

Supplemental Survey Report

Firms Expect Continued Hiring, but at a Slower Pace

Supplementary questions in the November 2023 *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 2022 and earlier surveys.

On the issue of employment and hiring plans, about half of both service and manufacturing firms expect employment to remain unchanged in the upcoming year. For those reporting changes, more businesses said they plan to expand headcounts over the next year than said they would reduce them. Among service firms, 35 percent said they plan to add workers, while 14 percent indicated planned reductions, which represents a positive balance similar to last November's survey. The gap was similar for manufacturers, with expected expansions of 33 percent exceeding planned reductions of 15 percent. However, this balance was narrower than in last year's survey, suggesting a slowing in hiring for the region's manufacturing sector compared to last year (see table).

Respondents planning to raise employment were asked to rank the factors underlying their decisions. Among service sector firms, reasons such as high expected sales growth

and an overworked staff topped the list, followed by a need for skills not possessed by current staff. Among manufacturers, high expected sales growth easily ranked first, with an overworked staff and a lack of needed skills following more distantly. These factors were also the most highly ranked in last year's survey.

Businesses were also asked about how they were changing their wage and salary structures, if at all, to attract new employees and retain existing employees. Twenty-six percent of service firms and 33 percent of manufacturing firms reported that they are not actively hiring, a level roughly double the rate from last November. The share of firms reporting raising starting wages and/or salaries for most job categories fell from roughly 60 percent last year to about 30 percent this year. When asked about the use of pay to retain existing employees, both sectors saw a similar drop. Only 28 percent of service firms and 34 percent of manufacturers increased pay more than in recent years to retain existing employees, a fall from 55 percent in both surveys one year ago.

When asked about the most important factors restraining hiring plans, 16 percent of service firms and 17 percent of manufacturing firms indicated that

there were no sources of restraint. 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. Low expected sales growth and high labor costs were also ranked as fairly important by a sizable proportion of businesses in both surveys.

Regarding changes to firm headcounts in the past three months, about 80 percent of respondents in both surveys indicated that they had not made any reductions. The vast majority of these firms said they had not laid off workers nor had they reduced the number of open positions. About half of respondents reported difficulty in filling positions over the last three months, with most respondents indicating that a lack of qualified candidates was a material factor. When those reporting difficulties were asked about their approaches to hiring qualified workers over the same period, 2 in 3 service firms and about 60 percent of manufacturing firms cited raising wages, signing bonuses, or total compensation as the approaches used. About 40 percent of respondents in both sectors reported the use of increased advertising of vacancies and strategies to retain and promote existing employees to alleviate hiring difficulties. ■

Supplemental Survey Report, *continued*

QUESTION 1

Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next twelve months?

	Business Leaders Survey					Empire State Manufacturing Survey				
	Percentage of Respondents									
	November 2023	November 2022	November 2021	November 2020	November 2019	November 2023	November 2022	November 2021	November 2020	November 2019
Increase	35	38	61	35	38	33	42	56	44	38
Unchanged	50	46	30	45	47	52	42	38	41	47
Decrease	14	16	9	20	15	15	15	6	15	15

QUESTION 2

If you plan to increase total employment: What are the three most important factors behind your plans to increase employment? Please rank the three factors in order from 1 (most important) to 3 (third most important).

	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	45	18	13	59	16	9
Current staff are overworked	21	30	9	22	25	22
Need skills not possessed by current staff	13	14	21	6	41	9
Labor costs have fallen	0	0	2	0	3	3
Decreased economic or financial uncertainty	4	9	9	0	6	13
Firm's financial position has improved	5	7	20	3	3	19
Other factors	13	7	5	9	3	13

Note: Responses to this question are reported as a percentage of those indicating "increase" in Question 1.

