

LABOR MARKET CONDITIONS IN POLK COUNTY

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INTRODUCTION

This report summarizes the findings from a study of labor market conditions in Polk County in the Spring of 2010. The purpose of the study was to examine the existing and anticipated demand for labor in the county.

Data for the study are drawn from completed questionnaires elicited by the Polk County Economic Development Corporation from seventeen employers. These interviews obtained information on characteristics of the establishments, vacant positions and recruitment efforts, training, retention of employees, and benefits and wages offered in the firm. See Appendix A for a copy of the questionnaire used in these interviews.

CHARACTERISTICS OF EMPLOYERS

Among the employers interviewed, the large majority (82%) are for-profit organizations. The remaining are nonprofit establishments. Half of the firms are independently owned, one-third are owned by a multi-establishment firm, and 19% own branch firms. There is a wide variation in the number of years the firm has been in the county, with the oldest one being established in 1894.

We obtained information on the past, current, and anticipated employment in the firm, and different types of employment: full-time, part-time, temporary/seasonal, and contract workers. See Table 1 for the average in each of these categories. The size of the firms in the sample ranged from 0 to 246 employees. Although employers report a slight increase in the size of their workforce over the past five years, they anticipate they will have about the same number of full- and part-time workers one year from now. About one-half of the firms report they do not anticipate any change in the number of their full-time employees. Only two firms expect to decrease the number of full-time employees, while six expect to increase. Employers anticipate relatively smaller changes in the number of part-time, temporary and contract workers.

**Table 1. Past and Current Average
Employment Levels among Employers**

| | 5 years ago | Current |
|--------------------|-------------|---------|
| Full-time | 44 | 54 |
| Part-time | 4 | 18 |
| Temporary/Seasonal | 0 | 0 |
| Contract | 0 | 1 |

Half of the employers report they have used a staffing or temporary agency. Among those firms, about half report they have hired temporary employees as a recruitment method for obtaining permanent employees.

VACANT POSITIONS AND RECRUITMENT

About thirty percent of the employers reported they are having difficulty in recruiting qualified workers. For those employers reporting difficulty in hiring, we asked them to identify the employment categories they were having the most difficulty recruiting. There were a wide range of positions reported, but most were higher skills positions that required a significant level of training, such as electronics assembly workers, managers. We asked employers that were having a difficult time recruiting, what the reasons were for their problems. Most reported that the applicants lacked the necessary skills for the available positions. A few employers indicated that applicants were unwilling to work for the existing wages/benefits or work conditions or there are simply too few applicants.

We asked employers to identify the position that had been vacant the longest. Six employers reported information on this vacancy. The positions ranged from electronic technician to receptionist. On average, the position vacant the longest had been open for sixteen weeks, although this figure is influenced by one extremely long search. Why was this position vacant? Employers were most likely to report that the position was vacant because the previous employee left for another job.

How do Polk County employers recruit new workers? We asked employers to identify all the strategies they use to recruit new workers. In Table 2, we report the responses to this question. Employers are most likely to rely on news paper ads and the internet.

Table 2. Methods Employers Use To Recruit New Workers

| | Percentage |
|-------------------|------------|
| Newspaper Ads | 82.4 |
| Internet | 70.6 |
| Current Employees | 64.7 |
| Walk-ins | 52.9 |
| Help-wanted signs | 35.3 |
| Job Center | 35.3 |
| Schools | 29.4 |
| Recruiting Firm | 29.4 |
| Temp Agency | 17.6 |
| Referral Bonus | 17.6 |
| Community Agency | 11.8 |
| Job Fair | 11.8 |
| Hiring Bonus | 11.8 |

In Table 3, we present a list of the current and anticipated (one year) vacancies among the employers interviewed in this study. The largest number of current vacancies and the largest number of anticipated vacancies are for bookkeeping & accounting, and computer operation & data entry.

Table 3. Current and Anticipated (One Year) Vacancies in Polk County

| | Current | Anticipated | Difficulty Recruiting (%Very) |
|--|---------|-------------|-------------------------------|
| Technical | | | |
| Engineering | 0 | 7 | 100.0 |
| Other Professional/Technical Specialty | 0 | 3 | 100.0 |
| Clerical & Administrative Support | | | |
| Bookkeeping & Accounting | 3 | 0 | 60.0 |
| Computer Operation & Data Entry | 1 | 1 | 0.0 |

