

Southwestern Pennsylvania Industry Cluster Snapshot

HOSPITALITY AND TOURISM

Three Rivers Workforce Investment Board
August 2003

ABOUT THIS BRIEF

Southwestern Pennsylvania Industry Cluster Snapshot: Hospitality and Tourism is part of a series of publications intended to inform discussions about workforce development efforts in the region¹. It is a product of the Community Audit project, a collaborative effort by the Three Rivers Workforce Investment Board (TRWIB) and its partners² to improve the quality of local workforce information. The target audience includes local elected officials, cluster coordinators and members, education and training providers, employers, job seekers and other stakeholders. Other cluster briefs deal with information technology, healthcare, manufacturing and financial services. The briefs serve as companion pieces to a more comprehensive report entitled "A Regional Audit of Workforce Supply and Demand." To obtain additional copies of this brief, contact the TRWIB at 412-552-7090. The complete series is also available online at www.trwib.org/reports.htm.

The Community Audit project is supported by a demonstration grant from the U.S. Department of Labor.

¹ In this series, the Southwestern Pennsylvania region is defined by four contiguous workforce areas: Southwest Corner (Washington, Greene and Beaver counties); Three Rivers (Allegheny County, including the City of Pittsburgh); Tri-County (Indiana, Armstrong and Butler counties); and Westmoreland-Fayette (Fayette and Westmoreland counties).

² Partners include Workforce Connections (a project of the Pennsylvania Economy League), the Pittsburgh Technology Council, the Steel Valley Authority, the Westmoreland-Fayette Workforce Investment Board, the Tri-County Workforce Investment Board, and the Southwest Corner Workforce Investment Board.

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WHAT ARE INDUSTRY CLUSTERS?

According to the National Governors Association, most experts define an industry cluster as a "geographically bounded concentration of similar, related or complementary businesses, with active channels for business transactions, communications and dialogue, that share specialized infrastructure, labor markets and services, and that are faced with common opportunities and threats."³

Businesses typically benefit from clustering through better access to suppliers, skilled labor pools, and transfers of knowledge. Collectively, cluster companies can enhance a region's economy by increasing productivity and fostering entrepreneurship.

The Five "Priority" Clusters

In 2001, the Three Rivers Workforce Investment Board, Workforce Connections (a project of the Pennsylvania Economy League) and other major players in regional workforce development selected five industry clusters on which to concentrate their collective efforts. The five clusters, chosen because of their importance to the regional economy, are:

- financial services;
- healthcare;
- hospitality and tourism;
- information technology; and
- manufacturing.

Collective efforts to date have included convening four industry-focused workforce summits, hiring "cluster coordinators" to work with employers to develop and implement targeted strategies to address critical labor shortages, and undertaking action-oriented research.

³ *A Governor's Guide to Cluster-Based Economic Development*, National Governors Association (2002).

SUMMARY OF MAJOR FINDINGS

- Hospitality and tourism is the third largest of the five priority clusters, with 6.8% of the region's total employment.
- While competitive with Pennsylvania and the nation in terms of growth of firms and wages, SWPA lags significantly behind in job growth, with only 1.9% growth between 1995 and 2000, compared to 10.2% growth for Pennsylvania and 12.5% growth for the U.S.
- The leading industry within the cluster is "eating places," with 61,360 jobs; "department stores" ranks second with 19,343 jobs. Eating places also has the most business establishments, with 4,255; in second place, "miscellaneous retail stores" has 1,509 establishments.
- Retail salesperson is the occupation with the most employment (36,240 jobs) in the region, followed by cashiers (31,800) and waiters and waitresses (19,240). In general, the cluster's top occupations by employment tend to be part-time and highly susceptible to unemployment. They also have low education and training requirements and pay low wages, on average.
- Career clusters within the industry cluster include lodging; recreation, amusements, and attractions; restaurant and food and beverage services; and travel and tourism.
- Key skills separate occupations along a career mobility track. First-line supervisors and managers of retail sales workers, for example, have higher levels of skills in critical thinking, identification of key causes, and idea evaluation than do retail salespersons. In addition, the former occupation requires work experience in the field, whereas the latter only requires short-term on-the-job-training.

