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# Labor Market Analysis of the Kenosha, Wisconsin Region

## EXECUTIVE SUMMARY

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# Executive Summary

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Kenosha County is located in one of the largest labor markets in the country—the Chicago Metropolitan Statistical Area—which affords its citizens access to metro-city amenities and its industries access to suppliers and national and global markets. The county has a history of production and a workforce that has transitioned and re-skilled as industries changed. The workforce that was trained a half century ago or more for the manufacture of carriages and wagons, brass, hosiery, automobiles, and engine parts is now trained at Kenosha’s educational institutions for jobs in food, lighting, plastics, and paper products manufacturing (to name a few), as well as for jobs in warehousing, distribution, and health care. The county offers acreage for business expansion as well as industrial space to accommodate location/relocation decisions. Kenosha’s quandary, like so many other areas, is whether it will have the labor supply to sustain and grow its industry base. The purpose of this study is to provide an assessment of the current labor market environment in Kenosha County and, based on this analysis, recommend actions that the county’s economic development and workforce development community can take to attract and grow tomorrow’s workforce.

Kenosha County’s strong recovery from the Great Recession is now being threatened by a tightening labor market. From September 2009 to September 2015 its employment has grown by 18.3 percent. In 2015 its unemployment rate stood at 5.1 percent. Using the Federal Reserve Bank’s yardstick of full employment at 5.0 to 5.5 percent, Kenosha County has a tight labor market. This means that for the county’s employers and for businesses looking to set up operations in the county, it is and will become increasingly difficult to find qualified workers to fill jobs. Kenosha competes with the nearby counties of Lake and Racine for labor with the same skill sets, as there is a need for workers across the same industries. This is particularly true for professional services (including health care) and production, transportation, and construction jobs.

Industries in Kenosha, unfortunately, experience high turnover rates—higher than that of the state of Wisconsin—in nearly all of the county’s highly concentrated industry sectors. One possible reason is that annual wages paid by Kenosha employers tend to be lower in nearly all of the county’s highly concentrated industry sectors compared to Lake and Racine counties and the nation. Again, this is particularly true in the manufacturing and professional, scientific, and technical sectors.

Despite low wages, it is talent that will drive Kenosha’s economy. The competition for talent is strong not only in Kenosha but both nationally and globally. Jamie P. Merisotis, president and chief executive officer of the Lumina Foundation, recently stated that, “Talent is not merely an innate ability; rather, it’s a collection of knowledge and skills that are continually honed by education and experience to meet the needs of an ever-changing economy and society.”<sup>1</sup> There are excellent efforts under way in Kenosha County to enhance, retain, and attract the human capital necessary to help the county—and its businesses—grow and prosper in an ever-changing world. This analysis offers policy suggestions that we feel will aid in these efforts.

## The Focus of This Analysis

The Kenosha Area Business Alliance (KABA) and its partners seek a better understanding of the economic and demographic aspects of its workforce. To aid in this understanding, this analysis examines the factors associated with the county’s employment growth, including its competitive wages, its industries’ demand for occupations, the educational attainment of its workers, commuting patterns of its workers, workplace conditions, and quality of place, such as housing costs and schools. Further, KABA wants to learn about the expectations, opportunities, and challenges facing both employers and employees in an effort to get a more complete picture of the region’s labor market. Workshops conducted with employers provided a deeper appreciation of their efforts in seeking and developing talent needed to thrive and remain competitive. A survey of Kenosha County employees provided insight into their workplace expectations, opinions regarding their employers, and commuting patterns. The synthesis of these three analyses form the basis of our findings and recommendations.

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1. Lumina Foundation. (2016, May). *A Stronger Nation* (7th edition, p. 1). Indianapolis, IN. [https://www.luminafoundation.org/stronger\\_nation2016](https://www.luminafoundation.org/stronger_nation2016)

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## Economic Analysis

The following major findings of the economic analysis of Kenosha's labor market reveal policy options for consideration by KABA and its partners.

Not only has the county witnessed substantial employment growth, recent business park developments and the growing availability of new industrial, distribution, and professional services facilities suggest that the county is successfully attracting new capital and is not facing severe physical constraints. For a manufacturer or distributor seeking either a central location in the national market or a competitive location to serve the greater Chicago and Milwaukee region, Kenosha County is attractive.

