

Supplemental Report:

Majority of Respondents Plan to Expand Workforce in 2012

Supplementary questions in the January 2012 *Empire State Manufacturing Survey* focused on expected changes in the size of firms' workforces and on the reasons for the changes. Many of the same questions had been asked in the June 2011 and January 2011 surveys.

In the current survey, 51 percent of respondents indicated that they expected their workforce to increase over the next six to twelve months, while just 9 percent predicted declines in the total number of employees. These findings were markedly more positive than those from last June's survey—when 41 percent of respondents had predicted increases while 17 percent had anticipated decreases—and modestly improved from the January 2011 survey. Larger establishments (150 or more employees) were slightly more optimistic than smaller establishments—a result that

reversed the June 2011 findings but paralleled the findings from last January's probe.

When those respondents planning to increase employment were asked to identify the key factors behind their decision, nearly two-thirds ranked high expected sales growth as the most important factor. In the 2011 surveys, more than three-quarters of respondents ranked this as most important. Other factors deemed important in the current survey were decreased economic or financial uncertainty. An overworked staff and a need for skills not possessed by current staff were most widely ranked as the second most important factor.

When asked about factors restraining hiring plans, 23 percent of respondents—down moderately from earlier surveys—reported no sources of restraint. Low expected sales growth was judged to be the most important factor depressing

hiring, though to a lesser degree than in last June's survey. An inability to find workers with the required skills and a desire to keep down operating costs were also cited as important constraints, followed by uncertainty about the cost of health insurance.

Finally, when asked about expected changes in wages per worker and benefits per worker from 2011 to 2012, 80 percent of 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. With regard to benefits, however, a sizable proportion of respondents, 37 percent, estimated that increases would exceed 5 percent, and another 34 percent anticipated that benefit costs would rise by between 2½ and 5 percent. These results correspond fairly closely to those in last June's survey. ■

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QUESTION 1

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

Number of employees	Percentage of Respondents		
	January 2012 Survey	June 2011 Survey	January 2011 Survey
Under 100	52.2	51.0	58.2
100 to 150	23.3	20.8	17.6
150 to 200	3.3	8.3	7.7
200 to 500	16.7	13.5	11.0
500 or more	4.4	6.3	5.5
Employee category	Average Percentage of Employees		
Full-time employees	96.0	89.5	90.5
Part-time employees	1.9	2.0	1.4
Contract employees	2.1	8.5	8.1

QUESTION 2

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

	Percentage of Respondents		
	January 2012 Survey	June 2011 Survey	January 2011 Survey
Increase	50.5	41.3	52.2
Remain unchanged	40.7	41.3	32.6
Decrease	8.8	17.4	15.2

*The time horizon in the June 2011 survey was twelve months.

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	65.2	4.3	0.0
Reduced employment too much	0.0	2.2	2.2
Current staff are overworked	4.3	28.3	13.0
Need skills not possessed by current staff	4.3	21.7	10.9
Labor costs have fallen	0.0	0.0	2.2
Decreased economic or financial uncertainty	8.7	6.5	13.0
Firm's financial position has improved	4.3	8.7	17.4
Other factors	8.7	4.3	2.2

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.

	Percentage of Respondents Ranking the Factor as		
	1	2	3
Percentage of respondents indicating no sources of restraint	23.1		
Expected growth of sales is low	34.3	18.6	5.7
Current staff are underutilized/working reduced hours	5.7	5.7	2.9
Cannot find workers with required skills	17.1	12.9	10.0
Labor costs are high	2.9	5.7	1.4
Uncertainty about the cost of health insurance	7.1	10.0	10.0
Uncertainty about other regulations or govt. policies	4.3	8.6	11.4
Firm's financial position has deteriorated	2.9	2.9	4.3
Want to keep operating costs low	14.3	18.6	20.0
Other factors	7.1	0.0	4.3

Supplemental Report, *continued*

QUESTION 5

How much do you estimate wages and benefits will change from 2011 to 2012?

	Percentage of Respondents	
	Wage per Employee (Excluding Overtime and Variable Pay)	Benefits per Employee (Employer Contribution)
Decrease	1.1	1.1
Stay at current levels	18.9	6.7
Increase less than 2.5 percent	34.4	21.1
Increase 2.5 to 5 percent	45.6	34.4
Increase more than 5 percent	0.0	36.7