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Table 3. Current and Anticipated (One Year) Vacancies in Polk County

| | Current | Anticipated | Difficulty Recruiting (%Very) |
|--|---------|-------------|-------------------------------|
| Sales, Marketing, and Tellers | | | |
| Sales Representatives/Wholesale | 0 | 2 | 100.0 |
| Other sales and marketing | 0 | 2 | 66.7 |
| Mechanics & Repair | | | |
| Industrial Machinery Maintenance & Repair | 0 | 1 | 50.0 |
| Machine Operation | | | |
| CNC Programmer/Operator | 0 | 1 | 100.0 |
| Machinists | 0 | 2 | 100.0 |
| Assemblers, Processors & Laborers | | | |
| General Machine Feeders/Offbearers | 0 | 10 | 0.0 |
| Other Laborers & Helpers & Prod. Workers | 0 | 2 | 100.0 |
| Other Oper., Assem., Processors & Laborers | 0 | 3 | 100.0 |

We next asked employers whether they use a variety of pre-employment screening techniques (Table 4). Employers are most likely to check references and perform drug and alcohol testing. Skill tests are also widely used.

Table 4. Employer Pre-Employment Screening Techniques

| | Percentage |
|--------------------------|------------|
| Reference Checks | 88.2 |
| Drug & Alcohol Test | 58.8 |
| Basic Skills Test | 47.1 |
| Job-Specific Skills Test | 29.4 |
| Co-Worker Interviews | 29.4 |
| Aptitude Test | 17.6 |
| Personality Test | 11.8 |
| Job Trails/Internships | 11.8 |

There is substantial evidence that the skills demanded by employers are similar. In other words, certain skills are expected by most employers. To understand what skills are most valued by employers, we asked them to evaluate how important a variety of attributes were in their hiring decisions (Table 5). There were three levels of importance: very important, somewhat important, and not at all important. Employers value many of the standard skills, such as reading, writing and math. However, there appears to be much more emphasis placed on basic work skills (aka. soft skills), such as punctuality, productivity, and motivation.

Table 5. Employer Ratings of Importance of Employee Skills

| | Percent Very Important |
|---|------------------------|
| Attendance/punctuality | 94.1 |
| Productivity | 94.1 |
| Initiative/motivation | 94.1 |
| Integrity/honesty | 94.1 |
| Quality/customer satisfaction | 94.1 |
| Teamwork | 94.1 |
| Listening | 82.4 |
| Ability to learn and apply new concepts | 82.4 |
| Reading skills | 76.5 |
| Mathematics | 76.5 |
| Proper use of tools, equipment, and technology | 76.5 |
| Specific skills required for job | 76.5 |
| Ability to organize and use information | 70.6 |
| Problem solving skills | 70.6 |
| Decision making skills | 70.6 |
| Safety awareness | 70.6 |
| Writing skills | 64.7 |
| Ability to interact with individuals from diverse backgrounds | 64.7 |
| Computer skills | 58.8 |
| Creativity | 47.1 |
| Speaking | 41.2 |

TRAINING

Given the technological change in the workplace and internationalization of markets there is a growing need for job training. To assess how much and what type of training Polk County employers offered, we asked a series of questions regarding their training activities. About half of the employers provide some type of informal training and 69% provide some type of formal training to new hires. On average, a new hire receives 60 hours of formal training. Thirty-seven percent of the employers reported that they provide new hires with a mentor. Most employers also provide new hires with some type of orientation to the workplace. Eighty percent provided a formal orientation, with an average of 15 hours of orientation, and 38% gave new hires an informal orientation.

Similarly, almost all (94%) employers report they provide on-going training and skill development in their firm. They are more likely to offer training for job specific skills than for general skill development. On average, employers provided some formal training to more than 70% of their employees and spent an average of \$8,083 on training last year. Two-thirds of the employers provide incentives for employees to acquire new skills and knowledge. In Table 6, we provide descriptive information on the educational and experience requirements for various positions in Polk County. College and technical degrees are not required for many service and laborer positions.

**Table 6. Education and Experience Required
for Various Positions in Polk County**

| | Percent Requiring Technical College or Above | Experience Required (#Years) |
|--|--|---------------------------------|
| Technical | | |
| Computer Specialists | 100.0 | 2.5 |
| Engineering | 100.0 | 4.0 |
| Other Professional/Technical Specialty | 100.0 | 3.5 |

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**Table 6. Education and Experience Required
for Various Positions in Polk County**

