

University of Wisconsin-Stevens Point

Central Wisconsin Economic Research Bureau



University of Wisconsin  
Stevens Point

# Economic Indicators Report

## First Quarter 2019: Central Wisconsin

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### Special Report:

*"Hiring for Grit and Personality:*

*Insights from Central Wisconsin Managers"*

*by Assistant Professors Nikolaus T. Butz and Reed Stratton*

*UW-Stevens Point School of Business and Economics*

Introducing a new column: **Talent Matters**  
by MBA Director Professor Lyna Matesi

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## Observations on the Economy

In the last report I discussed a number of major issues that could impact the economy over time. In First Quarter 2019 the economy grew at a respectable rate, see Table 1. However, these major issues still loom over the nation. As a reminder the potential dangers to the current expansion are as follows:

- Fiscal stimulus: tax cuts and deficit spending and when will they will payout.
- Federal Reserve policy: inflation, labor shortages, overheating, interest rates.
- International trade disputes: China, Europe, Mexico and Canada and the problems it creates for the economy.
- The Bull Stock Market: how will it react to any number of economic events, e.g. higher interest rates?
- Excessive leverage: the danger it brings to the world's economy.
- The political scene: the economic impact of international tensions.

TABLE 1 NATIONAL ECONOMIC STATISTICS	2018 First Quarter	2019 First Quarter	Percent Change
Nominal Gross Domestic Product (Billions)	\$20,041.0	\$21,062.7	+5.1
Real Gross Domestic Product (Billions of 2012 \$)	\$18,324.0	\$18,912.3	+3.2
Industrial Production (2012 = 100)	107.2	110.2	+2.8
Three Month U.S. Treasury Bill Rate	1.74%	2.38%	+36.8
Consumer Price Index(1982-84 = 100)	249.6	254.2	+1.8

The overriding importance of Federal Reserve System to the economy makes it the focal point of this report. The Fed played a key role in fueling the ongoing economic expansion by flooding the economy with cheap money, low interest rates and abundant liquidity over the past decade. Due to a perceived weakening of the world economy, the Fed's commitment to reversing Quantitative Easing and normalizing its balance sheet has waned. The Fed has temporarily stopped raising interest rates and tightening credit conditions. Fed officials feel there is a growing downside risk to the world's economy. More Quantitative Tightening at this time might be the catalyst that triggers the next recession.

The Federal Reserve System seems to be in the news almost every day. You can hardly turn on a television channel devoted to business and economic news without the Fed being prominently mentioned. Fed Chairman Jerome Powell was recently interviewed by 60 Minutes in prime time on the role of the Fed. President Trump frequently rails about the Federal Reserve Policy as well. In another recent and widely distributed interview, former Fed Chairwoman Janet Yellen bluntly stated that Trump does not understand monetary policy or the role of the Fed.

Also the media has devoted much time and discussion to Trump's controversial Federal Reserve Board nominees.

My experience on the matter suggests the general public does not understand the role and mission of this very important institution. I will attempt to shed some light on the Fed as an organization and on the role it plays in the economy.

The Federal Reserve System Act was passed by the United States Congress in 1913. The act was passed in response to the financial panic in 1907. Historically the U.S. economy experienced many periods of financial instability. The financial panic in 1907 was the catalyst that caused the U.S. Congress to deal with the situation and create the Fed.

This new institution would be in charge of our money supply and be a major regulator of our banking system. The hope was that the creation of the Fed would reduce economic volatility and facilitate greater prosperity. To a very large extent this has been accomplished. However, let's be clear, reducing economic volatility does not mean the elimination of the business cycle! Case in point, the recent economic downturn in 2008 was centered in our nation's financial institutions! Most economists believe that without the Fed's strong intervention, the Great Recession would have turned into the second Great Depression.

The Federal Reserve System is headquartered in Washington D.C. In addition, there are twelve Federal Reserve district banks and twenty-five branch banks. The district banks and their branches are spread out across the U.S. In Wisconsin, all but the northwest quadrant of the state is part of the Seventh Federal Reserve District of Chicago.

The Federal Reserve System's Board of Governors (BOG) oversees the operation of the Fed from Washington D.C. There are seven members on the BOG. Each is nominated by the President of the U.S. and confirmed by the U.S. Senate. A governor can only serve one fourteen year term. The terms are staggered so that under normal circumstances a vacancy opens up every two years. The length of the term and the staggering of the appointments were deliberately done in this way to insulate the Fed from political pressure.

The Chairperson of the Fed is a member of the BOG. The Chairperson is nominated by the President and confirmed by the Senate for a term of four years and can be reappointed. However, under normal circumstances, they can only serve a total of fourteen years.

Another important body in the Fed's organizational structure is the Federal Open Market Committee (FOMC).

The FOMC is comprised of the seven BOG members, and on a rotating basis five of the seven Federal Reserve District Bank presidents. This committee has a formal meeting in Washington about every 45 days to discuss economic conditions in the nation. The FOMC decides how much money to add or take away from the economy, the level of interest rates, and other matters pertaining to the nation's economy.

As mentioned earlier, Congress in 1913, with bipartisan support, wanted to insulate the Fed from political pressure! They thought that monetary policy was too important to be left in the hands of politicians. Along those lines, the Fed is the only government agency that does not have to ask Congress for a budgetary allocation to run its operations. This gives the Fed great independence to pursue the policies it feels are in the best long term interest of the nation. Where does the Fed get the money to run its operations? The Fed's ability to create money allows it to buy U.S. Treasury securities and the interest on those securities provides its operation revenue.

Over the course of time, the Fed has been given a number of important duties. It is responsible for creating and managing our nation's money supply. In doing so, it has a large impact on interest rates, and the general level of liquidity available to households and businesses. The Fed is also a major regulator of our country's financial institutions. It serves as a lender of last resort to troubled financial institutions. Lastly, the Fed is a major clearinghouse for checks and hence the flow of funds in the U.S.

Given the Fed's unique role as controller of the money supply, it behooves us to discuss the properties of money. In doing so, we will learn how the Fed is indispensable to the operation of a modern economy and in the facilitation of trade.

In terms of human history money is a fairly new invention. According to archeologist modern humans have been around for about 200,000 years. However, the record seems to indicate that it was not until about 12,000 years ago that rudimentary forms of money developed. This means that for approximately 94 percent of the time that modern humans have been on earth, money as we know it today was not used.

Money functions as a medium of exchange in a modern economy. It allows a person to readily purchase goods and services. To the extent that money helps facilitates a greater amount of trade more jobs and income can be created. Without modern money an economy would have to rely on a barter system. The problem with barter is that a person A has to find person B who has the good that person A

wants. For the transaction to happen person B must also want what person A has to trade. In economics we say that money eliminates the problem of the "double coincidence of wants."

You can imagine how much time and energy would be wasted using a barter system. Countries that engage in large amounts of barter are generally ones where the population has little confidence in the nation's ability to maintain the purchasing power of the money by keeping the supply relatively scarce. Nations that have a large amount of barter taking place tend to have low standards of living, when compared to the rest of the world.

Money also serves as a unit of account in the advanced world. In a modern economy goods and services are priced in terms of the local currency. Without money we would have a bewildering set of trade ratios. For example, how many bananas does it take to equate to a pineapple? How many pineapples equates to a visit to the doctor's office? How many visits to the doctor equate to a new car? The number of trade ratios for products and services would rise exponentially and the ability to trade would suffer. This would greatly limit how many transactions would occur each day in an economy because people would spend a tremendous amount of time and energy trying to figure out the value of things. With money we know how much a products cost, the value of our debt, the amount of taxes we owe, etc.

Money is also a store of value. It allows people to conveniently store purchasing power. A person who does not spend all of their income can store purchasing power in the form of money and use it when needed. Money is not the only asset that a person can store purchasing power. Stocks, bonds, real estate, and other assets can do this as well. The thing that makes money special is its high degree of liquidity. Liquidity refers to an assets ability to be quickly converted into the local medium of exchange without the loss of purchasing power. Money by definition is the most liquid of all assets and thus is well suited to being a store of value.

In sum, the Fed and its control of the money supply plays an important role in facilitating trade and economic activity. Money allows for specialization, and this leads to a greater output of goods and services, higher employment levels, and increases the amount of income in a society.

## State Economy

The unemployment rate in each reporting area is reported in Table 2. As can be seen Portage and Wood County experienced minor increases in their respective unemployment rates from a year ago. Marathon saw a slight decrease in its unemployment rate. The respective rates for Portage, Marathon and Wood are currently 3.4, 2.8 and 4.2 percent in March 2019. The labor force weighted unemployment rate for Central Wisconsin remained constant at 3.3 percent. Meanwhile, Wisconsin's unemployment rose from 3.2 to 3.3 percent. Thus, the unemployment rates remain at very low levels throughout the region and state. The United States unemployment rate fell from 4.1 percent to 3.9 percent over the past twelve months.