The county's competitive strength could also be its regional weakness, however. Overall, wages in the county are lower than in the neighboring counties of Lake and Racine, as well as the national average. This is true across a wide selection of industries and occupations. The county's mix of industries tends to generate low- to middle-wage jobs, on average, and many county firms appear to pay lower-than-average wages for their industry. Still, the fact that many of Kenosha County industries paid lower wages, on average, than the same industries in surrounding counties makes it more competitive and could be a major reason for its recent job growth. However, the industries that could be attracted to the county because of its competitive wage structure are not the same industries that will likely generate higher-paying, professional positions.

The county's existing mix of industries generates occupational demand that is more centered on production and material-handling occupations than on professional occupations. With fewer professional and technical occupations being demanded by the county's employers, it is not surprising that many residents with these skill sets commute outside of the county for employment.

Unfortunately, the county's low wages appear to be associated with it having a higher-than-average employee turnover rate across many industries. For most firms, high turnover rates are costly and can negatively impact productivity, increase training and hiring costs, and lower customer service.

In addition, the county's strong manufacturing legacy, competitive wage structure, and existing mix of industries may be contributing to a negative perception of the county to professional and skilled workers. In short, professional workers seeking employment opportunities may be overlooking the job opportunities in Kenosha County. However, they may consider the county as a good residential location.

The performance of Kenosha County's school districts, as measured by their high school graduation rates and school ACT test scores, is similar, if not a little below, that of the school districts in Racine and Lake counties. The county's schools should not be thought of as a liability or strength, but more of an opportunity; however, it is an opportunity that will require a full community-wide effort to explore.

The county's housing market is competitive and attractive; however, the advantage is not as great as a countywide examination suggests because housing costs in northern Lake County are very similar to those in Kenosha County. Low housing costs may encourage families to move to, but not necessarily to work in the county due to its current mix of industries and employment opportunities. Still, available commuting data suggest that Kenosha has become a bedroom community for professional workers due to both its transportation access to professional employment centers outside of the county and its relatively low cost of housing.

According to the results of a survey of more than 1,700 employees in Kenosha County, employers in the county are providing a positive work environment for most of its workers. Most employees enjoy a very reasonable commute time to work, regardless of whether they live in or out of the county. For high-wage workers, the survey indicates that employers are providing an excellent workplace environment. The same is true for employees who can be labeled as being in the professional creative class. These workers are more satisfied than others in the availability of career advancement, managers, work/life balance, and wages. Finally, millennials—persons between the ages of 18 and 34—are more satisfied than older workers with career advancement opportunities available within their companies.

Still, there is room for improvement in the county's workplaces. Highly educated workers—individuals holding graduate and professional degrees—while having better-than-average attitudes regarding the competency of their

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coworkers and training opportunities, were also more dissatisfied with equipment and technology provided by their employers. Production workers, in general, were found to be more dissatisfied with their workplace environment, including management relations, coworker competency, equipment, life/work balance, and training opportunities. At the same time, despite the evidence of the county's relative low wages, production workers were no more dissatisfied with their wages than other workers.

## Overall Recommendations

The success of Kenosha County's efforts to rebound from industry restructuring due to the loss of automobile production is demonstrated through low poverty and unemployment rates, elevated employment and business growth, and continuing investment in industrial development. As with every community, Kenosha County can make further improvements. We propose the following recommendations to complement efforts currently under way in the region. Each recommendation is discussed in more detail in the Overall Recommendations section of this report.

**Work with county employers to be more aggressive and effective in their employment outreach efforts, especially with their online presence.** Some Kenosha County residents may be unaware of the employment opportunities available in the county. Seminars for employers on the "dos and don'ts" of online job postings should be encouraged. However, we also strongly encourage employers to state their education and training requirements when posting online job openings. When seeking to attract talent, Kenosha area employers should first evaluate their company branding strategy and assess how well that strategy is communicated to prospective employees. When creating employee search strategies or job postings, employers should also include information that speaks to Kenosha and promotes what makes Kenosha an attractive place to live.

**Kenosha area human resources professionals need to stay up to date with online talent platforms.** Due to continuous advances in technology, tools and resources available to recruit talent online are constantly changing. Any recruitment strategy seeking to attract top talent should include the most relevant and widely used online platforms as part of its strategy.

