

Empire State Manufacturing Survey: Supplemental Report

August 2008

For release August 15, 2008

Cost of Resources Now Seen as Single Biggest Problem

In a series of supplementary questions, manufacturers were asked to assess the extent to which certain business issues posed problems for their firms; the same questions were asked in the August 2007 and earlier surveys. Of the issues listed, the cost of resources (such as energy and other commodities) was cited most frequently as a major problem, leaping ahead of the labor-related issues that had topped last year's list of concerns—specifically finding qualified workers, the cost of employee benefits, and workers' compensation costs. All three items were viewed with noticeably less concern than in last year's survey.

In the current survey, the cost of resources was cited by 69 percent of respondents as a relatively major problem, up from 55 percent in last year's survey. The cost of employee benefits was the second most frequently cited major problem—65 percent of those surveyed cited it as a major problem, down from 73 percent last August. Availability of credit remained low on the list of concerns, but somewhat higher than a year ago: slightly fewer than 13 percent of manufacturers reported it as a relatively major problem, up from 2 percent a year ago. Cost of credit was cited by just one in ten respondents as a relatively major problem—about the same as last year and the lowest proportion of any item listed.

In a separate but related question, respondents were asked to identify the issue that they regarded as their single most significant problem. The most widely cited item, the cost of resources, was mentioned by 42 percent of manufacturers—up from just 11 percent in last August's survey. Finding qualified workers was cited by 27 percent of respondents, down from 46 percent in last year's survey. The cost of employee benefits was viewed as the most significant problem by just 17 percent of those surveyed, down from 25 percent last August.

1) To what degree does each of the following pose a problem for your firm?

	Percentage of Respondents Citing the Item as a Major Problem*		
	August 2008	August 2007	August 2006
Cost of resources	68.5	54.8	61.5
Cost of employee benefits	65.2	73.1	72.9
Finding qualified workers	56.2	75.3	47.5
Worker's compensation	51.1	66.7	66.1
Unemployment insurance	32.2	32.6	36.4
Cost of employee wages	23.6	37.6	31.4
Availability of resources	14.8	15.2	21.2
Availability of credit	14.6	2.2	7.6
Cost of credit	11.2	11.8	19.5

*Responses are on a scale of 1 (relatively minor problem) to 5 (relatively major problem); these percentages refer to responses of either 4 or 5.

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2) Which of the items mentioned above would you say is *the* most significant problem?

	Percentage of Respondents Citing the Item as the Most Significant Problem	
	August 2008	August 2007
Cost of resources	42.4	11.0
Finding qualified workers	27.1	46.2
Cost of employee benefits	16.5	25.3
Worker's compensation	7.1	7.7
Availability of resources	3.5	0.0
Cost of employee wages	1.2	4.4
Availability of credit	1.2	0.0
Cost of credit	1.2	1.1
Unemployment insurance	0.0	4.4