	Unemployment Rate March 2018	Unemployment Rate March 2019	Percent Change
Portage County	3.4%	3.4%	+0.7
City of Stevens Point	2.8%	3.1%	+10.7
Marathon County	2.9%	2.8%	-2.5
Wood County	4.1%	4.2%	+1.9
Central Wisconsin	3.3%	3.3%	0.0
Wisconsin	3.2%	3.3%	+3.4
United States	4.1%	3.9%	-5.1

Employment figures in Table 3 are based on the government's survey of households. Portage County's total employment figure fell by 1.4 thousand positions and total employment in Wood County is said to have declined by about 100 jobs over the past year. Likewise, Marathon County payrolls are estimated to have contracted over the past twelve months by 1.4 thousand positions. Thus, the Central Wisconsin region experienced employment contraction of 3.1 thousand. Jobs in the region fell from

	Total Employment March 2018 (Thousands)	Total Employment March 2019 (Thousands)	Percent Change
Portage County	39.2	37.8	-3.8
City of Stevens Point	14.9	14.2	-4.8
Marathon County	73.8	72.4	-2.0
Wood County	34.1	34.0	-0.3
Central Wisconsin	147.2	144.1	-2.1
Wisconsin	3,076.8	3,018.1	-1.9
United States	154,877	156,441	+1.0

\* Percent change figures reflect data before rounding

147.2 to 144.1 thousand or by 2.1 percent. The survey of households also shows that Wisconsin's payrolls decreased by 1.9 percent. However, the nation is estimated to have grown by 1.0 percent or about 436 thousand jobs over the same period.

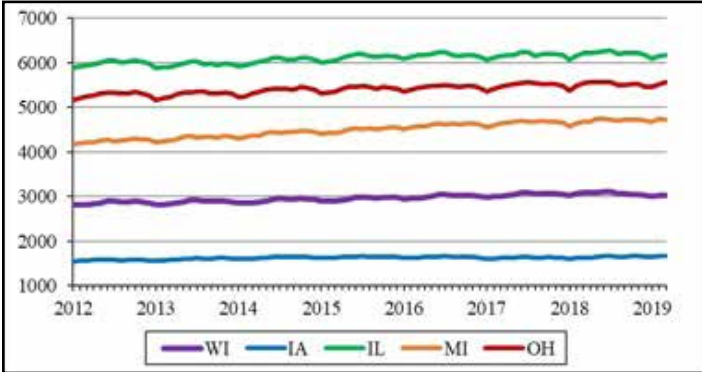
Table 4 gives the most recent employer based payrolls numbers for Wisconsin. Economists believe the nonfarm employment numbers which are based on employer provided data, give a more accurate assessment of the labor market conditions than the household survey data. From March 2018 to March 2019 Wisconsin's total nonfarm employment expanded from 2.93 million to 2.94 million or by 0.4 percent. This represents a gain of approximately 10 thousand jobs during the past year. Unlike past periods when only a few of the state's 11 major industrial sectors expanded, this time all but 3 of the sectors recorded slight gains in employment. Overall though, the rate of job generation continues to be very modest in the state as measured by this data set.

	Employment March 2018 (Thousands)	Employment March 2019 (Thousands)	Percent Change
Total Nonfarm	2929.7	2941.3	+0.4
Total Private	2512.2	2526.5	+0.6
Natural Resources and Mining	4.3	4.5	+4.7
Construction	109.2	112.7	+3.2
Manufacturing	476.0	471.6	-0.9
Trade, Transportation, and Utilities	532.5	539.1	+1.2
Information	46.3	47.3	+2.2
Financial Activities	149.3	152.7	+2.3
Professional and Business Services	323.2	320.9	-0.7
Educational and Health Services	454.5	457.4	+0.6
Leisure and Hospitality	264.6	265.8	+0.5
Other Services, exc. Public	152.3	154.5	+1.4
Government	417.5	414.8	-0.6

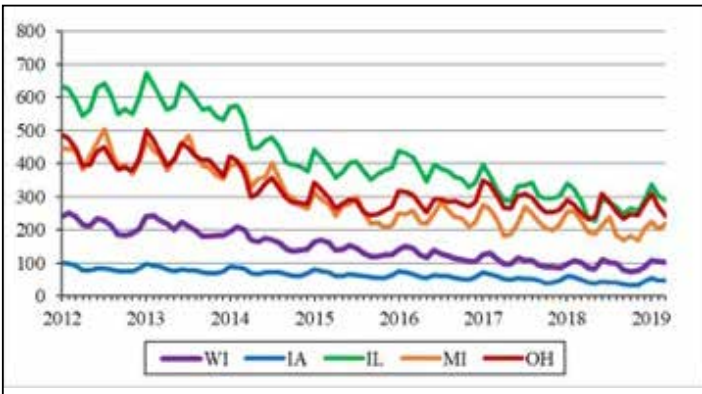
**Figures 1-7**

Figures 1 thru 7 give a historic overview of how the economy in Wisconsin has performed relative to five other Midwestern states from 2012 to the present. If past trends hold, then the figures might give us a glimpse into what future levels of activity might look like.

