

Supplemental Report:

Two in Five Respondents Plan to Expand Workforce in Year Ahead

Supplementary questions in the June 2011 *Empire State Manufacturing Survey* focused on expected changes in the size of firms' workforces and on the reasons for the changes. Most of these questions had been asked in the January 2011 and February 2010 surveys.

In the current survey, 41 percent of respondents indicated that they expected their workforce to increase over the next twelve months, while 17 percent of respondents predicted declines in the total number of workers. In January's survey, a majority of respondents, or 52 percent, predicted increases. The June results were somewhat more positive for smaller establishments (fewer than 150 employees) than for larger establishments—a reversal of the prior survey's findings.

When those respondents expecting to increase employment were asked to identify the key factors underlying their plans, the vast majority (87 percent) ranked high expected sales growth as the most important factor. Other factors deemed important were the

need for skills not possessed by current workers, an overworked current staff, decreased economic or financial uncertainty, and too steep a reduction in employment during the recession.

When asked about factors restraining hiring plans, respondents identified low expected sales growth as the most important factor, followed by a desire to keep operating costs low and an inability to find workers with required skills. Twenty-six percent of respondents—roughly the same percentage as in January's survey—reported that there were no sources of restraint.

Finally, when asked about estimated changes in wages per worker and benefits per worker from 2010 to 2011, more than three in four respondents indicated that wages would increase by less than 5 percent, and almost all the rest of those surveyed said that wages would stay about the same. However, a sizable proportion of respondents, 34 percent, estimated that increases in benefits would exceed 5 percent. ■

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QUESTION 1

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

	Percentage of Respondents		
	June 2011	January 2011	February 2010
Under 100	51.0	58.2	47.2
100 to 150	20.8	17.6	23.6
150 to 200	8.3	7.7	11.1
200 to 500	13.5	11.0	12.5
500 or more	6.3	5.5	5.6

	Average Number of Workers		
	June 2011	January 2011	February 2010
Total workers	377.6	361.2	243.3
Full-time workers	338.0	326.8	225.8
Part-time workers	7.4	5.0	5.2
Contract employees	32.3	29.4	11.7

QUESTION 2

Do you expect that your number of employees will increase, remain unchanged, or decrease over the next twelve months?

	Percentage of Respondents		
	June 2011	January 2011	February 2010
Increase	41.3	52.2	63.9
Remain unchanged	41.3	32.6	20.8
Decrease	17.4	15.2	15.3

QUESTION 3

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.

	Percentage of Respondents Ranking the Factor as		
	1	2	3
Expected growth of sales is high	86.8	13.2	7.9
Reduced employment too much	5.3	2.6	2.6
Current staff are overworked	7.9	23.7	21.1
Need skills not possessed by current staff	7.9	34.2	5.3
Labor costs have fallen	0.0	0.0	0.0
Decreased economic or financial uncertainty	0.0	10.5	21.1
Firm's financial position has improved	0.0	5.3	7.9
Other factors	0.0	0.0	7.9

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QUESTION 4

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.

Percent indicating no sources of restraint: 25.5

	Percentage of Respondents Ranking the Factor as		
	1	2	3
Expected growth of sales is low	43.8	6.8	5.5
Current staff are underutilized/working reduced hours	4.1	4.1	1.4
Cannot find workers with required skills	19.2	12.3	6.8
Labor costs are high	1.4	6.8	4.1
Uncertainty about the cost of health insurance	0.0	15.1	13.7
Uncertainty about other regulations or government policies	2.7	12.3	13.7
Firm's financial position has deteriorated	0.0	0.0	0.0
Want to keep operating costs low	20.5	20.5	17.8
Other factors	4.1	2.7	5.5

QUESTION 5

How much do you estimate wages and benefits will change from 2010 to 2011?

	Percentage of Respondents	
	Wage per Employee (Excluding Overtime and Variable Pay)	Benefits per Employee (Employer Contribution)
Decrease	2.1	0.0
Stay at current levels	19.8	24.0
Increase less than 2.5 percent	37.5	14.6
Increase 2.5 to 5 percent	39.6	27.1
Increase more than 5 percent	1.0	34.4