

Supplemental Survey Report

Supply Disruptions Seen Worsening; Firms Struggling to Expand Workforce

Supplementary questions in the November 2021 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on supply disruptions, expected changes in firms' workforces, factors underlying the changes and recent trends in wages. The questions on supply disruptions were asked in the prior (October 2021) survey. Most of the other questions had been asked in November 2020 and earlier surveys.

With respect to supply disruptions, almost no respondents said that conditions had improved, whereas more than half of all service firms and nearly two-thirds of manufacturers said they had worsened. Responses about the near-term outlook were only slightly less negative: slightly over 40 percent of service firms and just over half of manufacturers said they expect the availability of supplies to worsen further. Roughly 7 percent of respondents in both surveys anticipated improvement. These results are slightly more negative than those in the October survey.

With respect to employment and hiring plans, a majority of businesses—61 percent of service firms and 56 percent of manufacturers—said they expected their workforce to increase over the next twelve months. Fewer than 10 percent of businesses in both surveys anticipated declines in staffing levels. These balances are substantially more positive than those in the November 2020 survey, conducted in the midst of the pandemic, but are also a good deal more favorable than those in the November 2019 survey (see table).

When panelists who plan to raise employment were asked to rank the factors underlying their decisions, high expected sales growth was ranked most important by the largest number of respondents in both surveys,

followed by an overworked staff. A sizable number of respondents cited a need for skills not possessed by current staff as an important factor, and a sizable number of service firms cited an improved financial position.

When queried on the current level of their workforce, nearly 40 percent of service-sector respondents and half of all manufacturers reported that employment at their establishment had already reached or surpassed pre-pandemic levels. Another 25 percent of manufacturers and almost as many service firms said that they expect employment at their businesses to reach pre-pandemic levels by mid-2022. Roughly 10 percent of firms in both surveys said that they do not expect employment to ever reach pre-COVID levels.

When asked about factors restraining hiring plans, roughly one in four respondents in both surveys indicated that there were no sources of restraint—up moderately from last November's survey. 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 by far, mentioned by 50 percent of service firms and 58 percent of manufacturers. High labor costs were ranked as important by a sizable proportion of businesses. Low expected sales growth, which had been cited as the most important factor among both groups in last November's survey, was deemed considerably less of a factor this time around. Uncertainty about the course of the coronavirus pandemic and/or coronavirus-related regulations or government policies was not cited nearly as widely as in last November's survey.

Businesses were also asked about how they were changing their wage and salary structures, if at all, to retain existing employees. A slight majority of service-

sector respondents and almost 60 percent of manufacturers indicated that they were raising wages and salaries for most job categories by more than they had in recent years—substantially larger proportions than in last year's survey. When asked about the use of pay to attract new hires, almost half of service firms and nearly two-thirds of manufacturers reported that they increased pay for most jobs by more than they had in recent years.

A sizable majority of firms—64 percent of service firms and 60 percent of manufacturers—reported difficulty in filling positions. These results contrasted sharply with last November's survey responses but were not much different from the responses to the surveys from 2019 and earlier years. For those reporting difficulties, the most widely cited reason, by far, was a lack of qualified applicants, followed by an unwillingness of candidates to accept the offered compensation. Among firms reporting no difficulty on the hiring front, the most cited reason was that they had no job openings to fill. When asked about the educational requirements of jobs they were having difficulty filling, a majority of respondents—60 percent of service firms and 84 percent of manufacturers indicated high-school degree or less. Almost half of service-sector respondents also checked college degree or more. (Multiple responses were allowed.) Finally, businesses were asked if they had seen any change in the flow of job applicants per job opening relative to the summer: about one in five firms said they had not had any job openings, but of the remaining 80 percent, about half said that the flow had been about unchanged. In the service sector, nearly twice as many firms reported a decrease in the flow of job applicants as reported an increase, while among manufacturers, slightly more said they'd seen an increase. These last two questions had not been asked previously. ■

Supplemental Survey Report, *continued*

QUESTION 1

How has the availability of supplies you need changed over the past month, and how do you expect availability to change over the next month? *[Please do not count relatively incidental supplies that are trivial to running your business.]*

	Business Leaders Survey			Empire State Manufacturing Survey		
	Percentage of Respondents					
	Worsened	Unchanged	Improved	Worsened	Unchanged	Improved
Over the past month	54.8	40.9	4.3	65.5	31.9	2.6
Over the next month	41.6	51.2	7.3	51.3	41.9	6.8

