

Economic Update

Last month the economic recovery turned two. The National Bureau of Economic Research determined that the recession ended in June '09. The recovery has been weak, though. The broadest measure of economic activity, gross domestic product, has passed its previous peak, but many sectors—employment, housing, auto sales, and industrial production—remain well below prerecession levels. Houston continues to outperform the nation but faces challenges of its own. What happens on the national stage is important to Houston. The U.S. economy is one of three exogenous factors that drive the local economy, the others being the value of the dollar and the price of oil. The weak dollar has kept affordable the goods and services that Houston exports overseas. The price of oil has more than doubled from its recession low and stimulated exploration activity, a key component of Houston's economic base. The weakness in the U.S. economy offsets the benefits (to Houston) of the other two. As proud Texans, we often dismiss as unimportant what happens outside the state, but tepid growth north of the Red River continues to restrain Houston's recovery.

Seasonally adjusted payroll employment peaked at 137 million jobs in January '08, then fell to 129 million in February '10—a drop of 8 million, or 6 percent, according to the U.S. Bureau of Labor Statistics (BLS). Since the recovery began, the nation has added 1.8 million jobs, recouping 20 percent of the jobs lost in the recession. The largest gains in job growth among private companies came from health care, leisure/hospitality, and manufacturing. Though health care reform remains a concern, employment in that industry has grown nearly 11 percent since the recession began. Two factors feed that growth—an aging population and a growing population. Both stimulate demand for more health care services. An MSNBC online story recently reported that more than half of the chief executives of large U.S. companies said they expect to spend and hire more over the next six months despite slower economic growth.

In an interview with CNBC, Richard Fisher, head of Federal Reserve Bank of Dallas, noted that since the nation's recovery began, 38 percent of all jobs created in America have been created in Texas.

While the region as a whole is three-fourths of the way to full recovery, the recovery has been uneven. Growth in private sector employment has been particularly strong. During the past 12 months, the private sector created 52,300 jobs—its strongest performance since August '08, the month before the recession hit Houston. Since the beginning of the recovery, the private sector has created 96,000 jobs. Most of the recovery in private sector employment has occurred in services, which have recouped 73,600 jobs, or 85.0 percent of the jobs lost. Two sectors, oil and gas and government—stand out, but for different reasons. The rise in oil prices over the past 12 months, new opportunities in the oil shale plays, and the reopening (albeit slowly) of the Gulf of Mexico have fueled

employment growth in the energy sector, where 6,700 more people are working now than in June '10.

Fewer Americans applied for unemployment benefits in June offering some hope that the economy may be improving after hitting a slump in late spring. Economists said the steady decline in unemployment applications signals that the job market is improving, but at a very slow pace. Employers added only 54,000 net new jobs in May, much slower than the average gain of 220,000 per month in the previous three months. Many economists say they are hopeful the weakness in the economy is fleeting, the result of supply-chain disruptions from Japan, a jump in gasoline prices and the string of tornadoes that has ripped through the Southeast.

Texas has become the country's mecca for young job seekers, with Austin and Houston as the hubs. Texas placed three cities in the Top 5 among metro areas offering the wide range of opportunities for men and women getting started in their careers, according to the report from American City Business Journals (parent company of HBJ). Austin led the country with a 9.8 "opportunity score" followed by Houston at No. 2 with an 8.5 score, Washington D.C. Raleigh, Dallas-Fort Worth, Boston and Oklahoma City.

In the first decade of this century, U.S. Labor Department figures show that women have gained 2,119,000 jobs. During the same period, men gained a piddling 54,000 jobs. Women got 97.5 percent of all the new jobs created between 2000 and 2010. In the 1990's, men won 46 percent of the 18.4 million new jobs created. In the 1980's, men won 41 percent of the 19.5 million jobs created. Unmarried women under age 30 and without children who lived in large cities made more money than their male counterparts. Women now outnumber men in gaining college degrees. Recently, women were getting 57 percent of the undergraduate degrees while men were getting 43 percent. Women are gaining in graduate and professional study fields, too. In 1970, only 4 percent of working women earned more than their husbands. In 2007, 22 percent earned more than their husbands.

