



RESEARCH BRIEF

WORKFORCE NEEDS OF SMALL BUSINESSES
ENGAGED IN GLOBAL TRADE

San Diego County

November 2015

Introduction

This research brief is a companion document to *Workforce Needs of Small Businesses in San Diego*, a comprehensive labor market report developed and published in partnership between the San Diego and Imperial Counties (SDIC) Regional Consortium of Community Colleges representing the San Diego and Imperial Counties Community Colleges Association (SDICCCA), the Regional Center of Excellence for Labor Market Research (COE) and the San Diego Workforce Partnership (SDWP).¹ The comprehensive study examines the workforce needs of small businesses across San Diego County in general and specifically in priority and emergent sectors including Advanced Manufacturing, Health Care, Advanced Transportation, Life Sciences/Biotechnology (Biotech) and Information and Communication Technologies (ICT). The study combines secondary data analyses and the findings from the survey of 347 small businesses across the sectors in San Diego region.

This research brief summarizes survey findings for small businesses that operate within all sectors and also engage in global trade. It presents information about the extent these businesses are engaging in global trade, their current and projected employment, skills and education requirements, training preferences and other workforce related topics.

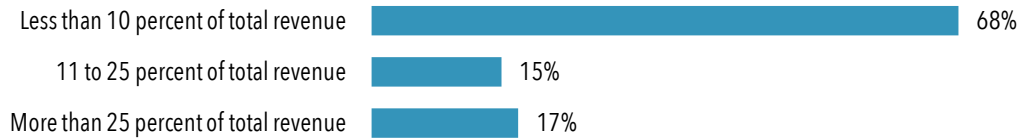
Overview of Globally Trading Small Businesses

There are estimated 19,900 small businesses that engage in global trade in the San Diego area, which is about 20 percent of all small businesses.² Revenues from trade make up significant portions of revenues for some of these businesses. Seventeen percent of small businesses engaged in global trade report that international trade activities account for more than 25 percent of their total revenue. However, for more than two-thirds of small businesses that trade globally (estimated 13,500 firms), global trade brings less than 10 percent of their gross revenue (Figure 1).

¹ Full study report and other sector-specific research briefs can be accessed at workforce.org/reports.

² This is the COE estimate based on the analysis of business database from InforGroup, and survey incidence rates of global trade activities.

Figure 1. Revenue from Trade among Global Trade Businesses



Most small businesses engaged in global trade identified advanced manufacturing as their primary industry, followed by marketing, sales and service, biotech/life sciences and information & communication technologies. Popular responses among those who selected “Other” included retail & wholesale and customs brokers. In contrast, health care and construction were among the top primary industries for all small businesses, regardless of whether or not they engaged in global trade (Table 1).

Table 1. Self-Identified Primary and Secondary Industries of Global Trade Small Businesses (n=66)

| Industry | Primary Industry | Secondary Industry | Related Industries Marked "Other" ³ | Total |
|--|------------------|--------------------|--|-------|
| Advanced Manufacturing | 20 | 3 | 4 | 27 |
| Marketing, Sales and Service | 9 | 8 | | 17 |
| Biotech/Life Sciences | 6 | 3 | | 9 |
| Information & Communication Technologies | 6 | 3 | 2 | 11 |
| Health Care | 5 | 2 | | 7 |
| Energy, Environment and Utilities | 2 | 0 | | 2 |
| Education and Child Development | 2 | 1 | | 3 |
| Agriculture/Natural Resources | 2 | 0 | | 2 |
| Construction | 2 | 1 | | 3 |
| Advanced Transportation/Clean Energy | 1 | 3 | 3 | 7 |
| Real Estate | 1 | 1 | | 2 |
| Arts, Media and Entertainment | 1 | 3 | | 4 |
| Business and Finance | 1 | 2 | | 3 |
| Hospitality/Tourism | 0 | 0 | | 0 |
| Other | 12 | 9 | | 21 |

