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said they have experienced significant labor shortages, with some positions remaining unfilled for more than three months.

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One in three manufacturers surveyed by the Federal Reserve Bank of Philadelphia said they have experienced significant labor shortages, with some positions remaining unfilled for more than three months.

A key problem is a mismatch of skills, the Federal Reserve Bank of Philadelphia reported Thursday in its closely watched monthly manufacturing survey.

"We're trying to fill in the gaps of our knowledge of this problem — the skill-gap problem we keep hearing about," said Michael Trebing, senior economic analyst at the Philadelphia Fed.

Manufacturers appear optimistic about the future, the survey indicated.

The majority said they expected business conditions to improve. Nearly one in five expanded payrolls last month and three in 10 say they will add employees in the next six months.

New orders are up. Manufacturers have been able to raise prices, but not as fast as prices are being raised for the materials they need.

According to the survey, nearly 50 percent of manufacturers experience a gap between the skills their businesses need and the skills available in the labor pool.

Manufacturers have used multiple methods to combat the problem, the report showed.

Two-thirds said they increased recruitment efforts and about half beefed up in-house

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shortages caused them to decrease production.

Trebing said manufacturers were also asked to discuss what skills were most lacking. Three-quarters of the manufacturers said applicants lacked skills in "in the use of production machines and tools," Trebing said, as well as knowledge of specific production machines used in individual plants.

Third on the list was "supervisory, management and administrative skills," Trebing said.

Manufacturers also mentioned computer literacy along with basic language and math skills, but those were less of a problem.

About half of the key job openings required skills associated with some college or technical school training and a third could be filled with people who had just a high school diploma.

Fewer than 10 percent of key openings required a college degree.

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