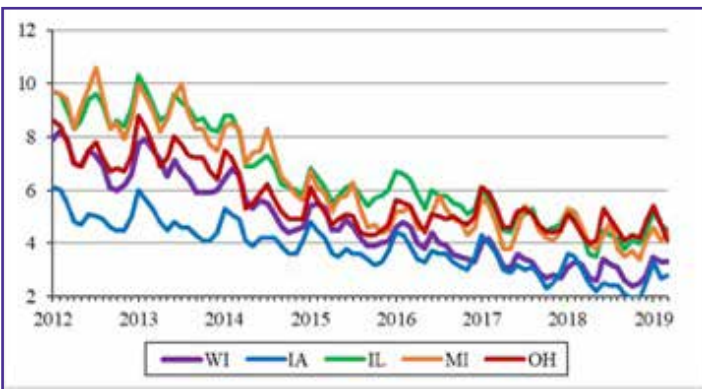
*Figure 1: Employment Level: WI*



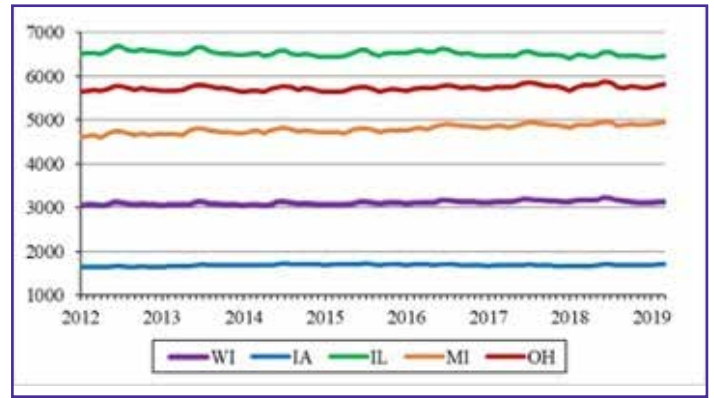
*Figure 2: Unemployment Level: WI*



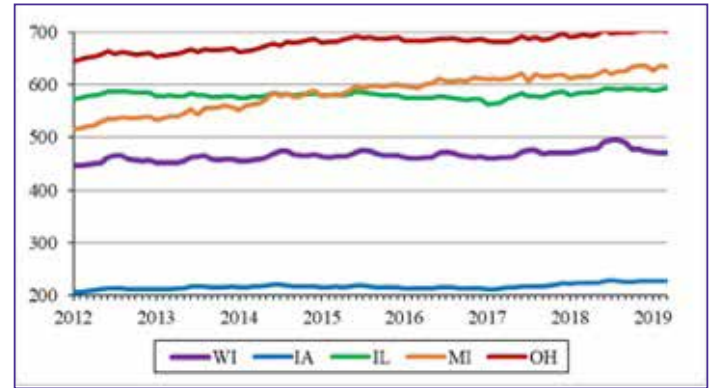
*Figure 3: Unemployment Rate: WI*



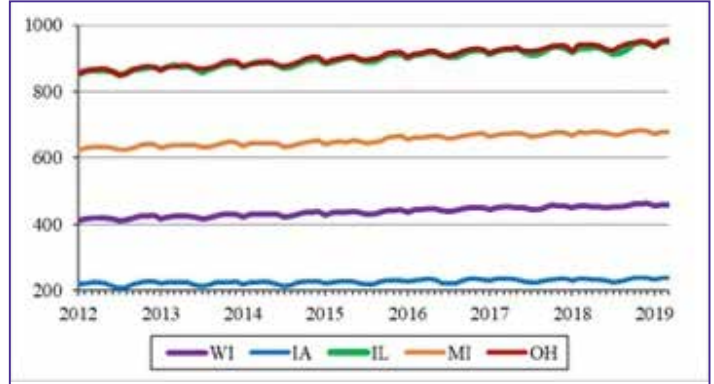
*Figure 4: Labor Force: WI*



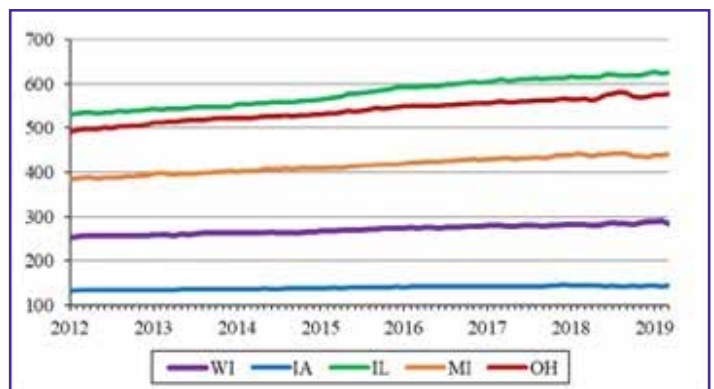
*Figure 5: Manufacturing: WI*



*Figure 6: Education and Health Services: WI*



*Figure 7: Leisure and Hospitality: WI, In Thousands*



## County Economy

In Table 5, Portage County sales tax distributions were stronger this year than last, rising from \$1.6 million in 2018 to \$1.7 million in 2019, an increase of 7.5 percent. Marathon also experienced an increase in sales tax distributions from the state. Marathon rose from \$2.9 million to \$3.3 million or by about 14.1 percent. Wood County collections also posted a gain rising from \$1.3 million to \$1.5 million or by 15.1 percent over the course of the past year. The data suggests there was improvement in retail activity in Central Wisconsin retail activity.

	2018 First Quarter (Thousands)	2019 First Quarter (Thousands)	Percent Change
Portage County	\$1,545.2	\$1,661.3	+7.5
Marathon County	\$2,899.3	\$3,307.2	+14.1
Wood County	\$1,317.6	\$1,517.0	+15.1

\* Percent change figures reflect data before rounding

Unfortunately, unemployment claim data for Portage county was not available at the time of this report. Table 6 shows First Quarter unemployment claim data for the state of Wisconsin. It shows the weekly average new unemployment claims in the state rose from 7.2 thousand to 7.4 thousand or by 2.6 percent over the year. However, weekly average total unemployment claims for the state declined from 55.9 thousand to 53.6 thousand or by 4.1 percent in our year over comparison.

	2018 First Quarter (Weekly Avg.)	2019 First Quarter (Weekly Avg.)	Percent Change
New Claims	7,171	7,354	+2.6
Total Claims	55,903	53,601	-4.1

## Local Economy

The CWERB's survey of area business executives is reported in Table 7. The mark of 56 means this group believes that recent events at the national level have led to a small improvement in economic conditions. More importantly, they indicate they believe local business climate has improved over the past twelve months, a score of 56. When they were asked to forecast economic conditions at the national level they were had the same level of optimism, a score of 56. They also expressed similar levels of optimism for the local economy, and for their particular industry, i.e. the appraisals were 53 and 63. Overall, Table 7 shows that the level of optimism being expressed for 2019 was about the same as in 2018.

In Table 8 the CWERB's retailer confidence survey mark of 57 means that merchants feel that store sales were higher

	Index Value	
	March 2018	March 2019
Recent Change in National Economic Conditions	56	56
Recent Change in Local Economic Conditions	58	56
Expected Change in National Economic Conditions	53	56
Expected Change in Local Economic Conditions	56	53
Expected Change in Industry Conditions	58	63

100 = Substantially Better      50 = Same      0 = Substantially Worse

than a year ago. This is good news for the local economy. When it comes to expectations about the future it appears that the March 2019 assessment of retail activity was marginally lower than what it was in March 2018, a mark of 67 compared to 57. Also, this group feels that expected store traffic in spring 2019 will be lower in 2019, a score of 46. The overall significance of the survey is that local merchants believe retail sector will not that change all that much from last year.

	Index Value	
	March 2018	March 2019
Total Sales Compared to Previous Year	58	57
Store Traffic Compared to Previous Year	58	46
Expected Sales Three Months From Now	67	57
Expected Store Traffic Three Months From Now	58	46

100 = Substantially Better      50 = Same      0 = Substantially Worse

Help Wanted Advertising in Table 9 is a barometer of local labor market conditions and the indexes for Stevens Point, Wausau, Marshfield and Wisconsin Rapids are now based on job advertising on the internet. The index for Stevens Point, Marshfield and Wisconsin Rapids fell by 15.8 percent, 12.2 percent and by 14.5 percent respectively when compared to a year ago. Further, Wausau experienced a smaller decline in the amount advertising taking place, 2.0 percent. Adams County was down in advertising, 15.3 percent. While advertising in Lincoln County was lower by, 2.6 percent. The data taken together suggests that advertising growth has been very uneven in the area.



TABLE 9 HELP WANTED ADVERTISING	Index Value		
	Q1 2018	Q1 2019	Percent Change
Stevens Point	1111.25	935.17	-15.8%
Wausau	1315.00	1289.33	-2.0%
Marshfield	682.00	598.83	-12.2%
Wisconsin Rapids	911.42	778.83	-14.5%
Lincoln County	1282.58	1249.67	-2.6%
Adams County	878.92	744.67	-15.3%

Table 10 presents the residential construction numbers for the Stevens Point-Plover area. In our yearly comparison the number of permits issued in First Quarter was 14, the number of permits last year was 10. The 2019 the estimated value of construction was \$4.2 million and represents 14 housing units. When comparing First Quarter 2019 to that of 2018 residential alteration activity fell slightly from 182 to 167 permits. Also, the estimated value of this type of activity fell from \$1.2 million to \$829,000 over the year.

TABLE 10 RESIDENTIAL CONSTRUCTION STEVENS POINT - PLOVER AREA	2018	2019	Percent Change
	First Quarter	First Quarter	
Residential Permits Issued	10	14	+40.0
Estimated Value of New Homes	\$2,613.0 (thousands)	\$4,244.5 (thousands)	+62.4
Number of Housing Units	11	14	+27.3
Residential Alteration Permits Issued	182	167	-8.2
Estimated Value of Alterations	\$1,176.8 (thousands)	\$829.6 (thousands)	-29.5

The nonresidential construction figures in Table 11 were as follows for First Quarter 2019. The number of permits issued was just 4 and the estimated value was \$857 thousand. The number of business alteration permits was 79 in 2019 compared to 89 in 2018. However, the estimated value of alteration activity was higher, \$4.0 million 2019 compared to the 2018 figure of \$2.7 million. In sum, the pace nonresidential construction activity varied by category.

TABLE 11 NONRESIDENTIAL CONSTRUCTION STEVENS POINT - PLOVER AREA	2018	2019
	First Quarter	First Quarter
Number of Permits Issued	2	4
Estimated Value of New Structures	\$10,252.4 (thousands)	\$857.4 (thousands)
Number of Business Alteration Permits	89	79
Estimated Value of Business Alterations	\$2,711.3 (thousands)	\$3,959.3 (thousands)

\* Includes Stevens Point, Village of Plover, and the Towns of Hull, Stockton, Sharon, and Plover.

Figures 12 thru 15 give an economic history lesson as to how the employment level, the unemployment level, the unemployment rate, and the labor force have trended and likely will trend in the future. The City of Stevens Point, the City of Wausau, as well as the Combined Statistical Area (CSA) of Wausau, Stevens Point, Wisconsin Rapids and Marshfield are presented in the figures.

