

# Understanding the Local Labor Market

## Focus: Business and Finance

The Business and Finance industry has continued to grow in southwestern PA, despite adverse economic conditions nationally. With projected growth through 2017, the industry remains a key economic force.

This issue summarizes the industry's key labor market indicators on economic performance, talent development and career opportunities. It highlights the most pressing needs and options of regional employers and some of the best practices initiated at the local and state level.

For more information on the Business and Finance industry or to find out about career opportunities and other regional resources, visit: [www.trwib.org](http://www.trwib.org).

### INDUSTRY OUTLOOK

- The Business and Finance industry cluster makes up five percent (5%) of regional jobs in southwestern Pennsylvania (SWPA) and nine percent (9%) of sales.
- The cluster has grown by three percent (3%) from 2002 to 2007 and is projected to grow another eight percent (8%) by 2017.
- For the SWPA region, the Business and Finance industry has the fifth largest annual payroll (\$5.2 billion in 2007) and the second highest sales (\$19.8 billion in 2007).
- Over half of the establishments are comprised of one to four employees, with only two percent (2%) of businesses employing 100 or more people.
- Occupations in the office and administrative support cluster and business and financial operations cluster compose over two-thirds of regional jobs.
- Examples of major employers in the region include: PNC Bank National Association, Federated Investors, Inc., Home Loan Services, Inc., and Sales Deposit and Trust Company. First Niagara Bank has purchased 57 former National City Branches, projected to retain 500 jobs and create 200 jobs in the region, according to *Pittsburgh Business Times*.

Indicator	Value
2007 Jobs	78,392
02-07 growth	3%
07-17 growth	8%
Average wage	\$67,000
2007 business units	4,243
Total Payroll	\$5.2 Billion
Total Sales	\$19.8 Billion

Source: EMSI Complete Employment, 2008

### CAREER OPPORTUNITIES IN THE INDUSTRY

Jobs by Occupational Clusters	2007 Jobs	% of Industry
Office and administrative support occupations	30,102	41%
Business and financial operations occupations	19,271	26%
Sales and related occupations	14,086	19%
Management occupations	5,493	7%
Computer and math science occupations	2,840	4%
Other occupations	2,156	3%

The office and administrative support, business and financial operations, and sales and related occupations clusters make up over eighty percent (80%) of the overall jobs in the industry.

Top Industry Occupations	2007 Jobs	% of Industry
Insurance sales agents	6,627	9%
Tellers	6,383	9%
Personal financial advisors	5,903	8%
Customer service representatives	5,473	7%
Securities, commodities, and financial services sales agents	4,876	7%
Loan officers	3,065	4%
Claims adjusters, examiners, and investigators	2,783	4%
Office clerks, general	2,734	4%
Insurance claims and policy processing clerks	2,326	3%
Financial managers	2,177	3%

Taking this one step further, the top occupations across the clusters are more diversified. Over a quarter of jobs are in three occupations: Insurance sales agents, tellers, and personal financial advisors. However, no single occupation makes up more than ten percent (10%) of the industry.

