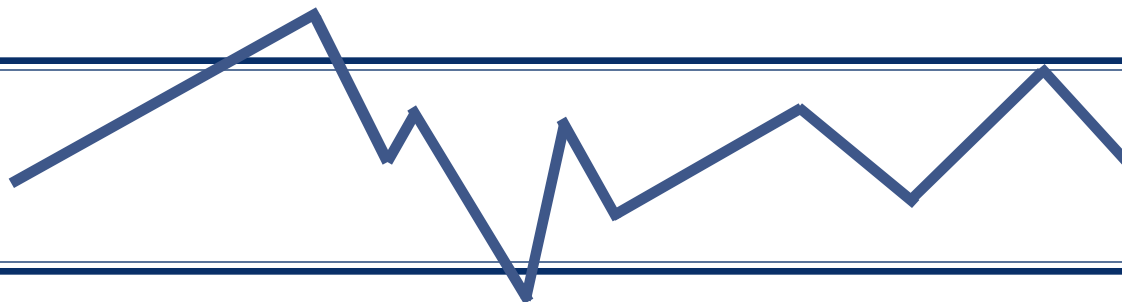


Stanislaus County Employer Survey:

Perspectives and Assessments



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The Center for Public Policy Studies at CSU, Stanislaus is a non-profit, non-partisan entity dedicated to research and public education about important policy issues and to providing a forum for discussing public policy issues with community representatives, academics, and policy makers in the CSU Stanislaus service area. The center is committed to facilitating regional and community problem-solving through activities and research projects that bring together diverse constituencies and perspectives to clarify issues, consider options, and build consensus.

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INTRODUCTION

Employer perceptions about the performance of the economy and the possibilities of business expansion as well as perceptions about the skills and attitudes of the labor force influence behavior regarding worker recruitment and retention. Employer attitudes about welfare reform and about the “employability” of welfare recipients will also influence possibilities of employment for former public assistance beneficiaries. It is important, therefore, in trying to come to grips with the issues of employment, unemployment, and welfare-to-work to understand the relevant perceptions and attitudes of employers.

This report analyzes the responses to a survey sent to 3111 private firms and public agencies in Stanislaus County in late 1997. The survey is part of a broader study of the Stanislaus County economy undertaken by the Center for Public Policy Studies. The objectives of this survey are to elicit information about employment trends, projected job openings, and employee benefits. The survey also sought to tap employer perceptions about employee skills, work attitudes, and obstacles to hiring and retention of workers.

Initially, 3111 firms received questionnaires. Of the original group, 1327 firms were targeted for a second mailing. From the mailings, a total of 592 were returned. This **19.1% response rate** represents a high rate of return for this type of survey and is within acceptable limits for purposes of statistical analysis.

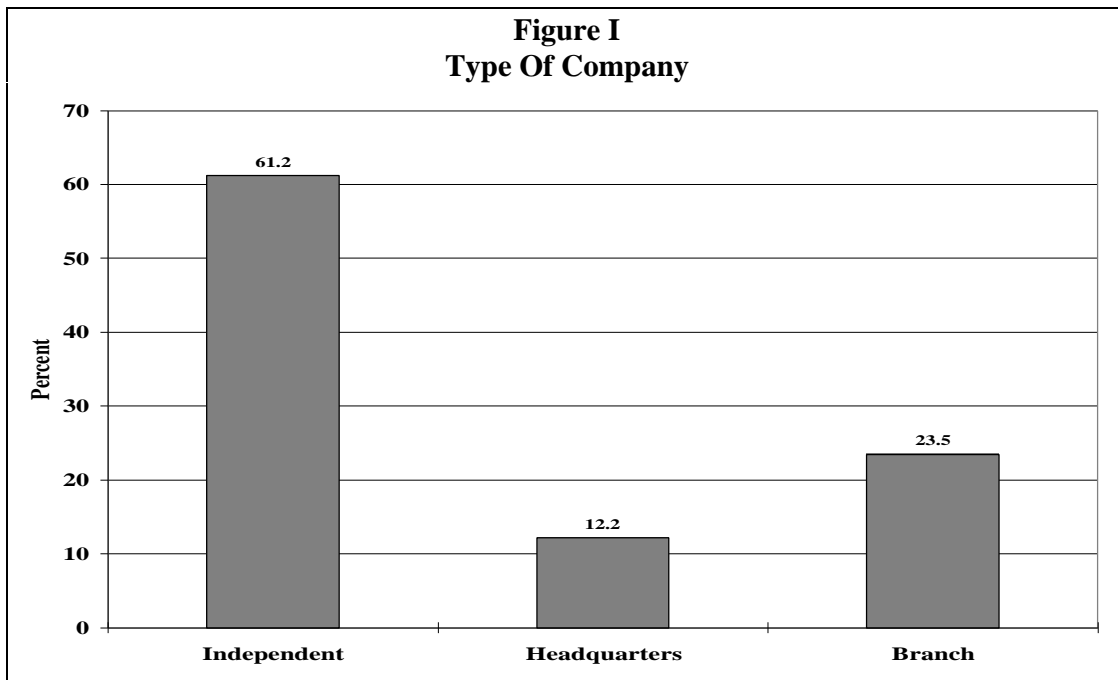
In the next section of the report, we provide a profile of the respondents to our survey. As we indicate, our respondents represent a fairly accurate cross-section of the private businesses and public agencies in Stanislaus County.