| | Percent Requiring Technical College or Above | Experience Required (#Years) |
|--|--|---------------------------------|
| Clerical & Administrative Support | | |
| Secretarial/Wordprocessing | 100.0 | 2.0 |
| Bookkeeping & Accounting | 100.0 | 3.0 |
| General Office | 33.3 | 2.5 |
| Computer Operation & Data Entry | 100.0 | 2.0 |
| Receptionist/Desk clerk | 0.0 | 2.0 |
| Shipping, Receiving, Stock & Inventory | 0.0 | 4.0 |
| Other Clerical & Administrative Support | 0.0 | 4.0 |
| Sales, Marketing, and Tellers | | |
| Sales Representatives/Wholesale | 100.0 | 5.0 |
| Cashiers/Teller | 0.0 | 2.0 |
| Other Sales & Marketing | 100.0 | 4.7 |
| Mechanics & Repair | | |
| Industrial Machinery Maintenance & Repair | 50.0 | 4.0 |
| Machine Operation | | |
| CNC Programmer/Operator | 0.0 | 2.0 |
| Machinists | 0.0 | 3.0 |
| Woodworking Machine Operator | 100.0 | 3.0 |
| Other Precision Production | 50.0 | 2.5 |
| Assemblers, Processors & Laborers | | |
| General Machine Feeders/Offbearers | 0.0 | 1.0 |
| Inspectors/Quality Control | 100.0 | 4.0 |
| Forklift Operators/Material Movers | 0.0 | 2.0 |
| Other Operators, Assemblers, Processors & Laborers | 0.0 | 1.0 |

RETENTION

We asked employers whether they had difficulty retaining workers in the labor market. About 6% of the employers report they are having difficulty retaining qualified workers. The average turnover rate in the county was 5%. Thus, both the objective and subjective indicators suggest that the problems with turnover are not significant in Polk County. Existing turnover is largely due to resignations. Among the employers in the study who had some turnover in the last year, the average number of resignations was 5, versus about three terminations and one retirement. Thus, more than half of the turnover is due to resignations.

Fifty-nine percent of employers laid off workers in the past year. The average number laid off was 16 and the average number recalled was 6. To get an aggregate picture, the total number of workers laid off from our sample was 131, while only 39 have been recalled.

The average absentee rate among Polk County employers was 3.7% in 2009. Among the possible reasons for absenteeism, employers were most likely to report that illness (94%) and family or personal conflicts (44%) were the most frequent causes.

BENEFITS AND WAGES

Benefits

Employers were asked to report whether they provided a variety of benefits to workers in their firm (Table 7). All employers offer paid vacations and health insurance to their employees. Nearly ninety percent employers extend health insurance to employees family members. However, employees pay for a large percentage of the coverage. For example, employees pay an average of 27% of their health insurance.

Eighty percent of the employers indicated that they required new employees to work a specified time period before receiving benefits. Most firms required a period of about three months. When asked about the relative importance of benefits and wages, the majority (73%) report they are about equal. And about 13% of the firms said that benefits were more important, and a same number of firms said wages were more important.

Sixty percent of the employers report that their benefit package has become more important in the past five years to attract good workers. And about one-third said they have made significant changes in their package during this period. Most of the changes were adopting lower cost health insurance programs.

Table 7. Benefits Offered by Polk County Employers

| | Percent |
|---|-------------|
| Health insurance to employees | 100.0 |
| % employee pays | 27.0 (mean) |
| Paid vacations | 100.0 |
| Disability | 93.3 |
| Short term | 84.6 |
| Long term | 69.2 |
| Retirement plan | 93.3 |
| 401k/403(b) match | 13.3 |
| 401k/403(b) plan | 33.3 |
| Other | 60.0 |
| Company provided | 20.0 |
| Maternity or family leave (paid or unpaid) | 93.3 |
| Health insurance to family members of employees | 86.7 |
| % employee pays | 30.3 (mean) |
| Dental care coverage | 86.7 |
| Tuition reimbursements | 80.0 |
| Paid sick leave | 60.0 |
| Employee assistance programs | 60.0 |
| Section 125 Flex-benefits | 60.0 |
| Vision care | 53.3 |
| Cafeteria benefit plan | 46.7 |
| Time off to attend classes | 33.3 |
| Profit sharing | 33.3 |
| Technology assistance | 13.3 |
| Company-provided childcare | 0.0 |
| Stock options | 0.0 |
| Housing assistance | 0.0 |
| Transportation assistance | 0.0 |

In addition to the standard package of benefits offered to workers, we looked at several other work incentives. We asked employers if they provided flextime—allowing workers to set their starting time for work. More than half said they offer flextime. Only about 20% of the employers reported they offered job sharing at their establishment. Twenty-six percent of the employers offer telecommuting or other options that allow individuals to work out of their homes on a regular basis.

Wages

The overall wage increase for Polk County employers averaged 2.08% in 2009 and is projected to be 2.38% in 2010. In Table 8 we report the entry and maximum wages for various positions in Polk County.