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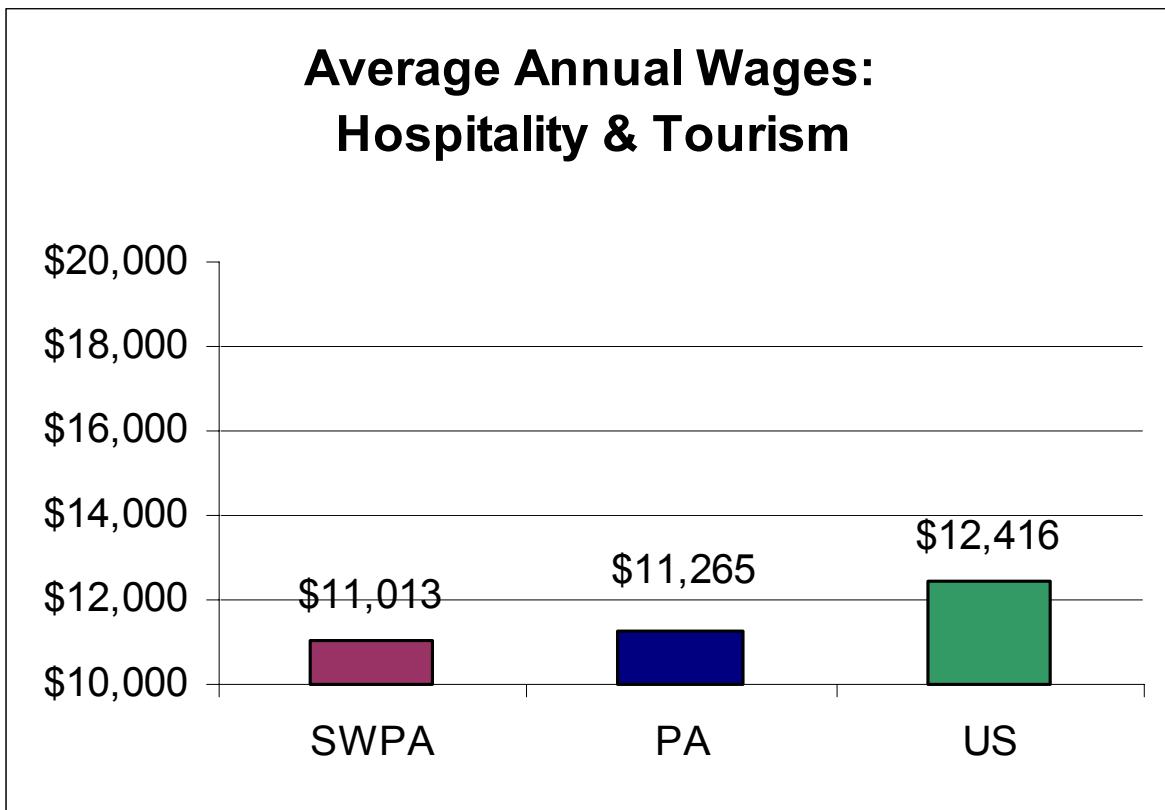
CLUSTER TRENDS

This section details the employment, wages and labor market trends for the hospitality and tourism cluster in Southwestern Pennsylvania (“SWPA”), the state, and the nation.

Employment

Hospitality and tourism employed a total of 98,604 workers in 2000, the third highest level among the five priority clusters.⁴