In the ensuing three sections, we discuss employer perceptions and attitudes in three critical areas: economic growth and business expansion, workforce qualities, and barriers to employment and the reverse of that, employee benefits. In each of these three areas, we describe the general responses of our sample and seek to understand the variations or

differences in response by size of firm and by the type of firm as indicated by its industrial category.

PARTICIPANT PROFILE

The typical survey respondent is an independent business employing between ten and forty-nine persons full-time in retail, health, agriculture, manufacturing, or public and other services. As the figures below demonstrate, however, the entire range of firm types, industrial categories, and firm size that can be found in the county are represented in our sample.

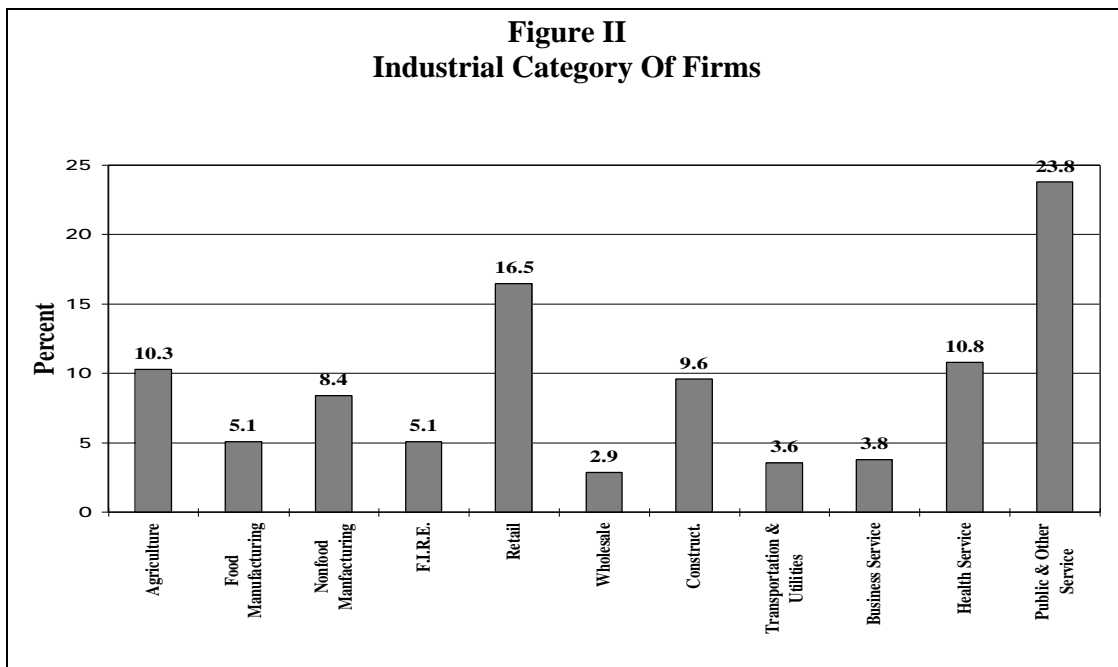


One item of the questionnaire asked whether the business or agency was an independent firm, a branch or subsidiary, or the company headquarters. The results are displayed in Figure I.

Slightly more than sixty percent of the sample are independent firms. Branch/subsidiary types represent twenty-four percent of the respondents while headquarters account for only twelve percent of the sample. The remaining three percent did not respond to the question.

