



JOHN J. HELDRICH
CENTER FOR
WORKFORCE
DEVELOPMENT

Highlights

The John J. Heldrich Center for Workforce Development New Jersey Employer Survey

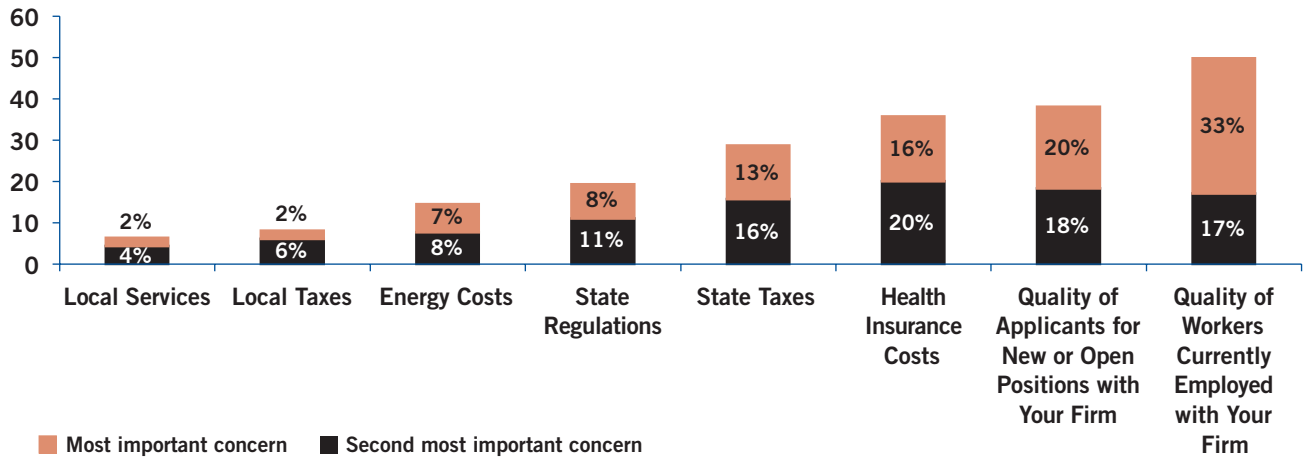
August 2006

- In a statewide survey of 300 New Jersey employers conducted in July, respondents cite the quality of the workforce as their top concern and report continuing difficulty in finding qualified workers. Concern about the quality of their workforce outpaces concerns over health insurance costs, taxes, and other matters of interest to New Jersey's business community.
- While overall state business taxes declined in the state budget adopted in July 2006, many employers would still like to see state government reduce business taxes. Employers say they would also welcome help in controlling the cost of health insurance.
- New Jersey remains an attractive location to do business, according to the vast majority of employers who responded to the survey. Only 5 percent of New Jersey employers said they were "very likely" to relocate their businesses or organizations to another state.

Workforce quality is the top concern of New Jersey employers, outpacing health insurance costs, taxes and other issues.

