

Supplemental Report:

Benefit Costs Again Top the List of Firms' Problems; Finding Qualified Workers Seen as Increasingly Difficult

In a series of supplementary questions, manufacturers were asked to assess the extent to which certain business issues posed problems for their firms, and to indicate whether each issue was expected to become more or less of a problem over the next year. Identical questions were posed in April 2011, and similar questions were asked in April 2010 and earlier.

As in previous surveys, the cost of employee benefits was cited most frequently, by far, as a major problem. Finding qualified workers emerged as the second most widespread problem, eliciting a considerably greater degree of concern than in earlier

surveys. More than 66 percent of respondents cited taxes as a major problem, up from 55 percent in the 2011 survey, but still a somewhat lower proportion than in the April 2010 survey. Rounding out the top four was government regulation, which was viewed with about the same degree of concern as in April 2011 but with less concern than in the 2010 survey. Weak sales came in a distant fifth, and the quality of government services followed closely. The cost of resources and employee wage costs were viewed as less serious problems than in the prior (April 2011) survey.

When firms were asked about the extent to which each of these issues was expected to become

more or less of a problem over the next year, their responses again put employee benefit costs at the top of the list: 80 percent of respondents anticipated that this would be more of a problem a year from now. Finding qualified workers and government regulation were also seen as becoming increasingly problematic by a majority of those surveyed. Other categories where pessimists outnumbered optimists by a substantial margin were taxes, employee wage costs, the cost of resources, and the quality of government services. The cost, terms, and availability of credit were not only seen as relatively minor problems now but were also widely expected to be even less of a problem a year from now. ■

Supplemental Report, *continued*

QUESTION 1

To what extent does each of the following issues pose a problem for your firm?

	Percentage of Respondents Identifying the Issue as a Major Problem*		
	December 2013	April 2011	April 2010
Employee benefit costs	85.2	79.2	77.3
Finding qualified workers	70.4	51.9	43.9
Taxes	66.7	54.5	69.2
Government regulation	61.7	62.3	66.7
Weak sales	40.7	36.8	50.0
Quality of government services	37.0	19.7	43.8
Cost of resources	30.0	45.5	—
Employee wage costs	24.7	29.9	30.3
Availability of resources	19.8	20.8	—
Availability and access to credit	13.6	13.0	18.2
Cost and terms of credit	12.3	13.0	16.7
Depressed real estate values	7.4	6.5	12.1

* Responses are on a scale of 1 (relatively minor problem) to 5 (relatively major problem); these percentages refer to responses of either 4 or 5.

QUESTION 2

To what extent do you expect each of the following issues to be more or less of a problem a year from now?

	December 2013 Survey	
	Percentage of Respondents Expecting the Issue to Be . . .	
	More of a Problem a Year from Now	Less of a Problem a Year from Now
Employee benefit costs	80.2	3.7
Finding qualified workers	60.5	4.9
Government regulation	59.3	8.6
Taxes	51.9	14.8
Employee wage costs	43.2	9.9
Cost of resources	38.3	18.5
Quality of government services	34.6	17.3
Weak sales	30.0	31.3
Availability of resources	19.8	23.5
Availability and access to credit	17.3	42.0
Cost and terms of credit	17.3	38.3
Depressed real estate values	4.9	53.1