

**OHIO SUMMARY REPORT:  
EMPLOYER VIEWS OF OHIO'S WORKFORCE AND  
THE PUBLICLY FUNDED WORKFORCE DEVELOPMENT SYSTEM**

This survey of Ohio's employers was conducted in late summer and early fall of 2008 by Wright State University's Center for Urban and Public Affairs, a member of the University System of Ohio's Urban University Program, in conjunction with Wright State's Statistical Consulting Center. The purpose of this survey is to inform the Governor's Workforce Policy Board about the types of employers using Ohio's public workforce development system, how employers use that system, employer perceptions of the system, and the "pressure points" felt by employers that may affect their use of the system.

All private sector employers in the State were eligible to participate in the survey. Due to a low response rate from Ohio's smallest employers, those employing 1 to 4 employees, this report presents results for 1,100 employers with 5 employees or more. Characteristics of Ohio's private sector employers are presented below, according to the state database used for this survey, after having adjusting for duplicate records.

<b>Employment Size Class</b>	<b>Nomenclature</b>	<b>Number of Employers (Establishments)</b>	<b>Percent</b>	<b>Number of Employees Represented</b>	<b>Percent</b>
<b>1 to 4 Employees</b>	Very Small Employers	118,284	48.9	247,725	5.9
<b>5 to 49 Employees</b>	Small Employers	107,963	44.7	1,536,564	36.4
<b>50 to 249 Employees</b>	Medium Employers	13,755	5.7	1,358,524	32.2
<b>250+ Employees</b>	Large Employers	1,715	.7	1,078,890	25.6

**Introduction**

"Workforce development" is commonly defined as efforts by private and public sector organizations to educate, employ, and train the workforce. Efforts include preparing individuals to enter the workforce, as well as providing incumbent (existing) workers with the necessary skills for ongoing career development.

The intent of this employer survey is to establish a baseline of information regarding business use, satisfaction, and unmet need regarding the public workforce development system.

- Are employers using the public workforce development system; how is the workforce development system engaging employers?
- Are employers satisfied with workforce development services; what programs and services are most desired by employers?
- What are the common unmet workforce development needs among employers?

The survey also provides employer views of Ohio's labor force and its labor pool. These results, along with other primary and secondary data sources, can inform the State about how the system needs to improve and align to meet employers' needs.

## Methods Used

The primary database used to select the sample units was the Employment Security (ES) 202 records. The ES202 database is an administrative database created by states, under federal mandate, for tax collection purposes. The sample was stratified by NAICS industry sector and establishment size class to represent the universe of private employers. It should be noted that a total of 21 two-digit NAICS categories were included for this analysis, while excluding NAICS 561310/20/30 (employment placement agencies, temporary help agencies, and professional employer organizations, which are establishments that provide human resources and human resource management services to staff client businesses) to avoid double counting job vacancies. Ten industry super sectors were classified for the analysis and are listed below.

- **Natural Resources & Mining:** agriculture, forestry, fishing, hunting, and mining.
- **Construction**
- **Manufacturing**
- **Trade, Transportation & Utilities:** wholesale and retail trade, utilities, transportation, and warehousing.
- **Financial Activities:** finance, insurance, real estate, rental and leasing.
- **Information:** publishing, motion pictures, sound recording, broadcasting, Internet publishing, telecommunications, ISPs, search portals, data processing, news syndicates, libraries, and archives.
- **Professional & Business Services:** professional, scientific, and technical services, management of companies and enterprises, administrative/support, and waste management and remediation services.
- **Health Services:** health care and social assistance
- **Leisure & Hospitality:** arts, entertainment, recreation, accommodation, and food services.
- **Other Services:** repair, maintenance, personal, laundry services and religious, grant making, civic, social, and professional organizations and private households.

The number of establishments and employment in Ohio for the *Natural Resources & Mining* super sector and the *Information* super sector is relatively small. Therefore, sample sizes, which were based on Ohio's distribution of employers, preclude a presentation of results for these two industries. The table on the following page presents the distribution of employers and employees by super sector, with the natural resources & mining sector representing less than one percent for each variable, and the information sector representing less than two percent.