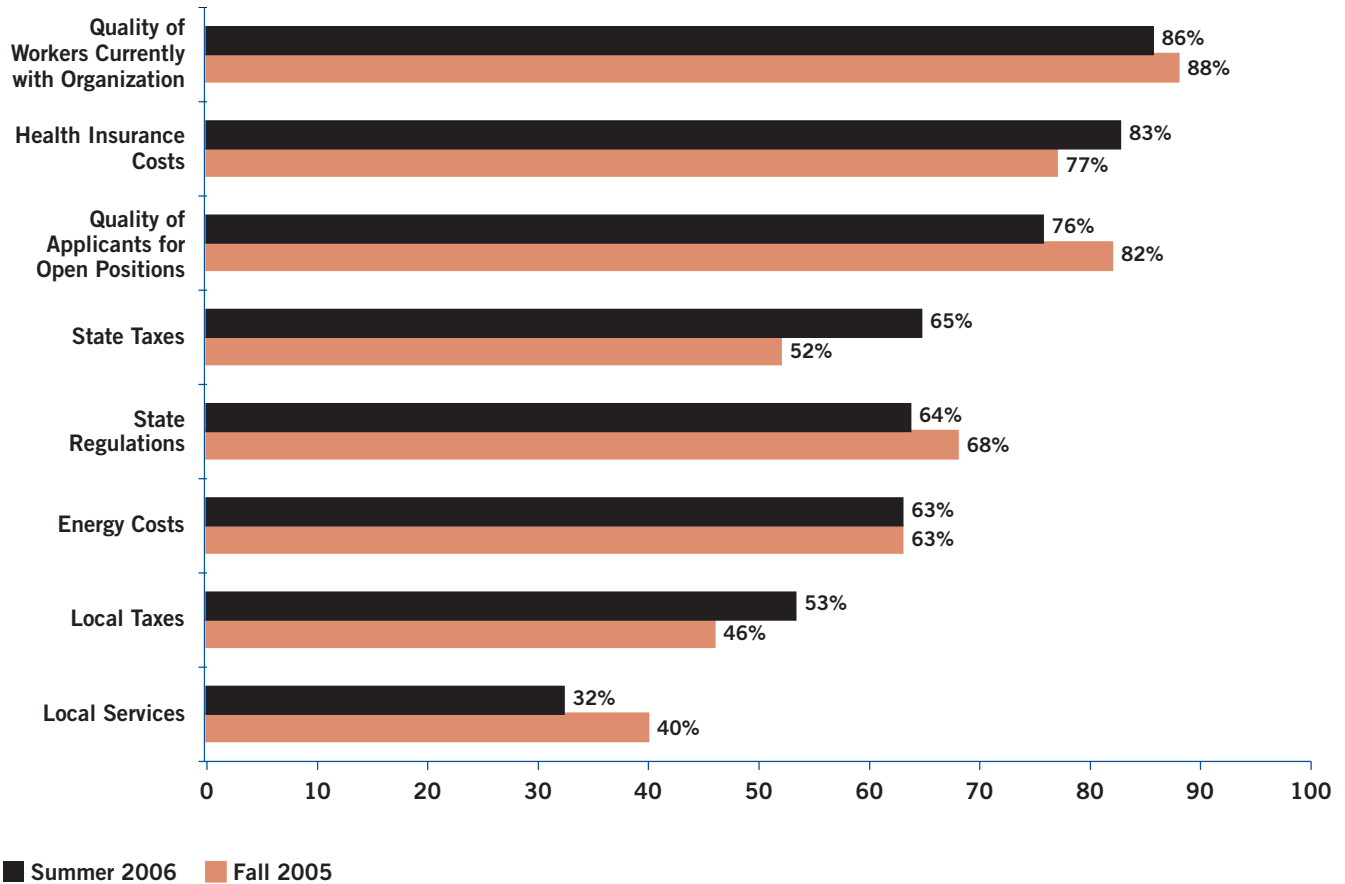
- When asked to name the top concerns affecting their business success, one in two employers surveyed said "maintaining the quality of their current workforce." The quality of applicants for new or open positions was the next most frequently cited concern, with 38% of employers placing it in the top two. More than one-third of employers (36%) cited the cost of health insurance as a top issue facing their business. Other issues included state taxes (29%), state regulations (19%), and energy costs (15%).
- These rankings mirror the findings from the Heldrich Center's survey of business conducted a year ago. Then, employers also ranked concerns about the quality of current workers and finding qualified workers ahead of health insurance costs, taxes, energy costs, and state regulations.

