

Supplemental Survey Report

Manufacturers Less Inclined to Hire in 2016 than in 2015

Supplementary questions in the November 2015 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on expected changes in firms' workforces and the factors underlying the changes. The same questions had been asked in the November 2014 and earlier surveys.

In the current survey, 36 percent of manufacturers and 40 percent of service firms said that they expected their workforce to increase over the next twelve months, while 16 percent and 12 percent, respectively, predicted declines in the total number of workers. These balances are less positive than in the November 2014 surveys—particularly among manufacturers (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 last November's survey: high expected sales growth was still the factor most widely ranked as most important—by

67 percent of such manufacturers and 48 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.

When asked about factors restraining hiring plans, 18 percent of manufacturers and 24 percent of service firms indicated that there were no sources of restraint—somewhat of a contrast from the November 2014 survey, when the respective figures for manufacturers and service firms were roughly reversed. Among businesses that did indicate some source(s) of restraint, low expected sales growth was deemed the most important factor—as was the case in earlier surveys. However, an inability to find workers with required skills was rather widely cited—among service sector respondents, more so than in last year's survey. A desire to keep operating costs low was considered a somewhat important factor among service sector respondents.

Firms were also asked to identify the recruiting tools they planned to use to increase employment. Referral by other employees was, again, the most widely cited recruiting tool. Advertising and word-of-mouth were also broadly cited, as was the use of a recruiting firm. Among manufacturing firms, raising starting pay was more widely cited than in last November's survey, but among service sector firms, it was less frequently cited than in previous surveys.

Finally, when asked how they were using changes in wages and salaries to retain existing workers, 17 percent of manufacturers and 14 percent of service sector respondents said that they were increasing wages and salaries for most job categories by more than they had over the past few years. Nearly 40 percent of service sector firms and 35 percent of manufacturers responded that they were raising wages and salaries for only selected job categories by more than in recent years. Just less than half of respondents in both surveys reported that they were doing neither. ■

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 2015	November 2014	January 2014	January 2013	November 2015	November 2014	January 2014	January 2013
	Under 100	54.6	60.4	45.6	43.5	51.1	43.2	33.6
100 to 150	17.6	14.3	15.2	21.7	7.6	7.6	12.1	18.7
150 to 200	11.1	7.7	11.4	10.9	8.4	9.8	8.4	13.3
200 to 500	8.3	9.9	17.7	16.3	11.5	18.2	24.3	25.3
500 or more	8.3	7.7	10.1	7.6	21.4	21.2	21.5	21.3
	Average Percentage of Employees				Average Percentage of Employees			
Employee category								
Full-time workers	93.3	92.2	94.1	92.4	76.2	82.6	75.8	86.0
Part-time workers	3.4	2.5	2.1	4.9	16.2	15.1	21.8	10.2
Contract workers	3.2	5.4	3.8	2.7	7.6	1.5	1.8	3.2

QUESTION 2

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

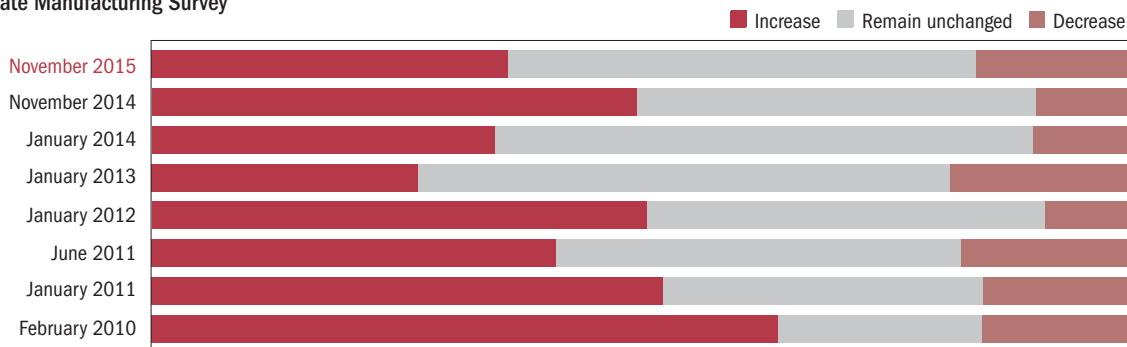
	Empire State Manufacturing Survey				Business Leaders Survey			
	Percentage of Respondents				Percentage of Respondents			
	November 2015	November 2014	January 2014	January 2013	November 2015	November 2014	January 2014	January 2013
	Increase	36.4	49.5	35.0	27.2	40.3	43.8	40.0
Remain unchanged	47.7	40.7	55.0	54.3	47.8	44.5	40.9	51.3
Decrease	15.9	9.9	10.0	18.5	11.9	11.7	19.1	21.1

