

Supplemental Survey Report

More Manufacturers Looking to Add Staff, Struggling to Find Qualified Workers

Supplementary questions in the November 2017 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on expected changes in firms' workforces and factors underlying the changes. Most of the questions had been asked in November 2016 and earlier surveys, but new questions were added concerning difficulties experienced in finding and retaining qualified workers.

In the current survey, 40 percent of manufacturers and 44 percent of service firms said they expected their workforce to increase over the next twelve months; 14 percent and 12 percent, respectively, predicted declines in the total number of workers. These balances are somewhat more positive, overall, than in the November 2016 surveys (see chart).

When those respondents anticipating increases in employment were asked to rank the factors underlying their decisions, the results were not substantially different from earlier surveys: high expected sales growth was still the factor ranked by the

largest number of respondents as most important—by 70 percent of such manufacturers though only 47 percent of corresponding service sector respondents. The next most widely cited factors, in both the manufacturing and service sector surveys, were an overworked staff and a need for skills not possessed by current staff. These results are again similar to those in last November's survey.

When asked about factors restraining hiring plans, roughly one in four respondents in both surveys indicated that there were no sources of restraint—about the same as in last November's surveys. For those firms that did indicate some source(s) of restraint, low expected sales growth was deemed the most important factor among service firms—as was the case in earlier surveys—followed closely by an inability to find workers with required skills. Among manufacturers, however, an inability to find workers with required skills overtook low sales growth as the most widely cited constraint, topping that factor by a wide margin.

In a set of questions not asked previously, respondents were queried on what types of difficulties they were (or weren't) having hiring workers. Nearly 70 percent of manufacturers and roughly half of service sector respondents indicated some difficulties in hiring. When asked to elaborate, almost all of those who were having difficulties—in both the manufacturing and service sectors—cited a lack of qualified applicants. Roughly one in four of the manufacturers having difficulties cited applicants failing or refusing to take drug tests. (Multiple answers were permitted.)

Finally, when those having difficulty hiring were asked which of a number of approaches they have tried, a sizable proportion indicated that they were increasing wages, signing bonuses, or total compensation offers. Almost as many said they were focusing on retaining and promoting existing workers to reduce the need for new hires. A significant proportion also said they were advertising the job openings more. (Multiple answers were permitted here as well.) ■

Supplemental Survey Report, *continued*

QUESTION 1

For each category, please indicate the number of employees you have currently.

	Empire State Manufacturing Survey				Business Leaders Survey			
	Percentage of Respondents				Percentage of Respondents			
	November 2017	November 2016	November 2015	November 2014	November 2017	November 2016	November 2015	November 2014
	Under 100	66.7	64.2	54.6	60.4	63.5	55.0	51.1
100 to 150	11.9	11.9	17.6	14.3	8.2	11.3	7.6	7.6
150 to 200	4.8	5.5	11.1	7.7	3.8	7.3	8.4	9.8
200 to 500	12.7	11.9	8.3	9.9	11.9	9.9	11.5	18.2
500 or more	4.0	6.4	8.3	7.7	12.6	16.6	21.4	21.2
	Average Percentage of Employees				Average Percentage of Employees			
Employee category								
Full-time workers	93.8	95.4	93.3	92.2	86.0	92.2	76.2	82.6
Part-time workers	3.7	2.2	3.4	2.5	9.2	7.2	16.2	15.1
Contract workers	2.5	2.4	3.2	5.4	4.8	0.6	7.6	1.5

QUESTION 2

Do you expect that your number of employees will increase, remain unchanged, or decrease over the next twelve months?

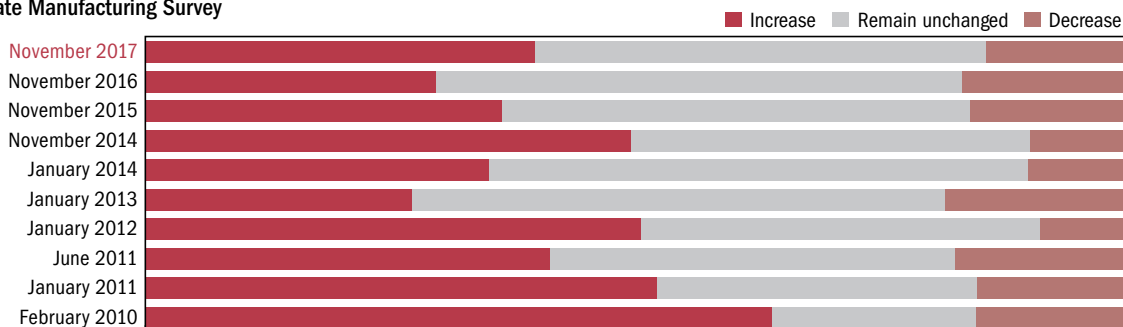
	Empire State Manufacturing Survey				Business Leaders Survey			
	Percentage of Respondents				Percentage of Respondents			
	November 2017	November 2016	November 2015	November 2014	November 2017	November 2016	November 2015	November 2014
Increase	39.7	29.6	36.4	49.5	44.1	44.1	40.3	43.8
Remain unchanged	46.0	53.7	47.7	40.7	44.1	36.8	47.8	44.5
Decrease	14.3	16.7	15.9	9.9	11.8	19.1	11.9	11.7