Figure 12: Employment Level: Portage

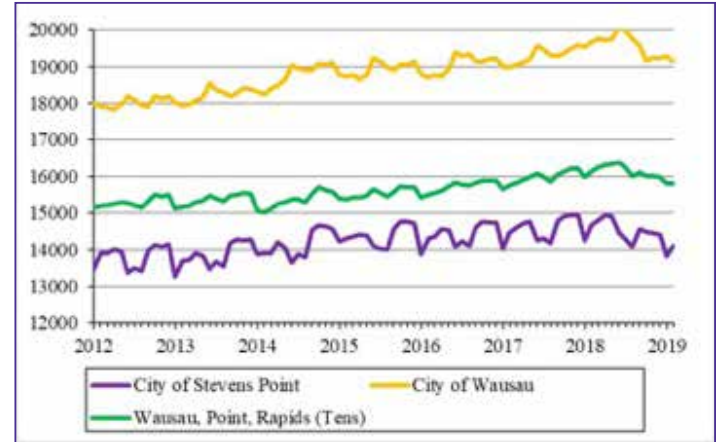


Figure 13: Unemployment Level: Portage

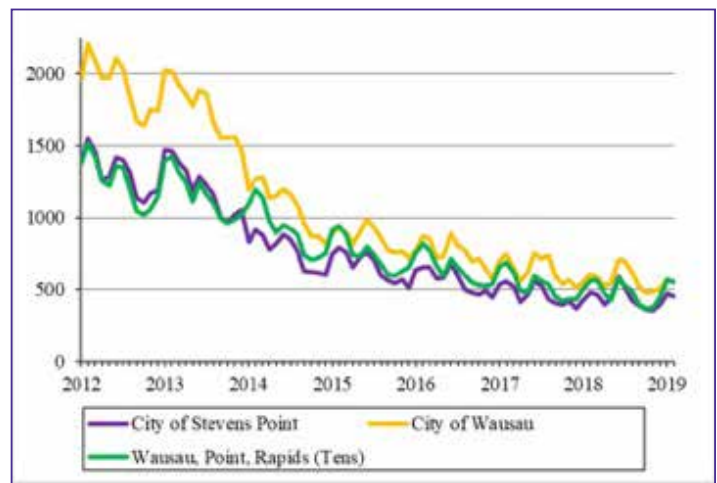
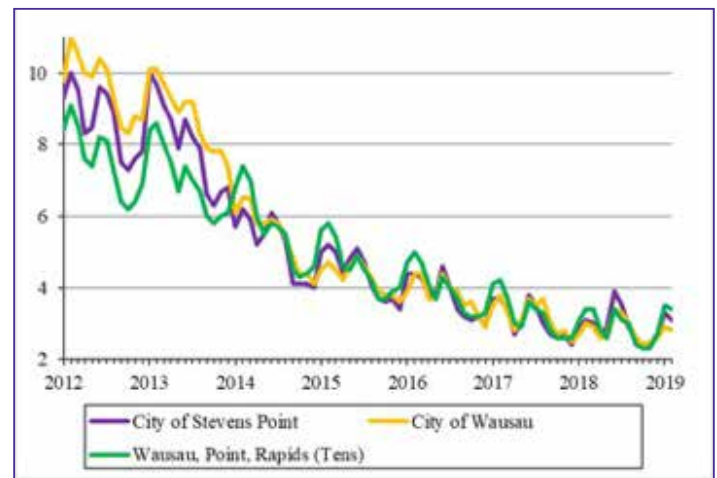
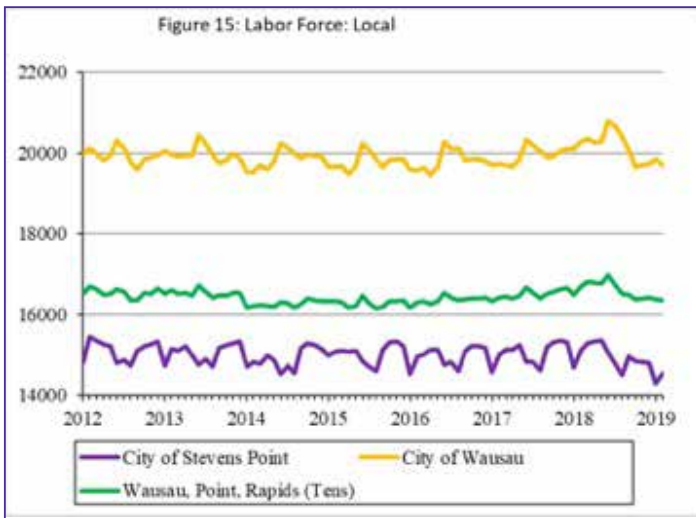


Figure 14: Unemployment Rate: Portage



**Figure 15: Civilian Labor Force: Portage**



**Housing Market Information**

The following seven tables contain information on the national, regional, and local housing market. Housing activity is an incredibly important aspect of the economy. We believe the reader will gain valuable insight into housing markets conditions and greater insight into the local economy in this section of the report.

Table 12 gives national median home price for the U.S. and its major regions. The median home price in the U.S. rose to \$259,400 in March 2019. Housing prices in the Midwest, as always, remain the lowest in the nation. The median home price in our part of the country rose to \$200,500 in 2019. In general, housing prices are slowly increasing in the U.S. and are rising in all of its major geographic regions. The West has the highest medium housing prices at \$389,300.

TABLE 12 NATIONAL MEDIAN HOME PRICES	FIRST QUARTER 2019				
	U.S	NORTHEAST	MIDWEST	SOUTH	WEST
2014	\$208,300	\$252,700	\$163,200	\$179,300	\$291,800
2015	\$222,400	\$260,200	\$174,400	\$192,100	\$316,000
2016	\$233,800	\$263,900	\$183,300	\$204,800	\$340,200
2017	\$247,200	\$275,000	\$194,900	\$218,000	\$366,400
2018r	\$259,300	\$288,500	\$200,200	\$225,900	\$385,200
March 2019p	\$259,400	\$277,500	\$200,500	\$227,400	\$389,300

Table 13 presents existing home sales for the United States and it shows that a modest decline in sales activity took place over the past year. In the Midwest 1.2 million homes are forecasted to be sold in 2019. For the Midwest, the preliminary estimate for 2019 is that 100 thousand fewer homes will be sold than in 2018. In 2011 the number of

home sold in the Midwest bottomed out at 910 thousand units.

TABLE 13 NATIONAL EXISTING HOME SALES	FIRST QUARTER 2019				
	U.S	NORTHEAST	MIDWEST	SOUTH	WEST
2014	4,940,000	640,000	1,140,000	2,050,000	1,100,000
2015	5,250,000	700,000	1,240,000	2,160,000	1,170,000
2016	5,450,000	740,000	1,300,000	2,220,000	1,190,000
2017	5,510,000	740,000	1,300,000	2,260,000	1,220,000
2018r	5,340,000	690,000	1,270,000	2,240,000	1,140,000
March 2019p	5,210,000	670,000	1,170,000	2,280,000	1,090,000

\*Annualized Basis

The national inventory of homes is given in Table 14. As of March 2019 the inventory backlog is estimated to be 3.9 months, down from 4.0 months in 2018. Going all the way back to 2010 the national supply of homes was 9.4 months. Thus, a great deal of improvement has taken place in housing inventory number. The statistics indicate that the backlog of unsold houses has been greatly reduced.

TABLE 14 NATIONAL INVENTORY	FIRST QUARTER 2019	
	INVENTORY	MONTH SUPPLY
2014	1,860,000	5.2
2015	1,760,000	4.8
2016	1,650,000	4.4
2017	1,460,000	3.9
2018r	1,530,000	4.0
March 2019p	1,680,000	3.9

Tables 15-1 and 15-2 present national housing affordability data. Over the years very low interest rates and falling home prices have greatly improved the affordability of homes. The preliminary estimate for the affordability index in 2019 is 156.9. Thus, a slight improvement in the affordability index is forecasted when compared to 2018. The higher the index, the more affordable housing is for the typical family. This means that in 2019 a household earning at the median household income level has 157 percent of the income necessary to qualify for a conventional loan covering 80 percent of a medium-priced existing single-family home.

TABLE 15-1 NATIONAL AFFORDABILITY INDEX	FIRST QUARTER 2019		
	MEDIAN PRICED EXISTING SINGLE FAMILY HOME	MORTGAGE RATE	MONTHLY P & I PAYMENT
2015	223,900	4.03	858
2016	235,500	3.88	886
2017	248,800	4.20	973
2018r	261,600	4.72	1,088
February 2019p	251,400	4.60	1,031

P&I = Principal and interest

TABLE 15-2 NATIONAL AFFORDABILITY INDEX	PAYMENT AS A % OF INCOME	FIRST QUARTER 2019		
		MEDIAN FAMILY INCOME	QUALIFYING INCOME	COMPOSITE
2015	15.3	67,507	41,184	163.9
2016	15.2	70,068	42,528	164.8
2017	15.8	73,891	46,704	158.2
2018r	17.1	76,396	52,224	146.3
February 2019p	15.9	77,644	49,488	156.9

Composite measures affordability. For example in the year 2015, the index of 163.9 means a family earning the median family income has 163.9% of the income necessary to qualify for a conventional loan covering 80% of a median-priced existing single-family home.

Table 16 displays data on state and local area median prices. For the most part Wisconsin and local area home prices have been falling over the course of the year. In Central Wisconsin the lowest median home price are to be found in Wood County at \$107,000. Portage County's median price is \$163,500 and Marathon has a median house price of \$164,900. In comparison, the median price of a house in Wisconsin is about \$184,000.

TABLE 16 LOCAL AREA MEDIAN PRICE	FIRST QUARTER 2019			
	WISCONSIN	MARATHON	PORTAGE	WOOD
2016	\$164,900	\$140,000	\$150,000	\$105,000
2017	174,000	147,500	165,000	112,000
2018r	184,000	155,000	169,000	122,500
2019	179,450	164,900	163,562	107,000

Table 17 gives the number of local housing units sold, from 2016 to 2018. The counties in our region have all experienced some growth in the number of units sold over this time period. Please note the listed number of homes sold in 2019 only represents the January to March activity.