Top Concerns of New Jersey Employers



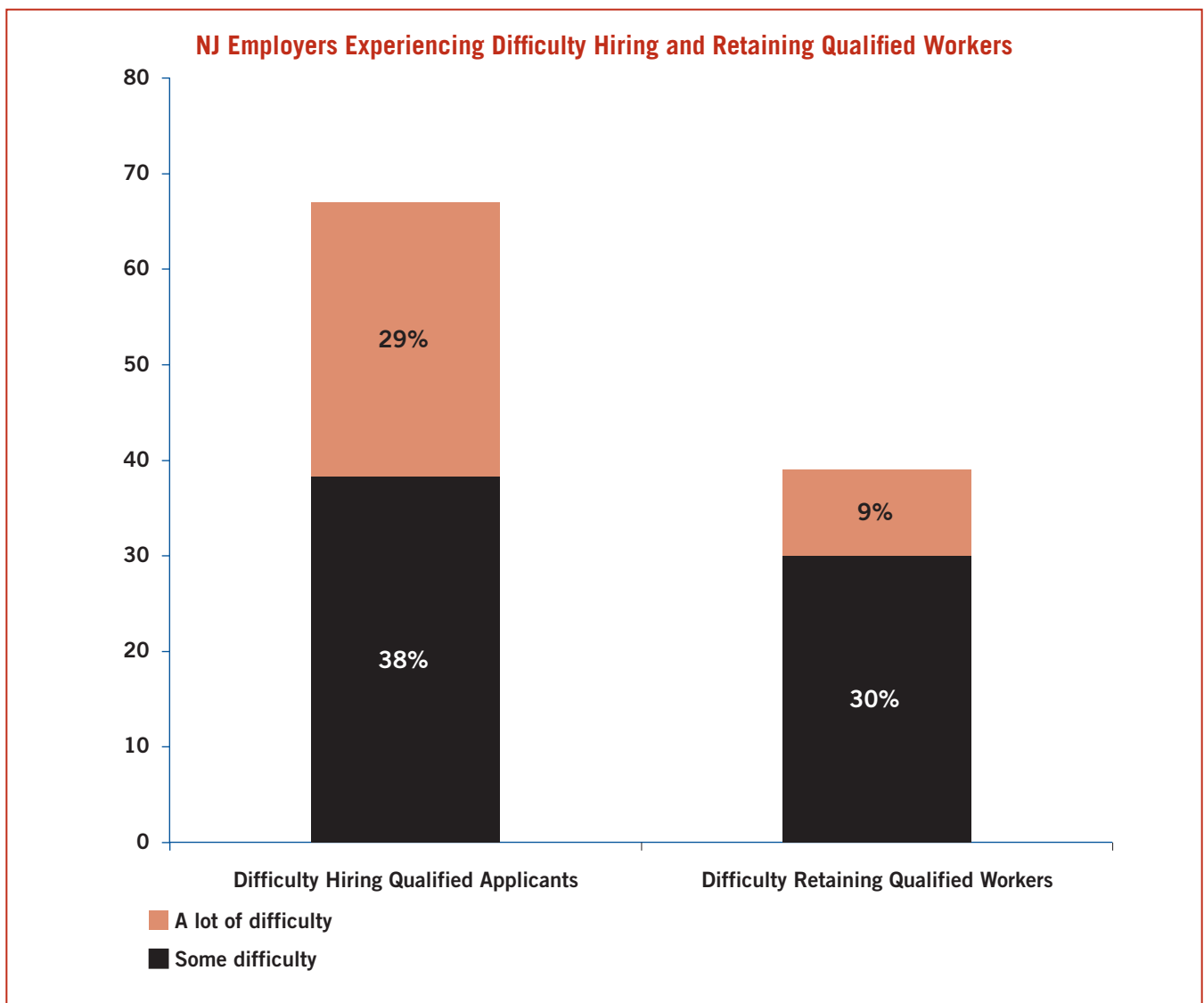
- Using a different method of gauging issues, we read employers a list of issues and asked them to comment on how important they are to their success. Again, the vast majority of employers said that maintaining the quality of their current workforce was “very important” to them (86%).
- The impact of rising health insurance costs was mentioned as “very important” by (83%). Over three in four employers said the quality of applicants for open positions was “very important.”

Issues Considered Very Important by New Jersey's Employers 2005 and 2006



Two-thirds of employers report experiencing difficulty in hiring qualified applicants. Nearly two out of five face challenges in retaining qualified workers.

