

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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CAMDEN 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, Burlington, 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 #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
- evaluate 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 Camden County is illustrated in **Table 1** below. Its labor market implications are clear. Slow growth in population and negative growth in employment for the decade, especially in light of large growth in neighboring Burlington County, indicate economic stagnation. The continued economic drag of the county's largest city, Camden, has evidently spread to the suburbs.

However, the labor market has remained balanced with an average unemployment rate of only 4.1% compared to 4.2% for all of New Jersey. The labor force is able to find employment either inside or outside of the county. The high poverty rate and low per capita income indicate that the labor market's biggest issue is not generating jobs, but creating ones with higher wages. Educational attainment is lower than the state average.

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 most of the County, providing competition as well as alternatives for the workers in these categories.

Southern New Jersey Community Audit		
Table 1: County Overview		
Camden County		
	Camden	New Jersey
Population Growth (1990 - 2000)	1.2%	8.6%
Private Sector Employment Growth (1990 - 1999)	-3.09%	9.84%
Unemployment Rate (2001)	4.1%	4.2%
Per Capita Income (1999)	\$22,354	\$27,006
Poverty Rate (2000)	10.4%	8.5%
HS Graduate or Higher	80.3%	82.1%
Bachelor Degree or Higher (2000)	24.0%	29.8%

This general evaluation is supported by the listing of occupations in excess demand in the hospitality industry in the Camden Labor Area. 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:

Camden County WIB

Code	Program or Occupational Program or Occupational Title	Demand
Cluster - Hospitality and Tourism		
Pathway - Hospitality and Tourism		
27311	Recreation Workers	Y
43021	Travel Agents	Y
53802	Travel Clerks	Y
53805	Reservation and Transportation Ticket Agents	Y
53808	Hotel Desk Clerks	Y
61008	Housekeeping Supervisors	Y
67005	Janitors and Cleaners, except Maids and Housekeeping	Y
68014	Amusement and Recreation Attendants	Y
68017	Guides	Y
68032	Wardrobe, and Locker and Dressing Room Attendants	Y
080901	Hospitality and Recreation Marketing Operations	Y
080902	Hotel/motel Services Marketing Operations	Y
081105	Travel Services Marketing Operations	Y
120203	Card Dealer	Y
310301	Parks Recreation and Leisure Facilities Management	Y
520901	Hospitality/administration Management	Y
520902	Hotel/motel and Restaurant Management	Y
520903	Travel-tourism Management	Y

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 Camden 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				
Camden County				
SIC Code		No. Bus.	% Total	Total Emps
7011	Hotels and motels	44	64.7	669
7032	Sporting and recreational camps	13	19.1	122
7021	Rooming and boarding houses	5	7.4	17
7041	Membership-basis organization hotels	4	5.9	32
7033	Trailer parks and campsites	2	2.9	8
Total/Avg		68	100	848

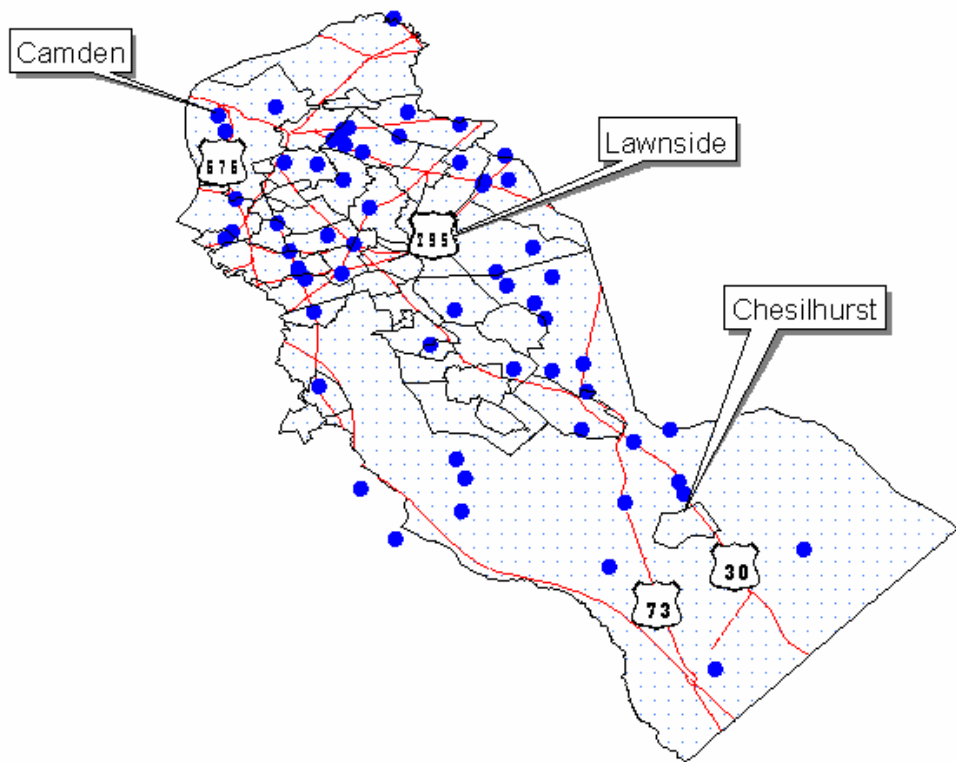
The modest size of the industry in Camden County reflects its more urban and suburban characteristics than other counties in the region. For the most part, these businesses provide lodging for business travelers. Of interest is the performance of the industry in the recent past. As **Table 4** reports, there have been 11 new businesses introduced in the past five years, this is about 15% of the total. These have been relatively small in size.

