



# Texas Manufacturing Outlook Survey

DALLASFED

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## SPECIAL QUESTIONS

Data were collected Nov. 3–6, and 83 Texas manufacturers responded to the survey.

<b>1. Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next six to twelve months?</b>			
	Mar. '12 (percent)	May '14 (percent)	Nov. '14 (percent)
Increase	56.3	48.6	45.8
Leave Unchanged	37.5	44.4	45.8
Decrease	6.3	6.9	8.4

  

<b>2. Are you having problems finding qualified workers when hiring?</b>		
	May '14 (percent)	Nov. '14 (percent)
Yes	68.1	77.1
No	31.9	22.9

  

<b>3. If you are having problems finding qualified workers, what are the main reasons why? Please check all that apply.</b>		
	May '14 (percent)	Nov. '14 (percent)
Lack of technical competencies (hard skills)	70.6	72.3
Lack of workplace competencies (soft skills)	51.0	52.3
Lack of experience	39.2	44.6
Inability to pass drug test and/or background check	39.2	41.5
Lack of available applicants/no applicants	37.3	35.4
Looking for more pay than is offered	35.3	35.4

  

<b>4. What, if anything, are you doing to recruit and retain employees? Please check all that apply.</b>		
	May '14 (percent)	Nov. '14 (percent)
Intensify recruiting, including advertising, paying recruiting bonuses, utilizing employment agencies, etc.	54.5	59.7
Increase wages and or benefits	39.4	52.8
Offer additional training	47.0	41.7
Improve working conditions	12.1	29.2
Increase variable pay, including bonuses	28.8	27.8
Reduce education and other requirements for new hires	9.1	6.9
Other	12.1	19.4

  

<b>5. If labor costs are increasing, are you passing the cost on to customers in the way of price increases?</b>		
	May '14 (percent)	Nov. '14 (percent)
Yes	31.9	42.2
No	48.6	47.0
Not Applicable	19.4	10.8

## SPECIAL QUESTIONS COMMENTS

These comments have been edited for publication.

### Fabricated Metal Manufacturing

- > We are getting squeezed on wages in the Gulf Coast, and due to international competition and the strong dollar we have to eat the cost increase and reduce margins. It is tough.
- > The retirement of higher-paid employees has offset low-experience employees hired at higher starting rates than in the past.
- > One of the more challenging areas for recruiting is truck drivers to counter the greater federal restrictions placed on available driving hours.

### Machinery Manufacturing

- > The labor market is only tight for blue collar employees that come to work every day and put in a full day's work for a better-than-average wage. It usually takes two or three hires to find one that sticks.

### Chemical Manufacturing

- > We have contracts with our major customers, so they will not accept price increases.

### Plastics and Rubber Products Manufacturing

- > Degreed engineers and business professionals are available, while toolmakers and technicians are not. Office staff is also readily available.

### Transportation Equipment Manufacturing

- > The problem is not finding qualified workers. The problem is that most candidates are over-qualified and willing to take deep salary cuts to find work.
- > We utilize a staffing agency to provide us with temporary employees who can convert to full-time employees after three months, if they meet our requirements such as the ability to learn the processes and no tardiness or absences. Many of these temporary employees do not complete the three-month period because they determine this job isn't for them. This self-selection system forces us to continue the search process more than we would prefer.

### Wood Product Manufacturing

- > We believe that corporate America (large and small) can and should be taking advantage of the downsizing of the U.S. military (all branches). Good people can be recruited by attending Hiring Our Heroes hiring fairs throughout the country.

### Food Manufacturing

- > Commodity prices for our products are falling while at the same time it is harder and harder to find people who want to work in a mill.
- > Customers won't pay increased costs.

### Printing and Related Support Activities

- > Recruiting has always been a challenge, but it gets especially challenging for manufacturing, and especially when unemployment is dropping towards 5 percent. We have difficulty reaching younger folks even though our starting pay of \$11.50 to \$12.50 per hour is very competitive. We don't require college degrees. We train everybody because we assume we can't get anyone with experience in our niche. It's a pretty good apprentice program. We've used Catholic Social Services, local schools with programs oriented towards our industry, temp agencies, agencies that mine the job boards, employee referrals and anything else we can think of. It's very frustrating.