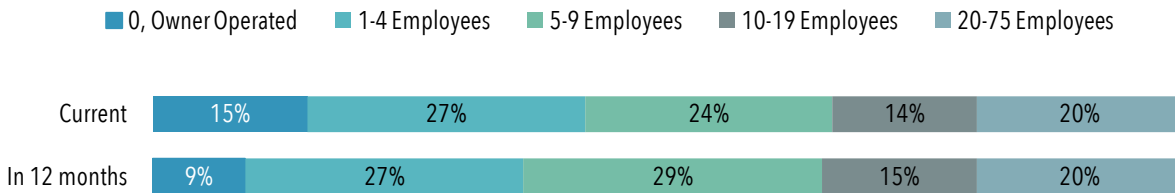
Current and Projected Employment

Of the 347 small businesses who participated in the survey, 66 stated they engaged in global trade.

Average employment for small businesses engaged in global trade was 12 workers per firm, which is slightly higher than the average for all small businesses. Within the next 12 months, the average number of employees is expected to grow to 14. Employment growth for globally trading small businesses is expected mostly in the 5 to 9 employment size category.

³ Includes businesses that selected “Other” and wrote in a response that could be categorized as one of the listed industries.

Figure 2. Global Trade Businesses by Employment Size



In 2015, global trade small businesses (including owner-operated firms) are estimated to employ approximately 48,100 workers. By 2016, total employment in these small businesses is expected to grow by 22 percent, or 10,500 new positions. This expected growth is higher than the growth across all small businesses (15 percent), showing that businesses engaged in global trade have a more optimistic outlook. (Table 1).

Table 1. Estimated Employment Projections for Globally Trading Small Businesses in San Diego in 2016

| Size of Business | Current Employment | Employment in 12 Months | Change | % Change |
|------------------|--------------------|-------------------------|---------------|------------|
| 0-4 Employees | 8,500 | 12,800 | 4,300 | 50% |
| 5-9 Employees | 6,800 | 8,300 | 1,500 | 22% |
| 10-19 Employees | 10,100 | 11,000 | 900 | 9% |
| 20-75 Employees | 22,700 | 26,500 | 3,800 | 17% |
| Total | 48,100 | 58,600 | 10,500 | 22% |

As Table 1 shows, small businesses with only 0-4 employees (with “0” indicating owner-operated establishments) are expected to grow at the fastest rate (50 percent), adding approximately 4,300 jobs in the next 12 months in San Diego region. The initial small employment size attributes to this fast growth. For example, businesses with only one employee expecting to hire four new positions would see a 400 percent increase. The same four-person increase would be only 20 percent for a business with 20 employees.⁴ Larger small businesses that engage in global trade (size category of 20-75 employees) account for most employees (22,700) and are projected to add 3,800 more positions by 2016.