Wages



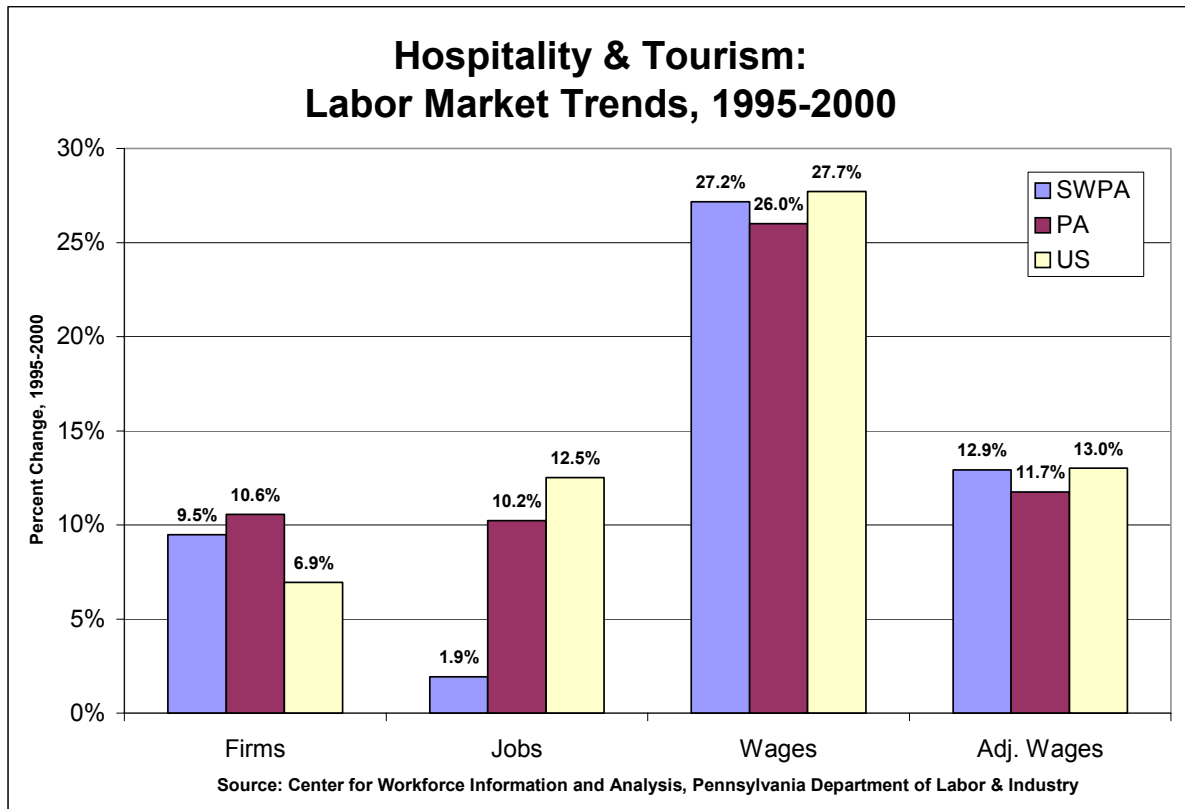
Source: Center for Workforce Information and Analysis, PA Department of Labor & Industry (2000)

The average annual wage within the hospitality and tourism cluster was lower in the SWPA region (\$11,013) in 2000 than it was in the state (\$11,265) or the nation (\$12,416) and significantly lower than in any of the other priority clusters.

⁴ Center for Workforce Information and Analysis, PA Department of Labor & Industry

CLUSTER TRENDS (CONT.)*Job Growth*

The rate of job growth in the region's hospitality and tourism cluster was 1.9% from 1995-2000, lagging way behind the nation's rate of 12.5% for the same period.⁵

Labor Market Trends

The rate of growth in new business locations ("firms") for hospitality and tourism exceeded the rate across the nation between 1995 and 2000 but did not keep pace with the rate in Pennsylvania. The rate of job growth in the region lagged way behind. Wages and adjusted wages, meanwhile, grew faster in the region than they did in the rest of the state and almost kept pace with the national trends.

⁵ Center for Workforce Information and Analysis, PA Department of Labor & Industry