["The Changing Face of the Texas Labor Market"](#) [By Texas Workforce Commission](#)

Texas & Houston Labor Market Statistics

	<u>April 2011</u>	<u>April 2010</u>
Texas Labor Force	12.26 Mil	12.12 Mil
Texas Unemployed	984,900	988,900
Texas Unemployment Rate	8.0%	8.2%
Houston Labor Force	2,918,900	2,889,800
Houston Unemployed	232,300	236,600
Houston Unemployment Rate	8.0%	8.2%

Top 3 States for Private Job Growth by Time Period

<u>2006 – 2007</u>	<u>2007 – 2008</u>	<u>2008 – 2009</u>	<u>2009 – 2010</u>
Texas New York California	Texas New York Oklahoma	North Dakota Alaska South Dakota	Texas Indiana Massachusetts

More Output, Fewer Workers

<u>1964</u>	<u>Workers</u>	<u>Cap per Worker</u>
AT&T	758,611	\$334,822
GM	660,977	\$304,095
Standard Oil	147,000	\$952,381

<u>2011</u>	<u>Workers</u>	<u>Cap per Worker</u>
Exxon-Mobil	83,600	\$4.93 Mil
Berkshire	260,000	\$1.56 Mil
Apple	49,400	\$6.19 Mil

Texas Industries Adding Most Jobs in 2010

Administrative Support Services (Temp)	31,877
Ambulatory Health Care Services (Outpatient Care)	23,272
Support Activities for Mining (Exploration)	20,793
Food Services	17,487
Professional/Technical Services	16,881

Employer Hiring Progression: Shifting Business Practices

- Work existing full-time workers more hours
- Move part-timers to full-time workers
- Employ temporary or leased workers
- Use contract workers for fixed periods
- Reconsider work/hiring location based on potential growth markets & cost structure
- Outsource all non-core business functions
- Consider strategic partnerships to increase sales, limit labor liability
- Take advantage of H1B and L1 visas
- Add full-time domestic employees (FTE)

Regional Employers Say They Want . . .

1. Good communication skills: Can you . . .
 - a. Explain what you're doing (to co-worker or customer)?
 - b. Explain what you need (from a co-worker or customer)?
 - c. Ability to listen to instructions?
2. Critical thinking skills (if given a sequence of events, can you determine what will probably happen next)
3. Technical Knowledge (degrees needed for half of all job openings)
4. Can-do attitude/pleasant attitude (workers who are engaged in their work)
5. Can you work with people who are of a different age, race, gender and education level than you?



THE BABY BOOMER MEETS THE MILLENNIAL

Hiring Source News

Hiring Source would like to announce the winner of the drawing at our exhibitor booth at the HR Houston 2011 Gulf Coast Symposium.

The lucky winner of the gift certificate from Trellis Spa at The Houstonian for a 1 hour massage was . . .

Megan Dick, HR Manager
Cameron

Do You Have a Social Media Policy?

If your response to the above title is “our business does not use social media so we do not need a social media policy,” it may be time to revisit the inclusion of this very important policy. Whether your organization has a social media presence or not, you can bet that your employees do. And the big question is what are they saying about your organization on the internet? A 2010 Nielson Company report indicated that employees spent on average 5.5 hours/mo. on social media while at work. This includes blogs, responding to news articles, posting on finance and investor relations pages, posting product reviews, and much more including Facebook, Twitter, and the hundreds of other social networking sites.

Some things to think about when formulating a social media policy:

- Who are the authorized agents of the company who can post official company information on social networking sites?
- How do these individuals cooperate and coordinate so that a unified organizational message is communicated.
- Can employees list in their profiles the company they work for, their title and responsibilities?
- What are the consequences for an employee who posts insider or sensitive information, or negative statements about the company?
- What is off limits?

Social Media is not going away anytime soon and its involvement in the daily lives of our employees is only increasing. It is used so much that our employees may not see the line between the posting of confidential office information and personal information. Social media policies can help define the expectation and help employees balance the professional responsibilities to their organizations in their personal interactions on the internet.

For more information about Employee Investigations and Compliance, you can contact Ryan Hubbs CFE, CIA, PHR, CCSA, CFS, Senior Manager, Matson Driscoll & Damico LLP at rhubbs@mdd.com or 713-621-3010.

Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal; Wall Street Journal; HR Houston; Texas Workforce Commission; Ryan Hubbs, Sr. Manager, Matson Driscoll & Damico LLP