TABLE 17 LOCAL UNITS SOLD	FIRST QUARTER 2019			
	WISCONSIN	MARATHON	PORTAGE	WOOD
2016	81,796	1,624	693	829
2017	83,149	1,719	695	936
2018r	83,516	1,866	771	1,001
2019	13,211	284	119	117

Tables 18 and 19 present the changes that have taken place in the local median prices and units sold, and compares First Quarter 2018 to First Quarter 2019. In Table 18 we see an increase in local median home prices has taken place in Marathon and Portage, 11.4 and 1.3 respectively. Meanwhile, Wood county prices fell by 0.4 percent. In Table 19, the number of housing units sold in Portage and Wood County fell by 11.8 and 26.3 percent over the year. Marathon also experienced a decrease in home sales of 17.8 percent.

TABLE 18 LOCAL MEDIAN PRICE	FIRST QUARTER 2019		
	MARATHON	PORTAGE	WOOD
First Quarter 2018	153,000	160,000	125,000
First Quarter 2019	170,500	162,000	124,500
Percent Change	11.4%	1.3%	-0.4%

TABLE 19 NUMBER OF HOME SALES	FIRST QUARTER 2019		
	MARATHON	PORTAGE	WOOD
March 2018	135	51	57
March 2019	111	45	42
Percent Change	-17.8%	-11.8%	-26.3%

# Hiring for Grit and Personality: Insights from Central Wisconsin Managers

By Assistant Professor Nikolaus T. Butz and Assistant Professor Reed Stratton

## Introduction

At West Point Academy, “the transition from cadet to soldier” (West Point Association of Graduates, 2018) takes seven weeks. The initiation training is called “Beast Barracks” (as qtd. In Duckworth 2016). Roughly 1200 young men and women say goodbye to their parents, which takes an allotted 90 seconds, and then endure an emotionally and physically excruciating training (Duckworth, 2016). In those seven weeks, students lug 38-pound rucksacks up defunct ski slopes (Randall, 2013), endure 10 hours daily of grueling fitness, grapple with isolation from friends and family, and learn intensive military tactics. Many cadets quit, though, up to this point, it has been hard to predict whom.

The first year that psychologist Angela Duckworth studied the Beast cadets, 71 quit Beast Barracks. The second year, 62 bowed out (Duckworth, 2016), an attrition rate of 17%. Her study led Duckworth to ask a profound question: What differentiates the quitting cadets from the persevering cadets, and how can attrition be predicted? It’s a question with implications in many disciplines including education, economics, psychology, organizational behavior, and athletics. In business, it could distinguish a thriving workplace of loyal employees from one riddled with turnover unable to gain traction with personnel. If only the marketplace could answer this question: what differentiates the applicants who will thrive in the workplace from those who will not?

Duckworth (2016) believes the separator-- for both West Point and workplaces-- is Grit, a fusion of passion and perseverance that has been shown to predict success more accurately than IQ, accomplishment, or ability. The predictive power derives from “effort and interest over years despite failure, adversity, and plateaus in progress” (Duckworth, Peterson, Matthews, & Kelly, 2007, p. 1088).

## The Dirt on Grit

Duckworth originated the Grit concept in 2007 with her colleagues in an article in the *Journal of Personal and Social Psychology*. Her earlier experiences as a high school math teacher in a low-income area in New York sparked her interest in this area. She was puzzled by how some students were more successful than those who had higher math aptitude. She also noticed that many of her students had deep, long-term interests in subjects like hip hop, fashion, and sports and could discuss these topics with complex reasoning and critical thinking (Duckworth, 2016). This observation led to the “passion” component of grit, sustained deep interest in a subject or desire for a goal. The observations led her to wonder what the passionate and persevering students in her class have that those who have talent or aptitude sometimes did not seem to have.

People with grit, whether they be cadets or low-income math students, are behaviorally inclined to practice the number of hours—some say 10,000 hours—required for mastery (Lehrer, 2011; Ericsson, 1996; Duckworth, 2010; Gladwell, 2008). Duckworth’s (2010) research on National Spelling Bee champions concluded that practice is crucial, but that practice is tough, time consuming, and exhausting. Some spelling bee contenders were more inclined to practice than others, and those most inclined to practice also ranked highest on Duckworth’s Grit scale (Lehrer, 2011). Likewise, Welsch and Zimmer (2018) found that while high-school gifted programs appear to predict favorable post-graduation outcomes the reality is that gifted programs tend to include students who possess traits that already correlate with later-in-life success. So Grit, from a systems perspective, is the psychological trait in the black box predicting human achievement. According to Duckworth (2010), Grit predicts the ability of any person, regardless of other factors such as genetics and IQ, to commit to the perseverance needed for success both academically and professionally.

## Wanted: Passionate Perseverers

Grit's ability to predict success is vital for employers seeking to improve their hiring processes. In our increasingly tech-saturated, globalized marketplaces, hiring professionals are trading traditional criteria like experience and education for personality, culture fit, and character traits such as fairness, openness, and trustworthiness (Firmin, Proemmel, McDivitt, Evens, & Gibbs, 2009).

National employers are beginning to consider grit one of their personality-based criteria for employment. Indeed, studies have shown that human resource management and organizational employment practices are key drivers of process innovation (Hirzel, 2017), and the advent of Grit as an employment criterion provides further support for this position. The independent consulting group, Vault, which ranks industry professionals, says that some executives in top investment banks across the country have mentioned Grit for the first time in an open-ended survey about ideal candidate traits from 2017 (Loosevelt, 2017). In business-based IT and user experience, Usermind CEO, Michael Feaster, was one of the first business leaders to write "Grit" as a desired trait on the survey (Loosevelt, 2017). Dr. Paul Stoltz, Director of the Global Resilience Institute, has conducted similar research about Grit under the title "adversity quotient" and resilience. A survey Stoltz conducted of 20,000 employers worldwide revealed that Grit has risen from number 10 to number 1 on the list of "mindset related traits" employers seek (Arcelo-Dumlao, 2016).

More employers across the country are pursuing gritty job applicants and seeking gritty leaders for promotion. However, research is limited on Grit and personality as criteria for hiring on a regional level, so our research went inside of the hiring process for Central Wisconsin professionals to explore how they consider aspects such as grit and personality in their hiring.

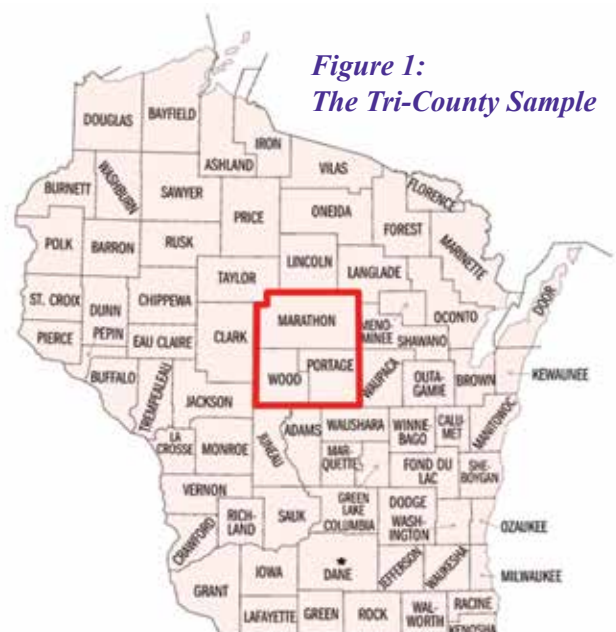
## Questions that Need to be Answered in Order to Put Grit to Work

We designed our research questions to gain an initial understanding of whether employers seek Grit when hiring. There were two primary stakeholders of this research: new college graduates looking for full time positions and employers looking to hire new college graduates. We designed a survey for Central Wisconsin employers for a statistical analysis of Grit and hiring practices by which we could answer the questions below:

1. How do Central Wisconsin managers' appetite for Grit relate to other commonly used hiring criteria?
2. Does the appetite for Grit differ between goods- and service-focused companies?
3. Can other commonly used hiring criteria be used to predict Central Wisconsin managers' appetite for Grit? For Central Wisconsin employers, what relationships exist among organizational demographics, Grit, and personality in the hiring process?
4. For those Central Wisconsin organizations not yet focused on grit as a hiring criterion, what might they need to do to integrate it as part of their recruiting and onboarding efforts?