Source: EMSI Complete Employment, 2008

# NEEDS & OPTIONS FOR REGIONAL EMPLOYERS

Needs	Pipeline Development	Leadership & Management Skills
<p>Pipeline development and Leadership and management skills were found to be the major, overarching needs of the industry:</p> <p>Pipeline Development</p> <ul style="list-style-type: none"> <li>• Further connect with the public to promote understanding of this vital industry</li> </ul> <p>Leadership &amp; management skills</p> <ul style="list-style-type: none"> <li>• Improve the soft skill competence necessary to lead coworkers</li> </ul> <p>Options:</p> <ul style="list-style-type: none"> <li>• Paid internships</li> <li>• Secondary school outreach</li> <li>• Lower to mid-level management training</li> <li>• Career fairs/business expos, ineffective due to no jobs available</li> </ul>	<p>Opportunities for change:</p> <ul style="list-style-type: none"> <li>• Widespread lack of understanding of basic financial issues, and practical skills needed for entry-level job</li> <li>• Minimal understanding of the career options, entry-level positions, and progression within the industry</li> </ul> <p>Paid internships:</p> <ul style="list-style-type: none"> <li>• Gives real experience to students, creating interest in the field, with the company or with competitors</li> </ul> <p>Secondary-school outreach:</p> <ul style="list-style-type: none"> <li>• Meeting with school districts to inform educators about the skills needed for entry-level jobs</li> <li>• Integration of finances into student courses at all grade levels</li> <li>• Career options and professional development across curriculum</li> </ul>	<p>Holistic training for upcoming and new leadership is a necessary skill set across the board for this industry.</p> <p>Current conditions:</p> <ul style="list-style-type: none"> <li>• Often handled on a department-by-department basis or not at all</li> <li>• More time efficient/affordable in consortium than being done in-house</li> <li>• Upper level management usually unwilling or uninterested in leadership training</li> </ul> <p>Possible solutions:</p> <ul style="list-style-type: none"> <li>• Separate levels of training for “up-and-comers”/lower level management and middle/upper level management</li> <li>• Diversity training able to be integrated into leadership training</li> </ul>

Source: Focus group discussion with industry representatives led by TRWIB, February 2010

## REGIONAL INITIATIVES

### Youth Initiatives

**Educator and Employers Engaged for Excellence (E4) program**—builds the workforce pipeline by providing career education resources, curriculum systems building training and facilitating partnerships with schools, employers and youth-serving agencies. E4 has worked with the financial services sector in the past through partnering financial service employers with local school districts. ([www.trwib.org/about/youth-e4.html](http://www.trwib.org/about/youth-e4.html))

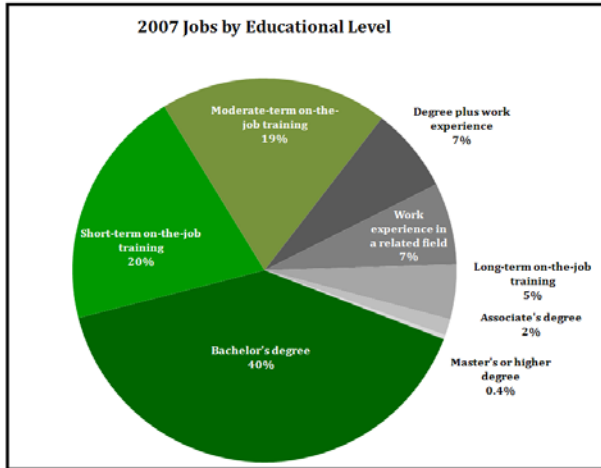
**Imagine Career Week**— A coordinated series of events that focuses on preparing youth for 21st century careers. The week brings together young people, parents, educators, employers and youth serving agencies that are focused on career education. In 2009, Imagine Career Week hosted over 2,000 youth, partnered with 200 employers and over 300 educators, incorporating over 20 youth serving agencies. ([www.imaginecareerweek.org](http://www.imaginecareerweek.org))

### Industry Partnerships

**Business and Financial Services (BFS) Industry Partnership**— An industry partnership is a multi-employer collaborative effort bringing together management and labor around the common purpose of improving competitiveness. The BFS partnership is a means to strengthen the industry by better connecting the BFS employers to schools, community-based organizations, and policymakers. TRWIB will utilize information from this partnership to inform policy and recommendations.

**Business and Education Stakeholders in Technology (BEST) Industry Partnership**— The BEST partnership is an alliance of industry, academia and nonprofits with a vested interest in strengthening the greater Pittsburgh region's economy and information technology workforce. BEST provides incumbent worker training and promotes youth pathways to address the need for a well-prepared, skilled regional information technology workforce to fill the jobs of the future.

# TALENT DEVELOPMENT



Source: EMSI Complete Employment, 2008

Many of the attributes employers look for in new employees are the soft skills which are vital to the industry. The knowledge, skills and abilities (KSA's) for the industry, highlighted in the chart to the right, range from basic math and language skills to more soft skills like critical thinking and time management.