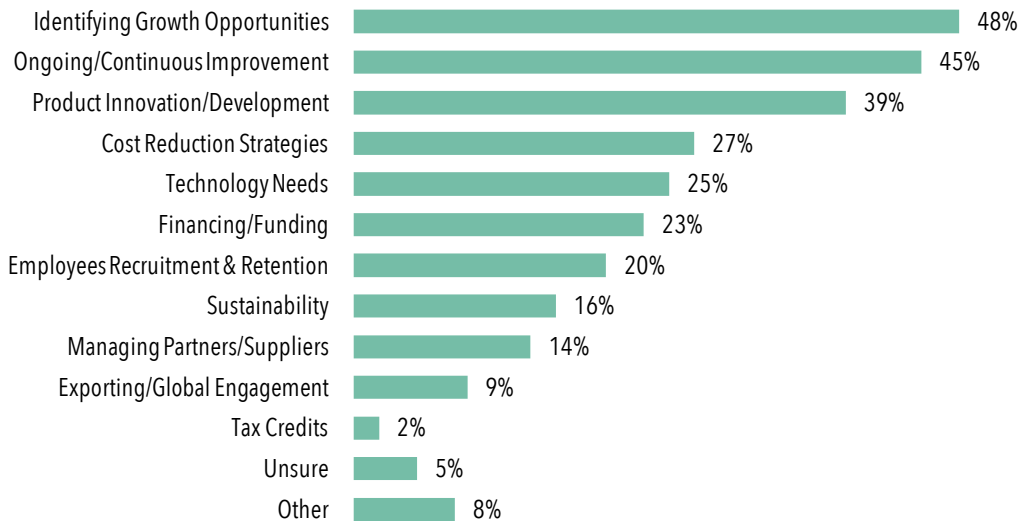
Challenges for Small Business

The global trade small businesses anticipate that their top challenges over the next one to two years will include identifying growth opportunities (48 percent), ongoing/ continuous improvement (45 percent), and product innovation/development (39 percent). Continuous improvement and identification of growth opportunities are the top concerns for small businesses across all sectors and holds true for businesses that engage in global trade. Small businesses engaged in international trade tend to be more concerned with product innovation than the general sample of small businesses (Figure 3).⁵

⁴ The complete methodology for how these estimates were obtained is available in Appendix A of *Workforce Needs of Small Businesses in San Diego* report.

⁵ Percentages will not add to 100 due to businesses selecting more than one option

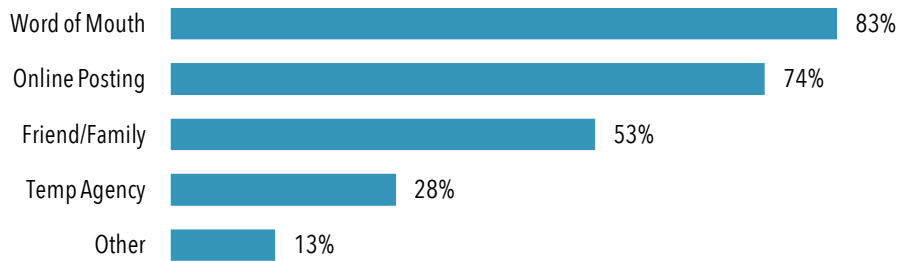
Figure 3. Top Challenges for Small Businesses Engaged in Global Trade (n=66)



Hiring Practices and Difficulties

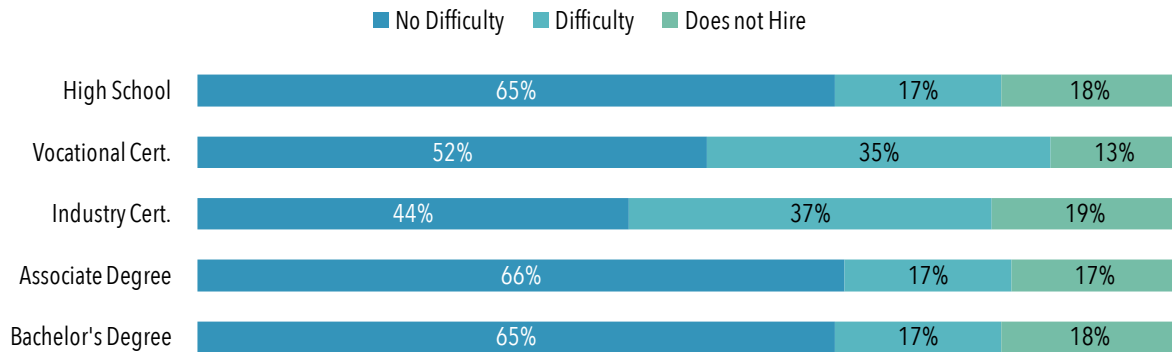
The most common method of recruiting used by global trade businesses was word-of-mouth or networking (83 percent) followed by online job postings (74 percent). The least common method was temporary (placement) agencies. These are the same recruiting methods as small businesses across all sectors utilize. Employers who selected “other” tended to use print media such as classified ads in newspapers and other local publications (Figure 4).

Figure 4. Methods of Seeking Qualified Job Applicants (n=66)



Overall, most small businesses did not face difficulty when hiring individuals with a high school, associates or bachelor’s level education and faced the most difficulty hiring those with an industry certificate, with 37 percent of globally trading small businesses reporting such difficulty (Figure 5).

Figure 5. Hiring Difficulty by Education



Twenty-four percent of the global trade small employers had hired applicants with a degree or certificate from one of the California Community Colleges. This is slightly lower than for small businesses in general.

