BBER

2025 MONTANA MANUFACTURING SURVEY

Prepared by
Bureau of Business and Economic Research
University of Montana

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Executive Summary

The 2025 Montana Manufacturers Survey offers a detailed assessment of the state's manufacturing sector. The Bureau of Business and Economic Research (BBER) at the University of Montana conducted the survey between April 2025 and June 2025, and the report reflects the views of 157 manufacturers representing a diverse mix of durable and non-durable goods producers. The survey was sponsored by the Montana Manufacturing Extension Center (MMEC).

Overall, respondents indicated cautious optimism with many noting slowing business conditions in 2024. Rising input costs, labor shortages, and adjusting to increased tariffs are challenges identified for 2025. Below are key findings for conditions experienced in the previous year (2024) as well as current conditions in 2025.

Key Findings for 2024:

Weaker Business Conditions

Montana manufacturers experienced a cooling in business activity in 2024. The share of firms reporting increases in gross sales fell from 46% to 35%, and production gains similarly declined. Profits followed suit, particularly among durable goods manufacturers, although non-durable firms saw modest improvement.

Cautious Investment but Growing Innovation

Capital expenditures declined across the board, with only 41% of firms reporting major facility or equipment investments—down from 55% in 2023. However, innovation remained robust: 31% of manufacturers launched new product lines, up from 26% in 2023, with non-durable firms slightly outpacing their durable counterparts.

Stable Employment, Persistent Labor Strains

Sixty percent of manufacturers maintained steady employment levels, though fewer firms increased staffing and more reported reductions. Labor shortages continue to be widespread—32% of manufacturers reported significant difficulty finding workers. Non-durable goods firms were more likely to cite staffing challenges, wage pressures, and recruitment difficulties.

Top Challenges

Staffing continued to dominate concerns, particularly among non-durable manufacturers in rural areas. Other leading challenges included market conditions, financial pressure, supply costs, and logistics.

Looking Ahead to 2025

Outlook: Cautious Optimism

Manufacturers entering 2025 expect modest growth. Forty-five percent anticipate increased sales, and 43% expect greater production. Profit expectations remain split: 35% expect increases, while 29% anticipate declines. Capital investment sentiment improved slightly, with more firms planning equipment upgrades, though durable goods firms remain more cautious.

Trade and Supply Chain Adjustments

Considering recent U.S. trade policy changes, the 2025 survey expanded questions on tariffs and global linkages. Most Montana manufacturers are domestically focused—only 6% of sales, on average, go to international markets. Durable goods producers account for most export activity, particularly to Canada, Europe, and Asia. Tariffs are a growing concern: 67% of manufacturers report that tariffs are harming their operations, primarily due to higher equipment and input costs. In response, manufacturers are increasingly turning to domestic and regional sourcing: more firms plan to optimize, de-risk, onshore, or localize their supply chains in 2025.

Input Costs Rising

Most firms expect rising input costs in 2025, with 64% anticipating higher prices for materials and components. These expectations reflect persistent concerns around inflation, transportation, and supply reliability.

Workforce Outlook

While 68% of firms expect employment levels to remain unchanged in 2025, challenges in recruitment and retention remain. The most frequently cited barrier is a lack of qualified workers, followed by compensation concerns and retention issues. Just 20% of manufacturers expect to grow their workforce in the year ahead.

Montana Manufacturers Survey

The Montana Manufacturing Extension Center (MMEC) sponsors an annual survey to better understand the conditions, performance, and outlook of Montana's manufacturing sector. The survey provides timely insights into manufacturers' experiences over the past year and expectations for the year ahead, including workforce challenges, financial performance, and operational priorities.

The Bureau of Business and Economic Research at the University of Montana conducted the 2025 Montana Manufacturers Survey between April 6, 2025 and June 11, 2025. Manufacturers across the state were contacted by mail and invited to complete the survey online or via a hardcopy questionnaire and returned in a prepaid envelope. BBER made up to three follow-up contacts to maximize participation and received 157 completed responses—up from 143 in both 2023 and 2024—yielding a 27% response rate.[1] Table 1 presents the 3-digit North American Industry Classification System for the manufacturers that responded to this survey.

Table 1: Responding manufacturers' NAICS classifications

NAICS classification	*Count*
All Nondurable	66
Food	21
Beverage and Tobacco Products	13
Chemical	11
Printing and Related Support Activities	6
Textile Product Mills	5
Leather and Allied Products	<5
Paper	<5
Petroleum and Coal Products	<5
Plastics and Rubber Products	<5
All Durable	91
Fabricated Metal Products	25
Wood Products	16
Computer and Electronic Products	11
Machinery	9
Furniture and Related Products	9
Miscellaneous	8
Nonmetallic Mineral Products	7
Electrical Equipment, Appliance, and Component	<5
Primary Metal	<5
Transportation Equipment	<5
Total	*157*

[1] The 27% response rate is calculated using the American Association for Public Opinion Research's Response Rate 3 formula (AAPOR, 2023

Year in Review

Sales, Production, and Profits

Montana manufacturers reported softer business conditions in 2024, with both durable and non-durable goods producers seeing fewer gains compared to the previous year.

Gross Sales: The share of manufacturers reporting increased gross sales fell noticeably from 46% in 2023 to 35% in 2024. This decline was similar across both durable and non-durable manufacturers. For both groups, the percentage reporting decreased sales rose to 31%.

Production: Reports of increased production also declined for manufacturers—from 43% in 2023 to 32% in 2024. Durable manufacturers saw a drop from 41% to 34%, while non-durable firms fell from 45% to 31%. Notably, reports of decreased production rose more for non-durable manufacturers—up from 26% to 31%—than for durable goods firms, which rose from 21% to 28%.

Profits: Profitability showed the sharpest divergence between sectors. Durable goods manufacturers continued to report higher profit gains overall, with 34% seeing an increase in 2024—though this was down from 42% in 2023. Non-durable manufacturers remained less likely to report profit growth, but their results improved modestly: 29% reported higher profits in 2024, up from 25% the year prior.