Super Sector	Number of Employers (Establishments)	Percent	Number of Employees Represented	Percent
Natural Resources & Mining	1,776	0.7%	21,706	0.5%
Construction	22,166	9.2%	201,534	4.8%
Manufacturing	16,481	6.8%	769,172	18.2%
Trade, Transportation & Utilities	62,967	26.0%	1,017,703	24.1%
Information	3,673	1.5%	84,486	2.0%
Financial Activities	26,617	11.0%	289,096	6.8%
Professional & Business Services	37,102	15.3%	503,898	11.9%
Health Services	24,503	10.1%	703,960	16.7%
Leisure & Hospitality	23,945	9.9%	470,147	11.1%
Other Services	22,487	9.3%	160,001	3.8%

In sum, the following analysis presents results for eight super sectors and for small, medium, and large employers. The primary statistical tool used to identify relationships and differences across sectors and employers was logistic regression. The p-value is presented, which is the probability that the finding was due to chance rather than being a true difference among variables. The reader is cautioned that many tests were run for this analysis, which opens the door for some findings to be due to chance rather than true differences. To mitigate this occurrence, this analysis uses a level of significance of 0.01. The p-values are presented in the narrative to inform the reader and to underscore important areas that require further attention.

## THE CHALLENGE

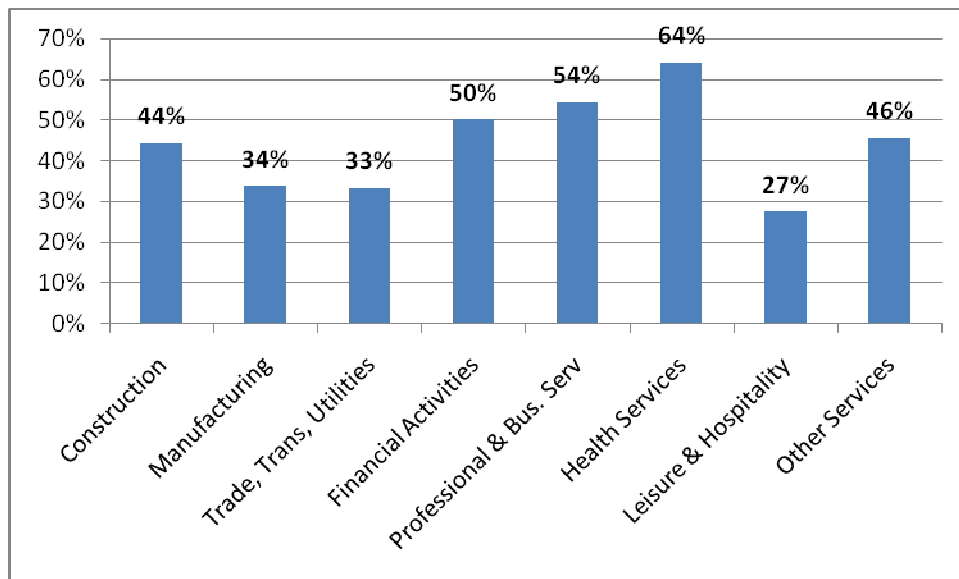
### Supply and Demand Skill Mismatch

The workforce problem, facing many communities in the Midwest and Ohio, is basically a supply chain management issue, where the supply in instances does not meet demand. The workforce development survey results show that, from the perspective of the demand side (i.e., the employer), there are pockets where the mismatch is more severe.

The skills of the current workforce meet the demand *very well* for 42 percent of Ohio's employers. This finding is similar to the national finding of 40 percent.<sup>1</sup> However, not all business sectors are meeting that 40 percent threshold. Sectors falling below the 40 percent threshold include (p = 0.000):

- Manufacturing
- Trade, Transportation, & Utilities
- Leisure & Hospitality

**Current Workforce meets the Demand *Very Well* (Percent Response = 42%)**



By far, the most common workforce challenge being confronted is worker *non-cognitive skills* (e.g., adaptability, self-direction, and responsibility like attendance), where 34 percent of all companies cite this challenge. Again, there are substantive differences based on the employment size of the company and among industry sectors. Larger companies cite this challenge more frequently than small companies. Sectors reporting a non-cognitive skills challenge well above the 34 percent threshold (p = 0.017) for this question include:

- Manufacturing

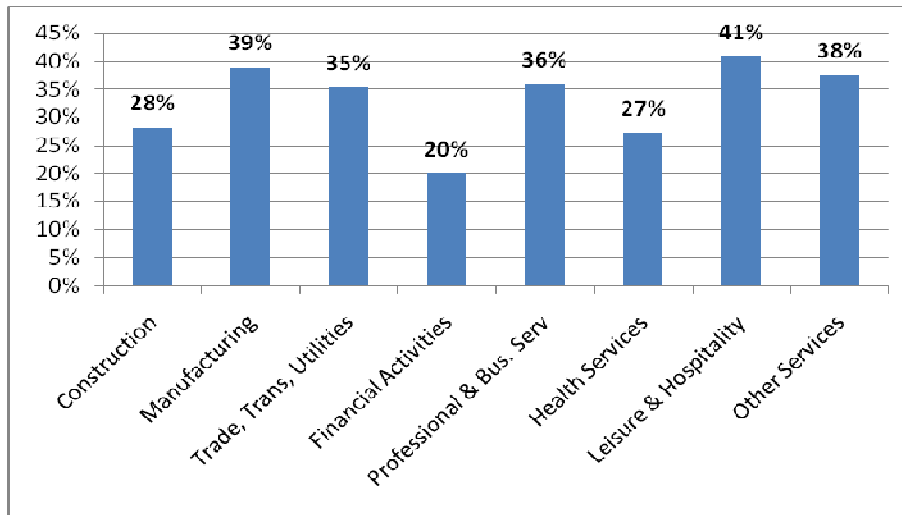
<sup>1</sup> "Rising to the Challenge: Business Voices on the Public Workforce Development System," Center for Workforce Preparation, an Affiliate of the US Chamber of Commerce, 2003.

- Leisure & Hospitality
- Other Services

Two sectors are slightly above 34 percent:

- Trade, Transportation, & Utilities
- Professional & Business Services

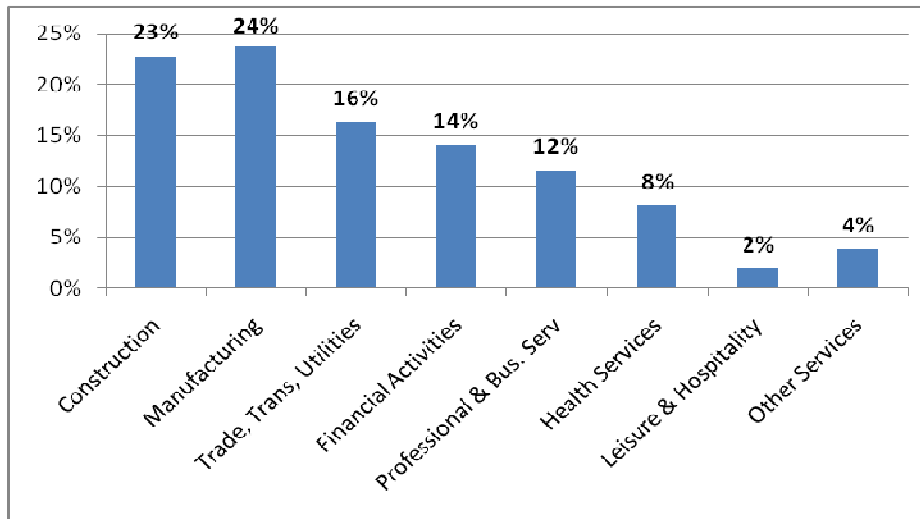
**Workforce has *Non-cognitive Skills* Challenges (Percent Response = 34%)**



A *cognitive skills* challenge is cited by 15 percent of companies and there is little variability by employment size or across sectors. The professional & business services sector and the trade, transportation, & utility sector cite cognitive skills challenges as the primary challenge more than other sectors (the p-value is over 0.01 which indicates no significant relationship between sectors and cognitive skills,  $p = 0.153$ ).

