

UNITED STATES DEPARTMENT OF LABOR
COMMUNITY AUDIT
FOR THE
SOUTHERN NEW JERSEY HOSPITALITY INDUSTRY

Conducted by:



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In cooperation with:



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BURLINGTON COUNTY OVERVIEW

INTRODUCTION:

The New Jersey Department of Labor received a grant from the U.S. Department of Labor to perform a regional Community Audit of the hospitality industry in Southern New Jersey. The Community Audit program is one of several labor market demonstration projects funded by the federal government for the 2001 – 2003 funding cycle.

The NJ Department of Labor has contracted with the Center for Regional and Business Research (CRBR) at Atlantic Cape Community College to perform a number of services encompassed by the grant. This county overview is one of those services. The CRBR will complete similar overviews for each of the other counties in the region – Atlantic, Camden, Cape May, Cumberland, Gloucester and Salem.

For the purposes of the Community Audit, the hospitality industry has been defined as those businesses and their employees in Standard Industrial Classification (SIC) #70: Hotels, Motels, and Other Lodging Places. This is in conformance with other USDOL projects focusing on this industry.

This overview will present:

- a brief overview of the economy of the county
- a description of the structure and geography of existing hospitality firms
- an evaluation of the county's current labor market in the skill and wage levels which characterize the industry

ECONOMIC OVERVIEW:

A broad picture of the economy of Burlington County is given by the information presented in **Table 1** below. Its labor market implications are clear. Moderate growth in population and high growth in employment have resulted in low unemployment and poverty rates. Due to excellent transportation links with central New Jersey as well as Philadelphia, the County has become a center for regional high technology employment and suburban housing. The County also retains a rural character in its eastern portion. It is a very good example of how transportation routes influence growth patterns.

The population growth and central location have added to the expansion of the retail sector in the County. In fact, between 1997 and 2000 this sector expanded from 32,577 employees to 35,319. This provided employment opportunities for those with the skill level demanded by this sector which tends to be relatively low. However, substantial growth (+4,500) was also experienced in the Finance, Insurance and Real Estate sector (FIRE), where opportunities for employees with higher skill levels were present. This diversity allowed the County to grow without creating higher poverty. It also helped give the County the highest income level in all of southern New Jersey.

While the County's hospitality industry is not large, it competes directly for labor with high growth in the retail sector. All of these factors suggest a tight labor market for entry-level or low-skilled jobs. This is compounded by mass transit access to Philadelphia from much of the County, providing competition for the workers in these categories.

Southern New Jersey Community Audit		
Table 1: County Overview		
Burlington County		
	Burlington	New Jersey
Population Growth (1990 - 2000)	7.2%	8.6%
Private Sector Employment Growth (1990 - 1999)	18.2%	6.8%
Unemployment Rate (2001)	3.2%	4.2%
Per Capita Income (1999)	\$26,339	\$27,006
Poverty Rate (2000)	4.7%	8.5%
HS Graduate or Higher	87.2%	82.1%
Bachelor Degree or Higher (2000)	28.4%	29.8%

This general evaluation is supported by the listing of occupations in excess demand in the County. The ability to find workers at current wage levels is shared by other industries competing for the same labor pool. **Table 2** lists the occupations in demand in the hospitality industry:

Table 2:

Burlington WIB

Code	Program Title	Demand
09-000000	Hospitality and Tourism	
09-010000	Food and Beverage Services	Y
12.0501	Baker/Pastry Chef	
12.0503	Culinary Arts	
12.0505	Kitchen Personnel/Cook and Assistant Training	
20.0401	Institutional Food Workers and Administrators General	
09-020000	Lodging Services	Y
52.0902	Hotel/Motel and Restaurant Management	
09-030000	Travel and Tourism	Y
8.0901	Hospitality and Recreation Marketing Operations General	
52.0903	Travel-tourism Management	
09-040000	Recreation, Amusements and Attractions	Y
12.0204	Umpires and Other Sports Officials	
31.0101	Parks Recreation and Leisure Studies	
31.0301	Parks Recreation and Leisure Facilities Management	
09-050000	Casino Services	Y
12.0203	Card Dealer	

The same labor market imbalances are found in industries which compete with hospitality for workers: construction, wholesale and retail trade, health services, eating and drinking places, amusement and recreation, and social services.