Table 2 For calendar year 2024, did your plant's …?

	Durable	*Nondurable*	*Overall*
***gross sales** increase, stay about the same, or decrease from 2023?*			
Increase	36%	34%	35%
Stay about the same	33%	35%	34%
Decrease	31%	31%	31%
***production** increase, stay about the same, or decrease from 2023?*			
Increase	34%	31%	32%
Stay about the same	38%	38%	38%
Decrease	28%	31%	29%
***profits** increase, stay about the same, or decrease from 2023?*			
Increase	34%	29%	32%
Stay about the same	29%	31%	30%
Decrease	37%	40%	38%

Overall, durable goods manufacturers consistently outperformed their non-durable counterparts across all three indicators, though both groups faced a more challenging business environment in 2024 compared to 2023.

Non-durable manufacturers remained less likely to report profit growth, but their results improved modestly: 29% reported higher profits in 2024, up from 25% the year prior.

Capital Investment and Product Development

In 2024, Montana manufacturers reported a pullback in capital investment activity compared to the previous year. Just 41% of respondents indicated they made major capital expenditures in facilities or equipment, down from 55% in 2023. This decline was seen across both durable and non-durable sectors, with fewer manufacturers reporting such investments. These figures suggest a more cautious investment climate, possibly reflecting tighter financial conditions or the completion of major post-pandemic upgrades in prior years.

In contrast, product development activity continued to gain momentum. The share of manufacturers introducing new product lines rose to 31% in 2024, up from 26% in 2023 and 22% in 2022. Interestingly, non-durable goods firms were slightly more likely to report new product introductions (32%) than durable goods manufacturers (29%)—a notable result given that non-durable sectors often face greater barriers to launching new product lines, including regulatory requirements, perishability, and tighter cost constraints.

Table 3 In calendar year 2024, did your plant ...?

	Durable	***Nondurable***	***Overall***
*make any **major capital expenditures** in facilities or equipment?*			
Yes	40%	43%	41%
No	60%	57%	59%
*introduce any **new product lines?***			
Yes	29%	32%	31%
No	71%	68%	69%

While manufacturers continue to modernize and adapt, the decline in capital investment suggests a more cautious approach to capital spending in 2024. At the same time, the continued rise in product innovation, particularly among non-durable manufacturers, points to a strategic shift toward incremental growth and market diversification amidst ongoing challenges.

Employment

In 2024, most Montana manufacturers reported steady employment levels, though signs of strain persist. Seventeen percent of respondents said their plant's number of employees increased—down from 23% in 2023—while 23% reported a decrease, up from 17% the year prior. In both durable and non-durable sectors, a majority of firms reported no change in employment, suggesting that overall manufacturing employment held steady even as hiring gains slowed and reductions became more common.

These modest shifts occurred alongside continued labor shortages. Nearly one-third of manufacturers (32%) reported experiencing a significant shortage of workers in 2024. Non-durable goods producers were more likely to report shortages than their durable goods counterparts, reinforcing the persistent hiring challenges that continue to weigh more heavily on the non-durable sector.

Table 4 Over calendar year 2024…?

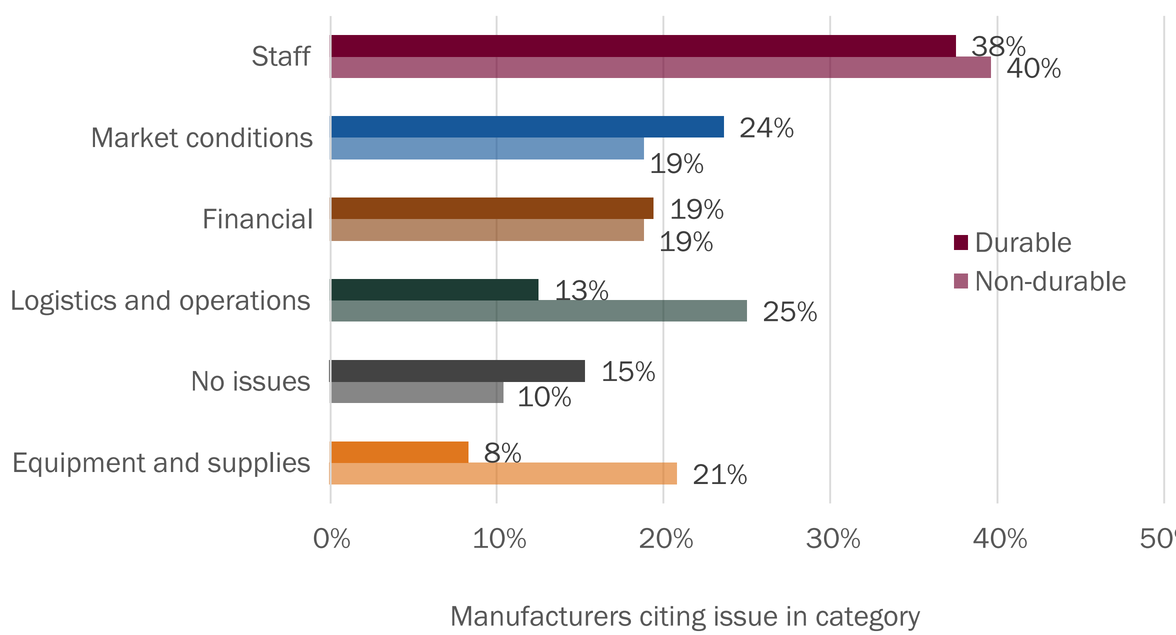
	Durable	*Nondurable*	*Overall*
*did your plant's number of **employees?***			
Increase	16%	18%	17%
Stay about the same	60%	60%	60%
Decrease	24%	22%	23%
*did your plant have a significant **shortage of workers?***			
Yes	29%	35%	32%
No	71%	65%	68%

Ongoing Challenges

Staffing remains the most frequently cited challenge among Montana manufacturers in 2024. While the survey question changed this year—from a closed list to an open-ended format—responses were coded by theme, allowing for comparisons across categories. Respondents who mentioned multiple concerns were counted in each relevant category.