## Measuring Grit and Other Employability Criteria

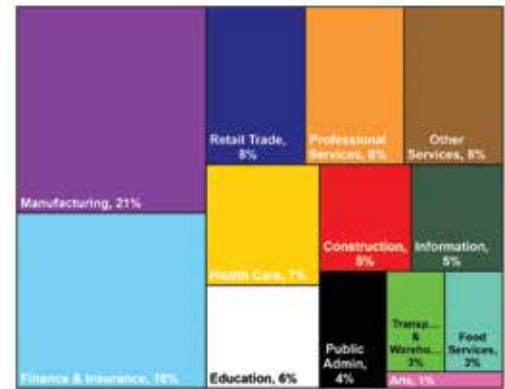
**The Tri-County Sample.** The participants in the study were specifically selected groups of Central Wisconsin employers who were members of the Portage, Wood, and Marathon county Business Councils (see Figure 1). Specifically, 983 business were sent an email containing a hyperlink to an online survey. Data collection lasted for precisely 14 weeks (February 2018 to May 2018). The survey consisted of 54 items and had a median completion time of 17 minutes. In total, 115 employers started the survey and 100 had completed responses (a final response rate of 10.17%).



*Figure 1:  
The Tri-County Sample*

The respondents' self-reported job titles spanned five broad categories: Owner/President/CEO (13%), Upper Management (25%), Middle Management (21%), Human Resources (34%), and Other (7%). Despite this variety, however, all participants attested to being involved in hiring decisions for their organization. In terms of longevity, the oldest employer organization surveyed was founded in 1817 and the newest in 2017 (median = 1980). Employers' size ranged from 1 employee to 500,000 (median = 150). Of the completed responses, 29 of the companies were involved in the provision of goods, while the remaining 71 identified as service-focused organizations. The respondents were further classified into industries and sectors based on their self-identified NAICS classification (see Figure 2).

**Figure 2: Sample Distribution by Sector**



**The Grit Scale.** The extent to which hiring managers' valued Grit in job seekers was measured using a 12-item scale (see Table 1) that was adapted from Duckworth et al. (2007). Items on this scale were evenly distributed between two subscales: Grit Interest and Grit Effort. Once the survey data were collected, we summed these subscales into a single Grit Score for each employer (Duckworth et al., 2007). To this end, a higher Grit Score indicated a greater preference for hiring gritty employees.

**Table 1: The Adapted Grit Scale**

Scale Prompt	Item Content	Subscale
A well-qualified applicant for an entry-level position at your organization ...		
	... has overcome setbacks to conquer an important challenge.	Effort
	... is not discouraged by setbacks	Effort
	... is a hard worker.	Effort
	... finishes whatever he/she begins.	Effort
	... has achieved a goal that took years of work.	Effort
	... is diligent.	Effort
	... has new ideas and projects that sometimes distract him/her from previous ones. R	Interest
	... has interests change from year to year. R	Interest
	... has been obsessed with a certain idea or project for a short time but later lost interest.	Interest
	... often sets a goal but later chooses to pursue a different one. R	Interest
	... has difficulty maintaining focus on projects that take more than a few months to complete. R	Interest
	... becomes interested in new pursuits every few months. R	Interest

*Note.* Response options were: (1) Not like a qualified job candidate, (2) Not much like a qualified job candidate, (3) Somewhat like a qualified job candidate, (4) Mostly like a qualified job candidate, and (5) Very much like a qualified job candidate. Statements ending in a boldface "R" signify negatively worded items that were reverse coded before creating the composite scales.

**Other Employability Criteria.** We also measured the extent to which employers sought out other common hiring criteria. Essentially, we were controlling for Grit by addressing other commonly sought-after criteria. This approach is in line with Duckworth’s (2016) assertion that Grit can help predict achievement and success, independent from what other drivers may contribute (as cited in Lebowitz, 2016). For comprehensiveness, we considered both potential psychosocial drives of success, namely The Big Five, and the more traditional credentials that candidates amass during their time at university.

**The Big Five.** The Big Five personality traits were measured using a 10-item measure of the Big Five personality domains (Rammsteadt & John, 2007). Again, participants were asked to evaluate key phrases that followed the prompt “A well-qualified applicant for an entry-level position at your organization...” (1 = Not like a qualified job candidate, 5 = Very much like a qualified job candidate). The key phrases varied for each subscale. It was “... has an active imagination” for openness; “... gets nervous easily” for neuroticism; “... does a thorough job” for conscientiousness; “... tends to find fault” for agreeableness (reverse coded); and “... is reserved” for extraversion (reversed coded).

**University-provided Skills and Experiences.** In addition to examining Grit and the Big Five personality traits, we asked employers questions related to applicants’ skills and experiences. To be specific, we asked employers to indicate the importance they placed on 10 discrete qualifications using a 5-point scale (1 = Not at all important, 5 = Extremely important). In particular, the following items were assessed: GPA, Written Communication Skills, Oral Communication Skills, Problem-Solving, Technology Skills, Teamwork Skills, Leadership Experience, Volunteer Experience, Internship Experience, and Previous Work Experience.

## Findings from Central Wisconsin

**The Relationship between Grit and Other Commonly Used Hiring Criteria.** Table 2 shows the correlations between all study variables. In support of the value of education for producing highly skilled workers, the data showed strong positive correlations among most of the University-provided skills and experiences, namely Written Comm, Oral Comm, Problem Solving, Tech Skills, Teamwork, Leadership, Volunteer, and Internship. The two university-provided skills and experience that shared somewhat fewer significant correlations with the other variables in this category were GPA (3 out of the 10) and Previous Work Experience (7 out of 10).

Surprisingly, Grit was not significantly correlated with any of the University-provided skills and experiences, save leadership and volunteer experience, ultimately suggesting that Grit may have some unique predictive power for hiring decisions that is somehow not shared with the aforementioned variables. It should also be noted, however, that additional data and more in-depth analysis would be needed to confirm this claim.

As mentioned above, Grit was significantly correlated with leadership and volunteer experience. Interestingly, the direction of these relationships were both negative. This might indicate that employers see these as substitutes for Grit, thereby not looking for Grit if the applicant has had leadership and volunteer experience. We also found that Grit is positively correlated with agreeableness and conscientiousness and negatively correlated with neuroticism, which corroborated previous studies that examined the relationship between Grit and the Big Five.

We also found a number of intriguing relationships among university-provided skills and experiences and the Big Five. That is, we found that the greater importance a company places on written communication, oral communication, and technology skills, the more it favors applicants with low levels of neuroticism. Similarly, the greater importance a company places on oral communication and technology skills, the more it favors conscientious applicants. A significant positive correlation was also found between favorability toward extraversion and an applicant’s written communication, oral communication, and teamwork.

Lastly, we found that the larger the size of the hiring organization, the more it favors high-Grit and low-neurotic applicants. Larger organizations also favor low openness to experience, which might indicate a desire for the successful applicant to conform to the organizational culture. This could also reflect the entry-level type positions for which the companies we researched commonly hire.

**Table 2: Correlation Matrix**

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Org Size	–																
2. GPA	.05	–															
3. Written	.20	.15	–														
4. Oral	.01	.13	.64**	–													
5. P Solving	.01	.19	.53**	.64**	–												
6. Tech	-.03	.27*	.38**	.49**	.56**	–											
7. Teamwork	.13	.13	.34**	.52**	.46**	.43**	–										
8. Lead	-.01	.43**	.35**	.42**	.35**	.27**	.42**	–									
9. Volunteer	-.14	.31*	.34**	.42**	.39**	.43**	.32**	.51**	–								
10. Intern	-.13	.40**	.38**	.40**	.38**	.46**	.23*	.54**	.59**	–							
11. Exp	-.17	.09	.16	.27*	.22*	.23*	.34**	.39**	.32**	.46**	–						
12. Grit	.23*	-.06	.18	.10	.11	.15	-.09	-.28**	-.35**	-.08	-.16	–					
13. Extra	.10	-.04	.25*	.36**	.17	.08	.22*	.12	.18	.12	.17	-.01	–				
14. Agree	.05	.11	.00	.05	.01	.15	-.09	-.15	-.06	.06	-.10	.23*	-.12	–			
15. Cont	.15	.01	.20	.23*	.14	.24*	.06	-.01	-.08	-.05	-.06	.54**	.13	.30**	–		
16. Neuro	-.26*	.15	-.24	-.30**	-.21	-.22*	-.05	.00	.13	.11	.14	-.44**	-.16	-.28*	-.38**	–	
17. Open	-.27*	-.05	-.15	-.15	-.03	-.08	-.17	-.08	-.15	.00	-.13	-.07	-.35**	-.05	-.04	.20	–

*Note.* \*  $p < .05$ , \*\*  $p < .01$ ; P Solving = Problem Solving; Lead = Leadership Experience; Exp = Intern = Internship Experience; Previous Work Experience; Extra = Extraversion; Agree = Agreeableness; Cont = Conscientious; Neuro = Neuroticism; Open = Openness to Experience.

