

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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GLOUCESTER 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, Camden, Cape May, Cumberland 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 Gloucester 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 wholesale trade facilities and suburban housing.

However, the low per capita income and college graduation rate indicate that the labor market's biggest issue is not generating jobs, but creating ones with higher wages. While the County's hospitality industry is not large, it competes directly with high growth in the retail sector for labor.

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		
Gloucester County		
	Gloucester	New Jersey
Population Growth (1990 - 2000)	10.7%	8.6%
Private Sector Employment Growth (1990 - 1999)	23.5%	6.8%
Unemployment Rate (2001)	3.9%	4.2%
Per Capita Income (1999)	\$22,708	\$27,006
Poverty Rate (2000)	6.2%	8.5%
HS Graduate or Higher	84.3%	82.1%
Bachelor Degree or Higher (2000)	22.0%	29.8%

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

Gloucester 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
08.0901	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 Gloucester County. This information is from both the NJ Department of Labor and Dunn & Bradstreet's Marketplace database. This is summarized in **Table 3** below:

Southern New Jersey Community Audit				
Table 3: Number of Hospitality Businesses				
Gloucester County				
SIC Code		No. Bus.	% Total	Total Emps
7011	Hotels and motels	22	64.7	364
7033	Trailer parks and campsites	5	14.7	72
7032	Sporting and recreational camps	4	11.8	218
7021	Rooming and boarding houses	2	5.9	15
7041	Membership-basis organization hotels	1	2.9	1
Total/Avg		34	100	670

The modest size of the industry in Gloucester County reflects its location too far from both Philadelphia's tourist attractions and the shore area's seasonal tourism market. Most of the larger motel facilities service travelers passing through the County on the interstate highway system or business people visiting the many firms in the County's large industrial parks. The remainder, especially in the eastern part of the County, serve local or specialized needs.

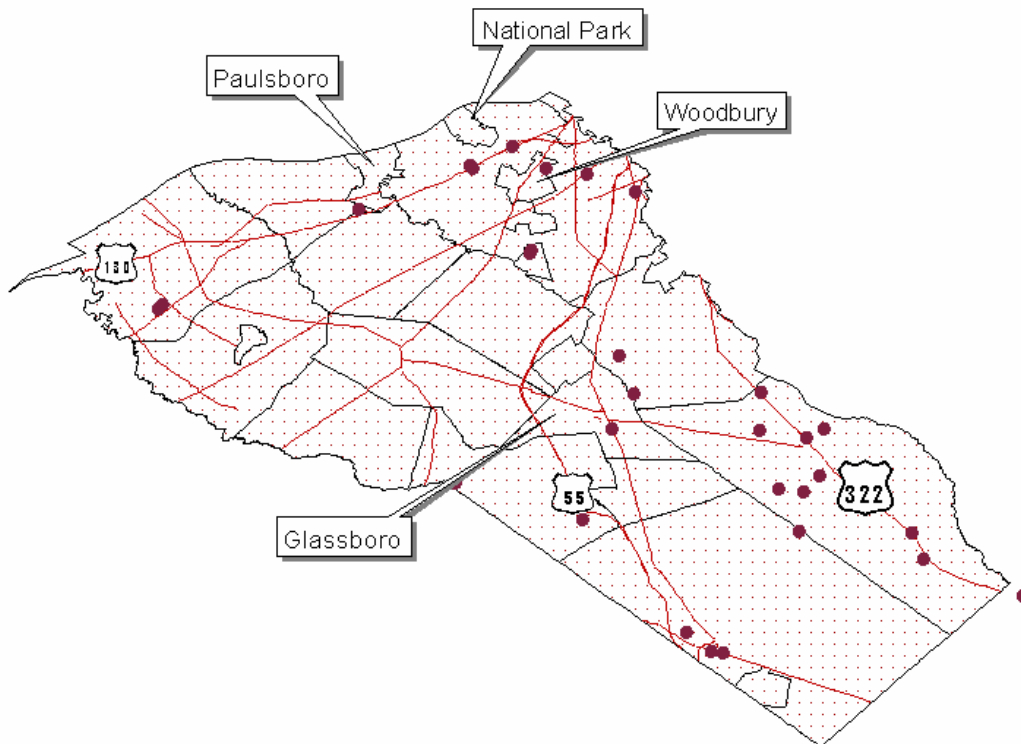
Of interest is the performance of the industry in the recent past. As **Table 4** reports, there have been only 4 new businesses introduced in the past five years. Hospitality is not a growth or a driving, basic industry. It responds to the needs of other industries.

