

Supplemental Survey Report

Businesses Report Ongoing Worker Recalls despite Pandemic Adjustment Costs

Supplemental questions in the July 2020 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on labor market conditions during the coronavirus pandemic, including employment dynamics through the downturn and recovery, the extent of worker recalls and business shutdowns, and the costs associated with reopening. Some of the questions are similar to those asked in the June supplemental survey. This latest survey was in the field from July 2 to July 9.

As the table below shows, over half of all businesses in the region—55 percent of service firms and 57 percent of manufacturers—experienced a decline in their workforce during the pandemic. However, as more parts of the regional economy have reopened, many businesses have recalled workers who were temporarily laid off or furloughed during the pandemic, despite the costs of adjusting to the economic environment during the pandemic.

Between February (pre-pandemic) and the lowest point of the current downturn, survey results suggest that employment declined 28 percent in the service sector and 22 percent in the manufacturing sector, when measured across all firms. Among firms that reduced their workforce, employment fell much more

steeply during this period: by 45 percent and 32 percent, respectively. On both measures, the declines were substantially steeper among leisure & hospitality firms. However, with the reopening of nonessential businesses throughout the region, business conditions have continued to improve, and employment has rebounded somewhat across all industries. While service firms reported that 30 percent of their business operations were shut down one month ago, they now report that only 22 percent are shut down. Likewise, manufacturing firms now report that only 9 percent of their operations are shut down, down from 18 percent one month ago.

Concerning recalls, since reaching a low point, service and manufacturing firms that reduced their workforce have recalled 39 percent and 49 percent of separated workers, respectively. Notably, businesses in leisure & hospitality and construction have recalled a larger proportion of separated workers. Even with the job growth that has occurred, employment among survey panelists remains well below pre-pandemic levels: down 14 percent among service firms and down 8 percent among manufacturers. Focusing only on firms that reduced their workforce, employment remains down 28 percent and 15 percent, respectively, for service and manufacturing firms.

Businesses in the region were also asked about the cost burden associated with specific changes they have made to adapt to operating during the pandemic. The largest burden reportedly came from adjusting to “more frequent and in-depth cleaning,” which was undertaken by 84 percent and 94 percent of service and manufacturing firms, respectively. About 16 percent of service firms and 11 percent of manufacturing firms indicated a “high burden” (the highest category available) associated with these changes, while roughly two in five respondents reported a “modest burden” (the second highest category). The next highest burden came from “providing personal protective equipment (PPE),” a cost also reported by most firms. Other notable burdens were associated with the creation of space/dividers between employees, and improvement of work-from-home arrangements. Other less widespread burdens included increased automation, home-service delivery, and changing a primary product or service. A handful of respondents also mentioned adding antiviral products, implementing curbside services, and maintaining staff productivity as additional burdens. The majority of respondents reported that they undertook no action and/or assumed no cost in relation to testing employees or customers for COVID-19. ■

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QUESTION 1

Did your workforce decline for any reason during the pandemic?

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	
Yes	55	57
No	45	43

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
All firms				
Number of workers in February, pre-pandemic	302		125	
Number of workers at lowest point of downturn	217	-28	102	-22
Number of workers now	271	-14	116	-8
Firms reducing workforce				
Number of workers in February, pre-pandemic	436		164	
Number of workers at lowest point of downturn	290	-45	129	-32
Number of workers now	380	-28	149	-15

Supplemental Survey Report, *continued*

QUESTION 3

If you reduced your workforce during the pandemic, how many workers has your firm recalled or newly hired since the lowest point of the current downturn?

	Business Leaders Survey	Empire State Manufacturing Survey
	Average	
Firms reducing workforce		
Number of separated workers at lowest point of downturn*	146	35
Number of separated workers already recalled	56	17
Number of newly hired workers	4	2
Percentage share of separated workers recalled overall	39	49

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

QUESTION 4

Approximately what fraction of your business operations, if any, was shut down a month ago, and what fraction is still shut down today?

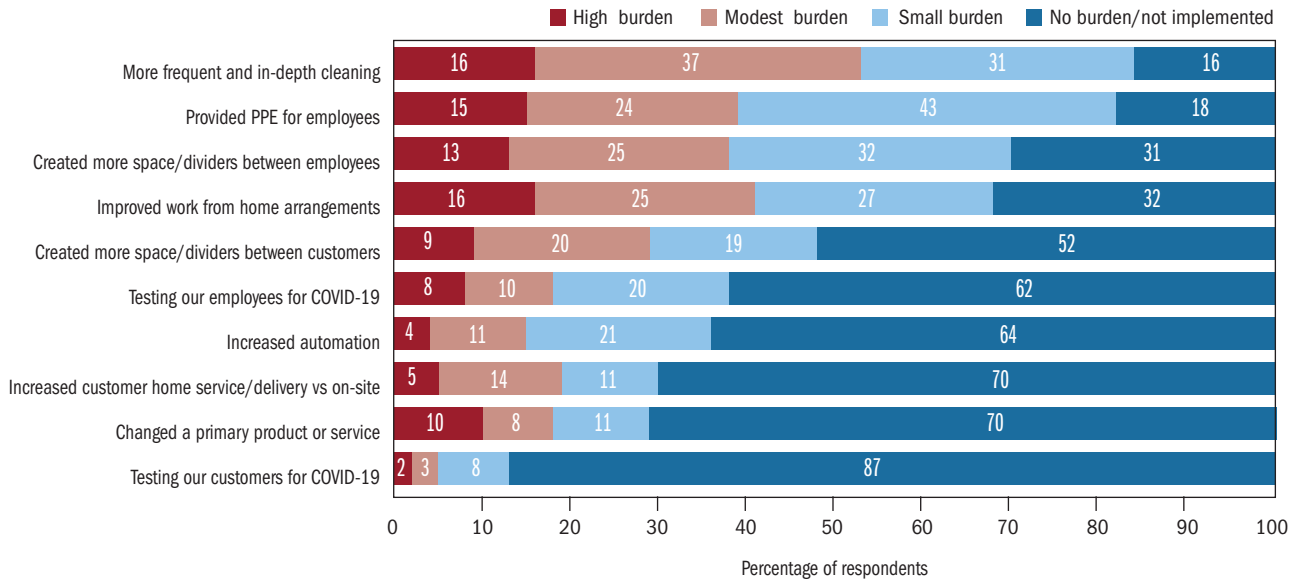
	Business Leaders Survey	Empire State Manufacturing Survey
	Average	
Percentage shut down one month ago	30	18
Percentage shut down today	22	9

Supplemental Survey Report, *continued*

QUESTION 5

Have you made any of the following changes to your business to adapt to the pandemic? If so, how burdensome have these been on your business?

Business Leaders Survey



Empire State Manufacturing Survey