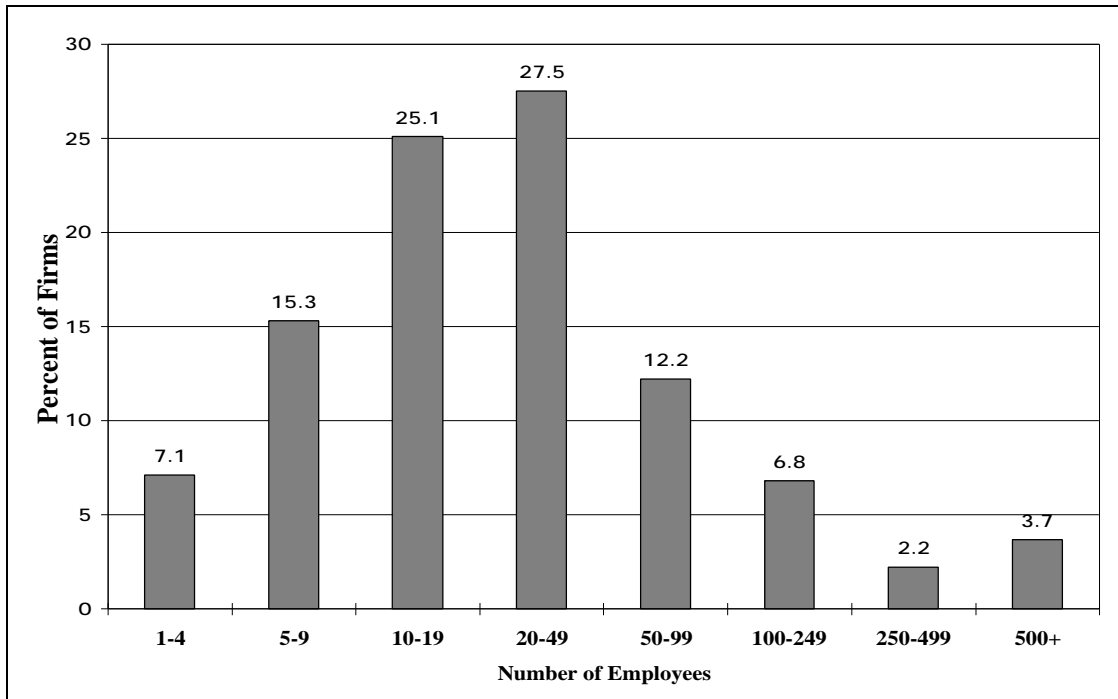
Smaller firms, those with fewer than 50 employees, are typically independent; in fact, approximately 3 out of 4 are independent. By contrast, firms employing 50 or more are likely to be a branch or headquarters. Firms in food manufacturing, finance, utilities, and public and other services are less likely to be independent than those in other industrial categories.

Another item of the questionnaire asked for respondents to identify themselves in one of twelve standard industrial categories. Figure II displays the results. Four categories dominate the responses. Almost 24% indicate public and other services as the appropriate industrial category. Retail represents approximately 17% of the sample



while health services and agriculture each represent about 11% of the sample. In addition, we should also note that all manufacturing (food and nonfood) comprises 13.5% of the sample.

Figure III
Number Of Employees



A third profile item asked employers to indicate the current size of their workforce. **The two largest categories are 10-19 and 20-49. These two include a majority of all firms.** The third largest category is 5-9. This type of size distribution is fairly typical of the American economy: large firms employ most workers but most firms tend to be in the medium to small range.

Firm size varies, to some extent, by industry type as indicated in Table I. For instance, among the respondents there are no agricultural enterprises with with more than 249 employees while there are no really small food manufacturers. **Food manufacturers, health services, and public and other services account for almost all the firms with 250 or more employees in this survey.**

Table I
Industry and Numbers of Employees (in percentages)

Industry	1-4	5-9	10-19	20-49	50-99	100-249	250-499	500+	N
Agriculture	6.8	18.6	37.3	27.1	6.8	3.4	0.0	0.0	59