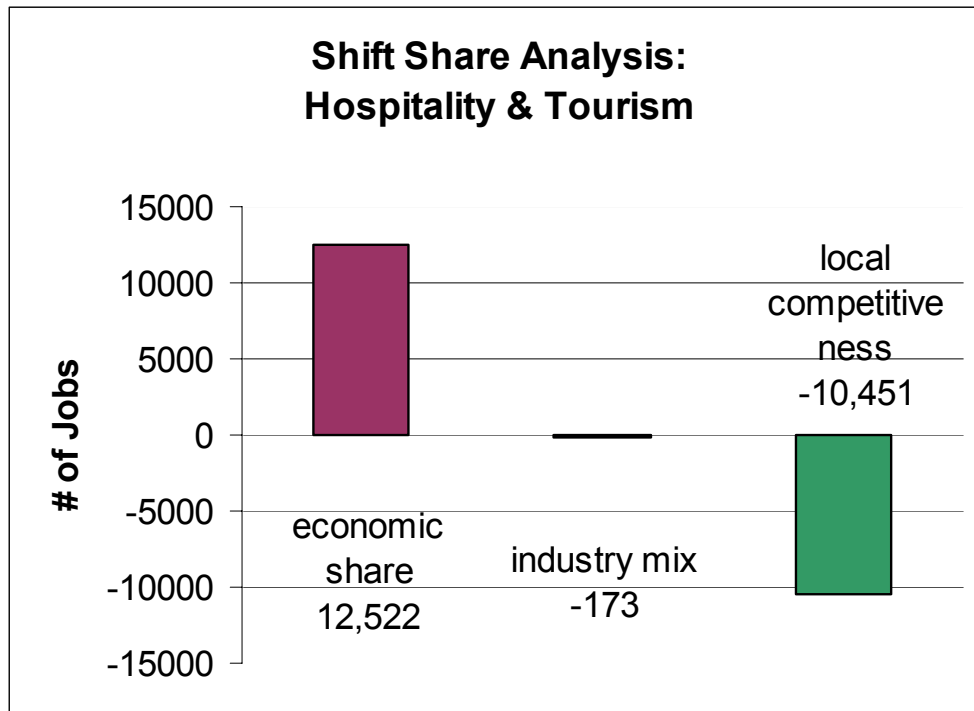
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CLUSTER TRENDS (CONT.)

Location Quotient⁶

The region's concentration of employment in the hospitality and tourism cluster was slightly above average compared to Pennsylvania (1.07) but slightly below average compared to the U.S. (0.93) in 2000.⁷

Shift Share Analysis⁸



Source: Center for Workforce Information and Analysis, PA Department of Labor & Industry (1995-2000)

⁶ A location quotient indicates the extent to which a single industry's concentration of employment in one region compares to the concentration in another region. A value greater than one signifies an above-average concentration of employment in the first region relative to the second; a value of less than one signifies a below-average concentration of employment in the first region relative to the second.

⁷ Center for Workforce Information and Analysis, PA Department of Labor & Industry

⁸ Shift Share Analysis breaks regional job growth or decline down by three factors: "economic share" (the increase or decrease in employment that can be attributed to growth or decline in the national or state economy); "industry mix" (the increase or decrease in employment that can be attributed to faster-than-average or slower-than-average growth in the industry cluster, compared with the average for all industries in the state or nation); and "local competitiveness" (the increase or decrease in employment that can be attributed to advantageous or disadvantageous conditions in the local area that make the industries in the cluster either more competitive or less competitive than their counterparts nationally or statewide).

CLUSTER TRENDS (CONT.)

According to shift-share analysis for the region's hospitality and tourism cluster, employment growth from 1995 to 2000 can be attributed solely to "economic share," or growth in the state and national economies. The slightly negative measure for "industry mix" indicates that the hospitality and tourism industries nationwide experienced employment growth that was just nominally slower than the average for all industries, while the large negative measure for "local competitiveness" indicates that the hospitality and tourism cluster in SWPA was considerably less competitive than comparable industries across the nation. This is not surprising, since SWPA is not a major tourist destination.

HOSPITALITY AND TOURISM**DETAILED CLUSTER PROFILE**

This section provides a more up-to-date and more detailed picture of the cluster by looking at standard industrial classification (“SIC”) codes. (Note: the data come from a private third party – Dun and Bradstreet – so they may not correlate with other data that appear in this report.)