STRUCTURE OF THE HOSPITALITY INDUSTRY:

Information about the characteristics of the hospitality industry is available to construct a profile of the firms in Burlington County. This information is from both the NJ Department of Labor and Dunn & Bradstreet's Marketplace database. This is summarized in **Table 3** below:

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Table 3: Number of Hospitality Businesses				
Burlington County				
SIC Code		No. Bus.	% Total	Total Emps
7011	Hotels and motels	91	77.8	1,188
7032	Sporting and recreational camps	11	9.4	94
7033	Trailer parks and campsites	9	7.7	23
7021	Rooming and boarding houses	3	2.6	19
7041	Membership-basis organization hotels	3	2.6	109
Total/Avg		117	100	1,433

The modest size of the industry in Burlington County reflects the fact that its location is too far from both Philadelphia's tourist attractions and the shore area's seasonal tourism market. Most of the larger motel facilities service business travelers doing business in the County or in neighboring cities (primarily Cherry Hill and Philadelphia). The remainder serve local or specialized needs, especially in the eastern part of the County.

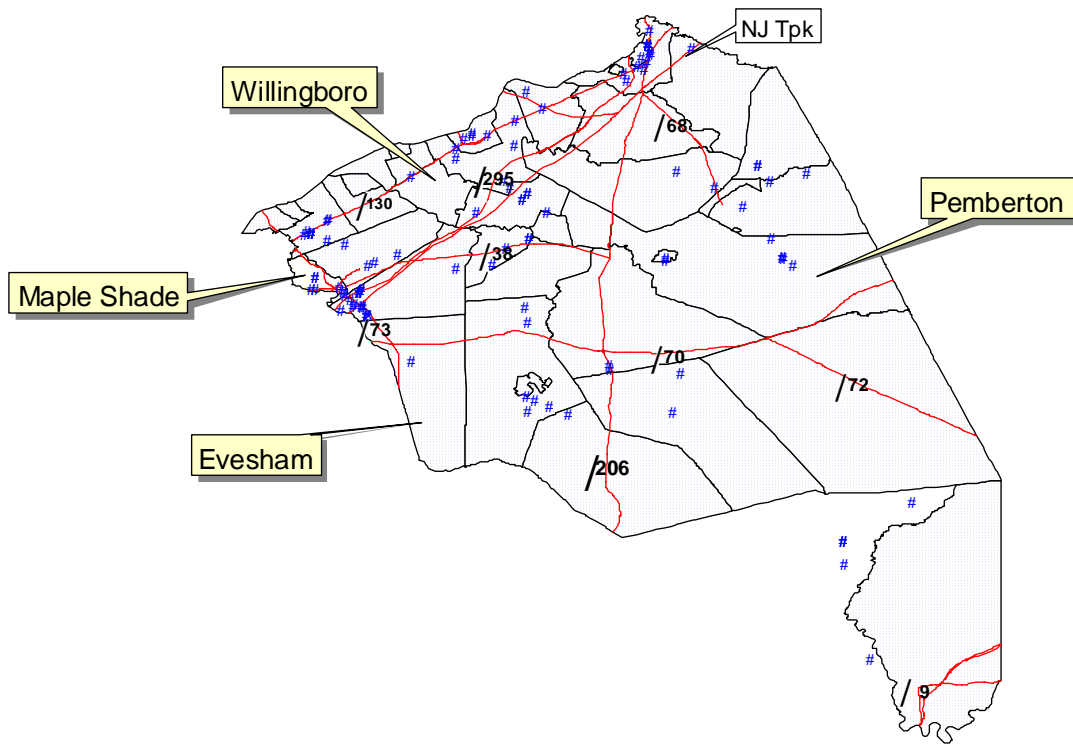
Of interest is the performance of the industry in the recent past. As **Table 4** reports, there have been 14 new businesses introduced in the past five years. Hospitality is a growth industry in the County. However, it is a secondary industry in the sense that it services the needs of other industries. Continued growth is expected as the overall employment base of the County increases.

