

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.



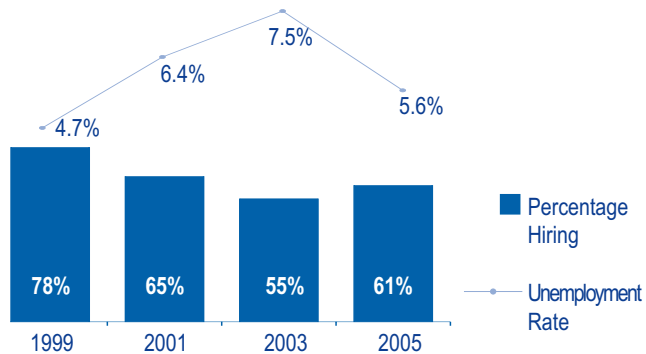
Introduction

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



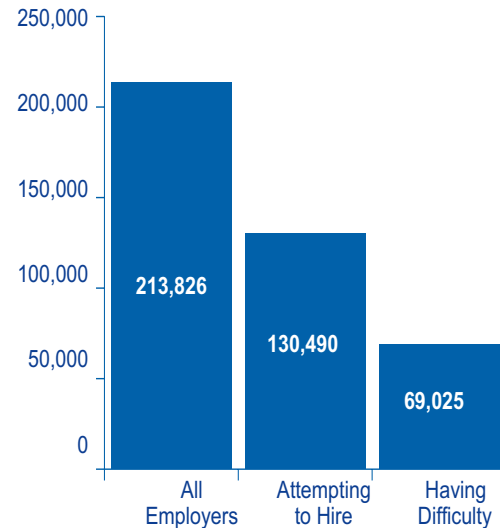
51% of employers attempting to hire found it difficult to find qualified job

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.

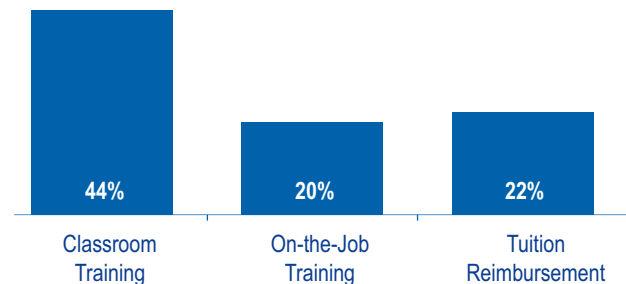
44% of firms provided or paid for some classroom training (lasting at least 4 hours in either workplace practices, basic skills, or job-specific skills) for employees in the last 12 months.

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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