

# Supplemental Survey Report

## Firms Struggling to Expand Workforce

Supplementary questions in the November 2022 *Business Leaders Survey* and *Empire State Manufacturing Survey* focused on expected changes in firms' workforces, factors underlying the changes, and recent trends in wages. Similar but not identical questions were asked in the November 2021 and earlier surveys.

On the issue of employment and hiring plans, more businesses said they plan to expand than reduce headcounts over the next year. Among service firms, 38 percent said they plan to add workers, while 16 percent indicated planned reductions, which represents a positive balance but a much narrower one than in last November's survey. Among manufacturers, the gap was wider, with expected expansions of 42 percent exceeding planned reductions of 15 percent—a balance not quite as positive as in last year's survey (see table).

Respondents planning to raise employment were asked to rank the factors underlying their decisions. Among service-sector firms, reasons such as an overworked staff and high expected sales growth topped the list, followed by a need for skills not possessed by current staff. An improved financial position was also considered a somewhat important factor. Among manufacturers, high expected sales growth easily ranked first, with an overworked staff and a lack of needed skills following distantly.

When asked about factors restraining hiring plans, one in four firms in both the services and manufacturing surveys indicated that there were no sources of restraint—in both cases, similar to responses from last November's surveys. For those firms that did indicate some source(s) of restraint, an inability to find workers with required skills was the most widely cited factor in both survey groups—ranked as most important by nearly half of all respondents. High labor costs and low expected sales growth were also ranked as fairly important by a sizable proportion of businesses in both surveys.

Businesses were also asked about how they were changing their wage and salary structures, if at all, to retain existing employees. Nearly 60 percent of respondents in both surveys indicated that they were raising wages and salaries for most job categories by more than they had in recent years—not substantially different than in last year's survey. When asked about the use of pay to attract new hires, 55 percent of firms in both groups reported that they increased pay for most jobs—up from last year among service firms but down from last year among manufacturers.

When asked about changes to their headcounts in the past three months, more than 80 percent of respondents in both surveys indicated that they had not made any reductions. Moreover, the vast majority of these firms said they had not laid off workers and had not even reduced the number of open positions. Businesses were also asked a hypothetical

question: If demand for their products and services ended up being 10 percent lower than currently expected, how would they respond/adjust their headcount? About 55 percent of businesses in both surveys said they would maintain or even increase their headcount under such circumstances. Of the other roughly 45 percent—those that said they would reduce headcounts—about two-thirds of service firms and three-fifths of manufacturers indicated they would do so with layoffs.

Almost two-thirds of respondents reported difficulty in filling open positions—roughly the same as in last year's surveys. For those reporting difficulties, the most widely cited reason was a lack of qualified applicants, followed by an unwillingness of candidates to accept the offered compensation. These results were quite similar to those from last November. Among those reporting no difficulty, the most cited reason was that they had no job openings to fill. Finally, those citing difficulties in filling openings were asked what approaches they had tried, with multiple responses allowed. The vast majority said they had raised pay (such as wages and signing bonuses), and a fair number of respondents also indicated that they had hired less-qualified candidates and did more training, advertised more, and retained and promoted more existing workers. Offering greater remote work flexibility was also somewhat widely cited among service firms but not among manufacturers. ■