**Southern New Jersey Community Audit
Table 4: Hospitality Businesses by Age
Burlington County**

Yrs. In Business	No. Bus.	% Total	Total Emps
not applicable/unknown	39	33.3	623
21 years or more	28	23.9	202
6 to 10 years	19	16.2	118
16 to 20 years	14	12	100
4 or 5 years	5	4.3	59
1 year or less	5	4.3	105
2 or 3 years	4	3.4	193
11 to 15 years	3	2.6	33
Total/Avg	117	100	1,433

While clusters appear in the western part of the County near Routes 130 and 295 as well as the NJ Turnpike exits, the hospitality industry is spread throughout the county. In order to utilize available labor, the location of hospitality businesses in relation to areas of relatively high unemployment in 2001 was examined. The need for entry-level employees to pay high transportation costs will limit the available labor supply to the industry. **Figure 1** shows the four municipalities with the highest number of unemployed residents. These include: Willingboro (917), Pemberton Township (711), Maple Shade (441), and Evesham (404).

Figure 1: BURLINGTON COUNTY HOSPITALITY INDUSTRY



THE HOSPITALITY INDUSTRY'S LABOR MARKET:

The wage structure of the hospitality industry is both low and narrow. Looking ahead to **Table 7**, the average annual wage is \$20,225 in the Camden Labor Area (Burlington-Camden-Gloucester-Salem counties). In addition, the range from the bottom quartile to the top quartile is extremely narrow, from \$14,515 to \$21,655. These will be compared to other industries later in this section. However, the low wage structure indicates that the skill levels required are relatively low, and the narrow wage band indicates that there are few opportunities within the industry for high-wage employment and advancement.

With low unemployment rates, it is clear that the hospitality industry must compete in the low-skill part of the labor market with a number of other industries. The demand for labor by all of these industries results in some pressure on wages and benefits, and the high overall growth in the County's employment has exasperated this somewhat. However, it is impossible to tell if the hospitality industry's growth has been stalled by the tight labor market. This will be the subject of the employers' focus group.

Table 5 below shows the County's expected growth sectors of the economy over the next six years. Many of these are also characterized by low-wage employment, especially social services, agricultural services, wholesale trade, and amusement and recreation. However, the other industries include a wide range of occupations which include both low- and high-wage positions.

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Table 5:						
Burlington County						
Private Sector Industries with the Greatest Employment Growth, 1998-2008						
SIC	Industry Title	1998 Number	2008 Number	Change: 1998-2008		
				Number	Total	Annual Percent
83	Social services	3,850	5,900	2,050	52.4	4.3
62	Security & commodity brokers	600	900	300	50.4	4.2
73	Business services	16,700	24,900	8,200	49.3	4.1
79	Amusement & recreation services	1,650	2,350	700	40.8	3.5
47	Transportation services	750	1,050	300	39.8	3.4
61	Nondepository institutions	3,700	5,200	1,450	39.7	3.4
51	Wholesale trade-nondurable goods	4,750	6,450	1,700	36.1	3.1
7	Agricultural services	1,650	2,200	550	34.5	3.0
80	Health services	15,850	19,750	3,900	24.7	2.2
87	Engineering & management services	5,800	7,200	1,400	23.7	2.2

While the non-retail industries have higher wage structures than hospitality, they all employ people in some low-wage occupations. **Table 6** reports the high growth occupations that are expected to accompany these industries. Cashiers will be the occupation with the most annual openings. However, a good balance of skills will be in demand.