Opportunities and Resources

Respondents were asked about the various resources that are available to small businesses and whether or not they access these resources. The majority of the small businesses engaged in international trade are unaware of the various resources available, with 62% of the small businesses surveyed not utilizing any of the resources listed (table 2). The most commonly accessed resources were the Asian Business Association, Governor's Office of Business and the Economic Development Council/ Corporations, but only a few firms selected each.

Table 2. Percentage of Small Businesses Utilizing Available Resources (n=66)

| Resource | Percentage of Businesses |
|--|--------------------------|
| Asian Business Association | 18% |
| Governors' Office of Business | 17% |
| Economic Development Council/Corporations (EDC) | 12% |
| San Diego Workforce Partnership or America's Job Center of California (AJCC) | 11% |
| Industry Incubators | 8% |
| San Diego Center for International Trade | 8% |
| Small Business Development Council (SBDC) | 6% |
| U.S. Small Business Administration | 2% |
| Chambers of Commerce | 2% |
| Better Business Bureau | 2% |
| ACCION | 0% |
| None | 62% |

Workforce Needs

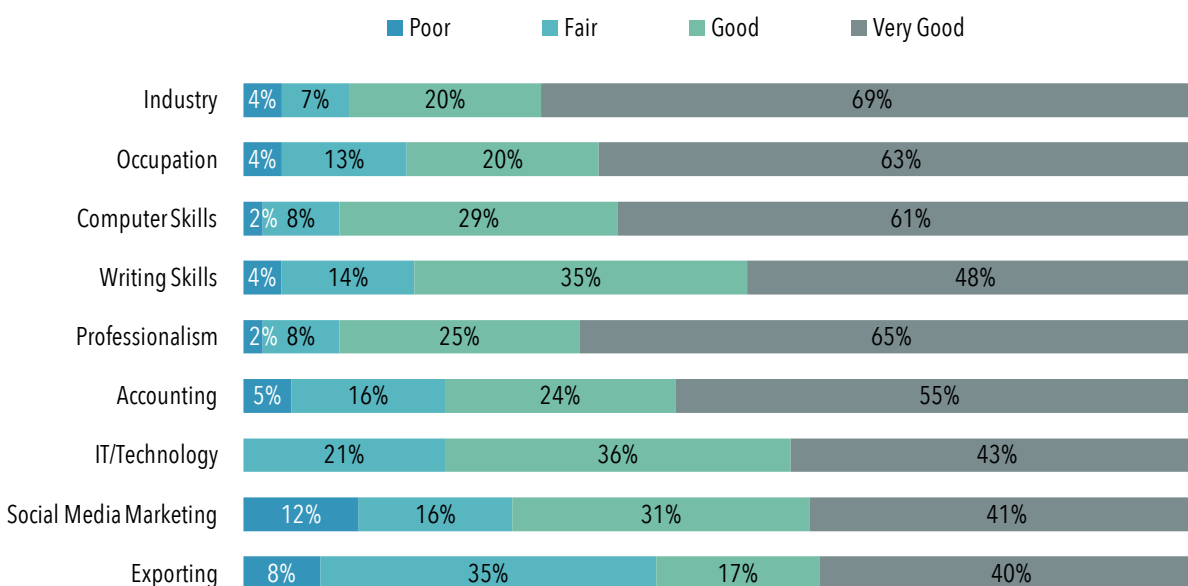
Globally trading small businesses place the highest value on technical skills and previous work experience in the applicants they hire. This is based on the responses from employers who ranked the following attributes of job candidates in order of importance: previous work experience, soft skills (e.g., written and oral communication), technical skills and post-secondary education (Table 3).

Table 3. Top Skills for New Hires (n=31)

| Rank | Skill |
|------|--------------------------|
| 1 | Technical Skills |
| 2 | Previous Work Experience |
| 3 | Soft Skills |
| 4 | Post-Secondary Education |

Small business employers involved in global trade also ranked the proficiency of their employees in various skills and knowledge areas. The skills were ranked from 0 to 100 (lowest to highest) where 0 to 25 is poor, 26 to 50 is fair, 51 to 75 is good and 76 to 100 is very good. Globally trading small businesses felt their employees were proficient in their job and in the industry in general. The area they felt they could use improvement was exporting, followed by IT and social media/marketing (Figure 6).