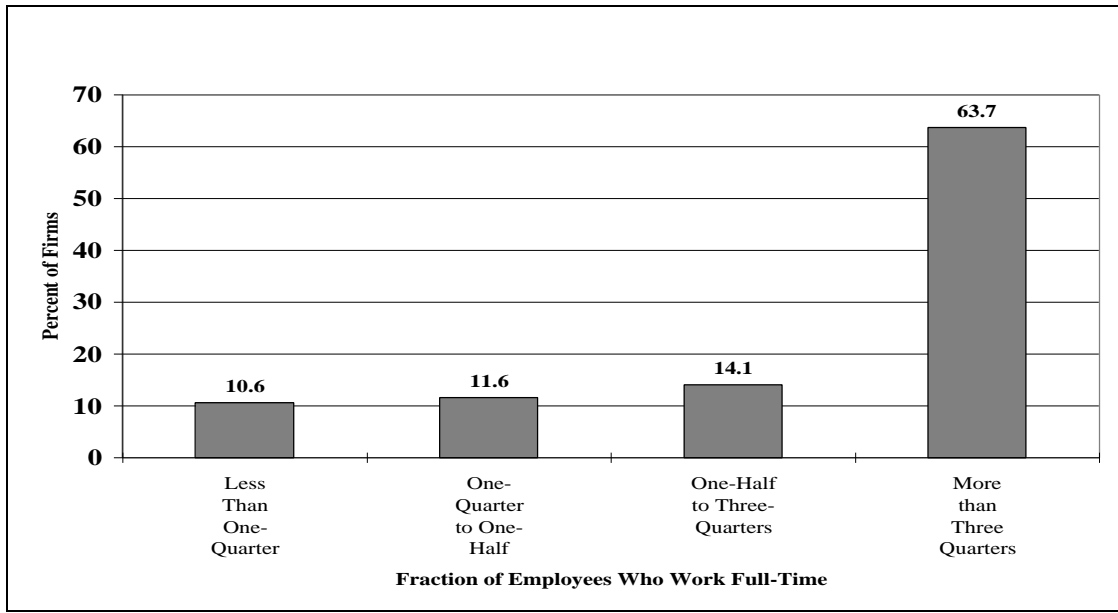
Food Manufact.	0.0	0.0	20.0	20.0	16.7	13.3	10.0	20.0	30
Nonfood Manufact.	0.0	14.3	14.3	44.9	12.2	10.2	4.1	0.0	49
F.I.R.E*	16.7	10.0	20.0	43.3	6.7	0.0	3.3	0.0	30
Retail	6.3	18.8	28.1	27.1	14.6	2.1	2.1	1.0	96
Wholesale	11.8	0.0	29.4	29.4	23.5	5.9	0.0	0.0	17
Construction	5.5	16.4	18.2	38.2	16.4	5.5	0.0	0.0	55
Transportation & Utilities	14.3	14.3	33.3	19.0	9.5	14.3	0.0	0.0	21
Business Service	9.1	27.3	40.9	13.6	0.0	9.1	0.0	0.0	22
Health Services	11.1	20.6	22.2	20.6	11.1	6.3	4.8	3.2	63
Public & Other Services	7.2	14.5	23.2	21.0	13.0	10.1	1.4	9.4	138

*F.I.R.E = Finance, Insurance, Real Estate

We also asked respondents to indicate the percentage of their workforce employed full-time. As the Figure below illustrates, **most of the respondent firms indicate that at least three-quarters of its employees work full-time.** Conversely, 22% of the firms have a workforce consisting mostly of part-time employees.

However, 43% of the sample does employ seasonal workers and for eleven percent of the sample, full-time, seasonal workers constitute a majority of the workforce. Temp workers are also used infrequently. Eighty percent of the sample does not employ temp workers. Of the remainder, most utilize temp workers on a limited basis, constituting no more than 10% of the workforce.

Figure IV
Percent Employed Full-Time



STANISLAUS COUNTY EMPLOYMENT GROWTH PATTERNS

Over the past two years, employers in Stanislaus County typically have experienced either growth or stability in the size of their workforce. Forty-seven percent report an increase in employees; 42% report no change, while only 11% indicate that their workforce numbers have declined.

By and large, there is no particular relationship between the category of a firm and the likelihood it had gained or lost employees. In each of the industrial categories, whether a firm indicated decline, stability, or increase in its workforce during the past two years was approximately proportional to its share of the total. For instance, while 25% of the firms indicating growth in their workforce were in the “public and other services” category, that category represented 24% of all firms. This sector also accounted for 28% of all entities indicating a decline in their workforce.

There is a slight, but not very strong, relationship between firm size and the likelihood it experienced growth. Small firms (those employing between one and four) represented 7.4% of the total sample but only 3% of those experiencing growth in the past two years. On the other hand, firms employing between 50 and 99 people represented 10.4% of the

sample but 14% of all growth and firms of 100-249 persons represented 7% of the sample but 11% of all growth. **Thus there is somewhat of a greater tendency for firms in the 50-249 size range to grow compared to others.**

Turning from recent past experience to future projections, we find that **employers in Stanislaus County are optimistic about near-term growth potential.** Fully 75% of those responding to the question say they think their workforce will increase over the next five years, though most believe the growth will be modest. Thirty-six percent anticipate growth in the range of 1-10% while another 20% anticipate growth in the 11-20% range. Approximately 10% expect greater than 30% growth.