Industry Employment in SWPA Hospitality and Tourism Cluster (March 2003)

SIC Number	SIC Name	Employment	Businesses	Average Employment per Business
5812	Eating Places	61,360	4,255	20
5311	Department stores	19,343	216	143
5999	Miscellaneous retail stores, other	12,605	1,509	9
7011	Hotels and motels	11,114	391	34
5912	Drug stores and proprietary stores	10,637	556	21
5813	Drinking places	5,695	1,006	6
5947	Gift, novelty, and souvenir shop	5,070	872	6
4581	Airports, flying fields, and services	4,552	57	83
7997	Membership sports and recreation clubs	4,271	467	14
5941	Sporting goods and bicycle shops	3,783	642	6
7999	Amusement and recreation services, other	3,247	624	5
5992	Florists	2,335	481	5
Total/ Average ⁹ for all 4-Digit Industries		190,561	16,847	13

Source: MarketPlace (Dun and Bradstreet)

More than 190,000 jobs existed in hospitality and tourism-related industries in the nine-county region in March 2003. This was the highest current employment of any of the five priority clusters. Many of these were in restaurants (61,360) and bars (5,695). Other major employers include department stores and drug stores (retail trade establishments) as well as hotels and motels.

With an average of only 13 employees per business, the size of firms in this cluster is relatively small. Manufacturing firms, in comparison, employ an average of 30 employees.

⁹ These aggregate figures reflect the entire cluster (all 4-digit industries), not just the top twelve 4-digit industries listed in the table.

STAFFING PATTERNS

This section looks at occupations for which there is high demand from employers in the industry and provides information about the number of jobs available, the average salary, the type of work schedule offered, the stability of the job, and the education level required.

Dynamite Dozen: Top 12 Hospitality and Tourism¹⁰-Related Occupations by Employment, Pittsburgh Metropolitan Statistical Area¹¹ (2001)

Occupation	2001 Employment	Mean Annual Wage	Likelihood of Part-Time Employment	Susceptibility to Unemployment	Education and Training
1. Retail Salespersons	36,420	\$18,450	Very High	Very High	Short-term on-the-job training
2. Cashiers	31,800	\$14,580	Very High	Very High	Short-term on-the-job training
3. Waiters and Waitresses	19,240	\$14,670	Very High	Very High	Short-term on-the-job training
4. Janitors and Cleaners, Except Maids and Housekeeping Cleaners	18,370	\$20,130	High	Very High	Short-term on-the-job training
5. Combined Food Preparation and Serving Workers, Including Fast Food	14,770	\$14,830	Very High	Very High	Short-term on-the-job training
6. First-Line Supervisors/Managers of Retail Sales Workers	10,370	\$30,700	Low	Very Low	Work exper. in a related occupation
7. Food Preparation Workers	8,860	\$15,240	Very High	Very High	Short-term on-the-job training
8. Cooks, Restaurant	6,710	\$18,180	Very High	Very High	Long-term on-the-job training
9. Maids and Housekeeping Cleaners	6,340	\$16,450	Very High	Very High	Short-term on-the-job training
10. Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	6,280	\$14,580	Very High	Very High	Short-term on-the-job training
11. Bartenders	5,870	\$14,230	Very High	High	Short-term on-the-job training
12. Landscaping and Groundskeeping Workers	5,720	\$19,980	High	Very High	Short-term on-the-job training

Source: U.S. Bureau of Labor Statistics

¹⁰ Occupations selected from a variety of industries including retail trade, hotels and amusements, eating and drinking places, amusement and recreation, air transportation, etc.

¹¹ Pittsburgh MSA includes the counties of Allegheny, Beaver, Butler, Fayette, Washington, and Westmoreland.