Supplemental Survey Report, *continued*

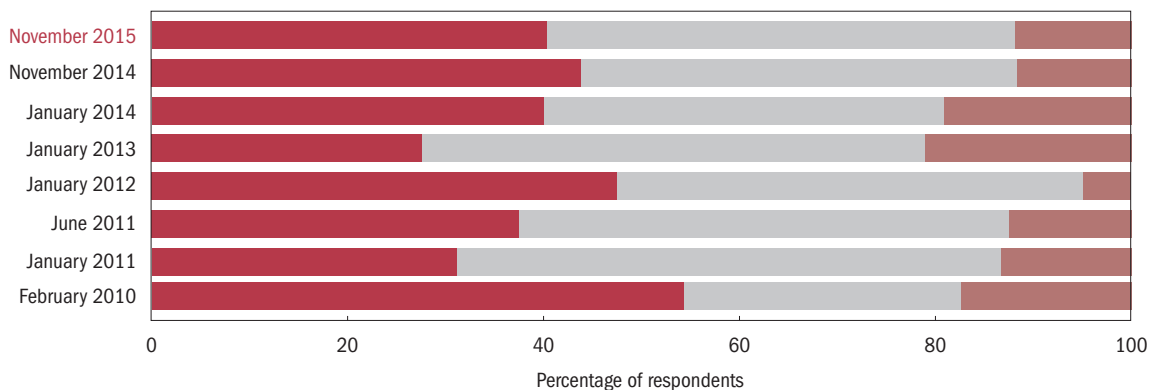
HISTORICAL OVERVIEW FOR QUESTION 2

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	66.7	10.3	2.6	48.1	13.0	7.4
Reduced employment too much in recession	2.6	2.6	2.6	0.0	9.3	1.9
Current staff are overworked	12.8	23.1	10.3	14.8	31.5	9.3
Need skills not possessed by current staff	5.1	30.8	17.9	22.2	16.7	22.2
Labor costs have fallen	0.0	0.0	0.0	0.0	0.0	1.9
Decreased economic or financial uncertainty	2.6	2.6	2.6	0.0	1.9	7.4
Firm's financial position has improved	0.0	15.4	25.6	5.6	9.3	16.7
Other factors	10.3	2.6	12.8	11.1	9.3	14.8

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	35.6	10.0	6.7	30.2	5.7	7.5
Current staff are underutilized/working reduced hours	3.3	10.0	3.3	1.9	0.9	1.9
Cannot find workers with required skills	28.9	11.1	6.7	22.6	6.6	5.7
Labor costs are high	7.8	11.1	4.4	4.7	17.0	4.7
Uncertainty about the cost of health insurance	3.3	20.0	12.2	5.7	13.2	9.4
Uncertainty about other regulations or government policies	5.6	6.7	11.1	7.5	11.3	4.7
Firm's financial position has deteriorated	2.2	2.2	2.2	3.8	6.6	13.2
Want to keep operating costs low	3.3	8.9	17.8	12.3	15.1	16.0
Other factors	3.3	3.3	3.3	4.7	2.8	0.9
Percentage indicating no sources of restraint	18.2			24.3		

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
Increasing wages and salaries for most job categories by more than in the past few years	16.8	14.3
Increasing wages and salaries for only selected job categories by more than in the past few years	34.6	38.3
Neither of the above	48.6	47.4