As shown in Figure 1, workforce issues, including difficulty finding or retaining employees, were the most reported issues, consistent with previous years. Notably, non-durable manufacturers were more likely to cite staffing problems, continuing a pattern seen in prior surveys. This reflects the persistent recruitment and retention struggles faced by non-durable firms, which are often located in more rural areas with limited access to labor.

Figure 1: What major issues affected your plant in 2024?

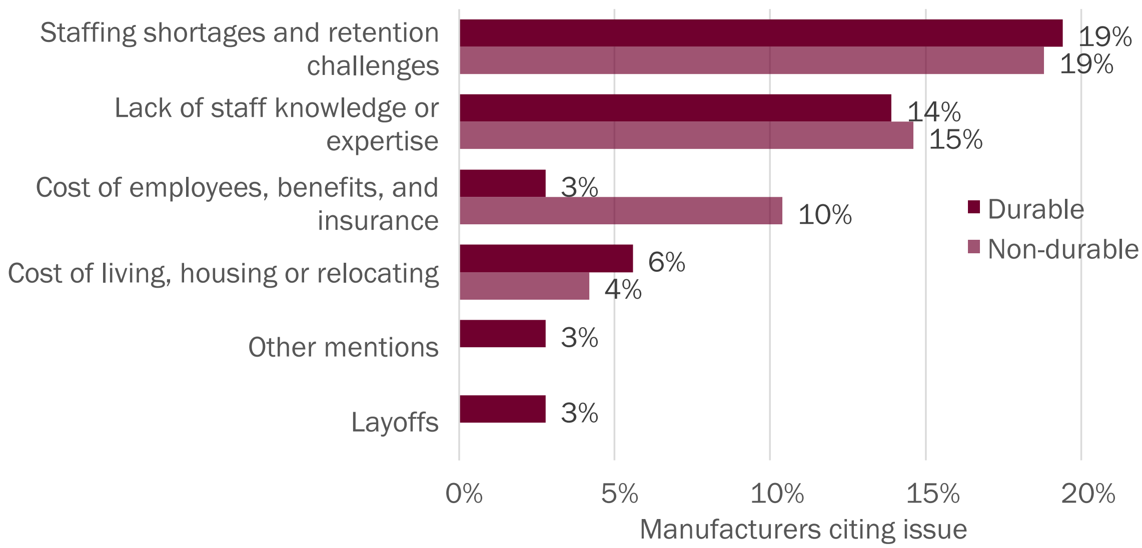


Beyond staffing, concerns about market conditions and financial pressures emerged as the second- and third-most common issues, though at significantly lower levels. One area of divergence was the proportion of durable manufacturers who reported no major issues—noticeably higher than in the non-durable sector.

Among those who did report challenges, logistics and operational problems and equipment and supply issues stood out in the non-durable sector, with roughly one in four and one in five respondents citing these concerns, respectively. These findings point to broader operational pressures in the non-durable space that may be compounding workforce constraints.

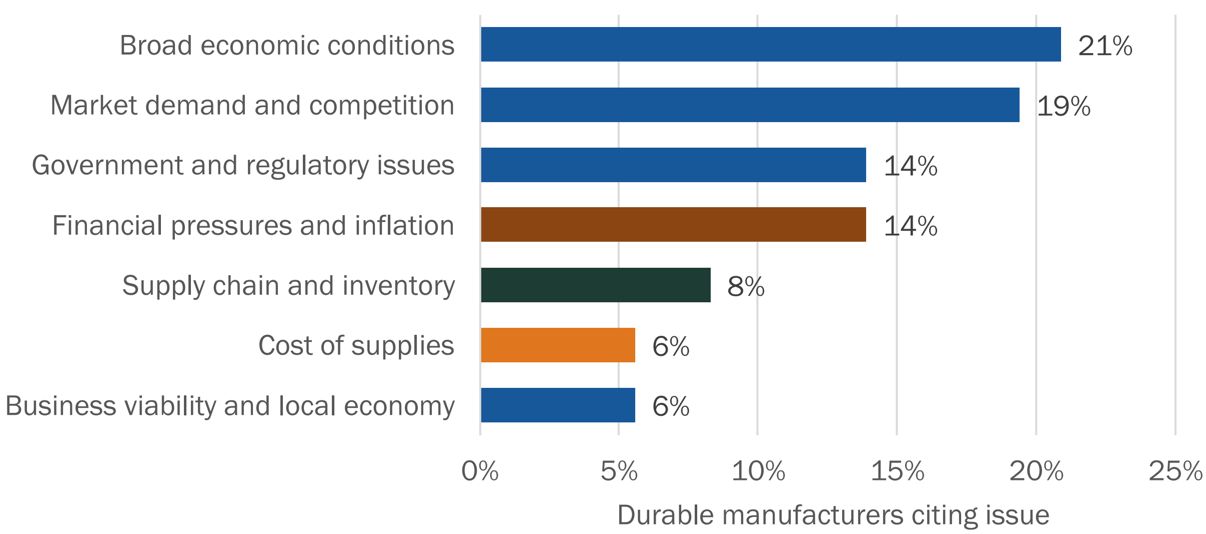
The following figure provides a breakdown of specific subcategories within staffing-related challenges. The most frequently cited issue was worker shortages and retention, followed by lack of staff knowledge or expertise, which reflects concerns about labor skill levels. Non-durable manufacturers were more likely to report difficulties related to the cost of employees, including rising expenses for wages, benefits, and insurance—further underscoring the financial and workforce pressures facing this sector.

