005 in collaboration with the Association of Washington Business. Roughly 2,100 employers responded, providing a 2.1 percent margin of error at the 95 percent confidence level.

A full copy of the report with appendices is available at www.wtb.wa.gov/. Appendix A provides definitions of industry sectors and the distribution of survey responses by workforce development area, firm size, and industry. Appendix B contains the survey instrument, and Appendix C the results by industry sector.



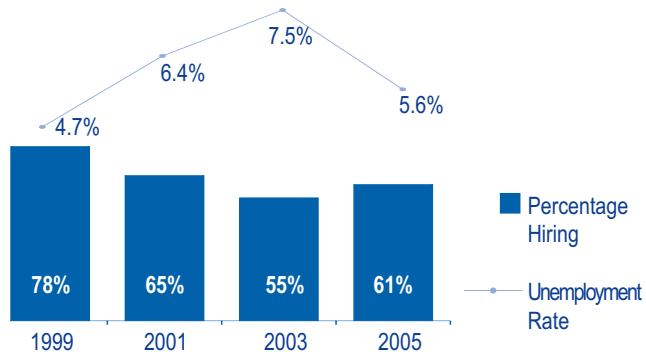
Introduction

The economy is performing well, producing tens of thousands of new jobs, and Washington State employers are having difficulty finding qualified job applicants. What skills are they seeking that applicants are lacking? What educational levels are they demanding? And what sectors are experiencing the most difficulty?

The following numbers tell the story.

61% of Washington firms reported hiring new employees in the last 12 months, an increase of 6 percentage points from 2003 when the state was still in the midst of an economic recession.

Employers Hiring and Washington's Unemployment Rate



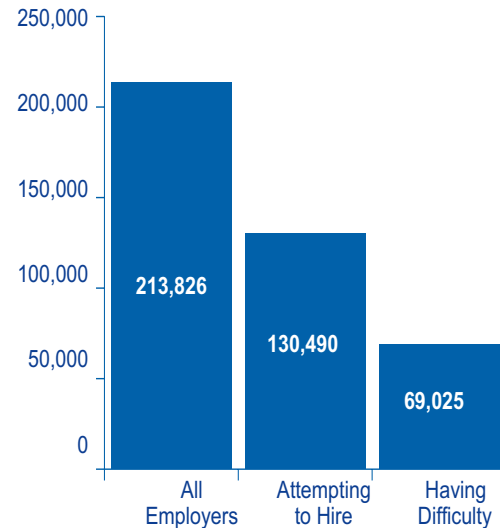
51% of employers attempting to hire found it difficult to find qualified job

applicants compared with 45% two years ago. As the economic recovery continues, the problem is likely to become more intense.

69,000 Washington employers, or about

1 in 3, had difficulty finding qualified job applicants during 2005 when survey results are extrapolated to cover all Washington businesses.

Washington State Employers: Those Attempting to Hire, and Those Having Difficulty Finding Qualified Applicants



The difficulty in finding qualified job applicants was most severe in the construction and agriculture/food processing industries and least severe in retail and wholesale trade.

Employers Reporting Difficulty Finding Qualified Job Applicants by Workforce Development Area (WDA), Among Those Attempting to Hire

WDA	2001	2003	2005
Olympic	61%	56%	63%
Seattle-King County	71%	54%	49%
Eastern Washington Partnership	54%	53%	59%
Tri-County	51%	46%	60%
Northwest	43%	46%	48%
North Central	42%	45%	67%
Benton-Franklin	61%	44%	28%
Snohomish County	61%	42%	49%
Spokane Area	47%	41%	50%
Pacific Mountain	69%	38%	40%
Tacoma-Pierce County	54%	30%	50%
Southwest Washington	54%	28%	62%
<i>Statewide</i>	<i>60%</i>	<i>45%</i>	<i>51%</i>

Among Employers Attempting to Hire, Those Reporting Difficulty Finding Qualified Job Applicants by Industry Sector

Industry	2001	2003	2005
Agriculture & Food Processing	66%	44%	67%
Construction	48%	65%	71%
High-Tech	47%	54%	56%
Manufacturing	60%	49%	55%
Services	63%	38%	53%
Trade	58%	51%	42%
Other: F.I.R.E., Transportation, Utilities & Govt.	61%	42%	56%
<i>All Industries</i>	<i>60%</i>	<i>45%</i>	<i>51%</i>

Employers throughout the state reported difficulty finding qualified applicants, but the highest incidences were in the North Central, Olympic, Southwest Washington, Tri-County, and Eastern Washington WDAs. The shortage appeared least severe in the Benton-Franklin area.