While firms in all industry categories expect their workforce to increase, those in nonfood manufacturing, retail, construction, health services, and public and other services are particularly optimistic. Of those anticipating growth greater than 20%, 3/4 are accounted for by five industrial categories: public and other services (21%), nonfood manufacturing (16%), retail (14%), construction (14%), and health services (11%). Firm size has little impact on growth expectations. Generally speaking, of course, smaller firms tend to experience greater percentage growth given the smaller base from which they begin.

Business expansion is the primary reason employers cite to explain the increase in their workforce. For those who experienced a decrease in their workforce, layoffs due to market conditions is the primary reason cited.

PERCEPTIONS OF WORKFORCE AND WORKFORCE TRAINING

Several items were included in the questionnaire to elicit employer perceptions about the quality of the county's workforce. **The "bottom-line" is that while employers give employees passing marks, a substantial minority also rate their workers as poor on these same skills.**

Table II

Employer Perceptions of Employee Qualities

Qualities/Skills	% Rating as Good	% Rating as Adequate	% Rating as Poor
Interpersonal	11.5	63.6	24.9
Technical	7.8	63.9	28.4
Personal	10.1	56.9	33.1
Thinking	6.4	57.3	36.3
Basic	8.9	52.2	38.9

Table II demonstrates employer perceptions on five dimensions of worker skills and qualities. Interpersonal skills refer to such abilities as team work, leadership, and interacting with a diverse workforce. Technical skills involve the ability to work with specialized equipment while basic skills include literacy and numeracy as well as the ability to listen and communicate verbally. Thinking skills involve problem solving and decision making capacities while personal qualities refer to attributes such as responsibility and work ethic.

The data in the table above are ranked in terms of the percentage of employers perceiving the workforce to be poorly equipped. **According to the sample, the skill areas most in need of further development are thinking and basic skills.**

There are some notable variations in responses to workforce skills by industry category as demonstrated in Table III. **Perhaps the most striking fact is the consistently high level of concern expressed by nonfood manufacturing and business services.**

Table III
Percent of Firms Indicating County Workforce Skill Level Is Poor

Industry	Interpersonal Skills	Technical Skills	Personal Skills	Thinking Skills	Basic Skills	N
Agriculture	22%	16%	31%	29%	33%	59
Food Manufact.	23	19	35	35	38	29

Nonfood Manufact.	29	34	34	49	63	49
F.I.R.E.*	10	29	24	19	29	30
Retail	19	25	30	30	32	96
Wholesale	17	42	42	33	33	17
Construction	20	30	33	35	43	55
Transportation & Utilities	26	39	33	17	50	21
Business Services	25	30	45	55	40	22
Health Services	26	23	28	38	26	63
Public and Other Services	16	25	22	28	29	135

F.I.R.E= Finance, Insurance, Real Estate

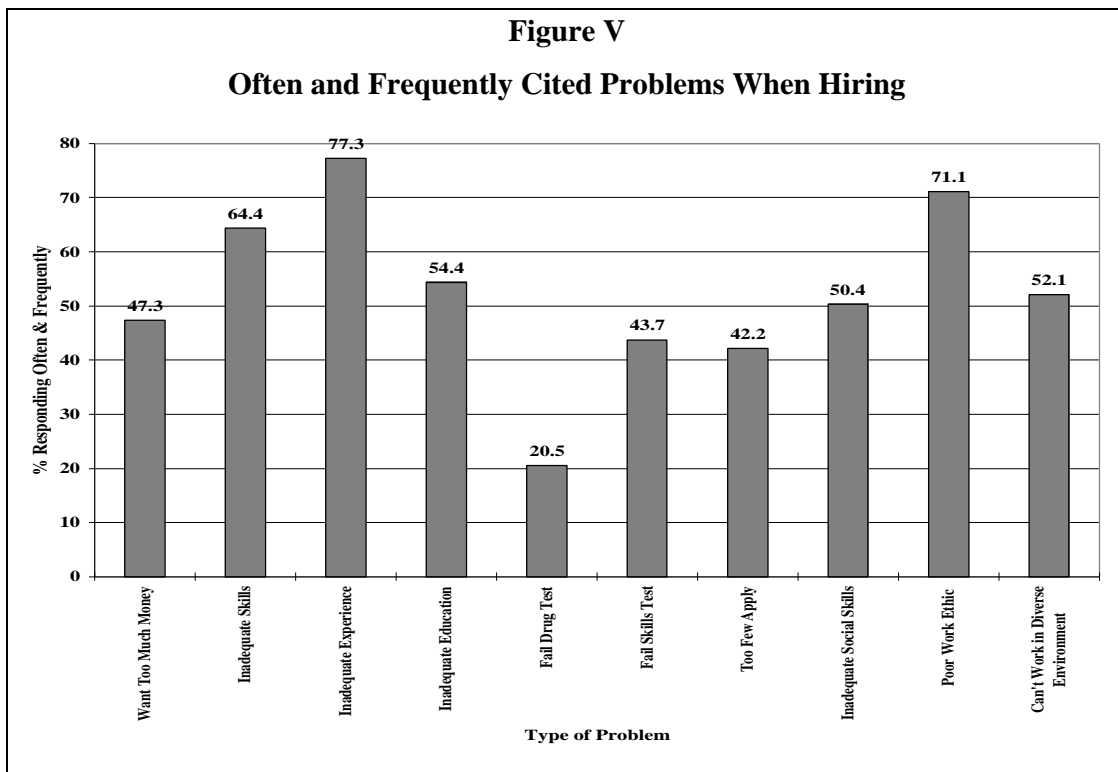
Those most concerned about interpersonal skills are in nonfood manufacturing, transportation and utilities, and health services while those least concerned are in finance. The lack of technical skills is most felt by nonfood manufacturing and wholesale firms while agricultural firms were the least critical. Firms in nonfood manufacturing and transportation and utilities express a particularly high level of concern about basic skills while respondents in the health services category are the least negative about workforce skills in this area.