Figure 2 Breakdown of staff issues mentioned by manufacturers



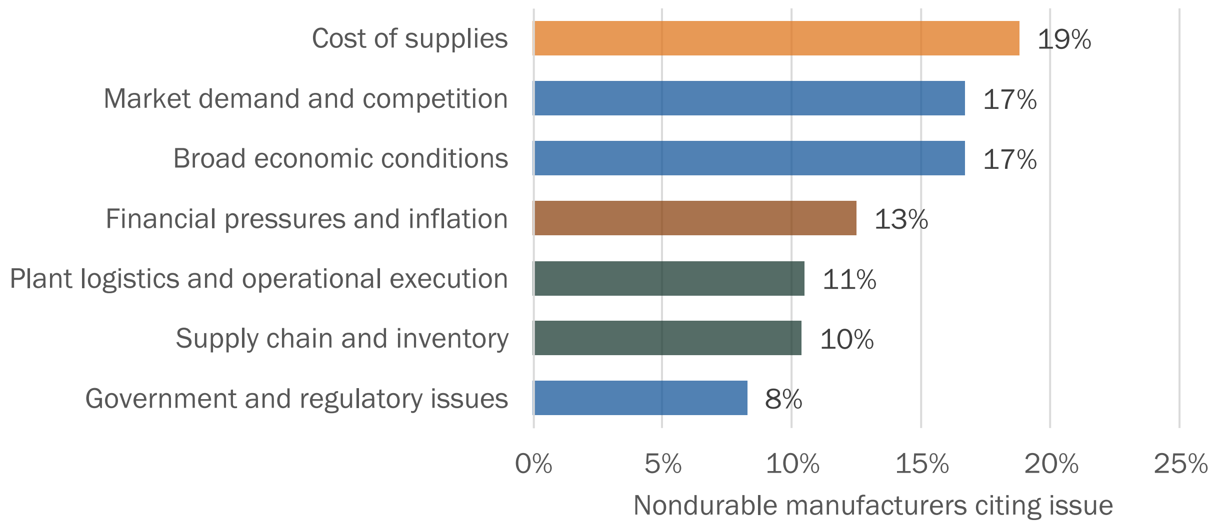
The next figure breaks down non-staffing issues reported by durable goods manufacturers. At the top of the list are concerns related to the broader economic environment, including market demand, government and regulatory issues, and related mentions of firm-level financial pressures. Together, these responses suggest that durable manufacturers are more likely to be impacted by external economic conditions than by internal operational constraints.

Figure 3 Breakdown of non-staff issues mentioned by durable manufacturers, 2024



Building on this comparison, Figure 4 highlights the non-staffing issues cited by non-durable goods manufacturers. While economic and market-related concerns are still present, a distinct pattern emerges. Cost of supplies, logistics, and supply chain disruptions were mentioned more frequently, underscoring the operational and input-related challenges facing this sector. These pressures reflect the heightened sensitivity of non-durable producers to material availability, transportation reliability, and pricing volatility—particularly in industries with tighter margins and faster production cycles.

Figure 4 Breakdown of non-staff issues mentioned by nondurable manufacturers, 2024



Together, these findings illustrate the evolving landscape of challenges facing Montana manufacturers in 2024. While staffing remains the most widespread concern, especially among non-durable firms, many manufacturers also face mounting pressures tied to operational costs, supply chain reliability, and broader market conditions. Durable manufacturers appear more affected by external economic forces, while non-durable firms contend with compounding internal challenges, including labor costs and material inputs.

As these pressures continue to shape operations, manufacturers are also looking ahead. The next section explores how firms expect 2025 to unfold—revealing their outlook on sales, production, profits, and workforce needs in the year to come.

Outlook for 2025

Montana manufacturers entered 2025 with a steady but cautious outlook, according to the BBER survey. Firms anticipated modest gains in sales, production, and investment, while continuing to manage cost pressures, labor constraints, and shifting supply chains. This year's survey placed greater emphasis on trade, reflecting recent changes in U.S. trade policy and its potential impact on Montana's manufacturing sector.

Trade, Tariffs, and Supply Chain Adjustments

Montana manufacturers continue to operate in a shifting global environment, where trade policy, input costs, and supply chain reliability remain key concerns. To better understand how firms are responding, the 2025 survey included several new and expanded questions focused on international trade exposure, tariff impacts, and anticipated changes to supply chain strategies. While most Montana manufacturers remain domestically oriented, a subset—particularly in the durable goods sector—maintains significant global linkages. Responses reveal that many firms are adapting to rising costs and trade-related uncertainty by re-evaluating sourcing strategies, anticipating cost pressures, and, in some cases, moving toward more localized or diversified supply chains.

Montana manufacturers remain largely domestically focused, with just 6% of sales on average going to international customers. Export intensity was higher among durable goods manufacturers (8%) than non-durable firms (3%), with reported ranges of 0–80% and 0–40%, respectively. This reflects the more global orientation of some durable producers, especially in machinery, equipment, and specialized components.

While most Montana manufacturers remain focused on domestic markets, a notable share—particularly among durable goods producers—engage in international trade. The most common export destinations include Canada, the European Union and UK, Mexico, and parts of Asia. Durable manufacturers are more likely to report exporting across nearly all regions, reflecting their stronger integration into global supply chains. In contrast, non-durable manufacturers tend to concentrate more heavily on nearby markets like Canada and are less likely to export overall. Still, nearly two-thirds of respondents (64%) reported no international sales at all, underscoring the primary domestic orientation of Montana's manufacturing sector.

Figure 5: Which of these countries do you export to?