**Differences between Goods- and Service-focused Companies.** Table 3 shows the results of the independent sample t-test we used to determine if service- and good-focused organizations approached hiring decisions differently in terms of the mean level of importance they placed on an applicant’s Grit, Big Five personality traits, and university-provided skills and experiences. With respect to university-provided skills and experiences, the data showed that service organizations placed stronger emphasis on written communication, oral communication, problem solving skills, technology skills, and volunteer experience than their counterparts that produce and sell goods. It is also worth noting that no significant differences existed between service organizations and organizations that produce goods in terms of their preference for teamwork, leadership, and internship experiences. This suggests that these attributes are important areas for job seekers to develop as they are equally attractive to service- and good-focused organizations.

In terms of the Big five, the results indicated that that service organizations, as compared to goods organization, placed stronger emphasis on conscientiousness. Furthermore, organizations that produce and sell goods had a higher tolerance for neuroticism than service organizations. This could be due to a high need for industrial workers causing lower hiring standards for those types of positions. Also, employees of service organizations deal more with people, creating a greater need for a more contentious and less neurotic worker.

Interestingly, there was no difference between companies involved in the provision of good or services in terms of the degree to which successful applicants display Grit. Furthermore, the mean level of importance placed on Grit by both service- and good-focused organizations exceed the median value of 2.5 (based on a possible range of 0 - 5). These findings are of particular importance to the current study as they suggest that (1) service and good organizations are equally disposed to valuing Grit in potential applicants, and (2) service and good organizations both value Grit above a point of theoretical indifference.



**Table 3: Independent Samples t-tests**

Variables	Goods		Services		Mean Difference	t	df	p
	M	SD	M	SD				
GPA	2.32	1.11	2.45	0.96	-0.13	-0.54	83	0.589
Written Comm	2.88	1.05	3.92	0.80	-1.04	-4.96	84	0.000***
Oral Comm	3.42	0.86	4.48	0.60	-1.05	-5.71	35.69	0.000***
Problem Solving	3.77	1.07	4.33	0.75	-0.56	-2.79	85	0.006**
Tech Skills	3.19	1.13	3.70	0.90	-0.51	-2.25	85	0.027*
Teamwork	3.96	0.82	4.31	0.74	-0.35	-1.95	85	0.055
Leadership	2.48	1.12	2.89	0.97	-0.41	-1.68	84	0.960
Volunteer	1.69	0.93	2.52	0.97	-0.82	-3.69	84	0.000***
Internship	2.15	1.05	2.52	1.04	-0.37	-1.52	85	0.133
Prev Work Experience	3.35	0.75	3.43	1.01	-0.08	-0.36	85	0.716
Grit	3.84	0.33	3.91	0.38	-0.07	-0.83	80	0.408
Extraversion	3.02	0.44	3.25	0.56	-0.23	-1.82	79	0.072
Agreeableness	4.26	0.41	4.26	0.49	-0.01	-0.03	78	0.974
Conscientious	4.52	0.34	4.74	0.34	-0.22	-2.69	79	0.009**
Neuroticism	2.26	0.36	1.85	0.59	0.41	3.85	72.05	0.000***
Openness	3.32	0.35	3.15	0.51	0.17	1.49	79	0.140

Note. \* p < .05, \*\* p < .01, \*\*\* p < .001

**Predicting Candidate’s Grit and Other Personality Traits.** Table 4 shows the results of the regression analyses. In total, we tested 6 traits. The reported regressions used Grit, Extraversion, Agreeableness, Conscientiousness, Neuroticism, and Openness to Experience as the dependent variables and the university-provided skills and experiences as the independent variables. Overall, our model collectively explained a notable portion of the variance that hiring manager see in candidates’ Grit (27%), extraversion (7%), and conscientiousness (8%).

It is also worth noting that the none of the predictors, nor the model as a whole, reached significance for Agreeableness and Openness to Experience. This may indicate that factors, beyond the university-provided skills and experiences assessed in this study explain notable portion of the overall variability in the way hiring managers perceive applicant’s’ overall Agreeableness and Openness to Experience.

In spite of the two nonsignificant traits mentioned above, the results identified several significant predictors across the remaining 4 traits (i.e., Grit, Extraversion, Conscientiousness, and Neuroticism). Written communication was a significant positive predictor of Extraversion and Conscientiousness as well as a significant negative predictor of Neuroticism. Oral communication positively predicted Grit and Extraversion. Several other significant predictors, however, only reached significance in one model, suggesting overall less explanatory power than written communication and oral communication.

**Table 4: Regressions between University-provided skills and experiences, Grit, and the Big Five**

Independent Variables	Dependent Variables					
	Grit	Extraversion	Agreeableness	Conscientious	Neuroticism	Openness
	Coefficient	Coefficient	Coefficient	Coefficient	Coefficient	Coefficient
Written Comm	0.25	0.06***	-0.03	0.13***	-0.12***	-0.17
Oral Comm	0.09*	0.37*	0.15	0.24	-0.34	0.01
Problem Solving	0.08	-0.09	-0.07	-0.06	-0.03*	0.15
Tech Skills	0.22	-0.12	0.21	0.32*	-0.28	-0.06
Teamwork	-0.07	0.10	-0.12	-0.11	0.17*	-0.14
Leadership	-0.28*	-0.10	-0.22	0.00	-0.06	0.01
Volunteer	-0.48	0.10	-0.09	-0.17	0.23†	-0.19
Internship	0.12	0.01	0.14	-0.19	0.28†	0.17
R <sup>2</sup>	0.27***	0.07†	0.10	-0.08†	0.17**	0.08

Note. †p < .10, \* p < .05, \*\* p < .01, \*\*\* p < .001 (two-tailed). GPA and previous work experience were omitted from the final models as they did not provide any additional explanatory power.

### Takeaways for Central Wisconsin’s Practitioners

Our survey findings indicate that Central Wisconsin’s hiring professionals across industries do seek grit in new hires though they may not call or “grit” or have a standardized way of identifying it. But Grit can

- accurately predict success
- transcends appearance bias
- equalize applicants of differing backgrounds
- correlate with retention
- integrate into hiring for minimal cost

Hiring managers can inexpensively incorporate grit into the hiring process. The first way to do so is expanding the battery of behavioral-based interview questions. The Society for Human Resource Management (2016) acknowledges that past behaviors accurately predict future behaviors, and Dr. Katherine Hansen, (n.d.) an organizational psychologist, states that the behavioral approach is 55% more predictive of future behaviors than traditional interview questions. Given Duckworth’s (2016) claims that grit predicts future success, behavioral-based interview questions designed to assess “passion plus perseverance (Duckworth, 2016) are valuable for hiring professionals. Some questions hiring professionals might consider include the following:

- Give me an example of when you spent a long time pursuing a goal.
- When have you failed to meet a goal at first but continued to work at it?
- When have you overcome a hardship to pursue something you love?
- Tell me about a time that you stuck with a project you were passionate about finishing.

Responses may illustrate applicant Grit levels if they are internally and externally consistent, demonstrative of the behavior the question seeks, focused, supported with concrete evidence, and reflective of the applicant’s personal values (Ralston, Kirkwood, and Burant, 2003). The applicant’s ability to address all of these criteria in his/her response varies with communication skill, so a correlating strategy may be necessary to identify the grittiest candidate. One could also ask the applicants references similar versions of these questions.

An additional strategy is a Grit-centered analysis of an applicant's written application material. Depending on company resources, such an analysis could be initiated by a hiring manager or run electronically through data analytics platforms like R. Even with limited access to data analytics, free word cloud generator apps allow hirers to paste the applicant's text and identify the frequency of words indicative of Grit. Target words might include "try," "overcome," "passion," "persevere," "goal," "resilient," "effort," "practice," "diligent," "effort," "finish," and "interest." Additionally, longevity and consistency of past work experiences could indicate grit on chronological resumes as well as affiliation with institutions that value grit such as military, athletics, and healthcare.

In addition, Angela Duckworth's Grit Scale, which she developed for her West Point study can be integrated with the other two strategies. The simple 10 question self-assessment contains five questions for assessing passion-- the odd numbers-- and five questions for perseverance-- the even numbers. Accessible for free online and printable, the Grit Scale dovetails well into a company's current battery of personality assessments.

### **Grit's Limits**

Like any construct presuming to know the secret to success, Grit has limits as does our research on the hiring desires of Central Wisconsin's companies. Many critics of Grit call it an oversimplification that does have predictive values but is an independent variable (Denby, 2016; Gunn, 2018). David Denby (2016) writing in the New Yorker, for example, argues that implying West Point Cadets dropped out of Beast Barracks because of a lack of grit doesn't account for physical, cultural, or even moral reasons for dropping out. Another objection is that Grit theory is just an inventive and resonant way of telling us what we've known for years: success requires effort (Denby, 2016).