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Table 6:

Burlington County

Occupations With The Most Average Annual Job Openings, 1998-2008

Occupation	1998		2008		Change: 1998-2008		Annual Average Job Openings		
	Number	Percent	Number	Percent	Number	Percent	Total	Growth	Replacements
Computer Engineers	1,900	1.0	3,800	1.7	1,850	96.6	200	190	10
Home Health Aides	1,300	0.7	2,200	1.0	900	71.4	110	90	20
Computer Support Specialists	1,300	0.7	2,200	1.0	900	68.3	100	90	10
Systems Analysts	950	0.5	1,850	0.8	900	92.1	90	90	10
Cashiers	4,500	2.4	5,300	2.4	800	17.3	280	80	200
Office Clerks, General	4,250	2.2	5,000	2.3	700	16.5	190	70	120
Retail Salespersons	5,500	2.9	6,100	2.8	650	11.8	250	70	190
Nursing Aides/Orderlies/Attends	2,750	1.4	3,350	1.5	600	22.1	100	60	40
Truck Drivers, Light	2,050	1.1	2,650	1.2	600	29.7	90	60	30
Registered Nurses	3,200	1.7	3,800	1.7	600	18.3	110	60	50

The education and training requirements for all employees in the year 2008, as reported by the NJDOL, are among the highest in the region with 27.6% requiring a college degree. This stresses the need for training programs to prepare the remaining workers for the workplace. While this is a small portion of the overall workforce, Burlington County has the high-end jobs to balance the overall income distribution and to offer opportunities for residents to seek better employment as their experience, training, and/or education increases.

Finally, **Table 7** compares the wage structures of the growing and the competing industries with that of the hospitality industry. In general, the wage levels indicate the skills required in that industry. In addition, the wage spread is an indicator of the opportunities for advancement within that industry. There is nothing, of course, which restricts any employee from moving into a higher wage industry, but the spread does give some evidence of the limits of internal career and promotional ladders.

The average annual wages in the group of industries which compete with hospitality for entry-level workers are not all low. With the exception of restaurants (eating and drinking places), they are substantially higher than hospitality. In addition, the ability to get employment in construction and manufacturing – the traditional high-wage industries for those without higher formal education – offers much brighter economic opportunities. However, while construction has experienced cyclical growth in the recent past, manufacturing continues to decline in employment.

However, for those with the appropriate training and education, the growth industries of business services, transportation services, and security and commodity

broker offer a wide spectrum of skill and wage levels. The wide wage ratios are in stark contrast to the more narrow ones found for the closest labor market competitors. The remaining growth industries, social and amusement and recreation services, are similar in wage structure and level to the hospitality industry.

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Table 7: Comparative Wages					
Burlington County					
	<i>Comparative Wages</i>				
	Avg. Annual	25th	Median	75th	Ratio:
		Percentile		Percentile	75th/25th
Hospitality Industry	\$20,225	\$14,515	\$17,130	\$21,655	1.49
<i>Top 5 Growth Industries: 1998 - 2008:</i>					
Social services	\$23,810	\$15,800	\$19,505	\$26,825	1.70
Security & commodity brokers	\$51,615	\$27,365	\$36,480	\$59,375	2.17
Business services	\$37,280	\$18,605	\$27,030	\$45,000	2.42
Amusement & recreation services	\$21,900	\$13,460	\$17,195	\$25,170	1.87
Transportation services	\$35,735	\$22,685	\$29,870	\$41,200	1.82
<i>Competing Labor Market Industries:</i>					
Building Construction	\$35,930	\$23,465	\$28,785	\$41,490	1.77
Food Mfg. Industries	\$39,995	\$19,775	\$30,185	\$47,730	2.41
Retail - General Merchandise	\$19,000	\$14,220	\$16,660	\$21,050	1.48
Amusement and Recreation Services	\$21,900	\$13,460	\$17,195	\$25,170	1.87
Personal Services	\$27,410	\$14,885	\$18,960	\$28,180	1.89

SUMMARY:

While the size of the hospitality industry in Burlington County is not large, it competes in a labor market which is growing and has low unemployment rates. The existence of low-skill, entry-level jobs allows people with little training to enter the job market, learn basic work skills, and be exposed to other opportunities. In many cases, these lead to the acquisition of more training and advancement.

However, the hospitality industry itself presents limited opportunities for significant career ladders. The limited number of managerial and technical jobs creates

these limits. In the case of Burlington County, the economy offers room for experienced workers to move on to positions in other industries with higher wage scales and higher skill needs. In addition, mass transit access to major employment centers in Cherry Hill, Trenton and Philadelphia offers alternatives in jobs with the same skill requirements. This makes retention more difficult in the hospitality industry.