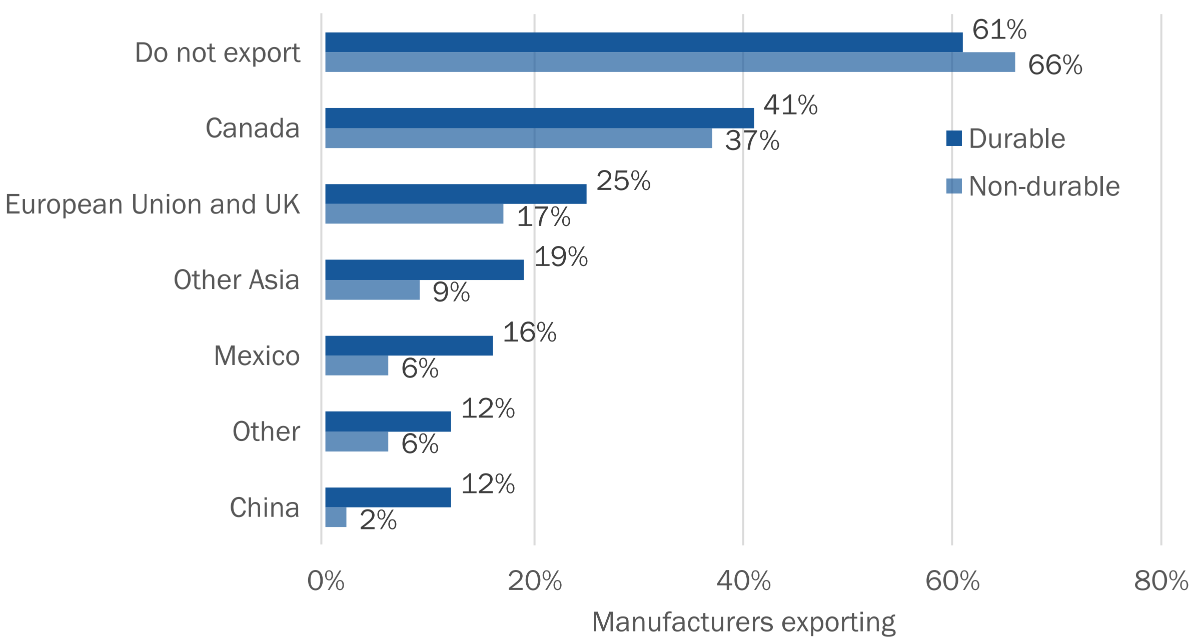
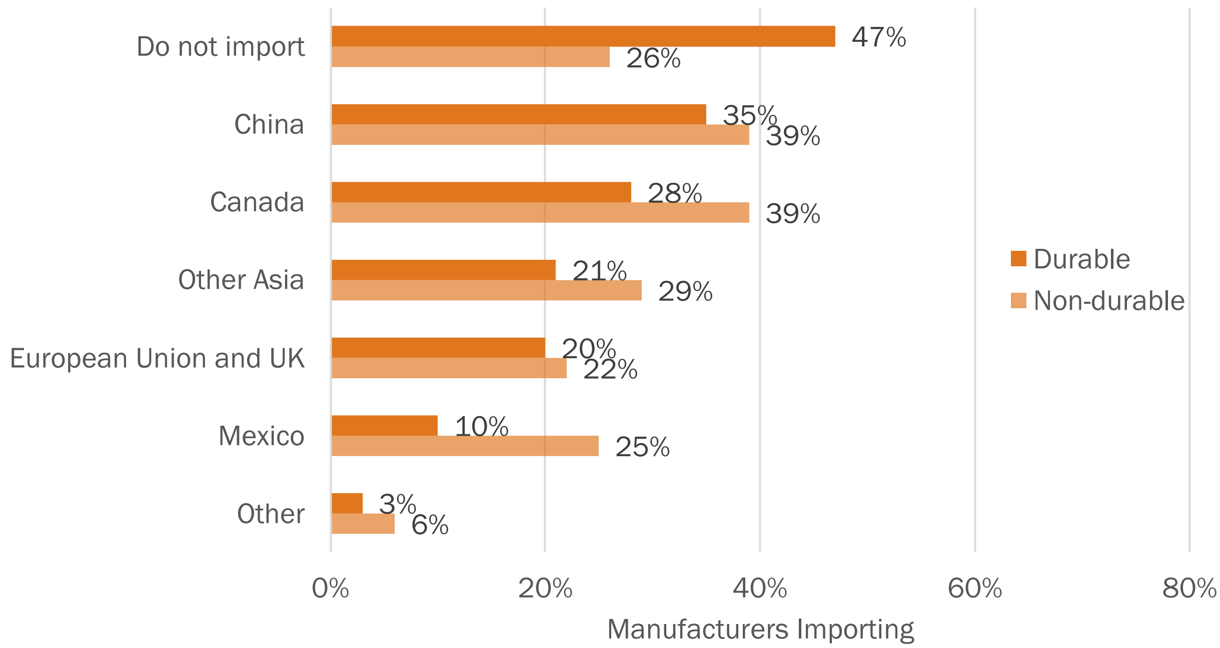


Figure 6 Which of these countries do you import from?



In contrast to export activity, most Montana manufacturers rely on imported inputs to some extent. As shown in Figure 6, manufacturers source materials and components from a wide range of countries, with China, Canada, and other parts of Asia emerging as the most frequently cited origins. Non-durable goods firms were more likely to report importing from multiple regions—including Mexico and China—reflecting their greater reliance on foreign-sourced inputs for production. Durable goods manufacturers, while somewhat less likely to import overall, still reported significant sourcing from key global partners. Notably, 38% of all respondents reported they did not import materials or inputs. This includes nearly half of durable goods manufacturers (47%), suggesting that many Montana firms, especially in the durable sector, have domestic suppliers or operate with vertically integrated supply chains.

Manufacturers were asked how they expect tariffs to affect their operations in the coming year. While the question was open-ended, responses were reviewed and coded based on sentiment. Manufacturers that described operational disruptions, cost increases, or supply chain complications were categorized as harmed by tariffs. Those who indicated minimal or mixed effects were coded as neutral, mixed, or no impact. Respondents who declined to speculate were marked as do not know, and a small number who anticipated positive effects—such as reduced competition or reshoring advantages—were categorized as helped by tariffs.