Washington is divided into 12 workforce development areas; several include multiple counties. Eastern Washington includes Ferry, Stevens, Pend Oreille, Lincoln, Whitman, Walla Walla, Columbia, Garfield, and Asotin. North Central includes Okanogan, Chelan, Douglas, Grant, and Adams. Northwest includes Whatcom, Skagit, San Juan, and Island. Olympic includes Clallam, Jefferson, and Kitsap. Pacific Mountain includes Grays Harbor, Mason, Thurston, Lewis, and Pacific. Southwest Washington includes Wahkiakum, Cowlitz, Clark, and Skamania. Tri-County includes Kittitas, Yakima, and Klickitat. Seattle-King, Snohomish, Tacoma-Pierce, Spokane Area, and Benton-Franklin are single or dual county areas.

Faced with a shortage of qualified applicants, firms hired less qualified workers, increased recruiting, added overtime, and left openings unfilled. Among firms having difficulty, the responses to skill shortages were similar to those reported two years ago.



Employer Response to the Shortage of Qualified Applicants

<u>Response</u>	<u>Among All Employers</u>
Hired a less qualified applicant	18%
Increased recruiting efforts	15%
Increased overtime for employees	14%
Did not fill the opening	12%
Increased wages to attract applicants	8%
Outsourced work to another firm	6%

Economic Impacts of Skill Shortages

<u>Response</u>	<u>Among All Employers</u>
Reduced production output or sales	17%
Lowered overall productivity	16%
Reduced product or service quality	14%
Prevented firm from expanding facilities	8%
Prevented firm from developing new products/services	6%
Caused firm to move some operations out of state	<1%

17% of Washington employers reported that the difficulty finding qualified job applicants lowered output or sales, 16% said it lowered productivity, and 14% reported it reduced quality. These are similar findings to previous surveys.

*The shortage of qualified job applicants is highest at the subbaccalaureate level (i.e. some postsecondary education or training).**

9% of Washington employers, over 19,000 firms, had difficulty attempting to hire workers with a vocational certificate compared with 5% of employers who had difficulty hiring workers with a baccalaureate degree. This is similar to past surveys.

* This finding is consistent with a labor market analysis conducted jointly by the Workforce Board, the State Board for Community and Technical Colleges, and the Higher Education Coordinating Board. It found a general shortage at the subbaccalaureate level, but a shortage only in certain fields at the BA/BS level. See www.wtb.wa.gov/Pubs/2005_Related_SEW-1.pdf.



Employer Difficulty Finding Applicants by Educational Level

Educational Level	Estimated # of Firms	Among All Employers
Neither a high school diploma or GED	4,700	2%
High school diploma or GED	14,100	7%
Some college course work	18,900	9%
Vocational certificate	19,200	9%
Vocational associate degree	18,100	8%
Academic associate degree	10,700	5%
Baccalaureate degree	13,900	6%
Master's degree	8,700	4%
Doctorate or professional degree	3,800	2%

22% of employers reported difficulty finding applicants with occupation-specific skills (e.g., they wanted to hire a registered nurse but had trouble finding one). About 20% had difficulty finding applicants with problem-solving skills, positive work habits and attitudes, communication skills, or teamwork skills. Fewer employers had difficulty finding applicants with basic math (12%), writing (12%), or reading skills (7%). These are similar to previous survey results.

Employers Reporting Difficulty Finding Qualified Job Applicants With Specific Skills and Abilities

Type of Skill or Ability	Among All Employers
Occupation-specific skills	22%
Problem-solving or critical thinking skills	21%
Positive work habits and attitudes	20%
Communication skills	19%
Teamwork skills	18%
Adaptability to changes in duties and responsibilities	16%
Ability to accept supervision	16%
Computer skills	12%
Writing skills	12%
Math skills	12%
Reading skills	7%
English as a second language	5%



The need for a skilled workforce will remain acute for the foreseeable future.

33% of Washington firms reported that the skills required to adequately perform production or support jobs had increased over the last three years, and 54% said they had stayed the same.