Employers often say that jobseekers lack these soft skills which are not as easy to teach as more technical skills.

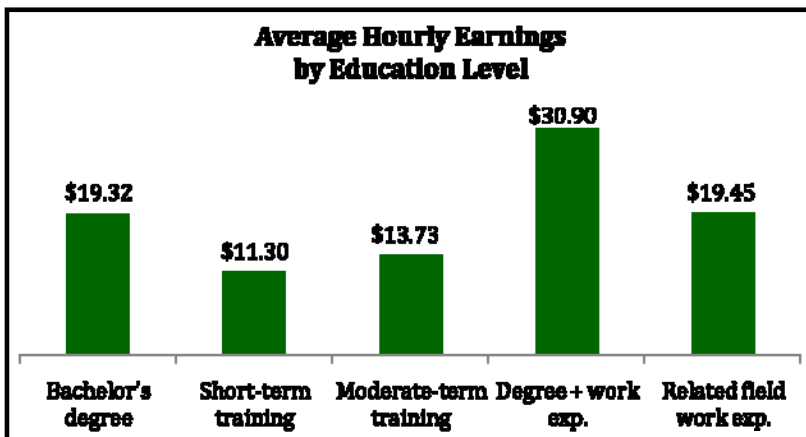
Formal education (associate's degree or more) and on-the-job training are both very important in this industry. Nearly half of all jobs require educational attainment beyond high school. The other fifty eight percent (58%) require some amount of on-the-job training or work experience, regardless of degree.

A disconnect remains between the expectations of careers in the Business and Finance industry and the reality of skills required for entry-level positions. The progression of positions available and career pathways can also be a component of this industry's outreach efforts.

Top Knowledge	Top Skills	Top Abilities
Customer and Personal Service	Reading Comprehension	Speech Recognition
Clerical	Service Orientation	Oral Expression
English Language	Monitoring	Oral Comprehension
Mathematics	Active Listening	Hear Vision
Administration and Management	Active Learning	Writing Comprehension
Computers and Electronics	Critical Thinking	Problem Sensitivity
Education and Training	Coordination	Deductive Reasoning
Sales and Marketing	Learning Strategies	Inductive Reasoning
Communications and Media	Time Management	Fluency of Ideas
Psychology	Speaking	Speech Clarity

Source: EMSI Complete Employment, 2008

## WAGES BY EDUCATION LEVEL & OCCUPATION



Source: EMSI Complete Employment, 2008

Current Hourly Earnings by Occupation	
Financial managers	\$30.17
Claims adjusters, examiners, and investigators	\$25.03
Loan officers	\$22.60
Securities, commodities, fin. services sales agents	\$17.18
Insurance sales agents	\$16.84
Personal financial advisors	\$15.62
Insurance claims and policy processing clerks	\$14.10
Customer service representatives	\$13.06
Office clerks, general	\$11.05
Tellers	\$10.49