Southern New Jersey Community Audit			
Table 4: Hospitality Businesses by Age			
Gloucester County			
Yrs. In Business	No. Bus.	% Total	Total Emps
not applicable/unknown	11	32.4	210
11 to 15 years	6	17.6	72
16 to 20 years	5	14.7	40
21 years or more	4	11.8	207
6 to 10 years	3	8.8	130
2 or 3 years	2	5.9	3
4 or 5 years	2	5.9	3
1 year or less	1	2.9	5
Total/Avg	34	100	670

While not a rapidly growing industry in Gloucester County, the hospitality industry is spread throughout the county. There is a small cluster along Rt. 295 in the business park area near Logan Township, but as a whole it is fairly well dispersed as the map below illustrates.

Of equal importance is the location of hospitality businesses in relation to areas of relatively high unemployment in 2001. 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 unemployment rates: Glassboro (6.4%), National Park (7.8%), Paulsboro (8.3%), and Woodbury (6.4%). These are well-matched with the location of hospitality businesses along Route 295 and are near employment centers which are serviced by NJ Transit. More remote areas will need to depend upon local residents for their labor supply.

Figure 1: GLOUCESTER 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.

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 whether the hospitality industry's growth has been stalled by the tight labor market.

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 personal services.

Southern New Jersey Community Audit					
Table 5:					
Gloucester County					
Private Sector Industries with the Greatest Employment Growth, 1998-2008					
SIC Industry Title	1998 Number	2008 Number	Change: 1998-2008		
			Number	Total Percent	Annual
73 Business services	4,850	7,250	2,350	48.5	4.0
80 Health services	6,000	7,150	1,150	19.4	1.8
83 Social services	2,500	3,600	1,100	43.0	3.6
58 Eating & drinking places	5,450	6,500	1,050	19.7	1.8
50 Wholesale trade-durable goods	4,500	5,400	850	19.3	1.8
51 Wholesale trade-nondurable goods	2,850	3,650	800	28.8	2.6
17 Special trade contractors	4,000	4,500	500	12.7	1.2
72 Personal services	1,200	1,700	450	37.7	3.3
59 Miscellaneous retail	2,450	2,850	450	17.8	1.7
54 Food stores	3,700	4,000	350	9.3	0.9

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. With the exception of 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 39.2% requiring a college degree:

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Table 6:
Gloucester 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
Retail Salespersons	4,500	4.9	5,000	4.7	500	11.0	200	50	150
Cashiers	2,700	2.9	3,100	2.9	400	13.9	160	40	120
Waiters & Waitresses	1,950	2.1	2,350	2.2	400	21.8	150	40	110
Hand Packers & Packagers	1,750	1.9	2,450	2.3	750	41.9	120	70	40
Food Preparation Workers	1,550	1.7	1,750	1.6	200	12.5	100	20	90
Office Clerks, General	2,200	2.4	2,600	2.5	400	18.0	100	40	60
Telmtkrs/Door Sales/Related Wkrs	950	1.0	1,600	1.5	650	72.2	90	70	20
Teachers, Secondary School	1,650	1.8	2,000	1.9	350	21.2	90	40	50
Fd Prep/Service Wkrs, Fast Food	950	1.0	1,150	1.1	200	20.6	70	20	50
Office/Admin Support Supvrs/Mgrs	1,200	1.3	1,500	1.4	300	22.7	60	30	30

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, 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 the closest labor market competitors.

Southern New Jersey Community Audit
Table 7: Comparative Wages
Gloucester 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>					
Business services	\$37,280	\$18,605	\$27,030	\$45,000	2.42
Health services	\$38,860	\$21,230	\$30,950	\$47,705	2.25
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
Wholesale trade-durable goods	\$38,600	\$22,700	\$31,095	\$45,070	1.99
<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 Gloucester 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 limited number of managerial and technical jobs creates these limits. In the case of Gloucester County, the economy offers room for experienced workers to move on to positions in other industries with higher wage scales and higher skill needs. This makes retention more difficult in the hospitality industry.