

Supplemental Report:

Increasing Uncertainty Dampening Hiring and Capital Spending Plans

In a series of supplementary questions to the August 2012 *Empire State Manufacturing Survey*, manufacturers were asked if they had modified their actual year-to-date hiring and capital spending since the beginning of 2012 and if they were planning revisions for the second half of this year. Respondents were also asked about the extent to which various factors contributed positively or negatively to revisions in hiring and capital spending plans for the second half of 2012.

With regard to actual hiring and capital spending year-to-date, slightly more firms reported making downward than upward modifications, relative to what they had been planning at the beginning of the year. Moreover, considerably more firms (roughly twice as many) reported making downward than upward revisions to their hiring and capital spending plans for the second half of 2012.

By far the most widely cited factor behind the downward revisions—for both hiring plans and capital spending plans—was increasing uncertainty about business prospects. Indeed, more than half of all respondents saw uncertainty as a negative influence. More than 30 percent of respondents cited sales running below plan as a factor dampening both hiring and capital spending. A sizable number of manufacturers (28 percent) also reported that increased difficulty in finding qualified job applicants adversely affected hiring. Only a handful of manufacturers cited reduced access to credit as a negative influence on capital spending plans.

As for positive influences on hiring and capital spending, the most widely cited factor was higher-than-expected sales; 37 percent of respondents noted this as a factor supporting increased hiring, while a little more than 30 percent

identified it as a factor supporting higher capital spending. Only about 10 percent of respondents cited decreasing uncertainty about business prospects as a positive influence on hiring and capital spending plans. ■

Supplemental Report, *continued*

TABLE 1

Relative to what you were planning at the beginning of 2012, how have your actual hiring and capital spending proceeded thus far this year?

	Percentage of Respondents				
	Much Less Than Planned	Somewhat Less Than Planned	About as Planned	Somewhat More Than Planned	Much More Than Planned
Actual hiring	6.0	22.6	48.8	21.4	1.2
Actual capital spending	8.5	15.9	56.1	15.9	3.7

TABLE 2

How have you modified your hiring and capital spending plans for the remainder of 2012?

	Percentage of Respondents				
	Revised Downward Substantially	Revised Downward Somewhat	About the Same	Revised Upward Somewhat	Revised Upward Substantially
Planned hiring	8.2	28.2	44.7	18.8	0.0
Planned capital spending	9.5	20.2	54.8	14.3	1.2

TABLE 3

Please indicate which, if any, of the following influenced your hiring plans and capital spending plans—either positively or negatively—for 2012 overall?

	Percentage of Respondents	
	Positive Influence	Negative Influence
Influences on hiring plans		
Sales above/below plan	36.5	35.3
Declining/increasing uncertainty	10.6	52.9
Compensation costs lower/higher than expected	1.2	14.1
Easier/harder to find qualified applicants	4.7	28.2
Other	9.4	7.1
Influences on capital spending plans		
Sales above/below plan	30.6	32.9
Declining/increasing uncertainty	11.8	51.8
Easier/harder access to credit	2.4	7.1
Other	17.6	5.9