An *aging workforce* tangentially affects worker skill levels, due to the aging out of highly skilled workers. Larger firms are more likely to cite an aging workforce as a primary challenge than other companies ( $p = 0.011$ ). The sectors faced with a greater challenge of an aging workforce ( $p = 0.000$ ) are the construction; manufacturing; and trade, transportation, & utilities sectors. Thirteen percent (13 percent) of all companies cited this workforce challenge, but nearly one-quarter of the construction and manufacturing sectors reported this challenge.

**Aging of the Workforce is a Primary Challenge (Percent Response = 13%)**



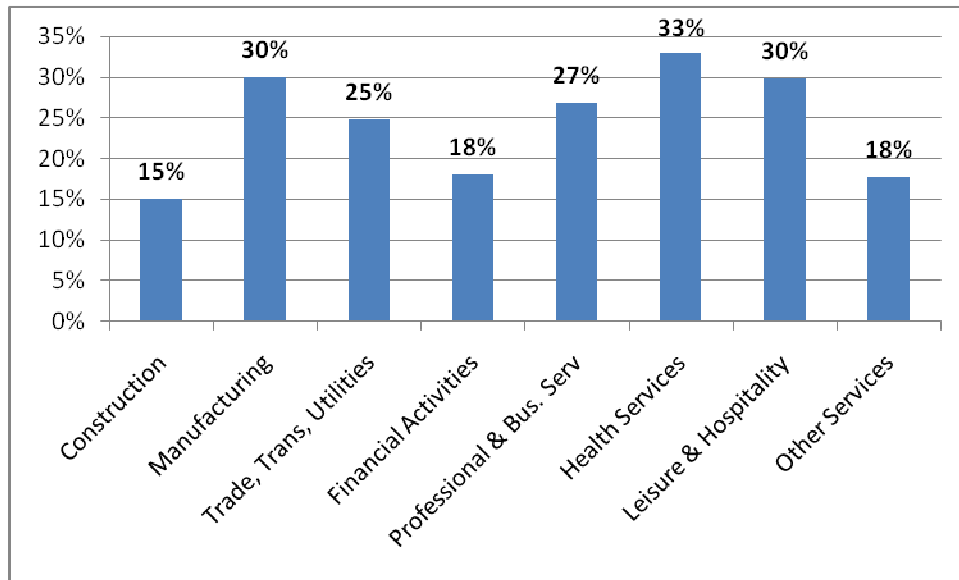
**Filling Job Vacancies and Expected Employment Levels**

The employer survey included a series of questions pertaining to job vacancies to understand the role of employee recruitment and retention on employers' expansion plans. To get a very current reading of employee hiring trends, employers were asked, "In the next six months, how does your organization plan to change your current employment level, if at all?"<sup>2</sup> It should be noted that this survey was in the field both before and after the first and second historical drops in the stock market. Early analyses between the data collection time points show fairly consistent results pre and post-stock market declines. Economic disruptions persist and so employer responses will continue to be monitored over time as data collection for sub-state geographies carries on.

One-quarter (25 percent) of all employers reported having current job vacancies. Responses vary by employment size ( $p = 0.000$ ), with medium size and large employers being more likely to have job vacancies. An analysis of sectors having job vacancies elucidates a common theme in job vacancy findings. As is common in other states, many job vacancies occur in sectors that have high turnover; sectors such as retail trade and leisure & hospitality are basically always hiring. However, a substantial percentage of job vacancies also exist in the manufacturing sector (while that sector has experienced declines, replacement workers are needed for an aging workforce) and health services. (The  $p$ -value for this result equals 0.047, which is larger than the level of significance of 0.01.)

<sup>2</sup> This question is modeled directly from the Bureau of Labor Statistics "Job Vacancy Survey." However, there is no national job vacancy survey. Rather the survey is designed to be implemented at the state level