**Prepare seminars that both present the findings of the Kenosha County employee survey and recommend best practices from human resources experts on creating a productive and rewarding workplace.** Kenosha County provides a highly competitive business location due in large part to its relatively low wages and cost of living, and especially its housing prices. At the same time, its employers are facing a higher turnover rate than the rest of the state. We recommend that seminars/workshops be conducted for county employers, which would do the following:

- Show the hidden costs of high turnover rates.
- Suggest how to create an attractive workplace environment that enhances the retention of good workers.
- Offer ways in which employers could promote the assets of living and working in the Kenosha community and region to their employees in an effort to reinforce the quality-of-life aspects that would encourage them to remain in the county.

**Develop targeted industry career fairs.** Targeted industry career fairs are unique, invitation-only, two-day events that seek to connect job seekers interested in specific fields with employers from a single target industry. The first day's activities are intended to prepare attendees for meeting with employers on day two. Day one includes training and an overview of skills for which employers in the targeted industry are looking. These "fairs" cannot be compared to the standard job fairs because only screened and qualified applicants sit down with employers who have current job openings. The event is much more efficient and productive.

**Increase the employability skills of the county's existing workforce.** It is likely that the employment situation in the county will remain tight; therefore, the need to find and retain workers who face serious employment barriers will be increasingly challenging to county employers. Lack of quality child care and reliable transportation, health issues, and other family responsibilities can cause good workers to be unable to complete their tasks. For employers facing these issues, we recommend assessing soft skills development as part of the hiring process and adopting soft skills development as part of the company culture. Soft skills are commonly thought of as interpersonal skills and

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can include, but are not limited to, positive attitude, work ethic, communication, listening, following directions, time management, problem solving, conflict resolution, and understanding workplace expectations.

**Work to improve public school performance related to community engagement, community alignment, and school resource enhancement to promote a college and career going culture for K-12.** We are aware of KABA's ongoing, strong focus on facilitating and encouraging the business and education communities to work together to better coordinate training programs to meet the needs of businesses. The strategies set forth in *Kenosha First: An Economic Strategy for Kenosha County, the Next Phase* are still sound and timely. In addition, we strongly endorse and support Gateway Technical College's Gateway Promise program, which will provide crucial "gap funding" for students, as available financial aid simply does not cover the cost of going to college. A strong urban core school system serves not only as an economic development attraction and retention tool, but also as a mechanism to strategically create a talent pipeline from K-12 and with the transitions to higher education. To help promote a college and career-going culture for K-12, we suggest the following:

- *Explore the feasibility of expanding the Gateway Promise program to a four-year scholarship program.* The development of a universal Promise Scholarship Program is truly a community-wide initiative. Across the nation, there are many different approaches that are designed to address different concerns.
- *Explore career-ladder opportunities within companies to retain employees.* As described in the report's Talent Development section, opportunity for advancement is one of the most critical factors in supporting employee retention. It is recommended that Kenosha area employers investigate and develop both formal and informal career ladder opportunities within their companies.
- *Collect microdata to establish an effective community-based program that addresses the barrier that can hinder students from succeeding in all grades.* This is a difficult step that is often ignored or simply avoided because of potential administrative barriers and the lack of expertise. However, without microdata that allow the ability to track the performance of individual students over the course of their K-14 experience, it is impossible to know where the crucial breakpoints occur:
  - At what grade do students who are not academically successful begin to fall behind? Are there demographic differences?
  - How big of a factor is the student's mobility between schools and school districts on their academic performance?
  - What is the impact of quality preschool programs for student success?
- *Explore the opportunity to provide access to quality preschool for all households.* Preschool is both a consumer good and a strong investment. For all beginning, two-income households—both professional and non-professional—the availability of quality day-care and after-school care is not only a must but an attraction tool as well. A community that is able to offer quality preschool options is much more attractive.

In summary, Kenosha County already has a strong economy because of its competitiveness, growing economic base, and its location in the Chicago-Milwaukee region. Recent reports clearly show that businesses across a wide range of industries are aware of the county's strengths. The next step for the county is to focus on talent development, which will require a comprehensive approach that involves the county's business, government, and educational leaders. All aspects of talent development should be explored—from improving the workplace environment offered by its employers to enhancing the county's K-12 education system, to developing even better linkages between the business and education communities. People want to be successful, but equally important, they want their children to be successful, and many are willing to move to or stay in a county that increases the possibility of both.