As shown in Table 5, sentiment among Montana manufacturers was overwhelmingly negative: two-thirds of respondents reported that tariffs were harming their operations. A smaller share reported no clear impact, while very few anticipated any benefit.

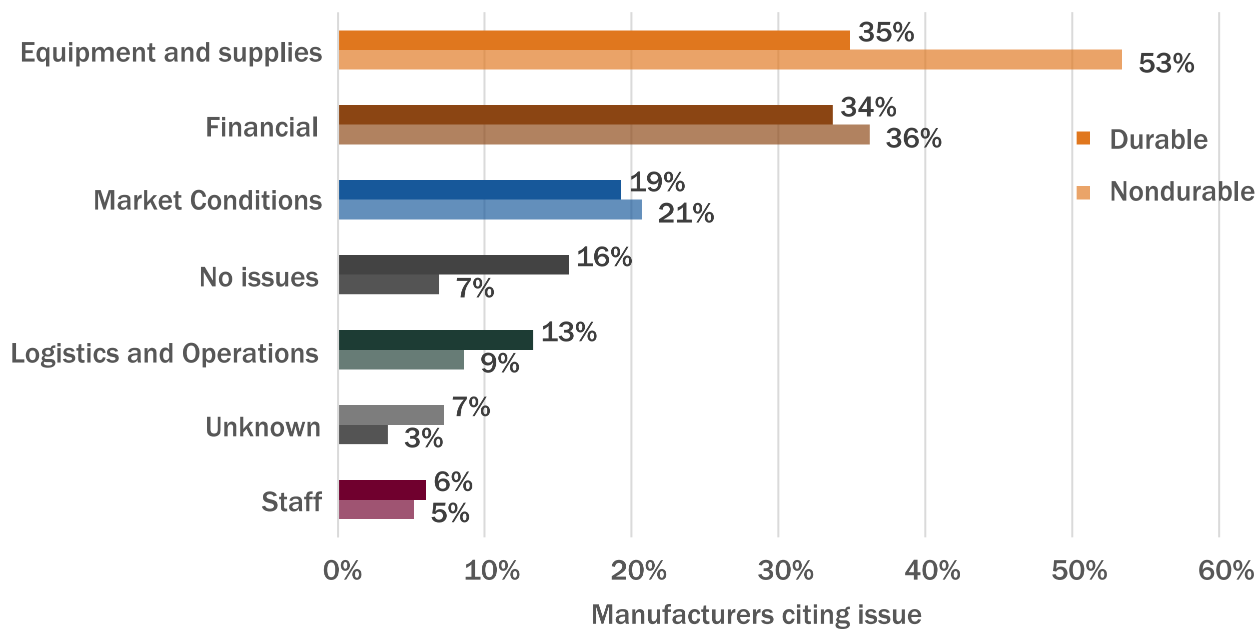
Table 5: How do you see your operations being affected by tariffs?

Sentiment Category	*Overall*
Harmed by tariffs	67%
Neutral, mixed or no Impact	26%
Do not know	5%
Helped by tariffs	2%

Figure 7 provides a further breakdown of manufacturers' responses to tariffs by operational impact category. These categories reflect the specific areas where firms perceive they may be affected, such as equipment and supplies, logistics and operations, or financial conditions. The most frequently cited concerns were the rising costs of equipment and supplies, followed by financial pressures, such as the need to pass higher costs on to customers or the challenge of reducing expenses elsewhere in operations. While not all manufacturers anticipated direct effects, many viewed tariffs as contributing to broader cost and efficiency concerns within their businesses.

Notably, 38% of all respondents reported they did not import materials or inputs. This includes nearly half of durable goods manufacturers (47%), suggesting that many Montana firms—especially in the durable sector—rely on domestic suppliers or operate with vertically integrated supply chains.

Figure 7: How do you see your operations being affected by tariffs?



In line with concerns about tariffs and global supply dynamics, most Montana manufacturers anticipate higher input costs in 2025. As shown in Table 6, nearly two-thirds of respondents expect the cost of their plant's major inputs to increase, with little difference between durable and non-durable sectors. About one-third anticipate no change, and only a small share expects input costs to decline. These expectations reinforce broader concerns about cost management that surfaced throughout this section of the survey.

Table 6: What do you anticipate will happen to the cost of your plant's major inputs in 2025?

	Durable	*Nondurable*	*Overall*
Increase	64%	65%	64%
Stay the same	32%	32%	32%
Decrease	4%	3%	4%

In response to recent supply chain disruptions, manufacturers in both 2024 and 2025 were asked whether they anticipated adjusting their supply chain strategies in the year ahead. Respondents could select multiple strategies.

- *No change*: No anticipated adjustments to current supply chain strategies.
- *De-risk*: Identifying alternative or backup suppliers to reduce supply chain vulnerabilities.
- *Optimize*: Working with existing suppliers to find efficiency gains or cost savings.
- *On-shore*: Shifting sourcing to domestic suppliers within the United States.
- *Localize*: Prioritizing suppliers located in Montana or nearby regions.

Table 7: Do you anticipate the need to de-risk, optimize, on-shore, or localize your plant's supply chain in 2025?

	Durable	*24 to 25*	*Nondurable*	*24 to 25*
No change	45%	-6	34%	-11
Optimize	39%	+15	43%	+5
De-risk	32%	+3	34%	+8
On-shore	19%	+6	19%	+13
Localize	15%	+3	19%	+10

As shown in Table 7, interest in supply chain adjustments is growing, particularly among non-durable manufacturers. The share of firms anticipating no change declined in both sectors compared to 2024, while more respondents indicated plans to take proactive steps to improve supply chain resilience or efficiency. The most selected strategy was optimization, especially among durable goods producers, followed by de-risking through supplier diversification. Notably, onshoring and localizing, though less common overall, showed the largest year-over-year increases, signaling a modest but growing shift toward domestic and regional sourcing among Montana manufacturers.