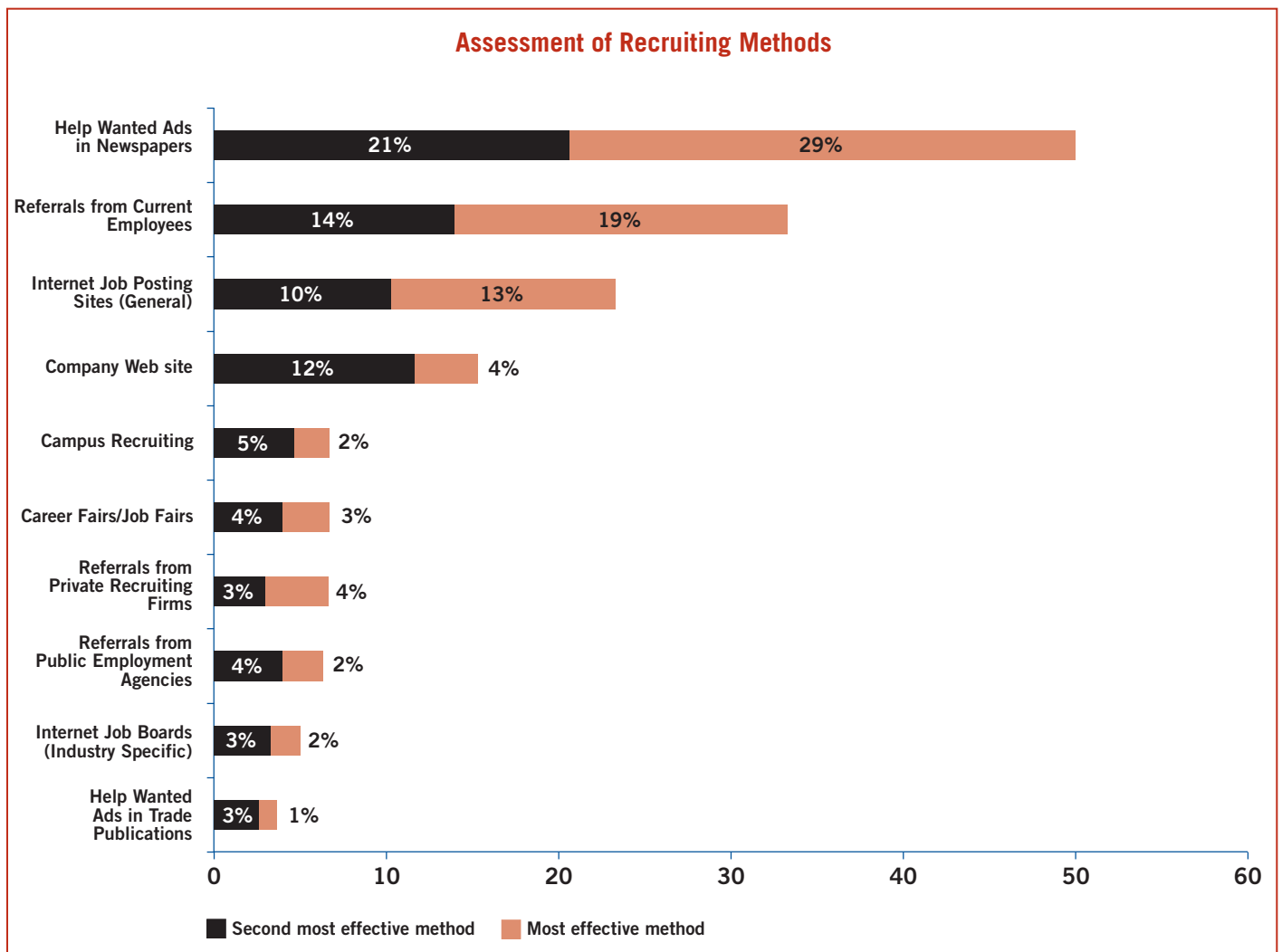
- When asked about a range of specific workforce issues, employers emphasize the importance of recruiting and retaining skilled employees. 82% of employers said it was “very important” to retain their skilled workers, while 68% said that recruiting skilled workers was “very important.”
- Two-thirds of employers report difficulty in hiring qualified applicants over the past year, including nearly thirty percent who reported having a lot of difficulty. Only eleven percent experienced no difficulty at all. Employers’ responses did not vary significantly by firm size.
- About 30 percent of employers said it was more difficult to recruit workers to fill job openings than it was a year ago.
- Nearly forty percent of employers have had difficulty retaining qualified workers over the past twelve months, including nine percent who have had a lot of difficulty. Only 1 in 4 employers said they had no difficulty at all retaining their qualified workers over the past year. 34% of employers reported having trouble retaining workers in the Fall 2005 survey, including 8% who had “a lot” of difficulty.



- Businesses with more than 250 employees were most likely to report having difficulty retaining workers in the past twelve months. 59% of these employers reported at least some difficulty, compared to 42% of medium-sized firms (51 to 250 employees) and 33% of small firms (those with up to 50 employees).
- 62% of employers who hire people for jobs requiring a specialized technical credential, such as software technicians or other information technology positions, had some difficulty finding qualified people for these jobs.

