

Supplemental Survey Report

Businesses Having More Trouble Retaining Workers

Supplemental questions to the May 2016 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on the recruitment and retention of workers. When firms were asked how their ability to retain existing employees had changed over the past year, roughly 25 percent in both the manufacturing sector and the service sector said it had gotten harder; just 4 percent of service firms and 1 percent of manufacturers said it had gotten easier. These responses were somewhat more negatively skewed than in the June 2015 supplemental survey, which asked many of the same questions. Businesses were also asked whether they were raising wages and salaries by more than in recent years in order to retain existing workers. In response, 55 percent of manufacturers and 59 percent of service firms—a somewhat larger share of respondents than in last year’s survey—reported that they were doing so for at least some job categories. But only 20 percent of manufacturers and 22 percent of service-sector respondents said that they were doing so for most job categories. Among service firms, this percentage was up somewhat from the earlier survey.

Queried about hiring new workers, just under half of all service sector respondents and roughly a third of manufacturing respondents reported that their firms planned to increase employment in the year ahead. Conversely, just 13 percent of respondents in both surveys reported that they planned to reduce employment. These figures differ little from those in last June’s survey. When asked whether they were raising starting salaries to attract new workers, roughly 60 percent of both manufacturing and service-sector respondents said they were doing so for at least some select categories—down from about 70 percent in last year’s survey. However, only 26 percent of manufacturers and 18 percent of service firms said they were doing so for most job categories. Still, the share for manufacturers represents a sizable increase from last June’s figure of just 11 percent.

When asked if they had changed their hiring standards over the past year, more than 75 percent of both manufacturers and service firms said they had not. Interestingly, however, the percentage

of respondents in both surveys who said that they had tightened their standards was roughly twice that of the respondents who reported loosening their standards.

Finally, businesses were asked if they had enough qualified candidates from which to choose to fill job vacancies for some or for all job categories and, if not, what factors were primarily driving this shortage. Among those firms looking to hire, nearly 80 percent of respondents in both surveys said that they faced at least some such shortages. About half of all manufacturing respondents and 40 percent of service sector respondents reported that the shortages had been widespread—that is, not limited to just some job categories. The most widely cited factor underlying the shortages (not shown in the tables) was the applicants’ lack of job-specific skills, while a lack of “soft skills”—such as punctuality and appropriate demeanor—and too few applicants overall were also cited as important factors. Among service-sector respondents, high compensation demands were also seen as a major factor. ■

Supplemental Survey Report, *continued*

QUESTION 1

Over the past twelve months, has your ability to retain employees become easier, remained unchanged, or become harder?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
	May 2016	June 2015	May 2016	June 2015
Become easier	1.0	4.9	3.7	0.8
Remained unchanged	72.9	77.7	73.0	80.9
Become harder	26.0	17.5	23.3	18.3

QUESTION 2

Which of the following best describes your use of changes in wages and salaries to retain existing employees?

	Percentage of Respondents		Percentage of Respondents	
	May 2016	June 2015	May 2016	June 2015
We are increasing wages and salaries for <i>most job categories</i> by more than in the past few years	19.8	23.3	21.9	16.0
We are increasing wages and salaries for <i>only selected job categories</i> by more than in the past few years	35.4	25.2	36.9	39.7
Neither of the above	44.8	51.5	41.3	44.3

QUESTION 3

Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next twelve months?

	Percentage of Respondents		Percentage of Respondents	
	May 2016	June 2015	May 2016	June 2015
Increase	34.4	34.0	46.0	44.3
Leave unchanged	53.1	53.4	41.1	45.0
Decrease	12.5	12.6	12.9	10.7

Supplemental Survey Report, *continued*

Questions 4-6 below were asked only of those actively seeking to hire workers.

QUESTION 4

Which of the following best describes your use of changes in starting wages and/or salaries to attract new hires?

	Percentage of Respondents		Percentage of Respondents	
	May 2016	June 2015	May 2016	June 2015
We are raising starting wages and/or salaries for <i>most job categories</i>	26.0	11.3	17.7	16.0
We are raising starting wages and/or salaries for <i>only selected categories</i>	35.1	56.5	43.1	54.3
We are not raising starting wages and/or salaries	39.0	32.3	39.2	29.6

QUESTION 5

Over the past twelve months, have your hiring standards loosened, remained unchanged, or tightened?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
	May 2016	June 2015	May 2016	June 2015
Loosened	7.9	—	6.9	—
Remained unchanged	76.3	—	78.5	—
Tightened	15.8	—	14.6	—

QUESTION 6

In general, do you currently have enough qualified job candidates from which to choose to fill job vacancies?

	Percentage of Respondents		Percentage of Respondents	
	May 2016	June 2015	May 2016	June 2015
Yes	20.8	8.2	21.2	22.2
Yes, except for some job categories	29.9	34.4	40.2	46.9
No	49.4	57.4	38.6	30.9