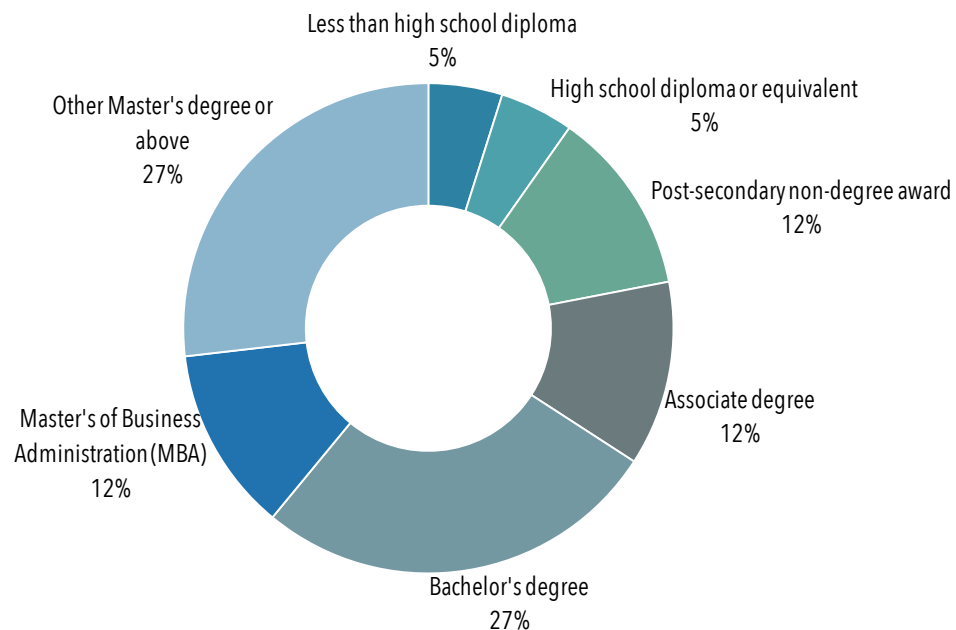
Figure 6. Average Scores of Employees' Skills (n=54)



Business Owner Education & Skills

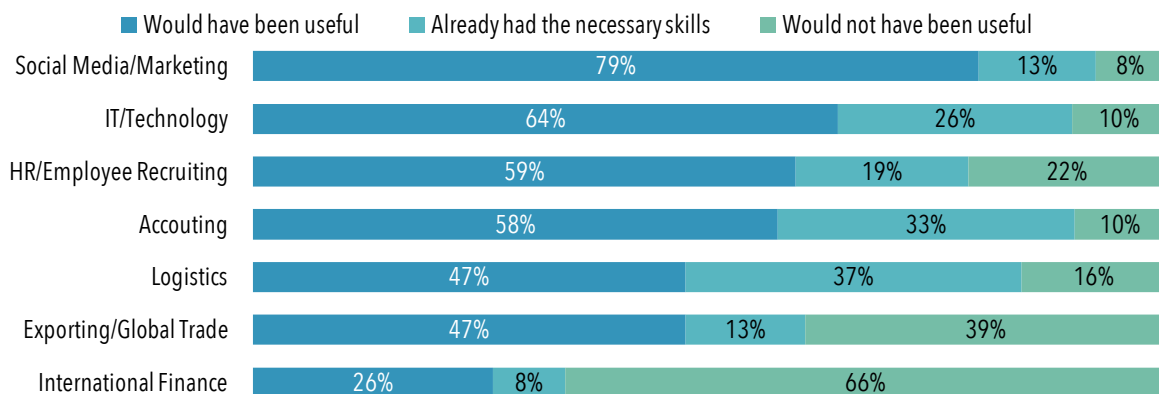
Among the owners of small businesses engaged in global trade, the majority were highly educated, with two-thirds of the respondents holding at least a Bachelor's degree (Figure 7).