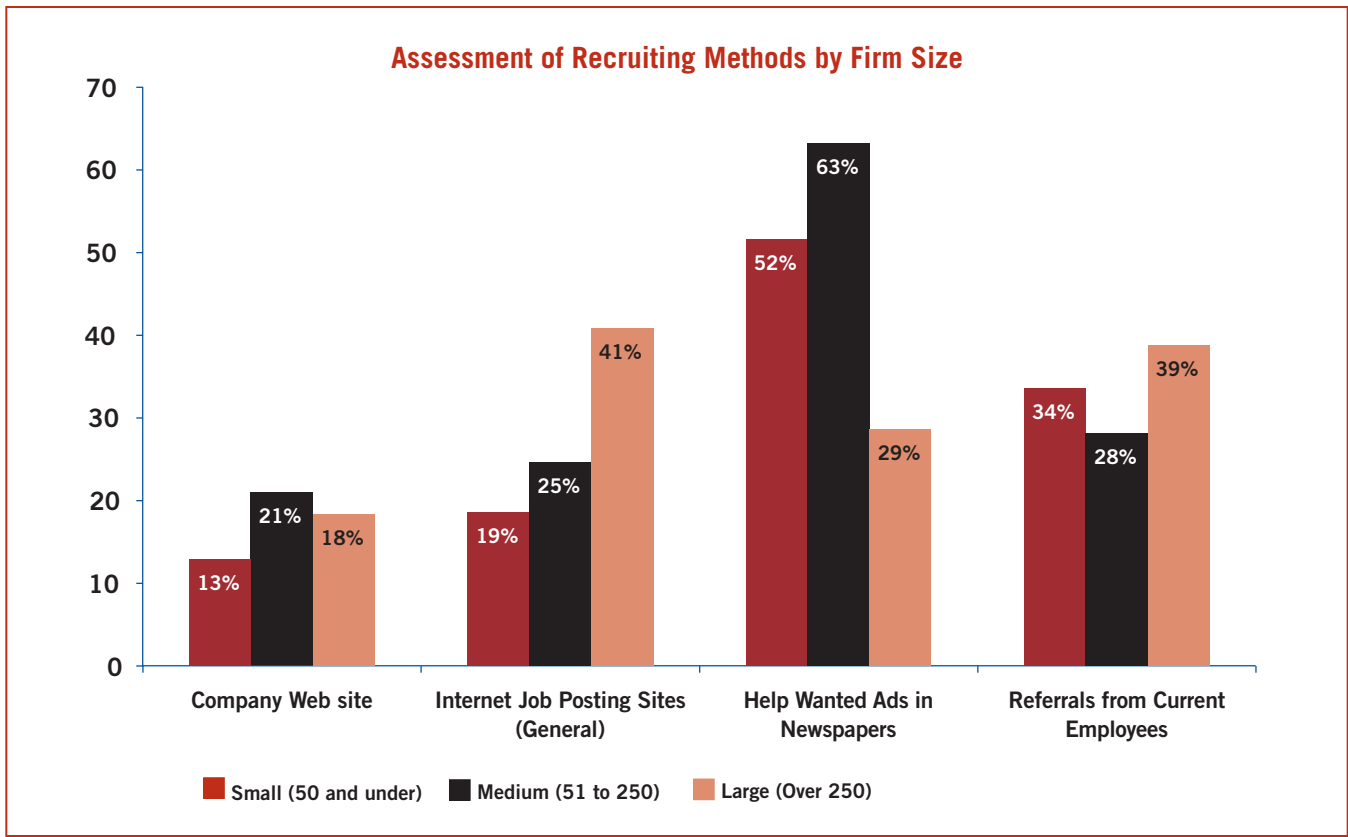
Employers still rely mainly on traditional recruitment strategies—help wanted ads and direct referrals—rather than the Internet to recruit new workers.