The reasons for additional skills: increasing reliance on computers—48% of nonsupervisory employees use computers in their jobs—and growing demand for high-performance work practices. 82% of Washington firms cross-trained employees to do a number of jobs, 59% organized regular

meetings with workers to discuss ways to improve practices, 54% linked pay to performance, and 46% compared their performance with that of other firms (benchmarking). These are about the same percentages as in the previous survey.

Employers are responding to the skills challenge by providing classroom and on-the-job training.

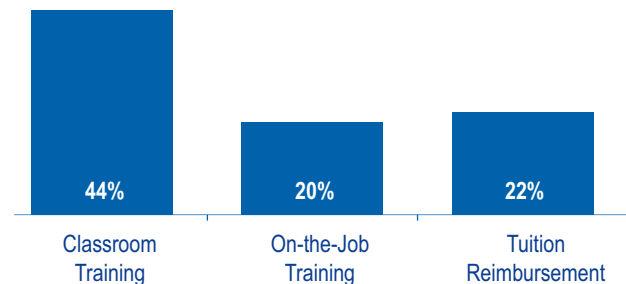
44% of firms provided or paid for some classroom training (lasting at least 4 hours in either workplace practices, basic skills, or job-specific skills) for employees in the last 12 months.

29% of firms reported that the percentage of workers who received classroom training increased during the past three years. The reasons: need to improve quality; changes in technology; improve the morale and work habits; new hires did not have the necessary skills; changes in the organization of work; and changes in products or services. The proportion of employees receiving classroom training varied by occupation. Training was especially high among managerial employees and lower among service, sales, and production workers.

22% of all Washington employers provided tuition reimbursement to their employees, 40% of whom restricted it to job-related training.

20% of firms provided at least four hours of on-the-job training (OJT), similar to the finding two years ago. The incidence of on-the-job training also varied by occupation, though much less so than did classroom training. Employers offered OJT more frequently than classroom training to their technical, sales, administrative support staff, service, and production workers.

Proportion of All Employers Providing Classroom and On-the-Job Training and Tuition Reimbursement During the Last 12 Months



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**WASHINGTON STATE
WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD
MEETING NO. 108
JANUARY 26, 2006**

EMPLOYER SURVEY RESULTS (ADVANCED DRAFT)

The Workforce Training and Education Coordinating Board (Workforce Board) recently completed its biennial survey of Washington State employers regarding workforce training needs and practices. This tab contains tables showing the results. The results are still marked draft since there has been insufficient time to thoroughly vet them prior to including the results in the Board packet.

The Workforce Board administered the survey during the summer and fall of 2005. The Association of Washington Business assisted with a transmittal letter encouraging employers to respond. The response rate was 2,100 employers, a 17 percent response rate. The margin of error is 2.1 percent at the 95 percent confidence level. This means that if the survey were conducted many times, 95 percent of the time the results would fall within the range + or – 2.1 percent of the results reported here.

Most of the questions ask employers about their workforce training needs and practices during the previous 12 months. This was a period during which the state economy came out of a recession and began to expand rapidly. As a consequence, more employers reported hiring new employees and having difficulty finding qualified job applicants compared to the previous survey two years ago. Sixty-one percent of firms reported hiring new employees in the last 12 months (compared to 55 percent two years ago) and of those firms attempting to hire, 51 percent reported difficulty finding qualified job applicants (compared to 45 percent two years ago). Extrapolating from the survey results, an estimated 69,000 Washington firms had difficulty finding qualified job applicants during the previous 12 months.

As has been the case in every biennial survey of employers, the shortage of vocationally trained workers at the sub-baccalaureate level affected more firms than the shortage of workers at baccalaureate or above levels. The skills that employers report the greatest difficulty finding in job applicants remain occupational-specific skills, such as they wanted to hire an emergency room registered nurse and could not find an applicant that was qualified. After occupational-specific skills, the skills most difficult to find were general workplace skills such as the ability to solve problems, positive work habits, communication, and teamwork skills.

The next steps will be to write-up and publish the results, including results by Workforce Development Area and industry.

Board Action Requested: None. For discussion purposes only.