Personal skills are identified as particularly problematic by firms in wholesale and business services while nonfood manufacturing and business service enterprises are most likely to indicate problems with thinking skills.

Presumably, these variations highlight the skills most critical to the various employers as well as differences in experiences finding qualified workers. Manufacturers, especially nonfood manufacturers, and employers in business services seem to experience the most difficulty. This is consistent with surveys undertaken by the National Association of Manufacturers in 1991 and 1997. Over 60% of companies reported serious deficiencies in basic job attitudes while about half of the firms expressed significant concern about basic skills.

We also asked our respondents to indicate the importance of each skill category. **All the skill categories, with the exception of technical skills, are seen as very important by at least 85% of the respondents.** Personal qualities are viewed as very important by 98% of the sample; the remaining 2% see it as important.

The sole split occurs with regards to the technical skills category where 43% believe it is very important, 45% as somewhat important, and 12% as not important. This is not surprising given the expectation of many employers that they will offer the technical skills training associated with employment. Interestingly, however, almost two-thirds of our respondents cite “inadequate skills” as a hiring problem they “often” or “frequently” encounter (see Figure V).



Another avenue for exploring employer perceptions of the county’s workforce is to inquire as to what types of problems employers frequently face when hiring new workers.

Figure V above indicates the percentage of our respondents citing a problem as occurring “often” or “frequently”.

Overwhelmingly, employers cite “inadequate experience” and “poor work ethic” as the most commonly encountered problems. Over 50% of the respondents also cite “inadequate skills,” “inadequate education,” “inadequate social skills,” and “difficulties working in a diverse environment” as “often” or “frequently” experienced problems. Some interesting differences among the firms once again surface. **Nonfood manufacturers and wholesalers emerge as the employers who consistently have experienced the most problems in hiring and retention.** Employers in the fields of utilities and transportation and business services also express relatively high levels of frustration in hiring. **Respondents in the health services sector are the most likely to experience problems in hiring in the areas of skills and education.**

Consistent with their concerns about the skills and attitudes possessed by the workforce, **employers enthusiastically endorse the concept of job training programs.** Almost 90% of our respondents agreed that the unemployed and welfare recipients would benefit from job training programs. **Three-quarters of our respondents believe that job training programs are a good use of public funds** while two-thirds believe that public funds should be used to subsidize on-the-job training programs. A majority of the sample said they would be willing to partner with other firms or agencies to provide on-site training. Three-quarters of the sample expressed problems with government-sponsored training programs. Concern about the efficacy of government training programs has been voiced by employers in a variety of national surveys. This concern should not be ignored. It is also true, however that government-sponsored programs are often used to address the training needs of those facing the greatest barriers to employment.

Table IV**Often and Frequently Experienced Hiring Problems by Sector (in percentages)**