**Employers that report Job Vacancies (Percent Response = 25%)**

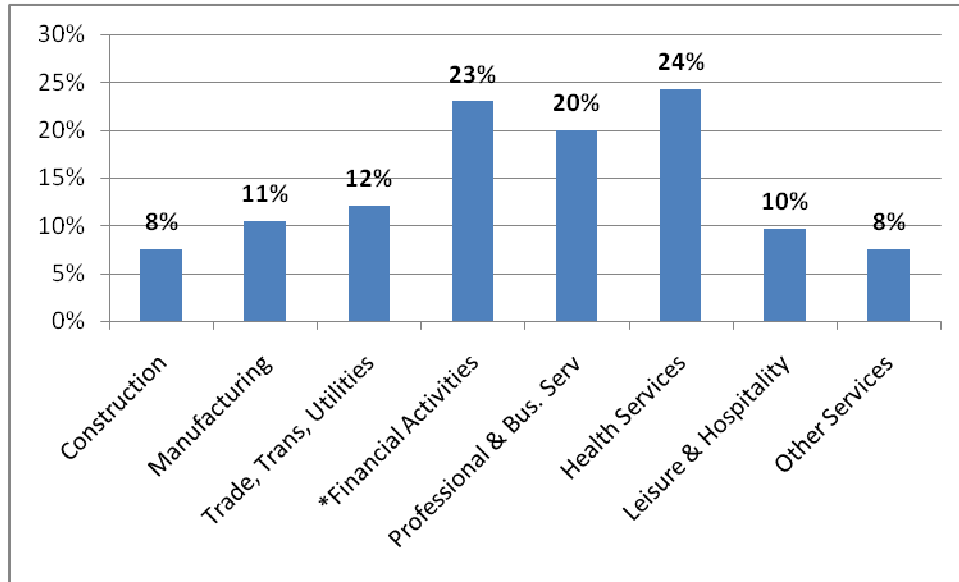


Employers with job vacancies are more likely to identify challenges with securing qualified applicants, the lack of a skilled labor pool, and retaining qualified workers ( $p = 0.000$  in each case). Employers that have job vacancies are more likely to report the need for assistance in securing qualified candidates ( $p = 0.000$ ). A higher percentage of employers that have job vacancies also report non-cognitive skills challenges and turnover challenges ( $p = 0.000$  in each case).

The relationship between job vacancies and expected employment levels vary. For example, it is possible to have job vacancies and at the same time be decreasing in overall employment levels. Most employers expect their employment levels to remain the same (57 percent). Other employers report uncertainty about employment levels (14 percent), expectations to increase (14 percent), decrease (8 percent), and hire more employees (12 percent). (It is possible to hire in one occupational area while reducing in another area; therefore, “hiring” and “increasing employment levels” are not synonymous responses.)

As might be expected, there are themes in responses to employment changes based on the employment size of the company. A higher percentage of large employers expect to decrease their employment (14 percent), while only 8 percent expect to increase employment. Sectors that expect to be declining are construction and trade, transportation, & utilities. The greatest “uncertainty” lies in the construction and manufacturing sectors, with the least amount of uncertainty in the health services industry ( $p = 0.000$ ). Sectors expecting to increase their employment level include some financial activities, professional & business services, and health services ( $p = 0.000$ ).

### Employers Expecting to Increase Total Employment Levels (Percent Response = 14%)



\*Note: Employers in the Financial Activities sector are dominated by small employers.

A higher percentage of companies that are planning to increase employment size and hire more employees need assistance in securing qualified candidates ( $p = 0.010$ ) and perceive a lack of a skilled labor pool ( $p = 0.001$ ).