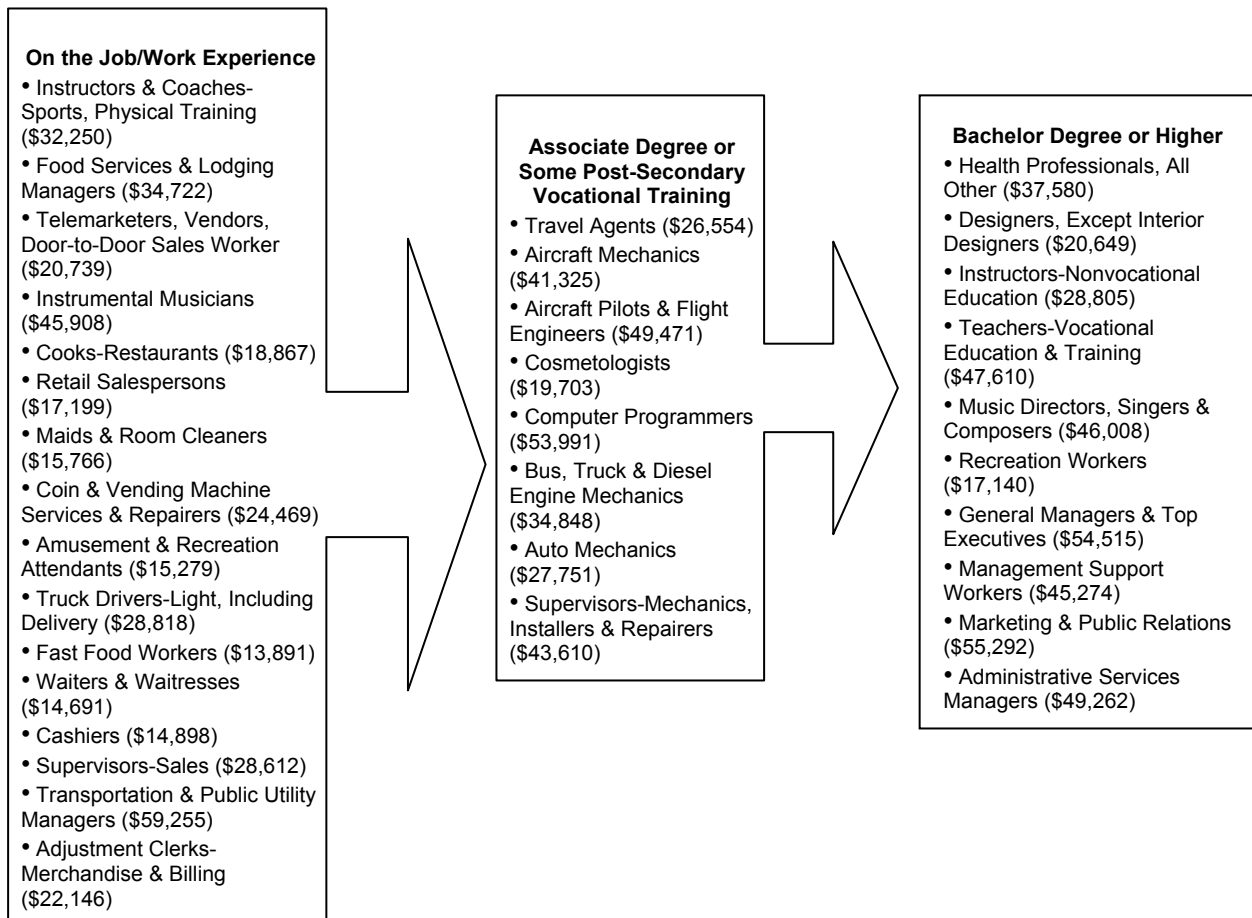
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STAFFING PATTERNS (CONT.)

With the exception of "First-Line Supervisors/Managers of Retail Sales Workers," all of the occupations with high levels of employment require only on-the-job-training, tend to be part-time, are highly or very highly susceptible to unemployment, and pay low wages.

Top Occupations in SWPA Hospitality and Tourism Cluster by Education and Training

In addition to identifying occupations in demand, it's useful to look at career mobility – how workers move from one job to another. In the chart below, occupations are ranked according to current employment, projected rate of growth and annual wage, and then categorized according to education and training levels required.



Source: O*NET, U.S. Department of Labor, and Corporation for a Skilled Workforce

STAFFING PATTERNS (CONT.)

According to this model¹², "travel agent" is the "top" job, requiring some post-secondary vocational training and paying more than \$26,000 per year. Unlike other clusters, the graphic above is dominated by non-cluster occupations because it involves staffing patterns across all related industries, thus picking up instructors and coaches from the recreational industry, etc.

¹² Current employment, projected growth rates, and average annual wages were ranked, weighted equally, and aggregated.

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CAREER CLUSTERS

The U.S. Department of Education's Office of Vocational and Adult Education (OVAE) has developed 16 career clusters¹³ to help educators organize curricula around employment readiness. For each cluster, OVAE has identified sample career specialties/occupations and a set of common knowledge and skills. Career clusters related to the hospitality and tourism cluster include:

Lodging

Sample career specialties/occupations: bell captain, front desk clerk, front desk supervisor, laundry attendant, night auditor, reservationist, shift supervisor, valet attendant.

