

# Supplemental Survey Report

## Businesses Report Some Improvement in the Labor Market

Supplemental questions in the June 2020 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on labor market conditions during the coronavirus pandemic, including employment dynamics through the downturn, the extent of recalls and new hiring, and changes in wages and salaries. Some of the questions are similar to those asked in the May supplemental survey. This latest survey was in the field from June 2 to June 9.

Focusing on employment dynamics, as the table below shows, nearly half of all businesses in the region—47 percent of service firms and 43 percent of manufacturers—reduced their workforce during the pandemic. However, as more parts of the regional economy have reopened, many businesses have started to recall workers who were laid off or furloughed during the pandemic, and some businesses have even hired new workers.

Between February (pre-pandemic) and the lowest point of the current downturn, survey results suggest that employment declined 18 percent in the

service sector and 16 percent in the manufacturing sector, when measured across all firms. Considering only those firms that reduced their workforce, employment fell much more steeply during this period: by 38 percent and 26 percent, respectively. Since reaching a low point, about two-thirds of all firms that reduced their workforce have started to add workers, though employment remains well below pre-pandemic levels. Even with the job growth that has occurred, employment levels are still down 15 percent among service firms and 9 percent among manufacturers. Focusing only on firms that reduced their workforce, employment remains down 32 percent and 14 percent, respectively.

With the gradual reopening of nonessential businesses throughout the region, a number of firms have already recalled workers or hired new workers. Service firms that reduced their workforce indicate that they have recalled 15 percent of their workers, while such manufacturing firms have recalled 45 percent of their workforce. A small number of new workers have been added to payroll in both sectors,

though slightly more than 10 percent of businesses have more employees on staff now than just before the pandemic. Looking ahead, businesses plan to recall additional workers, with firms expecting to have rehired more than half of the workers who were let go during the pandemic in the next month.

Finally, businesses in the region were asked about changes they have made to wages and salaries thus far through the pandemic. Reductions were a bit more widespread in the service sector, with a third of service firms and a quarter of manufacturers already implementing a cut to wages or salary. These cuts were generally selective in nature, as only a third of firms making cuts did so across-the-board for all workers. Overall, for the average firm, 20 percent of workers in the service sector and 12 percent of workers in the manufacturing sector have taken a wage or salary cut at this point in the downturn. Meanwhile, for the average firm, about 11 percent of workers in both sectors have received a wage or salary increase, largely reflecting previously scheduled raises or premium pay for working during the pandemic. ■

## Supplemental Survey Report, *continued*

### QUESTION 1

Did you reduce your workforce at any point during the pandemic?

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	
Yes	47	43
No	53	57

### QUESTION 2

How would you characterize the number of workers for each of the following (excluding contract/temporary workers)?

	Business Leaders Survey		Empire State Manufacturing Survey	
	Average	Percentage Decline Since Pandemic Began	Average	Percentage Decline Since Pandemic Began
<b>All firms</b>				
Number of workers in February, pre-pandemic	334		123	
Number of workers at lowest point of downturn	275	-18	104	-16
Number of workers now	284	-15	112	-9
<b>Firms reducing workforce</b>				
Number of workers in February, pre-pandemic	297		161	
Number of workers at lowest point of downturn	183	-38	119	-26
Number of workers now	201	-32	138	-14

## Supplemental Survey Report, *continued*

### QUESTION 3

If you reduced your workforce during the pandemic, how many workers has your firm *recalled or hired* since the lowest point of the current downturn? How many additional workers do you plan to recall in the next month?

	Business Leaders Survey	Empire State Manufacturing Survey
	Average	
<b>Firms reducing workforce</b>		
Number of separated workers at lowest point of downturn*	114	41
Number of workers already recalled	17	19
Number of workers hired	2	3
Number of additional workers expected to be recalled in the next month	42	6
Percentage share of separated workers already recalled	15	45
Percentage share of separated workers expected to be recalled in the next month	52	59

\* Figures are calculated as the difference between the average number of workers pre-pandemic and at the lowest point of the downturn, shown in Question 2 above.

### QUESTION 4

Thinking about the average wages or salary paid to workers at your firm since the pandemic began, what share of your workforce has taken a cut, had no change, or had an increase in wages or salary?

	Business Leaders Survey	Empire State Manufacturing Survey
	For the Average Firm	
Percentage share of workforce with a wage or salary cut	20	12
Percentage share of workforce with no change in wages or salary	70	77
Percentage share of workforce with a wage or salary increase	11	11

\* Reported figures may not add up to 100 percent due to rounding.