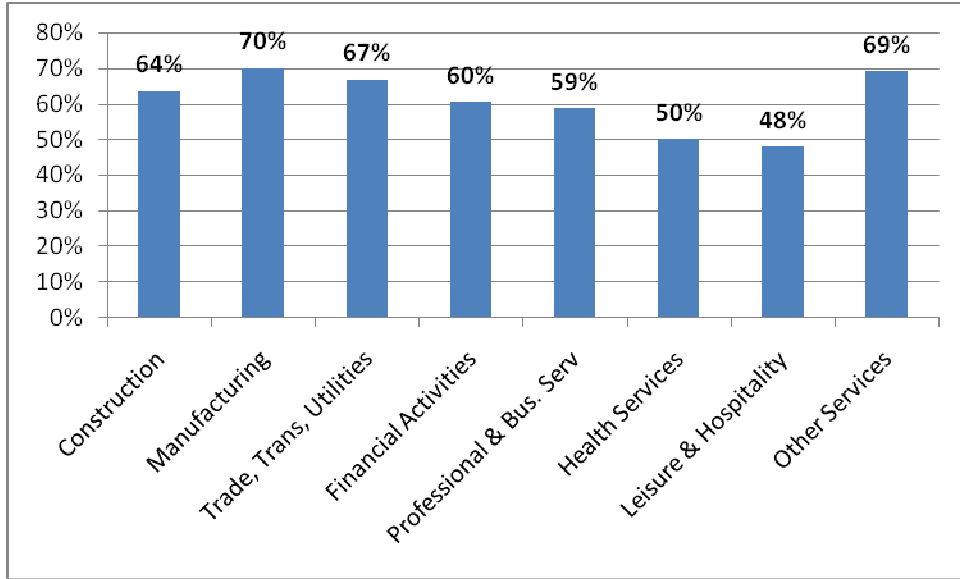
## THE BUSINESS VIEWPOINT

### Employee Recruitment and Retention

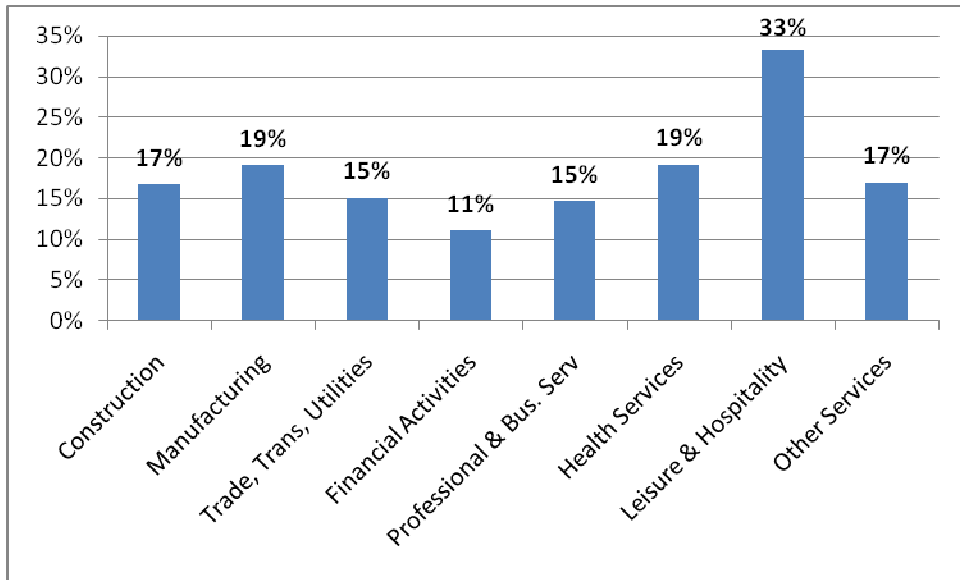
This section of the report begins with a focus on finding and retaining employees. The ability to secure qualified applicants is a substantive issue for Ohio's employers, and is one of the greatest workforce challenges cited throughout the survey. Over one half of employers (54 percent) report *qualified applicants are very hard to find or hard to find*. The retention of qualified workers is more favorable than securing qualified applicants. Even still, nearly 1 in 5 employers (or 18 percent) report that qualified workers are *very hard or hard to retain*.

Sectors that have the highest percentage of employers reporting a difficult time securing qualified applicants include manufacturing; other services; and trade, transportation, & utilities ( $p = 0.002$ ). Qualified worker retention also varies by sector with leisure & hospitality, health, and manufacturing reporting a higher percentage of employers facing this challenge than other sectors ( $p = 0.000$ ).