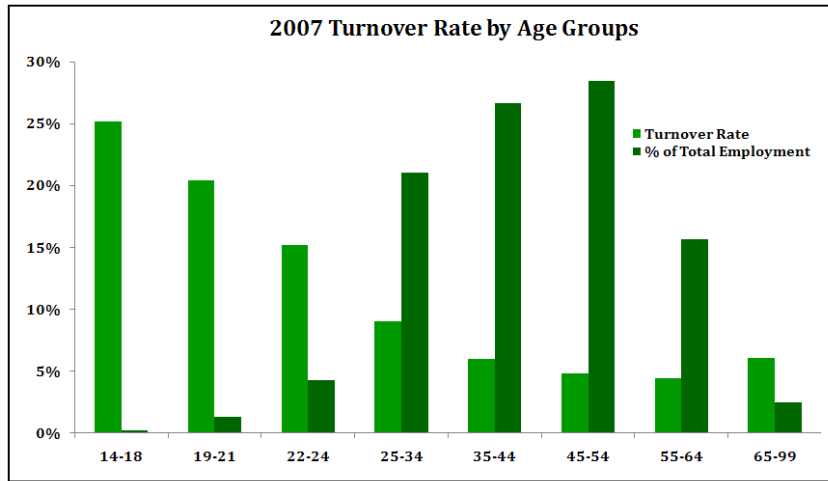
Source: EMSI Complete Employment, 2008

Although job opportunities available in the field are split between requiring formal education or on-the-the job training, we can see disparity in the average hourly wages between these different forms of training. Those with only short-term on-the-job training make less than two-thirds the wages of employees with at least a bachelor's degree. However, work experience is the greatest indicator of potential wage level. Employees with work experience in a related field make approximately the same wage as a bachelor's degree graduate, and those with work experience, in addition to a degree, show an increase in average wages of fifty percent (50%).

Wages also vary based on job title, even amongst the occupations which make up the greatest majority of industry jobs in the SWPA. Positions which are most predominant in the industry, such as tellers and personal financial advisors are usually in the lower pay bracket, and vice versa. The exception is insurance sales agents, which make up the greatest percent of regional employment, but fall in the middle of the list of top occupation earnings for the industry.

# EMPLOYMENT DYNAMICS BY AGE GROUP

The Business and Finance industry has a very high turnover rate and low employment for young workers. It is not surprising that employment numbers rise in the 25-34 age cohort considering the degree or on-the-job training necessary for industry jobs. Employees in this age group make up about twenty percent (20%) of total employment. About half of all employees are between the ages of 35 and 54.



Source: US Census, Local Employment Dynamics, 2008

The general trend of the turnover rate is to decline as the age brackets get older, with the exception of the 65-99 year-old bracket, due to retirement. The turnover rate of employees over 24 years-old evens out considerably, going from twenty five percent (25%) in the 14-18 bracket to under five percent (5%) from 45-64 years-old.

## REGIONAL GROWTH 2005-2007

In terms of jobs, the highest decline overall occurred in Allegheny and Butler County (60% of all jobs lost), while Washington County experienced the highest growth.

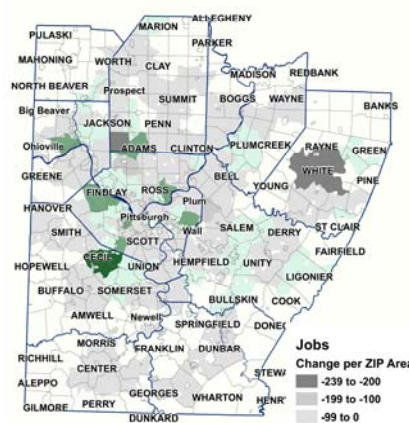
**Business Growth/Decline by ZIP Area**



Source: EMSI Complete Employment, 2008

With many jobs and employment sites being located outside the reach of public transportation, job access becomes an important barrier especially for entry-level workers. Many establishments are reporting staff shortages or high turnover due to the same issue.

**Job Growth/Decline by ZIP Area**



Source: EMSI Complete Employment, 2008

### Acknowledgements

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**Mark Kromer**

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**Lisa Fulton**

Business Development Specialist, Pennsylvania CareerLink

### Data sources

#### Industry facts:

EMSI, Inc. Complete Employment, 2008.

National Center for Education Statistics

"First Niagara acquires 57 PNC National City branches," Patty Tascarella for *Pittsburgh Business Times*

#### Local Initiatives:

[www.trwib.org](http://www.trwib.org)

## Prepared by Three Rivers Workforce Investment Board

### Mission

TRWIB informs decision-making on regional development to ensure that current and future market needs of businesses and job seekers are met. TRWIB fulfills its mission through: Acquiring, managing, interpreting and sharing relevant workforce data; identifying and researching critical workforce issues; and consulting and advising on public policy with employers and employment sectors.

### Vision

As the leading knowledge broker on regional workforce trends, needs and characteristics, TRWIB strategically informs economic and community development efforts. Ultimately, TRWIB intelligence helps Southwestern Pennsylvania optimize its greatest asset – the workforce – to attract and retain businesses that result in the region's economic gain.

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