QUESTION 2

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

	Business Leaders Survey				Empire State Manufacturing Survey			
	Percentage of Respondents							
	November 2021	November 2020	November 2019	November 2018	November 2021	November 2020	November 2019	November 2018
Under 100	59	66	58	70	72	70	72	70
100-150	8	9	10	5	12	9	7	10
150-200	4	1	4	3	3	3	4	5
200-500	12	9	12	10	7	10	12	11
500 or more	17	15	16	13	7	8	4	4
	Average Percentage of Employees							
Employee category								
Total workers	100	100	100	112	100	100	100	102
Full-time workers	81	77	76	79	94	95	95	95
Part-time workers	14	18	19	18	3	3	3	4
Contract workers	5	5	5	15	3	1	2	3

Supplemental Survey Report, *continued*

QUESTION 3

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 2021	November 2020	November 2019	November 2018	November 2021	November 2020	November 2019	November 2018
Increase	61	35	38	49	56	44	38	44
Unchanged	30	45	47	40	38	41	47	44
Decrease	9	20	15	11	6	15	15	11

QUESTION 3a

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	40	19	12	54	31	5
Recalling workers laid off due to the coronavirus pandemic	0	3	4	0	0	5
Current staff are overworked	33	24	16	25	29	17
Need skills not possessed by current staff	10	11	17	9	22	17
Labor costs have fallen	0	1	2	0	0	2
Decreased economic or financial uncertainty	0	10	13	0	0	15
Firm's financial position has improved	8	20	16	3	8	15
Other factors	9	2	4	9	2	2

Note: Responses to this question are reported as a percentage of those indicating "increase" in Question 3.

Supplemental Survey Report, *continued*

QUESTION 4

How long do you expect it will be before you reach your pre-coronavirus pandemic employment level?
 [Pre-March 2020 employment level.]

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	
Already at or above our pre-coronavirus employment level	38	50
End of 2021	7	9
Mid-2022	15	16
End of 2022	15	8
Mid-2023	11	3
End of 2023	2	4
Never	12	10

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	16	5	5	14	4	2
Current staff are underutilized/working reduced hours	1	4	1	1	4	2
Cannot find workers with required skills	50	16	5	58	7	5
Labor costs are high	11	27	9	5	30	14
Uncertainty about the cost of health insurance	2	1	4	0	2	4
Uncertainty about the course of the coronavirus pandemic and/or coronavirus-related regulations or government policies	6	8	11	1	6	14
Uncertainty about other regulations or government policies	1	4	15	5	7	7
Firm's financial position has deteriorated	3	4	5	2	4	5
Want to keep operating costs low	9	17	18	7	11	17
Other factors	1	3	2	6	6	0
Percentage indicating no sources of restraint		23			27	

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 2021	November 2020	November 2021	November 2020
Increasing wages and salaries for most job categories by more than in the past few years	53	9	58	26
Increasing wages and salaries for only selected job categories by more than in the past few years	28	24	19	22
We are cutting some employees' wages and salaries in order to retain and/or recall a larger share of our workforce	0	11	1	7
None of the above	19	56	22	45

QUESTION 7

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 2021	November 2020	November 2021	November 2020
We are raising starting wages and/or salaries for most job categories	49	13	64	39
We are raising starting wages and/or salaries for only selected job categories	29	24	21	24
We are not raising starting wages and/or salaries	21	63	15	38

Supplemental Survey Report, *continued*

QUESTION 8

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 2021	November 2020	November 2019	November 2018	November 2021	November 2020	November 2019	November 2018
No	36	63	38	43	40	45	27	29
Because no job openings in last three months	21	43	15	21	20	27	12	20
Because we have been able to hire without difficulty	11	22	22	17	11	15	13	8
Because but we have had trouble retaining new hires	5	2	2	5	9	4	2	2
Yes	64	37	62	57	60	55	73	71
Because of a lack of qualified applicants	54	29	56	49	54	49	67	65
Because applicants have failed or refused drug tests	4	5	5	7	7	10	15	19
Because candidates have rejected job offers due to Coronavirus-related health concerns	7	8	n.a.	n.a.	5	8	n.a.	n.a.
Because candidates are not willing to accept the compensation levels we are offering	31	n.a.	n.a.	n.a.	27	n.a.	n.a.	n.a.
Because candidates have rejected job offers for other reasons	19	11	n.a.	n.a.	17	15	n.a.	n.a.
For reasons not listed above	10	7	6	6	8	7	9	7

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

QUESTION 8a

If yes (above), what were the educational requirements of the positions for which your firm has had difficulty hiring workers since Labor Day? *[Check all that apply.]*

	Business Leaders Survey		Empire State Manufacturing Survey	
	Percentage of Respondents			
High school degree or less	60		84	
Associate degree or some college	34		26	
College degree or more	46		22	

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QUESTION 9

Since Labor Day, have you seen any change in the flow of job applicants per job opening at your firm?

[Relative to the summer months.]

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	
We have not had any job openings	20	21
The flow of job applicants has been about unchanged	36	39
We have seen a decrease in the flow of applicants per job	27	18
We have seen an increase in the flow of applicants per job	17	22