*Q1. Percent of Firms That Hired New Employees in the Last 12 Months
(All Firms).*

WDA	Yes	Number	Total in WDA
BENTON FRANKLIN	54%	3,389	6,291
EASTERN	49%	3,300	6,725
KING	50%	35,815	71,386
NORTH CENTRAL	52%	4,880	9,463
NORTHWEST	68%	10,497	15,508
OLYMPIC	67%	8,393	12,455
PACIFIC MT	60%	9,820	16,380
PIERCE	68%	13,998	20,477
SNOHOMISH	73%	11,857	16,308
SOUTHWEST	71%	9,321	13,101
SPOKANE	74%	11,833	15,968
TRI-COUNTY	76%	7,387	9,764
STATEWIDE	61%	130,490	213,826

Question 3: In the last 12 months, did your firm/organization have any difficulty finding qualified applicants for any of the jobs you were trying to fill?

Q3. Among Firms Looking, Percent With Difficulty	Percent with Difficulty	Employers who had Difficulty	Number of Employers Attempting to Hire	All Employers	
				Percent	N
BENTON FRANKLIN	28%	955	3,395	15%	6,291
EASTERN	59%	2,261	3,843	34%	6,725
KING	49%	17,855	36,239	25%	71,035
NORTH CENTRAL	67%	3,889	5,790	41%	9,463
NORTHWEST	48%	5,524	11,543	36%	15,508
OLYMPIC	63%	5,287	8,400	42%	12,455
PACIFIC MT	40%	4,061	10,214	25%	16,380
PIERCE	50%	7,002	14,075	34%	20,477
SNOHOMISH	49%	5,753	11,857	35%	16,308
SOUTHWEST	62%	5,784	9,356	44%	13,101
SPOKANE	50%	6,067	12,049	38%	15,968
TRI COUNTY	60%	4,587	7,594	47%	9,764
Statewide	51%	69,025	134,355	32%	213,475

Question 4: How did your firm/organization respond to the difficulty finding qualified applicants?

Q4. Responses to the difficulty finding qualified applicants	Among Employers who had Difficulty	All Firms
	a) Did not fill the opening	40%
b) Hired a less qualified applicant	62%	18%
c) Outsourced the work/service	20%	6%
d) Increased overtime for employees	49%	14%
e) Increased recruiting efforts	52%	15%
f) Increased wages to attract applicants	28%	8%

Question 6: In general, how much difficulty has your firm/organization experienced in the last 12 months finding qualified applicants with the different education levels listed below?

Q6.	Among Employers who had Difficulty	All Employers
Neither a high school diploma or GED	8%	2%
High school diploma or GED	23%	7%
Some college course work	31%	9%
Vocational certificate	31%	9%
Vocational associate degree	29%	9%
Academic associate degree	17%	5%
Baccalaureate degree	18%	5%
Master degree	11%	3%
Doctoral or professional degree	6%	2%

Question 7. How much difficulty has your firm/organization had finding employees with the following skills?

Q7. Firms reporting difficulty finding workers with the following skills	Among Employers who had Difficulty	All Employers
a) Reading skills	24%	7%
b) Writing skills	41%	12%
c) Math Skills	42%	12%
d) Occupation-specific skills	76%	22%
e) Computer skills	43%	12%
f) Team work skills	63%	18%
g) Problem solving or critical thinking skills	70%	21%
h) Communication skills	65%	19%
i) Positive work habits and attitudes	68%	20%
j) Ability to accept supervision	53%	15%
k) Ability to adapt to changes in duties and responsibilities	56%	16%
l) English as a Second Language skills	17%	5%

Question 8. Which of the following has resulted from your firm's difficulty in finding qualified applicants?

Q8. Responses to the difficulty finding qualified applicants	Among Employers who had Difficulty	All Employers
a) Lowered overall productivity	57%	16%
b) Reduced product or service quality	50%	14%
c) Reduced production output or sales	57%	17%
d) Prevented firm from expanding its facilities	27%	8%
e) Prevented firm from developing new products/services	21%	6%
f) Caused firm to move some operations out of Washington	1%	0.2%