Sales, Production, and Profit Expectations

Montana manufacturers entered 2025 with cautious optimism, expecting modest gains across key performance indicators. As shown in Table 8, most firms anticipate stable or improving conditions for sales, production, prices, and profits, though expectations vary notably by sector. Durable goods manufacturers are generally more restrained in their outlook, while non-durable firms express stronger expectations for growth—particularly in production and sales. These forecasts reflect both the uneven pace of recovery across industries and the continued influence of cost pressures and market demand on operational planning.

Prices Received: Most manufacturers expect to raise the prices they receive for their goods in 2025. Overall, 57% anticipate price increases, with little difference between durable and non-durable sectors. Just 6% of respondents expect prices to decline, suggesting that most firms foresee either stronger market prices or the need to adjust prices upward in response to continued cost pressures.

Gross Sales: Manufacturers are split in their outlook for 2025 sales. Overall, 45% of respondents expect gross sales to increase, while 28% anticipate no change. Expectations vary by sector: 54% of non-durable goods manufacturers anticipate sales growth, compared to 40% of durable goods firms. At the same time, a larger share of durable manufacturers (32%) expect sales to decline, versus just 19% of non-durable firms, highlighting a more cautious outlook in the durable sector.

Production: Expectations for production follow a similar pattern. Non-durable manufacturers are significantly more optimistic, with 54% expecting increased output in 2025, compared to just 36% of durable manufacturers. Among durable firms, expectations are more mixed, with 38% expecting production to remain the same and 26% forecasting a decrease.

Table 8: What do you anticipate will happen to...

	Durable	Nondurable	Overall
*the **prices** you receive for your plant's products in 2025?*			
Increase	58%	55%	57%
Stay about the same	34%	40%	37%
Decrease	8%	5%	6%
*your plant's **production** in 2025?*			
Increase	36%	54%	43%
Stay about the same	38%	25%	33%
Decrease	26%	21%	24%
*your plant's **gross sales** in 2025?*			
Increase	40%	54%	45%
Stay about the same	29%	27%	28%
Decrease	32%	19%	27%
*to your plant's **profit** in 2025?*			
Increase	31%	42%	35%
Stay about the same	36%	34%	35%
Decrease	33%	24%	29%

Profits: Profit expectations show the sharpest divergence between sectors. Non-durable goods manufacturers are more optimistic, with 42% anticipating profit increases, while only 31% of durable firms expect the same. One-third of respondents in both sectors expect profits to hold steady, but 33% of durable manufacturers foresee a decline—compared to 24% of non-durable firms.

Among durable goods manufacturers, the share expecting increased profits in 2025 continues a gradual downward trend observed since 2021. While there has been some year-to-year volatility, just 31% of firms anticipate profit growth in 2025, which is slightly below the share that reported increases in 2024. The distribution of responses is nearly evenly split, with roughly one-third expecting increases, one-third anticipating no change, and one-third forecasting declines. This balance reflects a general sense of uncertainty heading into the year. The narrowing gap between expectations and recent outcomes points to a more cautious outlook, as more firms anticipate tighter margins—or at least a more evenly split outcome—than in previous years.

Profit trends among non-durable goods manufacturers show signs of recovery in 2024. As shown in Figure 9, the share of firms reporting increased profits rebounded from a low point in 2023, when fewer than one-quarter of respondents saw gains. Many firms' expectations for improved profitability in 2024 were realized, and that cautious optimism continues into 2025, with the share of firms anticipating gains now exceeding levels reported in 2021. This outlook is notable given the characteristics of the non-durable sector—typically more domestically oriented and operating on tighter margins due to the nature of products like food, beverages, and chemical or petroleum goods.

Figure 8 Profits Among Durable Manufacturers: Trends in the Share Reporting and Anticipating Increases

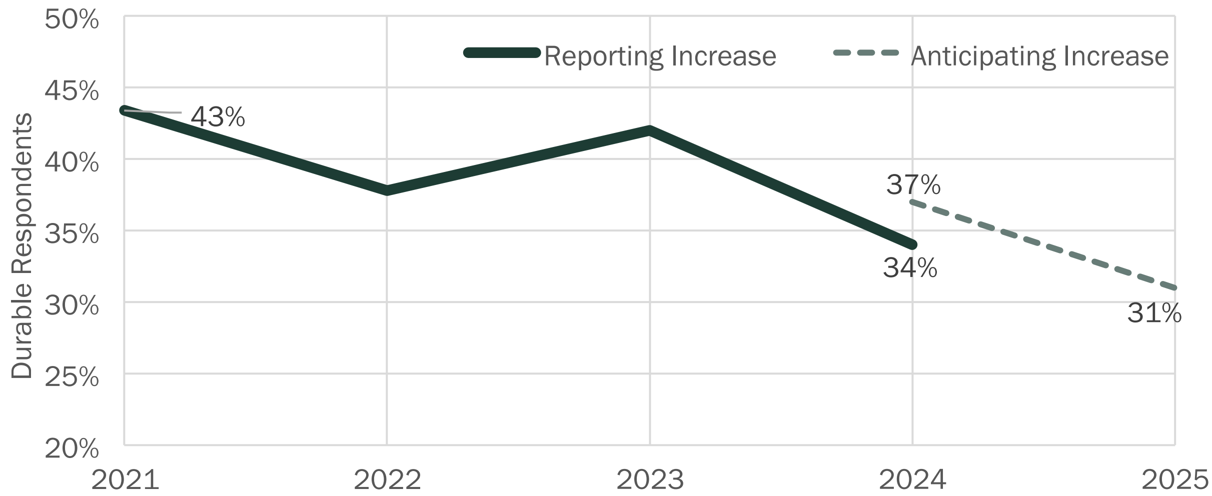
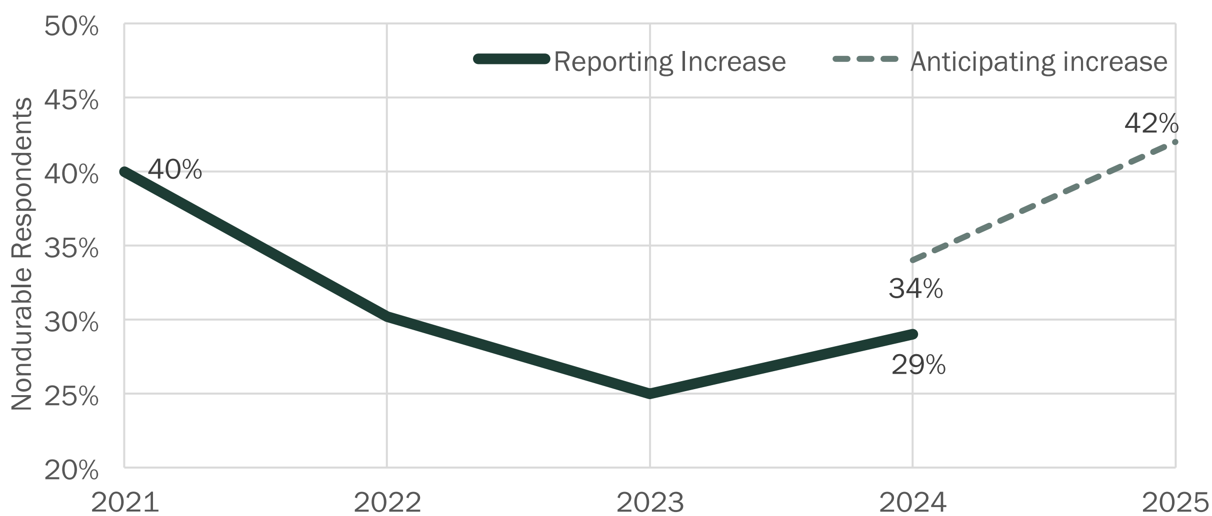


