

## Supplemental Report:

# Benefit Costs Again Top the List of Firms' Problems; Finding Qualified Workers a Rising Concern

In a series of supplementary questions to the April 2011 *Empire State Manufacturing Survey*, manufacturers were asked to assess the extent to which certain business issues posed problems for their firms. In addition, they were asked if each issue was expected to become more or less of a problem over the next year. Similar questions had been posed in the April 2010 survey, although this year the cost and availability of resources were added to the list of potential problems.

As in last April's survey, the cost of employee benefits was cited most frequently, by far, as a major problem. Government regulation ranked second this year. Taxes and finding qualified workers ranked third and fourth, respectively, with the former viewed as less problematic than a year ago while the latter was viewed as more of a major problem. The cost of

resources, which was not included in last April's survey but appeared in earlier surveys, was fifth on the list. The business issues seen as least problematic in the current survey were depressed real estate values, the cost and terms of credit, and the availability of and access to credit.

When firms were asked about the extent to which each of these concerns was expected to become more or less of a problem over the next year, their responses again put employee benefit costs at the top of the list: three out of four respondents anticipated that this would be more of a problem a year from now. In last April's survey, 90 percent had anticipated that this would be a growing problem. Government regulation and taxes were also seen as becoming increasingly problematic by a majority of those surveyed. The only other issues where pessimists

outnumbered optimists by a substantial margin were the cost of resources, finding qualified workers, and employee wage costs. Depressed real estate values, as well as the availability and the cost and terms of credit, were not only seen as relatively minor problems now but were also widely expected to be even less of a problem a year from now.

Finally, in a topical question added to this month's survey, respondents were queried about the extent to which the crisis in Japan was affecting (or was likely to affect) their business—either directly or indirectly. Almost half of the firms surveyed indicated that there was no effect, and a little less than a third reported only a minor effect. Of those indicating at least some effect, most cited supply or production disruptions; a few respondents mentioned reduced demand from Japanese customers. ■

## Supplemental Report, *continued*

### QUESTION 1

To what extent does each of the following issues pose a problem for your firm?

	Percentage of Respondents Identifying the Issue as a Major Problem*		
	April 2011	April 2010	August 2009
Employee benefit costs	79.2	77.3	78.7
Government regulation	62.3	66.7	—
Taxes	54.5	69.2	—
Finding qualified workers	51.9	43.9	35.1
Cost of resources	45.5	—	41.5
Weak sales	36.8	50.0	—
Employee wage costs	29.9	30.3	24.5
Availability of resources	20.8	—	4.3
Quality of government services	19.7	43.8	—
Availability and access to credit	13.0	18.2	—
Cost and terms of credit	13.0	16.7	—
Depressed real estate values	6.5	12.1	—

\* 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.

### QUESTION 2

To what extent do you expect each of the following issues to be more or less of a problem a year from now?

	April 2011 Survey	
	Percentage of Respondents Expecting the Issue to Be . . .	
	More of a Problem a Year from Now	Less of a Problem a Year from Now
Employee benefit costs	76.3	1.3
Government regulation	57.1	9.1
Taxes	54.5	10.4
Cost of resources	46.8	9.1
Finding qualified workers	44.2	10.4
Employee wage costs	36.4	13.0
Weak sales	31.6	32.9
Availability of resources	26.3	21.1
Quality of government services	25.0	25.0
Cost and terms of credit	16.9	46.8
Availability and access to credit	14.3	46.8
Depressed real estate values	6.5	57.1