## Supplemental Survey Report, *continued*

### QUESTION 1

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

|                   | Business Leaders Survey         |               |               |               | Empire State Manufacturing Survey |               |               |               |
|-------------------|---------------------------------|---------------|---------------|---------------|-----------------------------------|---------------|---------------|---------------|
|                   | Percentage of Respondents       |               |               |               |                                   |               |               |               |
|                   | November 2022                   | November 2021 | November 2020 | November 2019 | November 2022                     | November 2021 | November 2020 | November 2019 |
| Under 100         | 63                              | 59            | 66            | 58            | 72                                | 72            | 70            | 72            |
| 100-150           | 8                               | 8             | 9             | 10            | 11                                | 12            | 9             | 7             |
| 150-200           | 5                               | 4             | 1             | 4             | 3                                 | 3             | 3             | 4             |
| 200-500           | 9                               | 12            | 9             | 12            | 9                                 | 7             | 10            | 12            |
| 500 or more       | 15                              | 17            | 15            | 16            | 6                                 | 7             | 8             | 4             |
|                   | Average Percentage of Employees |               |               |               |                                   |               |               |               |
| Employee category |                                 |               |               |               |                                   |               |               |               |
| Total workers     | 100                             | 100           | 100           | 100           | 100                               | 100           | 100           | 100           |
| Full-time workers | 76                              | 81            | 77            | 76            | 96                                | 94            | 95            | 95            |
| Part-time workers | 19                              | 14            | 18            | 19            | 3                                 | 3             | 3             | 3             |
| Contract workers  | 5                               | 5             | 5             | 5             | 2                                 | 3             | 1             | 2             |

### QUESTION 2

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

|           | Business Leaders Survey   |               |               |               | Empire State Manufacturing Survey |               |               |               |
|-----------|---------------------------|---------------|---------------|---------------|-----------------------------------|---------------|---------------|---------------|
|           | Percentage of Respondents |               |               |               |                                   |               |               |               |
|           | November 2022             | November 2021 | November 2020 | November 2019 | November 2022                     | November 2021 | November 2020 | November 2019 |
| Increase  | 38                        | 61            | 35            | 38            | 42                                | 56            | 44            | 38            |
| Unchanged | 46                        | 30            | 45            | 47            | 42                                | 38            | 41            | 47            |
| Decrease  | 16                        | 9             | 20            | 15            | 15                                | 6             | 15            | 15            |

## Supplemental Survey Report, *continued*

### 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.]*

|   | Business Leaders Survey                         |                       |                      | Empire State Manufacturing Survey |                       |                      |
|---|---|-----------------------|----------------------|-----------------------------------|-----------------------|----------------------|
|   | 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            | 33  | 21                    | 13                   | 46                                | 24                    | 7                    |
| Current staff are overworked                | 34  | 23                    | 6                    | 17                                | 27                    | 15                   |
| Need skills not possessed by current staff  | 7   | 20                    | 16                   | 17                                | 27                    | 17                   |
| Labor costs have fallen                     | 0   | 1                     | 1                    | 0                                 | 0                     | 2                    |
| Decreased economic or financial uncertainty | 1   | 3                     | 13                   | 0                                 | 7                     | 15                   |
| Firm's financial position has improved      | 4   | 14                    | 16                   | 7                                 | 5                     | 22                   |
| Other factors                               | 20  | 3                     | 3                    | 12                                | 2                     | 10                   |

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

### QUESTION 4

**Which of the following best describes your use of changes in starting wages and/or salaries to attract new hires?**

|  | Business Leaders Survey   |               |               | Empire State Manufacturing Survey |               |               |
|--|---------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
|  | Percentage of Respondents |               |               |                                   |               |               |
|  | November 2022             | November 2021 | November 2020 | November 2022                     | November 2021 | November 2020 |
| We are raising starting wages and/or salaries for most job categories          | 55                        | 49            | 13            | 59                                | 64            | 39            |
| We are raising starting wages and/or salaries for only selected job categories | 21                        | 29            | 24            | 18                                | 21            | 24            |
| We are not raising starting wages and/or salaries                              | 10                        | 21            | 63            | 8                                 | 15            | 38            |
| Our firm is not actively hiring  | 15                        | —             | —             | 15                                | —             | —             |

## Supplemental Survey Report, *continued*

### QUESTION 5

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.