Recreation, Amusements, and Attractions

Sample career specialties/occupations: animal handler and trainer, club manager, event planner, parks and garden security, parks and garden ranger, theme park ride operator.

Restaurants and Food and Beverage Services

Sample career specialties/occupations: food and beverage manager, catering and banquets manager, chef, cook, banquet server, cocktail server, bus person, waiter and waitress, host or hostess.

Travel and Tourism

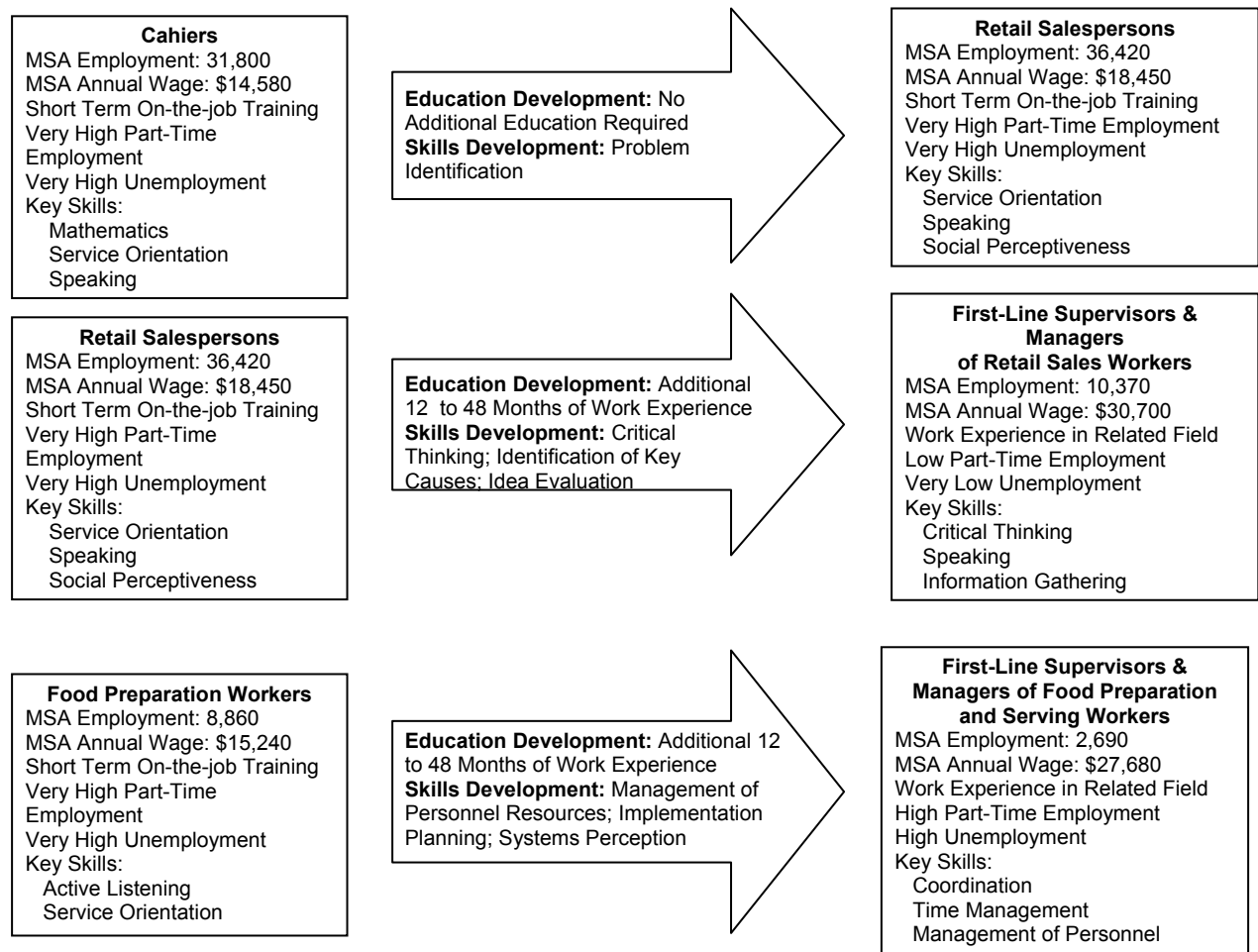
Sample career specialties/occupations: director of visitor services, destination manager, travel agent, meeting planner, convention services manager, welcome center supervisor, tour guide.