**Qualified Applicants are Very Hard or Hard to Find (Percent Response = 54%)**



**Retaining Qualified Employees is Very Hard or Hard (Percent Response = 18%)**



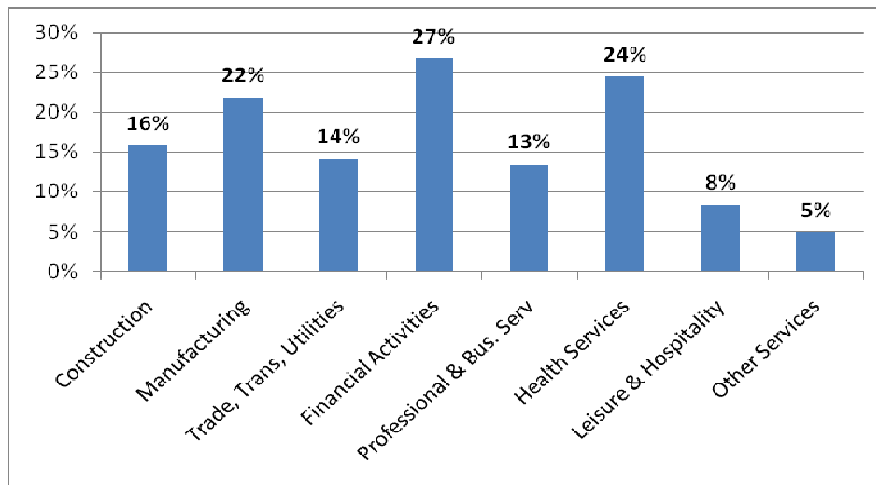
## Responsiveness and Relevance of the Public Workforce Development System

Public workforce development is commonly defined as “efforts by public sector organizations to educate, employ, and train the workforce. Public workforce development consists of a range of services and providers. Their efforts include preparing individuals to enter the workforce, as well as providing current workers with the necessary skills for ongoing career development.”

Nationally, 41 percent of employers are aware of One Stop Career Centers and 19 percent use them.<sup>3</sup> Among Ohio’s companies, one-fourth of employers have heard of One Stop Career Centers (27 percent). Awareness is more prevalent among the large employers (more than half are aware) ( $p = 0.000$ ). And 16 percent of all employers said they use *public workforce development services*, which was defined as a range of services and providers. Ohio’s result for use of these services is influenced by small businesses. However, about one quarter of medium size employers and one half of large employers use public development services ( $p = 0.000$ ). The prevalent use by large companies indicates their common relationships with workforce development, whether in the form of One Stops, career technical centers, community colleges, and/or universities. This is made evident in that over one-fourth of employers (29 percent) use internship and co-op program opportunities. Another most common service used is employee recruitment programs (33 percent).

Sectors where the use of public workforce development services is more prevalent include: financial activities, health services, and manufacturing ( $p = 0.001$ ). Secondary data provided by the Ohio Department of Job & Family Services corroborates the emphasis on the health services and manufacturing sectors. Employers that use public workforce development services use the range of services to a greater degree than employers overall. Although not presented due to small sample sizes, those who use public workforce development services are generally two times more satisfied than those who do not use them.

**Use of Public Workforce Development Services (Percent Response = 16%)**



<sup>3</sup> “Rising to the Challenge: Business Voices on the Public Workforce Development System,” Center for Workforce Preparation, an Affiliate of the US Chamber of Commerce, 2003.

The reasons employers do not use public workforce development services are varied; but the most common reasons are that employers have not been hiring or their hiring needs are met elsewhere (36 percent), they are not aware/do not know how to access those services (30 percent), or they have no problem with employee retention (29 percent). It should be noted that the use of services provided elsewhere and lack of perceived relevancy of the public workforce development system, as defined by employers, is a bigger barrier to pervasive use of the system than is past dissatisfaction with services. These findings are similar to national findings, which posed the same questions (however, pertaining only to One Stops).

## **THE ROLE OF PUBLIC WORKFORCE DEVELOPMENT**

To be effective, public workforce development “must be thoroughly engaged in the business community. At a minimum, employers must be aware of them and the employer-oriented services they provide.”<sup>4</sup> As mentioned above, awareness and definition issues are a challenge for public workforce systems in Ohio and elsewhere. Historically, aligning public workforce development services to directly meet the needs of employers has not been an explicit priority. Today, such realignment is a central purpose of the *Turn Around Ohio* plan and the Ohio Skills Bank initiative.

Reviewing responses for all employers, the most needed employee services are assistance in securing qualified candidates and specialized training (27 percent). Basic skills training was of lesser interest (15 percent). At the same time, research shows that basic skills training in the context of occupational skills training produces the best results, and these employers, taken as a group, may believe that they are best suited for this role. On the other hand, four sectors appear to have need of support in basic skills training. These sectors are construction; manufacturing; trade, transportation, & utilities; and financial services ( $p = 0.000$ ).