|  | Business Leaders Survey                         |                       |                      | Empire State Manufacturing Survey |                       |                      |
|--|---|-----------------------|----------------------|-----------------------------------|-----------------------|----------------------|
|  | 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  | 26  | 6                     | 6                    | 21                                | 11                    | 4                    |
| Current staff are underutilized/working reduced hours  | 0   | 4                     | 2                    | 4                                 | 4                     | 7                    |
| Cannot find workers with required skills   | 44  | 14                    | 6                    | 47                                | 17                    | 5                    |
| Labor costs are high   | 11  | 30                    | 11                   | 15                                | 25                    | 13                   |
| Uncertainty about the cost of health insurance   | 0   | 2                     | 6                    | 0                                 | 1                     | 5                    |
| Uncertainty about the course of the coronavirus pandemic and/or coronavirus-related regulations or government policies | 0   | 2                     | 4                    | 1                                 | 1                     | 0                    |
| Uncertainty about other regulations or government policies   | 1   | 6                     | 6                    | 3                                 | 9                     | 13                   |
| Firm's financial position has deteriorated   | 4   | 8                     | 6                    | 1                                 | 4                     | 8                    |
| Want to keep operating costs low   | 9   | 15                    | 26                   | 5                                 | 14                    | 22                   |
| Other factors  | 4   | 1                     | 6                    | 3                                 | 1                     | 5                    |
| <b>Percentage indicating no sources of restraint</b>   | <b>25</b>                                       |                       |                      | <b>25</b>                         |                       |                      |

*Note: Ranked responses to this question are reported as a percentage of all respondents except those indicating “no sources of restraint.”*

## Supplemental Survey Report, *continued*

### QUESTION 6

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

|   | Business Leaders Survey   |               |               | Empire State Manufacturing Survey |               |               |
|---|---------------------------|---------------|---------------|-----------------------------------|---------------|---------------|
|   | Percentage of Respondents |               |               |                                   |               |               |
|   | November 2022             | November 2021 | November 2020 | November 2022                     | November 2021 | November 2020 |
| Increasing wages and salaries for most job categories by more than in the past few years          | 55                        | 53            | 9             | 55                                | 58            | 26            |
| Increasing wages and salaries for only selected job categories by more than in the past few years | 12                        | 28            | 24            | 16                                | 19            | 22            |
| Increasing wages and salaries of existing employees by a similar amount as in the past few years  | 11                        | —             | —             | 12                                | —             | —             |
| Increasing wages and salaries of existing employees but by less than in the past few years        | 4                         | —             | —             | 3                                 | —             | —             |
| Leaving unchanged the wages and salaries of most existing employees                               | 13                        | —             | —             | 9                                 | —             | —             |
| Cutting some employees' wages and salaries  | 1                         | 0             | 11            | 1                                 | 1             | 7             |
| None of the above   | 4                         | 19            | 56            | 3                                 | 22            | 45            |

### QUESTION 7

Hypothetically, how would your firm respond if demand for your product(s)/service(s) over the next six months were 10 percent lower than you currently anticipate?

|   | Business Leaders Survey   |    | Empire State Manufacturing Survey |    |
|---|---------------------------|----|-----------------------------------|----|
|   | Percentage of Respondents |    |                                   |    |
| Increase headcount by at least as much as we currently anticipate |                           | 3  |                                   | 0  |
| Increase headcount but by less than we currently anticipate       |                           | 4  |                                   | 3  |
| Maintain the same headcount                                       |                           | 50 |                                   | 51 |
| Reduce headcount  |                           | 44 |                                   | 47 |
| by laying off workers   |                           | 30 |                                   | 28 |
| by not attempting to replace workers who leave the firm           |                           | 25 |                                   | 26 |

## Supplemental Survey Report, *continued*

### QUESTION 8

Over the last three months, has your firm reduced its headcount?

|   | Business Leaders Survey   | Empire State Manufacturing Survey |
|---|---------------------------|-----------------------------------|
|   | Percentage of Respondents |                                   |
| <b>No</b>   | <b>88</b>                 | <b>82</b>                         |
| We are maintaining our headcount despite some drop in demand      | 28                        | 31                                |
| We have reduced the number of open positions without filling them | 9                         | 14                                |
| Other   | 51                        | 37                                |
| <b>Yes</b>  | <b>13</b>                 | <b>18</b>                         |
| We have selectively laid off workers                              | 4                         | 2                                 |
| We have consolidated operations                                   | 1                         | 2                                 |
| We have not attempted to replace workers who have left the firm   | 7                         | 12                                |
| We have reduced the number of open positions without filling them | 4                         | 1                                 |

