

## Prosperity Fueled by Oil and Gas

Houston owes much of its current good fortune to the thriving energy industry. Since January '10, the three pillars of upstream energy, exploration and production, oil field services and equipment manufacturing, have created 39,200 jobs. Though upstream represents only one in every 20 jobs in the region, the sector accounts for one in every eight jobs created in the recovery and expansion. Engineering and fabricated metal products, sectors closely aligned with energy, have created another 24,900 jobs. Together, these sectors represent one in every five jobs created in Houston since the bottom of the recession. Job growth in energy is important for two reasons that somewhat overlap - the multiplier effect and the high level of pay in the industry. The U.S. Bureau of Economic Analysis (BEA) has studied how inputs from one industry in a region support the outputs of other industries in that region. In Houston, with more than 3,700 firms engaged in the energy business, those supply links are wide and deep. According to the BEA, each exploration job in Houston supports another seven jobs elsewhere in the region. Each job in oilfield services supports another 11 in the region.

Jobs in energy also pay well. According to the *Quarterly Census of Employment and Wages (QCEW)*, the average annual wage in oil and gas extraction in the metro area exceeds \$220,000. Granted, that's an *average*, but it's well above the \$65,300 average for the region as a whole. One might say that a single job in energy exploration has the impact on the consumer market of three typical jobs elsewhere in the economy. Jobs in engineering, oil field equipment manufacturing and oil field services also pay above average. It's no wonder the energy sector accounts for \$7.1 billion - nearly one-third - of the \$22.7 billion increase in wages and salaries the region has recorded since January '10. Energy industry jobs also often include generous benefits packages.

## Houston Led the State in Job Growth

During the 12 months ending April '13, the Houston-Sugar Land-Baytown Metro Area led the state in job growth, adding 111,200 net new jobs, a 4.2 percent increase, according to Texas Workforce Commission estimates. Dallas-Fort Worth recorded the second largest gain, adding 104,900 jobs, a 3.5 percent increase, and Austin netted the third largest, adding 31,400, or 3.8 percent. The pace of Houston's growth will eventually cool from 100,000 jobs per year to a more sustainable 60,000-70,000 jobs per year.

With 23.7 percent of the state's population, Houston accounted for 33.6 percent of the state's annual job growth. If one adds the annual job growth for Texas' 23 largest metro areas (excluding Dallas-Fort Worth), the total would still fall 21,400 jobs short of Houston's annual job growth. Every sector of Houston's economy experienced job growth since April '12.

Since the bottom of the recession, the Houston metro area has added 305,500 net new jobs, which is more than the current *total* employment of the El Paso metro area (286,700). Employment is higher now than at any point in Houston's history.

### **Unemployment Rate**

The Workforce Commission reported that the local unemployment rate dipped to 5.9 percent in April, down from 6.1 percent in March. The local unemployment rate is not adjusted for seasonal factors such as school schedules and holidays. While the nationwide rate has dipped – in April, the seasonally adjusted jobless rate was 7.5 percent – it has fallen mostly because people are dropping out of the workforce. But in Houston, the rate is dropping because of the powerful demand for labor and strong job growth. In Texas, the seasonally adjusted unemployment rate in April remained unchanged at 6.4 percent.

### **HR Houston Symposium Survey Results**

Strong job growth was on the minds of many of the human resource managers who attended the 22<sup>nd</sup> annual HR Houston Symposium in May. In one session on rejuvenating recruiting and retention strategies, the managers discussed the latest trends, including the creation of career websites designed specifically for mobile electronic devices, relying on social media sites such as Pinterest and Tumblr to identify possible job candidates, and beefing up referral bonuses. One participant said her company is offering \$10,000 for engineers.

Companies also are coming up with unusual arrangements to keep key employees on the job. One company surveyed soon-to-retire engineers and learned that they loved their jobs but wanted to spend more time with their grandchildren. To keep the engineers on the job, and get them to train their younger replacements, the oil & gas company offered to let them off during the summer months and from Thanksgiving to New Years. That way, they could spend the summer and holidays with the grandchildren.

Most companies in Houston don't restrict the use of social media at work, are relying more on panels to interview job candidates, and are giving their employees extra pay this year per a survey of more than 200 employers sponsored by HR Houston. Most Houstonians can expect to receive raises this year. Management will get the biggest boost, at 3.8 percent, while sales employees will get the smallest increase, 2.7 percent.

The survey also found 59 percent of companies are "onboarding" their new employees before their first day in the office. Much of that is online so a new employee comes in ready to go on the first day.

More companies are moving toward panel interviews. Nearly half of the respondents said they use the technique, especially when interviewing for managers, directors, and executives. The technique provides a broader range of perspectives when several people are asking the candidate questions.

More companies now appear to be putting additional resources into their retirement programs. Twelve percent reported they've increased or improved their company matching formula since 2011, investment options are being added by 22 percent, and 53 percent have boosted their employee education about investing. Thirty percent have launched a Roth 401K feature that allows participants to invest money on a post-tax basis rather than pretax like traditional 401K programs.

Nearly 92 percent of companies permit unrestricted access of their employees' personal handheld devices at work for business purposes. Social Media sites are being used for brand building, recruiting, tracking social media traffic, and researching competitors.

Thanks to all of our clients that stopped by our booth at the HR Symposium. We enjoyed seeing each and every one of you. Congratulations to Maria Walton, Head of Human Resources North America at EDF Trading, for winning our drawing for a 1-hour massage gift certificate from Trellis Spa.

### **U.S. Economy Manages Only Modest Growth**

The U.S. economy grew at a modest 2.4 percent annual rate from January through March, slightly slower than initially estimated. Consumer spending was stronger than first thought, but businesses restocked more slowly, and state and local government spending cuts were deeper. The Commerce Department said Thursday, May 30, 2013, that economic growth in the first quarter was only marginally below the 2.5 percent annual rate the government had estimated last month. That's still much faster than the 0.4 percent growth during the October-December quarter. Most economists think growth is slowing to around a 2 percent annual rate in the April-June quarter as the economy adjusts to federal spending cuts, higher taxes and further global weakness. Still, many say the decline may not be as severe as once thought. That's because solid hiring, surging home prices and record stock gains should keep consumers spending. In other news, the number of Americans seeking unemployment aid rose last week, a sign layoffs have increased, the Labor Department said. Claims for unemployment aid rose 10,000 last week to 354,000. Jennifer Lee, senior economist at BMW Capital Markets, expects growth to improve to 3.2 percent in 2014 as the job market accelerates and consumers grow more confident in the economy.

## Hiring Source Update

The staff at Hiring Source is proud to announce we are moving June 28, 2013 into our newly constructed office at 919 W Gray, Houston, TX 77019. Our phone number and email addresses will remain the same. Stay tuned for an Open House after the summer.



Sources: Greater Houston Partnership; Houston Chronicle; Houston Business Journal