Supplemental Survey Report, *continued*

QUESTION 3

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 2023	November 2022	November 2021	November 2020	November 2023	November 2022	November 2021	November 2020
We are raising starting wages and/or salaries for most job categories	33	55	49	13	28	59	64	49
We are raising starting wages and/or salaries for only selected job categories	27	21	29	24	17	18	21	24
We are not raising starting wages and/or salaries	15	10	21	64	22	8	15	38
Our firm is not actively hiring	26	15	—	—	33	15	—	—

QUESTION 4

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

	Business Leaders Survey				Empire State Manufacturing Survey			
	Percentage of Respondents							
	November 2023	November 2022	November 2021	November 2020	November 2023	November 2022	November 2021	November 2020
Increasing wages and salaries for most job categories by more than in the past few years	28	55	53	9	34	55	58	26
Increasing wages and salaries for only selected job categories by more than in the past few years	13	12	28	24	15	16	19	22
Increasing wages and salaries of existing employees by a similar amount as in the past few years	22	11	—	—	18	12	—	—
Increasing wages and salaries of existing employees but by less than in the past few years	15	4	—	—	9	3	—	—
Leaving unchanged the wages and salaries of most existing employees	18	13	—	—	18	9	—	—
Cutting some employees' wages and salaries	1	1	0	11	1	1	1	7
None of the above	4	4	19	56	4	3	22	45

Supplemental Survey Report, *continued*

QUESTION 5

What are the three most important factors, if any, restraining your hiring plans? Please rank the three factors in order from 1 (most important) to 3 (third most important).

	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
Cannot find workers with required skills	29	12	8	37	16	6
Expected growth of sales is low	25	10	10	27	9	12
Labor costs are high	17	24	16	16	24	15
Want to keep operation costs low	12	20	25	9	15	22
Current staff are underutilized/working reduced hours	4	7	7	1	10	6
Firm's financial position has deteriorated	4	8	7	6	4	6
Other factors	3	1	4	1	0	1
Uncertainty about other regulations or government policies	2	9	4	0	9	11
Uncertainty about the cost of health insurance	1	3	4	0	4	5
Uncertainty about the course of the coronavirus pandemic and/or coronavirus-related regulations or government policies	0	0	2	0	1	1
Percentage indicating no sources of restraint		16			17	

Note: 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

Over the last three months, has your firm reduced its headcount? *[Choose as many as apply.]*

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	
No	80	80
We are maintaining our headcount despite some drop in demand	19	26
We have reduced the number of open positions without filling them	14	10
We have reduced hours (including operating hours, shifts, and overtime)	4	6
Other	43	38
Yes	20	20
We have selectively laid off workers	8	8
We have not attempted to replace workers who have left the firm	10	9
We have reduced the number of open positions without filling them	5	0
We have attempted to replace departing workers but have been unable to do so	3	4

Supplemental Survey Report, *continued*

QUESTION 7

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	
No	52	48
Because we have had no job openings in the last three months	23	24
We have been able to hire without difficulty	22	17
But we have had trouble retaining new hires	6	7
Yes	48	52
Because of a lack of qualified applicants	44	49
Because applicants have failed or refused drug tests	3	4
Candidates have rejected job offers due to Covid-related health concerns	1	0
Candidates are not willing to accept the compensation levels we are offering	24	13
Candidates have rejected the mix of in-office versus remote work offered by the firm	14	2
Because candidates have rejected job offers for other reasons	10	11
For reasons not listed above	4	5

Supplemental Survey Report, *continued*

QUESTION 8

If you had difficult hiring workers in last three months: Which of the following approaches, if any, have you tried in order to hire qualified workers over the last three months? [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	67	59
Focused on retaining and promoting existing employees to reduce the need for new hires	41	37
Increased advertising of open positions	40	39
Hired less-qualified workers but provided additional training to upgrade their skills	39	55
Allowed employees to work remotely more often	21	2
Increased non-wage benefits offered to new hires	20	12
Invested in technology to reduce the need for new hires	15	22
Hired additional workers through a temporary help agency	12	16
Other	5	2
Made no changes, still hoping to hire	4	10

Note: Responses to this question are reported as a percentage of those indicating “yes” in Question 7.