¹³ For more information, visit www.careerclusters.org.

CAREER MOBILITY

The chart below illustrates how workers might progress from one occupation to another within the hospitality and tourism cluster. Based on 2001 data from O*NET (a project of the U.S. Department of Labor), pairs of occupations were analyzed in terms of employment and wages for the Pittsburgh Metropolitan Statistical Area, the education and training requirements (as identified by the U.S. Bureau of Labor Statistics), the likelihood of part-time employment, the susceptibility to unemployment, and key skills (as defined by O*NET and the U.S. Department of Labor).

Included in the arrow between occupations are the necessary education and training development required, and the three critical skills that must either be developed or enhanced in order to make a successful transition from one job to the next.



Source: O*NET, Department of Labor

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SPOTLIGHT: #1 DEMAND-OCCUPATION FOR HOSPITALITY AND TOURISM CLUSTER

There are more than 36,000 jobs for retail salespersons in the Pittsburgh Metropolitan Statistical Area. Compiling a list of the most often performed tasks for the occupations in highest demand is one approach to ensuring that the region's educational and training curricula are adequate for creating and maintaining a pool of qualified workers.

The tasks most often performed by retail salespersons include:

- Prepares sales slip or sales contract.
- Computes sales price of merchandise.
- Describes merchandise and explains use, operation, and care of merchandise to customers.
- Sells or arranges for delivery, insurance, financing, or service contracts for merchandise.
- Totals purchases, receives payment, makes change, or processes credit transaction.
- Recommends, selects, and obtains merchandise based on customer needs and desires.
- Demonstrates use or operation of merchandise.
- Greets customer.
- Fits or assists customers in trying on merchandise.
- Estimates quantity and cost of merchandise required, such as paint or floor covering.
- Tickets, arranges, and displays merchandise to promote sales.
- Maintains records related to sales.

Source: O*NET, U.S. Department of Labor

EMPLOYER ROUNDTABLE COMMENTS

A roundtable of hospitality and tourism employers was convened to discuss workforce-related concerns. Seven leading companies were represented, including large hotel chains and restaurants. The following observations were made:

- There is high demand for janitors and cleaners, security guards, recreation workers, customer service representatives, laundry operators, maids, and management trainees.
- Management trainee positions offer opportunities for entry level employees to move into a back-office or front-desk positions, provided they have adequate communication skills and can handle the financial responsibility.
- Employers are satisfied with internships and other work-based learning programs, but more needs to be done to foster career awareness among youth concerning opportunities within the hospitality and tourism cluster.
- Employers are aware of where to go for training.
- Trade associations provide a good place to voice workforce related concerns and “know that someone is listening.”
- World-class universities are a regional strength for the cluster.
- Lack of mass transportation is one of the biggest challenges to finding a skilled workforce.
- All soft-skills are in short supply, including communication, critical thinking, customer service, idea generation, information gathering, people management, problem solving, time management, work ethic, and writing.
- Slower service and lost business are the two biggest impacts of not having enough skilled workers.

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NEXT STEPS

This brief provides a range of cluster-specific information to orient stakeholders and to foster discussion about opportunities and challenges facing the region. It is intended to be used in conjunction with other products developed within the scope of the Community Audit project – such as the educational index – to identify cluster-specific concerns related to the regional labor market.

Possible next steps include the following:

- Consider focusing efforts more strategically on high performance sub-clusters of the industry cluster rather than the cluster as a whole, recognizing that this approach could be much more challenging from a coordination standpoint.
- Work with education and training providers and other workforce professionals to integrate career clusters, career mobility concepts, and work task information into programs and curriculum.
- Develop and/or validate skill standards within the cluster so that education and training providers as well as job seekers better understand the occupations and job duties associated with them from employers' perspectives.

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