Interest in support for specialized skills training was consistent for all employer size classes (22 percent). There is variability in response by sectors, however, wherein construction, financial services, health services, and other services are more open to this assistance ( $p = 0.000$ ). In terms of securing qualified candidates, the medium sized firms (50-249 employees) are more likely to desire assistance.

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<sup>4</sup> “Rising to the Challenge: Business Voices on the Public Workforce Development System,” Center for Workforce Preparation, an Affiliate of the US Chamber of Commerce, 2003.

## **Employer Profiles: Public Workforce Development Usage**

This portion of the analysis presents employer profiles of small, medium size, and large employers. As background information, 678 small employers responded to the survey, 286 medium size employers, and 153 large employers. Small employers employ 5 to 49 employees, medium size employers employ 50 to 250 employees, and large employers employ 250 or more employees. It should be noted that all analyses prior to this section presented weighted results; that is, results were weighted to represent the true distribution of firms in Ohio by employment size class and by industry sector. In this section, profiles present results using un-weighted data.

The table below presents results for each size class of employer. In most cases, variation exists in the experience and perceptions of employers from different employment size classes. Regarding workforce challenges, it appears that large employers are more critical of their current workforce's skills, but have an easier time obtaining qualified applicants. Job vacancies in sectors like manufacturing and health care, according to other job vacancy studies, are often in specialized occupations that are hard to fill. The main issue for large employers that have job vacancies appears to be the mismatch of their current workforce with the need of the employer. And while a majority of large employers in this study have job vacancies, a higher percentage of them are planning to decrease their employment level than small and medium size employers (20 percent versus 8 and 12 percent, respectively), according to the un-weighted data.

Regarding use of public workforce development services, a substantially higher percentage of large employers are using employee recruitment services and labor market data than other employers; and a higher percentage of medium and large employers take advantage of internships and co-operative programs than do smaller employers.

Reasons for not using public workforce development services differ by employment size. For small employers, the main reason is lack of awareness and needs being met elsewhere. Lack of awareness is a common issue for medium size employers as well. Medium sized employers also have a relatively higher percentage of employers reporting past dissatisfaction with services as the reason for non-use.

In terms of unmet need, medium and large employers appear more open to assistance in securing qualified applicants. This finding is corroborated by the relatively high percentage of large employers that use public workforce development employee recruitment services (50 percent). A higher percentage of large employers cite a need for specialized skills training services.

## Employer Profiles

<b>Workforce Development Challenges and Usage (Un-weighted Data)</b>	<b>Small Employer Percent</b>	<b>Medium Employer Percent</b>	<b>Large Employer Percent</b>
<i>Workforce Challenges:</i>			
Current workers' skills meet employers' needs very well	44%	35%	30%
Qualified applicants are very hard or hard to find	62%	57%	46%
Qualified workers are hard to retain	18%	19%	17%
Job vacancies	23%	43%	57%
Expect to decrease employment level	8%	12%	20%
<i>Use of Public Workforce Development Services:</i>			
Employee recruitment	20%	31%	50%
Employee training	15%	17%	25%
Internships & co-op programs	19%	27%	28%
Transition services (e.g., layoffs)	11%	10%	14%
Labor market data	12%	18%	33%
<i>Reasons for not Using Public Workforce Development Services:</i>			
Have not heard of One Stops	75%	55%	41%
Not aware of services/do not know how to access them	30%	27%	12%
Have not been hiring or our hiring needs are met elsewhere	37%	32%	24%
Have not been training or our training needs are met elsewhere	14%	16%	16%
Have no problem with employee retention	31%	17%	15%
Public workforce development services do not meet our needs	10%	9%	11%
Past dissatisfaction with services (inflexibility, timeliness)	2%	5%	3%
<i>Employee Services that Employers Most Need:</i>			
Assistance in securing qualified applicants	26%	40%	37%
Basic workforce skills training	14%	14%	16%
Specialized skills training	22%	21%	28%