Table 8. Entry Wage, Maximum Wage, and Current Employment Among Polk County Employers

| | Entry Hourly Wage | Maximum Hourly Wage | # Workers |
|--|----------------------|------------------------|-----------|
| Technical | | | |
| Computer Specialists | \$13.60 | \$24.40 | 7 |
| Engineering | \$25.00 | \$34.50 | 24 |
| Other Professional/Technical Specialty | \$20.50 | \$21.50 | 17 |
| Clerical & Administrative Support | | | |
| Secretarial/Wordprocessing | \$9.80 | \$15.77 | 2 |
| Bookkeeping & Accounting | \$14.04 | \$21.70 | 16 |
| General Office | \$11.00 | \$14.00 | 3 |
| Computer Operation & Data Entry | \$10.43 | \$15.40 | 1 |
| Receptionist/Desk clerk | \$10.80 | \$15.62 | 2 |
| Shipping, Receiving, Stock & Inventory | \$11.44 | \$17.48 | 2 |
| Other Clerical & Administrative Support | \$11.00 | \$16.50 | 21 |
| Sales, Marketing, and Tellers | | | |
| Retail Sales | \$9.00 | \$12.00 | 11 |
| Sales Representatives/Wholesale | \$14.00 | \$30.00 | 4 |
| Cashiers/Teller | \$9.64 | \$14.60 | 15 |
| Other Sales & Marketing | \$20.67 | \$33.33 | 11 |

(continued)

Table 8. Entry Wage, Maximum Wage, and Current Employment Among Polk County Employers

| | Entry Hourly Wage | Maximum Hourly Wage | # Workers |
|---|----------------------|------------------------|-----------|
| Service | | | |
| Chefs & Cooks | \$13.02 | \$18.23 | |
| Kitchen Staff | \$9.73 | \$13.62 | |
| Housekeeping/cleaners | \$9.73 | \$13.62 | |
| Customer Service Representative | \$11.15 | \$15.60 | 3 |
| Health Care | | | |
| RN | \$21.34 | \$32.34 | |
| LPN | \$13.25 | \$19.88 | |
| CNA and Health Aids | \$10.32 | \$14.44 | |
| Health Care Technician | \$19.93 | \$29.89 | |
| Mechanics & Repair: | | | |
| Industrial Machinery Maintenance & Repair | \$13.50 | \$21.50 | 8 |
| Machine Operation: | | | |
| CNC Programmer/Operator | \$16.00 | \$25.00 | 4 |
| Machinists | \$13.00 | \$20.00 | 5 |
| Woodworking Machine Operator | \$9.00 | \$20.00 | 5 |
| Other Precision Production | \$12.00 | \$18.50 | 12 |
| Assemblers, Processors & Laborers | | | |
| General Machine Feeders/Offbearers | \$9.00 | \$15.00 | 10 |
| Assemblers | \$12.00 | \$15.00 | 1 |
| Inspectors/Quality Control | \$12.00 | \$15.00 | 1 |
| Foundry Worker | \$17.00 | \$20.00 | 1 |
| Hand Packers and Packagers | \$12.00 | \$20.00 | 5 |
| Other Laborers & Helpers & Prod. Workers | \$14.00 | \$18.00 | 10 |
| Other Operators, Assemblers, Processors & Laborers | \$14.00 | \$18.00 | 30 |

EMPLOYER NEEDS

We asked employers to identify any needs they have related to business educational programs. In Table 9, we report the types of programs they identified. Employee training and hiring programs were identified the most often.

Table 9. Business Related Educational Needs

| | Percent Yes |
|--------------------------|-------------|
| Local Demographics | 75 |
| Employee Training/Hiring | 50 |
| Business Market Analysis | 50 |
| Marketing Trends | 50 |
| Business Planning | 25 |
| Advertising/Marketing | 25 |
| Internet/E-Commerce | 25 |

We also asked employers in what areas they would be interested in receiving assistance in addressing their employer needs (Table 10). Two-thirds of the employers expressed an interest in assistance with recruiting workers.

Table 10. Areas in Need of Assistance

| | Percent Yes |
|-------------------------------|-------------|
| Recruiting Workers | 66.7 |
| Screening/Matching applicants | 33.3 |
| Analyzing Skill Requirements | 33.3 |
| Providing Training | 50.0 |

SUMMARY AND CONCLUSIONS

The evidence from the Polk County labor market study suggests that labor market conditions in the region are promising. Very few employers are laying off workers and many expect to hire more workers in the next year or so. Wages are increasing, although at a low rate. The costs of benefits to employers is rising rapidly (about 13% last year), but employers are not passing on many of these increased costs to workers. Most employers continue to see their benefit package as a critical mechanism for recruiting and retaining qualified workers.

The demand for labor in the region has begun to shift to more skilled work, although not as quickly as some other regions in the state. There appears to be much more demand for semi-skilled and skilled workers in the area. This shift will probably change the character of the demand for labor in the area, but also the number of workers that will be needed in the future. As employers adopt new technology and hire more skilled workers, they will probably need fewer workers in the future. Of course, to make this transition, employers will need an educated and trained work force to fill the skilled position in the region.