Perhaps these are true and valid criticisms of grit. Nonetheless, the advantages of Grit are that it can help predict success when seeking employees and it can help managers make more valuable hiring decisions. Grit gives hiring professionals a language to connect the consistent behaviors that they seek to actual hirees who can add value to their organizations. The language makes it concrete, which means multiple professionals in an organization can agree on what Grit is, search for evidence of Grit, and incorporate Grit to innovate current hiring processes. Aside from that, grit gives us all something to strive toward both personally and professionally: the skill of overcoming adversity in pursuit of a goal that matters.

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# Talent Matters

Column by Assistant Professor Lyna Matesi  
MBA Director  
[uwsp.edu/mba](http://uwsp.edu/mba)

Got talent? Well, we all sure hope so. Every leadership team I know wants to acquire, develop and retain the best people, the best talent they can. In this CWERB issue, our faculty outline several suggestions that can help improve your talent management processes. Here are six ways you can quickly apply their insights.

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## Clarify

Personalize your understanding of grit—

**Context.** *Identify your unique grit profile.* Take a few minutes to complete Duckworth's grit scale <https://angeladuckworth.com/grit-scale> and then make a list of what grit looks like in your organization. Your list might include determination, attention to detail, follow-through, patience, or dependability. What matters though is to find words and identify grit-focused skills that ring true for the work your folks do.

## Acquire:

When acquiring talent—

**Job Descriptions.** *Make sure prospective employees know you value grit.* Conduct a quick scan of the jobs you intend to post within the next 1-3 months. Edit the skills section to include grit skills like determination, attention to detail, follow-through, patience or dependability.

**Behavior-Based Questions.** *Interview with grit in mind.*

Add at least one gritty question to upcoming interviews. Ask, "Tell me about a time you had a new idea at work? How did you implement it?"; or "Describe a time that you overcame a setback at work? What happened?"; or "Describe a project that you had to work on for an extended period of time and how you stayed engaged." After incorporating grit questions in your interviews, talk to your peers about what you've learned about screening for grit. Identify and share at least one best practice.

## Develop

When developing talent—

**Recognition.** *Recognize grit in action.* Start telling quick, 1-2 minute stories in public and private settings that recognize when people show that they've got grit. Be sure to link personal grit to organization performance. Things like, "*Gina was so determined. She...*"; or "*I was impressed with Richard's [insert grit behavior]. He...*". Quick stories are a great tool for praising people and setting expectations about what good work looks like.

**Experiences.** *Expose new employees to grit role models.*

Identify the two positions most important to your organization, team or project success and do a quick grit development scan. When onboarding new people into these positions, what job training, job shadowing or job rotation assignments will expose them to the grit-focused skills they need to be successful? Once you've identified 1-2 experiences, add them to your onboarding plan.

## Retain

When retaining talent—

**Culture.** *Deepen your understanding of grit in your culture.* Once every week or so take a couple of your high potential employees for coffee or lunch and do a little conversational research. Pick an area of grit that matters in your organization. Ask your high potentials what they are doing that requires determination, attention to detail, follow-through, patience or dependability. Alternatively, ask them when they've seen these grit skills in others. As your understanding of grit deepens, share your findings with your peers.

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Taking the time to explore and experiment in these six focused ways can help you begin to understand how to leverage grit and improve performance. If you want to explore grit further, our faculty can help you implement individual or groups assessments, conduct talent audits, or expand your talent management strategy. To learn more about our programs and services, please contact Jennifer Hess, program manager, Customized Training and Professional Development at [jhess@uwsp.edu](mailto:jhess@uwsp.edu) or 715-346-4782.

# ABOUT THE CENTRAL WISCONSIN ECONOMIC RESEARCH BUREAU

## MISSION AND VISION

The mission of the UWSP Central Wisconsin Economic Research Bureau is to foster economic development by bringing timely economic analysis to our region, focusing on Marathon, Portage and Wood counties.

The mission has been accomplished through the publication of Economic Indicators Reports. These reports are compiled and released for Central Wisconsin.

The CWERB aspires to be Wisconsin's premier research center focused on regional economic development.

## HISTORY

The CWERB is a nonprofit organization founded in October 1983. Its operating budget comes from the private sector and the UWSP School of Business and Economics. The CWERB also represents an important part of the outreach efforts of the UWSP School of Business and Economics.

## PAST SOURCES OF FUNDING

- UWSP School of Business and Economics
- BMO Harris Bank of Stevens Point
- BMO Harris Bank of Marshfield
- BMO Harris Bank of Wausau
- Centergy Inc. of Wausau
- Community Foundation of Greater South Wood County - Wisconsin Rapids

## SCHOOL OF BUSINESS & ECONOMICS

- Enrollment of 1,000 students; More than 30% of our students come from Marathon, Portage and Wood counties; approximately 50% of our graduates stay in the three-county area
- The SBE is in the pre-accreditation phase by the Association to Advance Collegiate Schools of Business (AACSB), once completed, SBE will be among the top 18% of all business schools in the world.

## CWERB CLIENTELE

- Central Wisconsin business firms are the most crucial component in the economic development of our region. Business firms are keenly aware of the important role that informed decision making plays in any developmental strategy.
- Private sector organizations devoted to economic development in Central Wisconsin, such as area chambers of commerce and their affiliated economic development agencies.
- Public sector organizations devoted to economic development in Central Wisconsin.
- The general public, in order to make informed decisions, take advantage of the unbiased information and analysis about the economy.
- The CWERB employs student research assistants which provides an excellent educational setting while also providing the opportunity for students to earn funds toward education. Faculty, staff and students at UWSP utilize the reports and resources of the CWERB.

## CWERB ACTIVITIES

Research conducted during the last 25 years by CWERB is disseminated through more than 230 publications, media reports and presentations for the Portage, Marathon and Wood counties. Each report provides an analysis of the economy at the national, state and regional levels, and also contains a special section devoted to a topic of economic significance to the Central Wisconsin region. These special topic reports are often written by UW-Stevens Point faculty members and include current topics such as Medicare, debt and deficits and the Central Wisconsin housing market.

The Economic Indicators Reports are presented on a periodic basis by Professor Emeritus Randy Cray and the author of the special topic report. These reports have received substantial media coverage on a variety of economic matters.

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# GRIT SCORE

# (PERSONALITY TEST)

This 12-question survey was designed to help determine your Grit Score. Keep in mind that self-evaluations such as this one are not always a perfect reflection of your true personality type.

## Step 1:

- Read the 12 prompts below and check the box to indicate whether statement A, B, C, D, or E most accurately describes you.

Set 1	1.	I become interested in new pursuits every few months.					5.	I often set a goal but later choose to pursue a different one.					9.	My interests change from year to year.				
		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me
Set 2	2.	I have achieved a goal that took years of work.					6.	Setbacks don't discourage me.					10.	I finish whatever I begin.				
		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me
Set 3	3.	I have been obsessed with a certain idea or project for a short time but later lost interest.					7.	New ideas and projects sometimes distract me from previous ones.					11.	I have difficulty maintaining my focus on projects that take more than a few months to complete.				
		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me
Set 4	4.	I have overcome setbacks to conquer an important challenge.					8.	I am a hard worker.					12.	I am diligent.				
		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me		A. <input type="checkbox"/> Very much like me	B. <input type="checkbox"/> Mostly like me	C. <input type="checkbox"/> Some- what like me	D. <input type="checkbox"/> Not much like me	E. <input type="checkbox"/> Not at all like me

## Step 2

- Look back at the letters you checked in step 1 and Put an "X" under either the A, B, C, D, or E column for each question.
- Add up all of the marks and write the sum for each column in the "Total Q" row.
- Multiply the sums for each column by the Grit weight (note, the Grit weights vary by set) and write the product in the "Totals R" row.
- Add up the results in the "Total R" row for each set and write these four sums in the "Totals S" row.
- Add up the four sums in the "Totals S" row and write your answer in the "Total T" row.
- Divide the sum in the "Total T" row by 12 to arrive at your Grit Score.

		Set 1					Set 2					Set 3					Set 4							
		A	B	C	D	E	A	B	C	D	E	A	B	C	D	E	A	B	C	D	E			
1.							2.						3.						4.					
5.							6.						7.						8.					
9.							10.						11.						12.					
<b>Total Q</b> (Sum)																								
Grit weight		×1	×2	×3	×4	×5		×5	×4	×3	×2	×1		×1	×2	×3	×4	×5		×5	×4	×3	×2	×1
<b>Total R</b> (Product)																								
<b>Total S</b> (Sum of products)																								

**Total T**  
(Sum of the Sum of products for each Set)

÷ 12

**My Grit Score:**

1.0 - 1.9 = Not very Gritty  
2.0 - 2.9 = Low Grit

3.0 - 3.9 = Average Grit

4.0 - 4.9 = High Grit  
5 = Maximum Grit