- One in two employers cite help wanted ads in newspapers as the most effective method of recruiting. A third of firms cited referrals from current employees as among their most effective forms of recruiting, followed by general Internet job posting sites (23%) and company websites (16%).
- A recent national survey by the Conference Board found that job seekers also continue to rely on traditional job search strategies. About 3 out of 4 job seekers report that they use help wanted ads in their search, with smaller percentages citing use of the Internet or other methods.¹



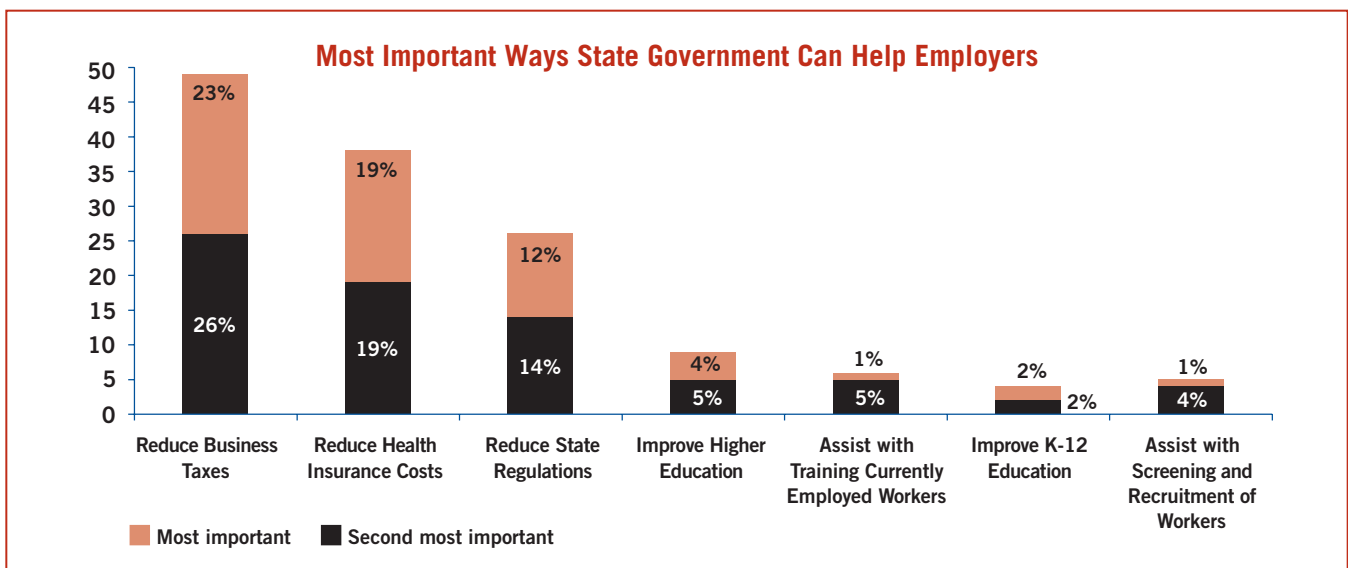
¹Barrington, Linda and June Shelp. *Looking for Employees in All the Right Places*. The Conference Board. Executive Action Series, Number 173, (December 2005).

- Small and medium-sized firms were more likely than large firms to use newspaper ads when looking for new employees. By comparison, large firms were far more likely than small or medium-sized firms to cite the effectiveness of general Internet job posting sites.



Employers seek further reductions in business taxes and help in controlling health insurance costs.

