

# Supplemental Survey Report

## More Firms Plan to Hire in 2015 but Cite Challenges in Finding Workers with Required Skills

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

In the current survey, 50 percent of manufacturers and 44 percent of service firms said that they expected their workforce to increase over the next twelve months, whereas just 10 percent and 12 percent, respectively, predicted declines in the total number of workers. These balances are more positive than in the January 2014 surveys, and substantially more positive than in the January 2013 surveys (see chart).

When those firms anticipating increases in employment were asked to rank the factors behind their decision, their responses indicated some shift since January 2014: High expected sales growth was still the factor most widely ranked as first in importance—

by 76 percent of the manufacturers and 57 percent of the service sector respondents that expect to ramp up employment. However, a growing proportion of respondents in both surveys also attributed their need to add workers to an overworked staff and a need for skills not possessed by current staff.

When queried about factors restraining hiring plans, 26 percent of manufacturers and 18 percent of service firms reported no sources of restraint—somewhat of a reversal from the January 2014 survey, when a greater proportion of service firms (22 percent) than manufacturers (17 percent) had reported no sources of restraint. Among service sector respondents who did indicate some source(s) of restraint, low expected sales growth was deemed to be the most important factor—as was the case in January's survey. Among manufacturers, however, this factor was less widely cited than in earlier surveys. An inability to find workers with required skills was more widely cited—among both groups of respondents—than last time. By

contrast, the desire to keep operating costs low was considered much less of a factor this time around than in earlier surveys.

In addition, firms were asked to identify the recruiting tools they planned to use to increase employment. Referrals from other employees rose to the top of the list, and advertising and word-of-mouth were also broadly cited. Among service firms, raising starting pay was more widely cited than in the January 2014 survey, but among manufacturers, it was less frequently cited than previously.

Finally, when asked whether and how they were adjusting overall staffing levels in response to the Affordable Care Act, the vast majority of respondents in both surveys—71 percent of manufacturers and 77 percent of service firms—reported no effect. For those firms citing some effect, the most common adjustments were to reduce the hiring of full-time workers and increase the hiring of part-time and/or contract workers. ■

## 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 2014	January 2014	January 2013	January 2012	November 2014	January 2014	January 2013	January 2012
Under 100	60.4	45.6	43.5	52.2	43.2	33.6	21.3	30.8
100 to 150	14.3	15.2	21.7	23.3	7.6	12.1	18.7	10.3
150 to 200	7.7	11.4	10.9	3.3	9.8	8.4	13.3	5.1
200 to 500	9.9	17.7	16.3	16.7	18.2	24.3	25.3	35.9
500 or more	7.7	10.1	7.6	4.4	21.2	21.5	21.3	17.9
	Average Percentage of Employees				Average Percentage of Employees			
Employee category								
Full-time workers	92.2	94.1	92.4	96.0	82.6	75.8	86.0	89.6
Part-time workers	2.5	2.1	4.9	1.9	15.1	21.8	10.2	7.3
Contract workers	5.4	3.8	2.7	2.1	2.1	1.8	3.2	3.1

## Supplemental Survey Report, *continued*

### 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 2014	January 2014	January 2013	January 2012	November 2014	January 2014	January 2013	January 2012
Increase	49.5	35.0	27.2	50.5	43.8	40.0	27.6	47.5
Remain unchanged	40.7	55.0	54.3	40.7	44.5	40.9	51.3	47.5
Decrease	9.9	10.0	18.5	8.8	11.7	19.1	21.1	5.0

### 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	75.6	15.6	11.1	56.7	15.0	6.7
Reduced employment too much in recession	4.4	4.4	2.2	1.7	1.7	3.3
Current staff are overworked	8.9	20.0	6.7	18.3	26.7	8.3
Need skills not possessed by current staff	6.7	26.7	13.3	10.0	23.3	15.0
Labor costs have fallen	0.0	0.0	2.2	0.0	0.0	1.7
Decreased economic or financial uncertainty	2.2	4.4	15.6	3.3	8.3	8.3
Firm's financial position has improved	0.0	8.9	13.3	3.3	13.3	21.7
Other factors	2.2	4.4	11.1	5.0	1.7	10.0

## 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	31.4	8.6	4.3	30.8	9.4	6.0
Current staff are underutilized/working reduced hours	2.9	10.0	7.1	3.4	2.6	2.6
Cannot find workers with required skills	30.0	12.9	11.4	19.7	11.1	4.3
Labor costs are high	5.7	8.6	2.9	6.0	11.1	6.8
Uncertainty about the cost of health insurance	4.3	14.3	11.4	6.8	9.4	13.7
Uncertainty about other regulations or government policies	5.7	8.6	11.4	2.6	8.5	8.5
Firm's financial position has deteriorated	4.3	4.3	1.4	5.1	4.3	2.6
Want to keep operating costs low	5.7	14.3	22.9	15.4	24.8	18.8
Other factors	2.9	0.0	1.4	5.1	0.9	4.3
Percentage indicating no sources of restraint	25.5			17.6		

### QUESTION 5

Did you adjust your overall staffing in response to the Affordable Care Act going into effect? Please check all that apply.

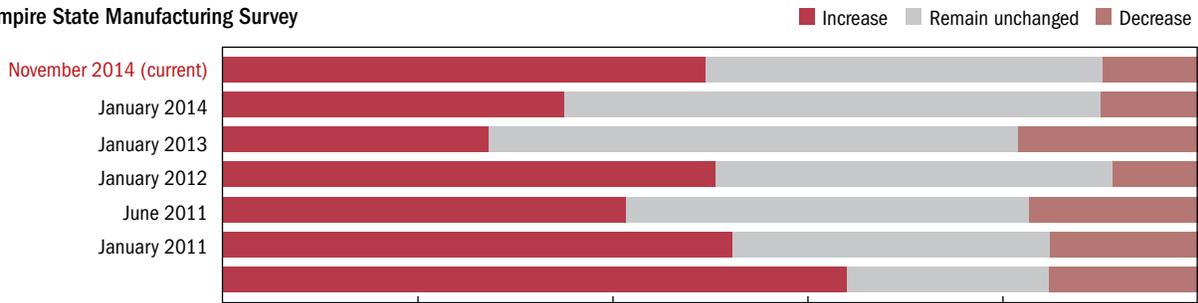
	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents	Percentage of Respondents
No changes	71.3	76.8
Reduced full-time hiring	13.8	14.1
Reduced part-time hiring	4.4	2.9
Reduced contract workers	1.1	2.3
Increased full-time hiring	0.0	1.9
Increased part-time hiring	4.6	12.8
Increased contract workers	6.6	0.8
Reduced hours	1.1	5.8
Increased hours	5.3	0.7
Firm not affected	5.3	2.8
Other	2.1	1.4

# 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**