Problem	Agriculture (N=58)	Food Manufact (N=30)	Nonfood Manufact (N=48)	F.I.R.E. (N=28)	Retail (N=95)	Wholesale (N=17)	Construct (N=55)	Transport & Utilities (N=21)	Busin Servi (N=2
Want Too Much Money	50.0	33.3	62.5	50.0	55.8	35.3	49.1	57.1	27
Inadequate Skills	59.3	56.7	50.0	79.3	51.6	47.1	70.9	61.9	61
Inadequate Experience	84.7	71.7	75.5	82.8	73.4	75.0	79.6	81.0	81
Inadequate Education	47.5	60.0	59.2	56.7	47.8	50.0	47.2	38.1	63
Fail Drug Test	16.3	37.9	39.0	0.0	19.4	40.0	32.7	19.0	12
Fail Skills Test	40.0	41.4	58.1	41.7	49.4	33.3	44.0	60.0	42
Too Few Apply	56.4	23.3	34.7	39.3	38.7	52.9	51.9	42.9	66
Inadequate Social Skills	56.1	50.0	41.7	46.7	61.5	62.5	41.5	55.0	57
Poor Work Ethic	70.7	73.3	81.6	66.7	78.3	81.3	73.6	76.2	75
Diversity	46.6	66.7	52.1	46.7	60.0	62.5	41.5	60.0	52

BARRIERS TO EMPLOYMENT and EMPLOYEE BENEFITS

In discussions of employment, the unemployed and welfare recipients, the literature identifies a number of challenges that many face in attempting to obtain work. Some of the challenges are personal. Some others may be referred to as structural or systemic in that the difficulty is not so much inherent in the individual as it is a broader infrastructure or social obstacle. For instance, the absence of public transportation or child care may prevent a person from being able to seek or hold a job. Finally, obstacles or challenges may exist in terms of the structure of the employment situation. For instance, a job seeker with a child in need of medical care might not be able to take a job that did not provide health insurance.

In our survey, we queried employers about their perceptions of structural and employment situation obstacles--or what are typically referred to as “barriers” to employment. **Employers do not believe that either transportation or child care present significant obstacles to employment.** Overall, 17% of our sample believe that transportation is a problem in hiring and retaining employees. Twenty-six percent indicate that child care is a problem.

Table V

Are Transportation and Child Care Problems in Hiring and Retaining?

Problem	Yes	No
Transportation	17.4%	82.6%
Child Care	25.6%	74.4%

Firms employing between 100 and 249 and firms in agriculture, nonfood manufacturing, and construction express the most concern with transportation as a problem in hiring and retaining workers. The largest firms, those with more than 500 employees, express the most concern about child care.

Construction and transportation businesses have the least concern about child care in hiring or retaining workers while the health services industry expresses the most. What is interesting with this result is that the construction and transportation sectors hire relatively few women while health services tend to high large percentages of female workers.

We also asked if public transportation is available to the work site and if the employer offers on-site child care. **Sixty percent of our respondents said that public transportation is available but only 1.4% said they provide on-site child care.** Of those firms employing more than 250, 80% said that public transportation was available.

Table VI
Employee Benefits

Benefit	Yes	No
On-site Child Care	1.4%	98.6%
Earned Income Tax Program	7.2	92.8
Job Sharing Program	12.3	87.7
Dependent Care Reimbursement Program	17.4	82.6
Flexible Work Hours	50.8	49.2
Vision Insurance	58.7	41.3
Dental Insurance	60.0	40.0
Health Insurance for Dependents	73.1	26.9
Health Insurance for Employees	83.4	16.6

The final series of items on our questionnaire sought information about a variety of employee benefits: Dependent Care Reimbursement Program, job sharing, flexible work hours, Earned Income Tax Program, employee health insurance, dependent health insurance, dental insurance, and vision insurance. Table VI (above) shows the percentage of our respondents indicating whether they offer the benefit. There are, however, significant and consistent variations.

The factor that most influences the availability of benefits is the size of the firm. The data for firm size have been grouped to yield three categories. “Small firms” are those employing nine or fewer. “Medium size firms” have a workforce of between 10 and 99 while “large firms” employ 100 or more.

As Table VII demonstrates, **generally speaking the larger the firm, the more likely the benefit is offered.** While a majority of all firms offer health benefits for

Table VII
Employee Benefits by Firm Size (% offering the benefit)

Benefit	Small (1-9)	Medium (10-99)	Large (100+)
Employee Health Insurance	63.4	87.5	99.7
Dependent Health Insurance	50.4	76.8	96.0
Dental Insurance	33.6	64.5	84.0
Vision Insurance	22.6	43.1	65.2
Flexible Hours	59.5	48.0	47.9
Dependent Care Reimbursement	5.3	16.0	46.0
Job Sharing	8.5	11.2	30.9
Earned Income Tax Program	6.1	5.4	24.1

employees, virtually all large and over three-quarters of all medium size firms offer the benefit. Even in categories where the benefit is less widely offered, the pattern holds. Health benefits for dependents, dental care, vision care, job sharing, dependent care reimbursement, and earned income tax credits are all more likely to be available in larger than in smaller firms. **One interesting exception is flexible work hours. Here the relationship is reversed; smaller firms are more likely to provide the option than are medium and large firms.**

Industry type also has an influence on the availability of benefits. **Public and other services, food manufacturing, and transportation and utilities are significantly more likely than other firms to provide an array of benefit options.** Firms in the agriculture

category are the least likely. But as Table VIII demonstrates, it is worth focusing on specifics to get a more accurate and nuanced picture. Here we focus on four benefits: employee health insurance, dependent health insurance, dental insurance, and vision insurance.