Figure 7. Educational Attainment of Globally Trading Business Owners (n=41)



Owners of globally trading small businesses find that social media/marketing, IT/technology and HR/employee recruitment and retention are the most useful knowledge areas and skills for starting a business. Logistics and accounting were the two knowledge areas that about one-third of business owners already possessed (Figure 8). Just like for small businesses in general, small businesses in global trade require workers, including the owner, to have strong competencies across all fields to keep the business running.

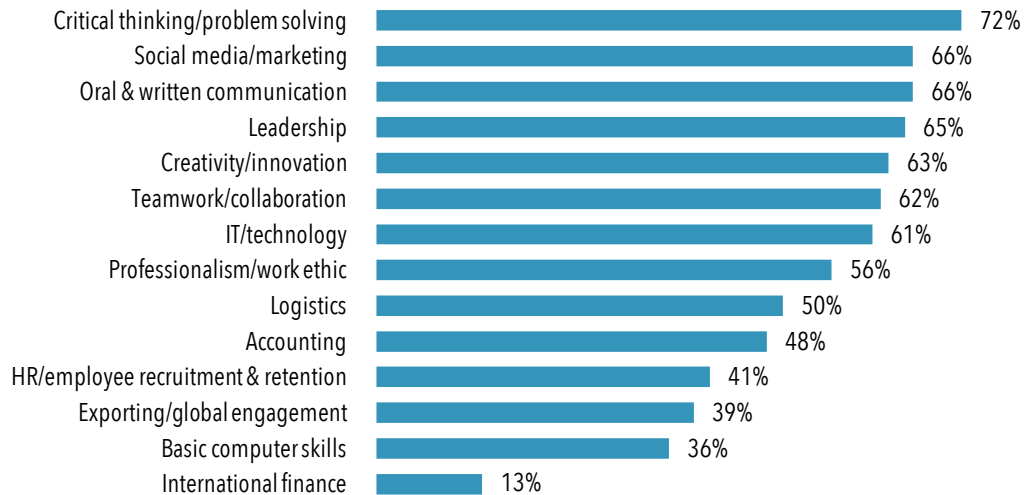
Figure 8. Usefulness of Skills When Starting a Business (n=40)



Training Needs

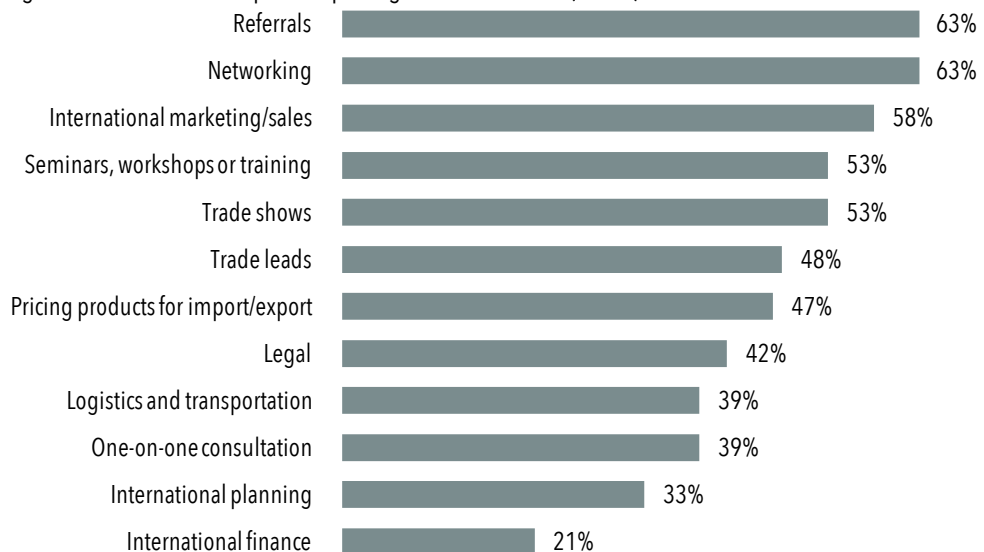
Among the general small business related topics, globally trading small businesses were most interested in critical thinking/problem solving (72 percent), social media/marketing (66 percent), oral & written communication (66 percent), leadership (65 percent) and creativity/innovation (63 percent). Critical thinking, leadership and marketing are considered the most useful topics for future training among all small businesses, which is close to what global trade businesses considered useful (Figure 9).