Figure 9 Profits Among Nondurable Manufacturers: Trends in the Share Reporting and Anticipating Increases



Capital Investment

For 2025, manufacturers were asked not only whether they plan to make capital investments, but also to identify the types of expenditures they anticipate. While the change in question format limits direct year-over-year comparisons, the data still offer insight into the direction of investment activity. Forty-six percent of manufacturers reported no planned capital expenditures in 2025, down from 59% who said the same in 2024—suggesting a modest improvement in investment sentiment.

Among those planning expenditures, equipment purchases are the most common, cited by 45% of respondents. Planned investments in new or expanded facilities were reported by 19%, while a smaller number of firms indicated spending on information systems, software, or other areas—pointing to targeted upgrades rather than large-scale infrastructure expansion.

Table 9: What major capital expenditures will be made in your plant during 2025?

	Durable	*Nondurable*	*Overall*
None	51%	39%	46%
Equipment	42%	48%	45%
Facility – new or expanded	15%	23%	19%
Info systems or software	15%	17%	16%
Other	0%	2%	1%

Investment expectations vary by sector. Non-durable goods manufacturers were more likely to report upcoming capital expenditures, while a greater share of durable goods firms indicated no planned investment. These differences may reflect sector-specific conditions—such as product cycles, cost pressures, or cash flow constraints—discussed elsewhere in this report, including the lower share of durable manufacturers expecting profit increases in 2025.

Employment

The employment outlook for Montana manufacturers in 2025 points to a continued status quo, with most firms expecting little change in their workforce size. As in prior years, employment remains one of the most frequently cited challenges among manufacturers, yet responses suggest a general expectation of stability rather than contraction or expansion.

Table 10 What do you anticipate will happen to the number of employees in your plant in 2025?

	Durable	*Nondurable*	*Overall*
Increase	22%	17%	20%
Stay about the same	63%	75%	68%
Decrease	15%	8%	12%

In total, 68% of manufacturers expect their number of employees to remain the same in 2025, nearly identical to the 66% who reported the same outlook in 2024. This consistency reinforces the view that most firms are planning around current staffing levels, with few anticipating major adjustments. While some respondents do anticipate workforce growth or reductions, those shares remain relatively modest and largely unchanged from recent years. Taken together, the responses reflect a cautious but steady approach to employment as manufacturers continue to navigate staffing challenges.

In total, 68% of manufacturers expect their number of employees to remain the same in 2025, nearly identical to the 66% who reported the same outlook in 2024.

When asked to identify their primary challenge in recruiting or retaining employees, most Montana manufacturers pointed to a combination of skills gaps, wage pressures, and reliability concerns. The most frequently cited issue was a lack of skills or qualifications, noted by more than a quarter of respondents. This reflects ongoing concerns about the preparedness of the available labor pool and the need for additional training or onboarding.

Table 11: What is the primary challenge you face in recruiting or retaining employees for your plant?

	Durable	*Nondurable*	*Overall*
No issues	11.8%	18.2%	15.6%
Lack of skills or qualifications	31.4%	23.4%	26.6%
Cost of wages or salary	29.4%	20.8%	24.2%
Retention or reliability issues	29.4%	16.9%	21.9%
Difficulty finding workers	13.7%	15.6%	14.8%
Cost of housing	7.8%	14.3%	11.7%
Cost of living	13.7%	10.4%	11.7%

Challenges related to the cost of wages or salaries were also common, particularly among durable goods manufacturers, many of whom reported difficulty offering competitive compensation. Retention and reliability issues—such as absenteeism, turnover, or inconsistent work ethic—were also cited by a significant share of firms. Other concerns included difficulty finding workers, as well as the cost of housing and cost of living, which continue to affect hiring in both rural and urban areas.

Notably, about 16% of manufacturers reported no major hiring or retention issues, a slight improvement from previous years but still a minority view. Overall, the results suggest that workforce-related barriers remain a key constraint on growth heading into 2025.