We noted that agriculture was among the least likely to offer benefits. This is true when job sharing, flexible hours, dependent care reimbursement, and earned income tax credits are included. But when the focus is limited to the more traditional array of insurance benefits, agriculture offers a fairly average package.

On the other hand, retail and business services emerge as the industries least likely to offer benefits. This pattern is consistent with the observation that smaller firms are less likely than larger firms to offer benefits since there are numerous small retail and business service firms.

Conversely, transportation and wholesale are noteworthy for their likelihood of offering benefits along with the areas previously highlighted: utilities, food manufacturing, and public and other services.

Table VIII
Insurance Benefits by Industry (% offering the benefit)

Industry	Employee Health Insurance	Dependent Health Insurance	Dental Insurance	Vision Insurance
Agriculture	81.4	78.0	54.2	29.0
Food Manufacturing	90.0	80.0	75.9	46.7
Nonfood Manufacturing	85.4	81.6	51.0	26.7
F.I.R.E	83.3	70.0	66.7	44.8
Retail	69.1	54.8	44.7	35.6

Wholesale	94.1	88.2	76.5	31.3
Construction	89.1	80.0	58.2	30.2
Transportation & Utilities	95.2	90.5	66.7	38.1
Business Services	77.3	59.1	40.9	28.6
Health Services	81.0	65.1	58.7	42.1
Public and Other Services	89.6	79.3	73.3	61.5

CONCLUSION

What can we conclude from this survey of private and public sector employers? What responses are particularly noteworthy? There is some good news in the survey and there is some bad news. We will begin with the good news.

Employers in Stanislaus County are cautiously optimistic about the state of the economy as expressed in their expectations of modest employment growth over the short- to medium-term. Medium to medium-large firms are the most likely to see employee growth, especially in nonfood manufacturing, retail, construction, health services, and public and other services. Most firms over the past two years have experienced either growth or stability in the size of their workforce.

This is the good news. Assuming no sudden downturn in the nation's economy, we can look forward to at least modest job growth in the county. But what stands out more in the survey is the bad news regarding employer's experience in hiring and retaining good workers.

Almost 40% of the employers in this sample rate the County's workforce poor in the basic skill areas of reading, writing, math and listening. Over 50% of employers in

nonfood manufacturing and utilities and transportation believe the workforce is poorly trained in basic skills.

More than one-third of the respondents said the workforce is poor in thinking and decision-making skills. A majority of business services and 49% of nonfood manufacturers believe this to be true.

When asked how frequently they have experienced certain problems in hiring and retaining workers, almost 80% cite inadequate experience and over 70% cite poor work ethic as major problems. As noted above, these findings are consistent with National Association of Manufacturer (NAM) surveys in which employers express a good deal of consternation about potential employees' experience, training and, most especially, work ethic.

The 1997 national NAM survey report states: "If there is any good news to report from this study it's that companies are now making serious and substantial investments in employee training and education." Clearly, industries must be willing to spend money on worker training to help improve worker skills and qualities. While we did not ask our respondents about their training expenditures, we did ask whether they see training as important. Overwhelmingly they said yes. The respondents strongly endorsed the use of public funds to help subsidize job training, especially on-the-job training programs.

Manufacturers in the NAM survey recognized that to attract top quality workers they have to offer good benefit packages. Over 80% of all private firms and public agencies in Stanislaus County offer employee health insurance and three-quarters provide health insurance for dependents. On the other hand, only 17% utilize the Dependent Care Reimbursement Program and almost no firm has on-site child care. Perhaps, therefore, benefit packages might have to be improved to attract good employees.

The 1997 NAM report concludes with the admonition that "[e]ither we reform our workforce preparedness, training and skill development efforts..." or we lose out to other

economies. Perhaps a similar admonition is where we should end this report. Efforts to attract new industries which offer good wages and benefits likely will depend on a workforce that is better trained than our current workforce. This is the most compelling theme of the survey results. Given that so many employers in the county express problems with hiring and retaining top quality workers, it would appear that only a broad and coordinated program addressing workforce preparation could effectively address the problem. The “bottom-line” is that business, government, schools, and nonprofit service providers ought to work together to make workforce preparedness a high priority challenge.

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