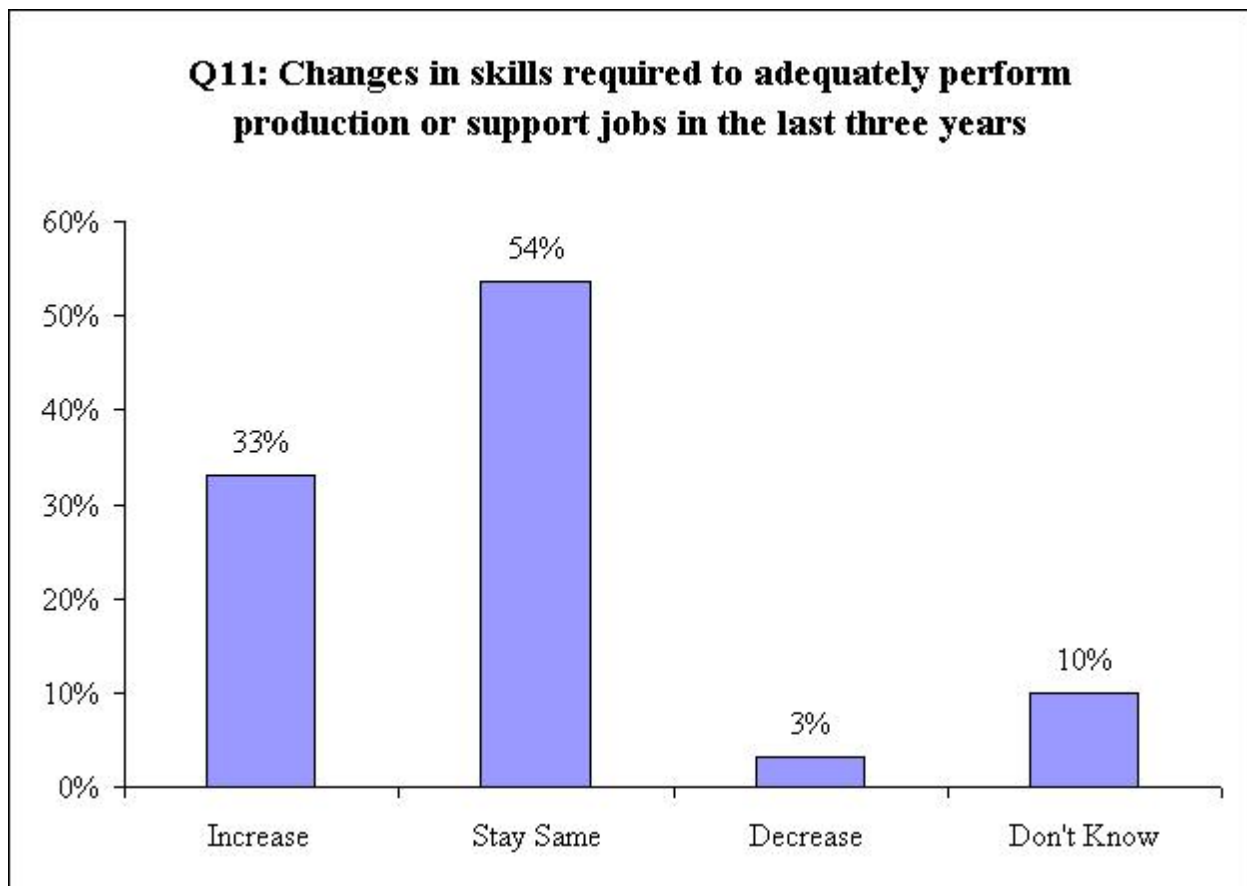
Question 9. How much difficulty has your firm/organization experienced with entry-level workers hired in the last six months demonstrating the following skills?

Q9.	Among Employers who had Difficulty	All Firms
a) Speaks so others can understand	24%	7%
b) Listen actively	44%	13%
c) Read with understanding	33%	10%
d) Observe critically	46%	13%
e) Cooperate with others	40%	12%
f) Resolve conflict and negotiate	44%	13%
g) Use math to solve problems and communicate	35%	10%
h) Solve problems and make decisions	57%	17%
i) Take responsibility for learning	63%	18%
j) Use information and communications technology	36%	11%

Question 10. How will your firm's need for employees with each type of education change in the next few years? (All Firms)

Q10. Educational Level	Increase	Stay about the same	Decrease	Not Needed
Neither a high school diploma or GED	2%	39%	5%	54%
High school diploma or GED	10%	57%	4%	29%
Some college course work	16%	46%	4%	34%
Vocational certificate	15%	39%	1%	45%
Vocational associate degree	9%	36%	1%	54%
Academic associate degree	11%	33%	1%	55%
Baccalaureate degree	14%	31%	1%	54%
Master's degree	6%	26%	1%	67%
Doctoral or professional degree	1%	22%	1%	76%

Question 11. In the last three years, have the skills required to adequately perform production or support jobs increased, decreased, or remained the same?



Question 15. In the last three years, has the percentage of your employers who received classroom training, workshops, or seminars of some kind increased, decreased, or remained the same?