## Supplemental Survey Report, *continued*

### QUESTION 9

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.]*

|  | Business Leaders Survey   |               |               |               | Empire State Manufacturing Survey |               |               |               |
|--|---------------------------|---------------|---------------|---------------|-----------------------------------|---------------|---------------|---------------|
|  | Percentage of Respondents |               |               |               |                                   |               |               |               |
|  | November 2022             | November 2021 | November 2020 | November 2019 | November 2022                     | November 2021 | November 2020 | November 2019 |
| <b>No</b>  | <b>38</b>                 | <b>36</b>     | <b>63</b>     | <b>38</b>     | <b>37</b>                         | <b>40</b>     | <b>45</b>     | <b>27</b>     |
| Because we have had no job openings in the last three months                         | 15                        | 21            | 43            | 15            | 17                                | 20            | 27            | 12            |
| We have been able to hire without difficulty   | 16                        | 11            | 22            | 22            | 13                                | 11            | 15            | 13            |
| But we have had trouble retaining new hires  | 6                         | 5             | 2             | 2             | 6                                 | 9             | 4             | 2             |
| <b>Yes</b>   | <b>63</b>                 | <b>64</b>     | <b>37</b>     | <b>62</b>     | <b>64</b>                         | <b>60</b>     | <b>55</b>     | <b>73</b>     |
| Because of a lack of qualified applicants  | 51                        | 54            | 29            | 56            | 58                                | 54            | 49            | 67            |
| Because applicants have failed or refused drug tests                                 | 4                         | 4             | 5             | 5             | 8                                 | 7             | 10            | 15            |
| Candidates have rejected job offers due to Covid-related health concerns             | 4                         | 7             | 8             | n.a.          | 0                                 | 5             | 8             | n.a.          |
| Candidates are not willing to accept the compensation levels we are offering         | 26                        | 31            | n.a.          | n.a.          | 21                                | 27            | n.a.          | n.a.          |
| Candidates have rejected the mix of in-office versus remote work offered by the firm | 8                         | n.a.          | n.a.          | n.a.          | 8                                 | n.a.          | n.a.          | n.a.          |
| Because candidates have rejected job offers for other reasons                        | 11                        | 19            | 11            | n.a.          | 13                                | 17            | 15            | n.a.          |
| For reasons not listed above   | 5                         | 10            | 7             | 6             | 11                                | 8             | 7             | 9             |

*Note: Multiple responses were permitted within the Yes/No categories; two of the options were not given in earlier surveys.*

## Supplemental Survey Report, *continued*

### QUESTION 10

If your firm has had difficulty hiring qualified workers in the last three months, which of the following approaches have you tried? *[Choose as many as apply.]*

|  | Business Leaders Survey   | Empire State Manufacturing Survey |
|--|---------------------------|-----------------------------------|
|  | Percentage of Respondents |                                   |
| Raised wages, signing bonuses, or total compensation offered to new hires              | 74                        | 63                                |
| Increased non-wage benefits offered to new hires                                       | 20                        | 13                                |
| Allowed employees to work remotely more often  | 21                        | 3                                 |
| Hired less-qualified workers but provided additional training to upgrade their skills  | 36                        | 52                                |
| Increased advertising of open positions  | 46                        | 38                                |
| Hired additional workers through a temporary help agency                               | 11                        | 20                                |
| Invested in technology to reduce the need for new hires                                | 10                        | 25                                |
| Focused on retaining and promoting existing employees to reduce the need for new hires | 32                        | 42                                |
| Other  | 4                         | 5                                 |
| Made no changes, still hoping to hire  | 6                         | 13                                |