Figure 9. Useful Workshops for Globally Trading Small Business (n=66)



Global trade and exporting small businesses were also asked about training or workshops specific to exporting and trade. Two out of three small businesses indicated referrals and networking would be most helpful. Over a half of all exporting small business also thought that they would benefit from services in international marketing/sales, seminars, workshops or trainings, and trade shows (53 percent) (Figure 10).

Figure 10. Useful Workshops for Exporting Small Businesses (n=66)



Education & Training in Global Trade

International business programs offered by colleges and universities in San Diego County tend to have a few core international business courses in addition to a general business coursework. Most programs also have a foreign language requirement.

International Business programs are offered at the following colleges and universities:

Associate Degree and Certificate Programs:

- Grossmont College
- Palomar College
- Southwestern College

Bachelor's Degree Programs:

- San Diego State University
- San Diego State University Imperial Valley Campus
- University of San Diego
- Alliant International University

Among the three community colleges that offer International Business Programs, Southwestern is the only college in the region that offers the International Logistics and Transportation Program with an Associate in Science Degree and Basic and Intermediate Certificates. Grossmont also offers the Custom Broker Exam Preparation Course.

Of the three community colleges, Grossmont College has the most extensive international business offerings. Examples of courses include international marketing, international financial transactions, international transportation, and the cultural dimension in international business.

The following is a summary of the international business and logistics programs offered by community colleges in the region:

- **Grossmont College's** international business program was designed to equip students with the practical skills and knowledge needed for sourcing, marketing, and distributing goods around the globe. The program is a good fit for students interested in global entrepreneurship. Through the program, student internships are offered and cover various aspects of international business and global supply chain management. Courses are taught in the evenings by industry experts. A high percentage of students are international. The international business certificate can be completed in one year.
- **Palomar College** offers a certificate and associate in science degree in international business. The program is designed to prepare individuals for a career in international business and/or management. Course requirements include financial accounting, marketing, business writing, international marketing, and essentials of import/export.
- **Southwestern College** designed its international business program to provide a practical approach to the study of international business and trade topics relevant in today's global economy. Examples of skills include competency in computers and new technologies, information technology (IT) literacy, cultural awareness and sensitivity, and having a global perspective.

- **Southwestern College - Logistics and Transportation Program** prepares students to work in industries affected by the distribution of goods, such as global, international, and cross border trade. The program provides students with a foundation of knowledge to enter the field of logistics and transportation and addresses the changing industry needs as a result of globalization. The program focuses on logistics, transportation, and trade issues along the San Diego-Tijuana border region; however, the knowledge and skills acquired throughout the curriculum will prepare students for positions in a variety of organizations which are involved with the logistics industry at a local, national, and international/global level. A work experience component allows students to gain practical skills.

Regional Global Trade Resource

The California Community Colleges Chancellor's Office has developed a regional strategy and framework called "[Doing What Matters for Jobs and the Economy](#)" (DWM), which calls for community colleges to become essential catalysts in California's economic recovery and jobs creation at the local, regional and state levels. The goals of DWM are to supply in-demand skills for employers, create relevant career pathways and stackable credentials, promote student success and get Californians into open jobs.

As part of this strategy, the San Diego and Imperial Counties Regional Consortium identified seven priority and emergent industry sectors in the region. Global Trade and Logistics is one of the seven key sectors. The Deputy Sector Navigator (DSN) for Global Trade & Logistics is part of the DWM strategy and acts as a workforce system integrator, identifying gaps and connecting needs and resources in the regional colleges' globalization efforts. The DSN's activities are focused on aligning curriculum and training programs in International Business and Logistics, across the community colleges in the San Diego & Imperial Counties region, to meet industry needs and help students develop successful career paths in high-growth, high-wage industries.

For more information and support, contact:



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