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Table 4				
Camden County				
Yrs. In Business		No. Bus.	% Total	Total Emps
not applicable/unknown		21	30.9	475
11 to 15 years		11	16.2	88
16 to 20 years		10	14.7	71
21 years or more		10	14.7	131
6 to 10 years		6	8.8	35
2 or 3 years		5	7.4	34
4 or 5 years		3	4.4	14
1 year or less		2	2.9	N/A
Total/Avg		68	100	848

While not a rapidly growing industry in Camden County, the hospitality industry is spread throughout the county. There is a small cluster along Rt. 295 in the Cherry Hill area, but as a whole it is fairly well dispersed as the map below illustrates.

Of equal importance is the location of hospitality businesses near areas of relatively high unemployment. The need to pay high transportation costs for entry-level employment will limit the available labor supply to the industry. **Figure 1** shows the three municipalities with the highest unemployment rates: City of Camden (12%), Lawnside (7%), and Chesilhurst (6%). These are not well-matched with the location of hospitality businesses, making transportation issues more important for the industry.

Figure 1: CAMDEN 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. 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.

With low unemployment rates and low population growth, 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, but the slow growth of the County's employment has mitigated this somewhat.

Table 5 below shows the expected growth sectors of the economy over the next six years for the County. Many of these are also characterized by low-wage employment, especially social services, eating & drinking places, retail, and amusement and recreation.

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Table: 5					
Camden County					
Private Sector Industries with the Greatest Employment Growth, 1998-2008					
SIC Industry Title	1998 Number	2008 Number	Change: 1998-2008		
			Number	Percent	
				Total	Annual
80 Health services	26,150	33,750	7,600	29.1	2.6
73 Business services	15,900	20,300	4,350	27.4	2.5
83 Social services	5,050	7,000	1,950	38.4	3.3
58 Eating & drinking places	10,500	12,000	1,500	14.2	1.3
87 Engineering & management services	5,900	6,950	1,050	17.5	1.6
79 Amusement & recreation services	2,550	3,400	850	34.1	3.0
59 Miscellaneous retail	6,750	7,500	750	10.8	1.0
17 Special trade contractors	6,950	7,550	650	9.2	0.9
86 Membership organizations	3,400	3,900	500	15.4	1.4
41 Local & interurban passenger transit	1,850	2,350	500	25.5	2.3

While the other industries have higher wage structures, they all employ people in some low-wage occupations. **Table 6** reports the high growth occupations that are expected to accompany these industries. With the exception of nurses and teachers, these occupations all compete directly with the labor needs of the hospitality industry. In

addition, the education and training requirements for these occupations, as reported by the NJDOL, are fairly low with only 39% requiring a college degree:

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Table: 6

Camden 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
Cashiers	5,950	2.6	6,600	2.7	700	11.4	330	70	260
Retail Salespersons	6,950	3.1	7,400	3.0	450	6.2	280	40	240
Office Clerks, General	5,650	2.5	6,600	2.7	950	16.9	250	100	160
Food Preparation Workers	3,550	1.6	3,750	1.5	150	4.8	210	20	200
Registered Nurses	5,400	2.4	6,550	2.7	1,200	21.9	210	120	90
Waiters & Waitresses	2,400	1.1	2,750	1.1	350	15.7	170	40	130
Teachers, Secondary School	3,500	1.6	3,900	1.6	450	12.7	160	40	110
Fd Prep/Service Wkrs, Fast Food	2,050	0.9	2,250	0.9	200	8.8	130	20	110
Reception & Information Clerks	3,100	1.4	3,700	1.5	600	19.9	120	60	60
Teachers, Elementary School	4,300	1.9	4,450	1.8	150	3.2	110	10	100

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. The ability to get employment in construction and manufacturing – the traditional high-wage industries for those without higher, formal education – offers a much brighter economic future. However, while construction has experienced cyclical growth in the recent past, manufacturing, particularly in Camden County, continues to decline in employment.

However, for those with the appropriate training and education, the growth industries of business services, engineering and management services, and health services offer a wide spectrum of skill and wage levels. The wide wage ratios are in stark contrast to the more narrow ones found for hospitality’s closest labor market competitors.

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**Table 7: Comparative Wages
Camden County**

	<i>Comparative Wages</i>				
	Avg. Annual	25th Percentile	Median	75th Percentile	Ratio: 75th/25th
Hospitality Industry	\$20,225	\$14,515	\$17,130	\$21,655	1.49
<i>Top 5 Growth Industries: 1998 - 2008:</i>					
Health Services	\$38,860	\$21,230	\$30,950	\$47,705	2.25
Business Services	\$37,280	\$18,605	\$27,030	\$45,000	2.42
Social Services	\$23,810	\$15,800	\$19,505	\$26,825	1.70
Eating & Drinking Places	\$17,595	\$12,480	\$14,190	\$17,635	1.41
Engineering & Management Services	\$45,995	\$25,325	\$37,670	\$61,320	2.42
<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 Camden County is not large, it competes in a labor market which makes up a large part of the overall economy. 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 few managerial and technical jobs create these limits. Ideally, the economy would offer room for experienced workers to move on to positions in other industries with higher wage scales and higher skill needs. This has been hampered somewhat in Camden County by negative employment growth over the last decade.

This overview points out the challenges to be overcome in moving workers into higher incomes. In Camden County this demands acquiring skills to fit into higher-wage growth industries. In addition, transportation needs include the ability to commute to areas in the county or the region with higher employment growth. All of these will be addressed on a regional scale in subsequent sections of the Community Audit.