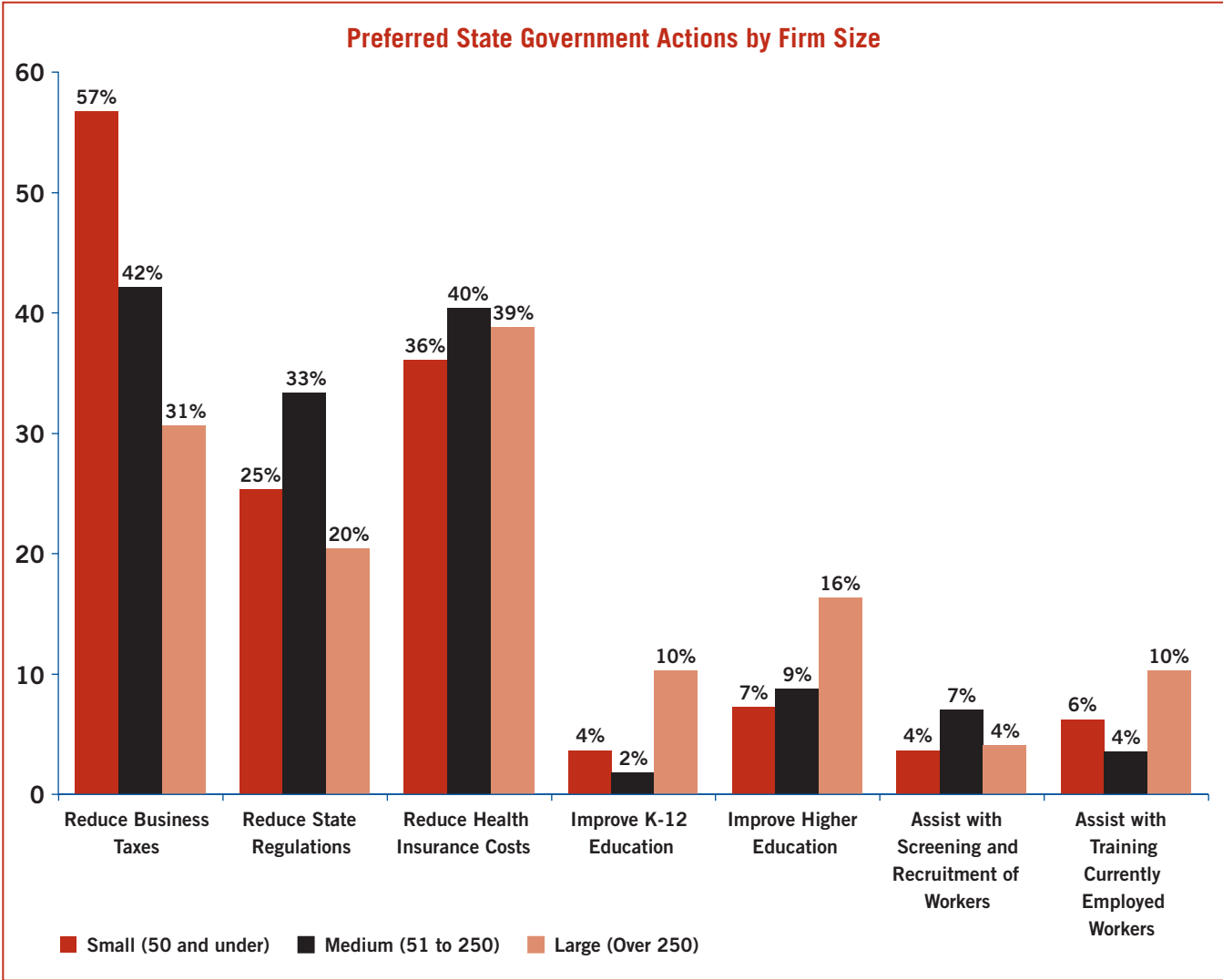
- When asked how state government can help their business or organization, nearly half of those surveyed said they would like further reductions in business taxes; nearly four in ten would like help in controlling health care insurance costs. Although business taxes were reduced in the July state budget, it is likely that many respondents were unaware of these changes because the survey was conducted just two weeks after the budget decisions were made in Trenton.



- Businesses and organizations with 50 or fewer employees are more likely than businesses with more workers to call for business tax reductions. Nearly 6 in 10 of these smaller firms cited reduction in business taxes as one of the two most important actions state government should take, compared to 42% of medium-sized firms (51 to 250 employees) and 31% of large firms (more than 250 employees).
- In contrast, businesses and organizations of all sizes placed reducing health insurance costs among the top two state government actions to assist business.

The vast majority of New Jersey businesses have no plans to relocate to another state.

- Nine in 10 businesses responding to the survey said they had little or no interest in relocating their firm to another state. Employers’ responses did not vary significantly by firm size.
- Only 5 percent of employers said they were very likely to relocate their businesses outside New Jersey. .



Methodology

The Heldrich Center for Workforce Development/New Jersey Employer Survey was conducted via telephone interviews with 300 New Jersey employers between July 10, 2006, and July 28, 2006. The sample was chosen to approximate New Jersey's distribution of employers by region, industry, and number of employees.

For-profit firms, non-profit and educational organizations with five or more employees were included in the sample. Governmental entities were excluded. Respondents were selected randomly from a list of New Jersey employers maintained by Dun and Bradstreet. Employers from all twenty-one of New Jersey's counties were interviewed for the study.

Acknowledgement

The Heldrich Center gratefully acknowledges the financial support of the New Jersey Resources Corporation. The Heldrich Center is solely responsible for the development of the survey and the interpretation of the results presented in this report.



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