Supplemental Survey Report, *continued*

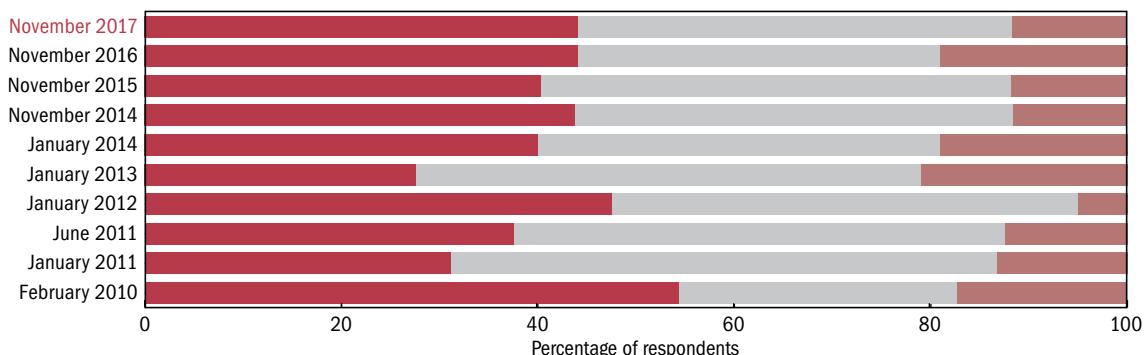
HISTORICAL OVERVIEW FOR QUESTION 2

Do you expect that your number of employees will increase, remain unchanged, or decrease over the next twelve months?

Empire State Manufacturing Survey



Business Leaders Survey



QUESTION 3

If you plan to increase total employment: What are the three most important factors behind your plans to increase employment? Please rank up to three factors.

	Empire State Manufacturing Survey			Business Leaders Survey		
	Percentage of Respondents Ranking the Factor as			Percentage of Respondents Ranking the Factor as		
	Most Important	Second Most Important	Third Most Important	Most Important	Second Most Important	Third Most Important
Expected growth of sales is high	70.0	12.0	4.0	46.5	15.5	12.7
Reduced employment too much in recession	2.0	2.0	4.0	0.0	4.2	2.8
Current staff are overworked	14.0	28.0	22.0	11.3	23.9	14.1
Need skills not possessed by current staff	4.0	38.0	16.0	16.9	22.5	8.5
Labor costs have fallen	0.0	0.0	0.0	0.0	0.0	1.4
Decreased economic or financial uncertainty	0.0	2.0	10.0	2.8	8.5	9.9
Firm's financial position has improved	4.0	8.0	22.0	7.0	11.3	23.9
Other factors	6.0	2.0	6.0	15.5	2.8	2.8

Note: Responses to this question are reported as a percentage of those indicating "increase" in Question 2.

Supplemental Survey Report, *continued*

QUESTION 4

What are the three most important factors, if any, restraining your hiring plans? If there are no important factors restraining your hiring plans, please check “no sources of restraint” below. Otherwise, please rank up to three factors.

	Empire State Manufacturing Survey			Business Leaders Survey		
	Percentage of Respondents Ranking the Factor as			Percentage of Respondents Ranking the Factor as		
	Most Important	Second Most Important	Third Most Important	Most Important	Second Most Important	Third Most Important
Expected growth of sales is low	25.0	6.3	9.4	27.4	14.5	7.3
Current staff are underutilized/working reduced hours	2.1	9.4	5.2	3.2	4.8	7.3
Cannot find workers with required skills	39.6	12.5	7.3	25.0	8.9	8.9
Labor costs are high	12.5	18.8	15.6	8.1	14.5	8.1
Uncertainty about the cost of health insurance	5.2	11.5	8.3	2.4	11.3	8.9
Uncertainty about other regulations or government policies	5.2	11.5	10.4	6.5	10.5	9.7
Firm’s financial position has deteriorated	3.1	5.2	7.3	4.0	1.6	7.3
Want to keep operating costs low	6.3	24.0	25.0	20.2	22.6	22.6
Other factors	7.3	1.0	4.2	5.6	1.6	0.8
Percentage indicating no sources of restraint	24.0			25.0		

QUESTION 5

Which of the following best describes your use of changes in wages and salaries to retain existing employees?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
	November 2017	November 2016	November 2017	November 2016
Increasing wages and salaries for <i>most</i> job categories by more than in the past few years	33.1	23.6	16.0	19.7
Increasing wages and salaries for only <i>selected</i> job categories by more than in the past few years	30.6	31.1	31.5	36.2
Neither of the above	36.3	45.3	52.5	44.1

Supplemental Survey Report, *continued*

QUESTION 6

Thinking of positions your firm has filled or attempted to fill, have you had difficulty hiring workers in the last three months? Choose as many as apply.

	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents	
No	31.0	50.6
Because we have had no job openings in the last three months	15.3	24.7
Because we have been able to hire without difficulty	16.1	23.5
But we have had trouble retaining new hires	2.4	2.5
Yes	69.0	49.4
Because of a lack of qualified applicants	64.5	45.1
Because applicants have failed or refused drug tests	16.1	6.2
Because candidates have rejected job offers	10.5	11.1
For reasons not listed above	2.4	4.3

Note: The proportion of respondents indicating the various reasons underlying “Yes” or “No” answers adds up to more than the respective totals, because multiple responses were permitted.

QUESTION 7

If your firm has had difficulty hiring, which of the following approaches have you tried? Choose as many as apply.

	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents	
Raised wages, signing bonuses, or total compensation offered to new hires	39.5	31.5
Increased non-wage benefits offered to new hires	6.5	5.6
Hired less-qualified workers but provided additional training to upgrade their skills	33.1	16.0
Increased advertising of open positions	37.1	25.3
Hired additional workers through a temporary help agency	23.4	13.0
Invested in technology to reduce the need for new hires	29.8	12.3
Focused on retaining and promoting existing employees to reduce the need for new hires	28.2	25.9
Made no changes, still hoping to hire	9.7	11.7

Note: The proportion of respondents indicating each response option adds up to more than 100 percent, because multiple responses were permitted.