

Supplemental Survey Report

Businesses Somewhat More Inclined to Raise Pay to Retain and Recruit Workers

Supplemental questions to the June 2015 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on recruitment and retention of workers. Roughly 44 percent of service sector respondents and 34 percent of manufacturing respondents reported that their firms planned to increase employment in the year ahead; conversely, just 13 percent of manufacturers and 11 percent of service firms reported that they planned to reduce employment.

Still, a majority of respondents in both surveys (slightly more than 60 percent) said that they were actively seeking to hire workers—either to expand their workforce or to replace departing workers. Among service sector firms looking to hire, 31 percent indicated that they did not have enough qualified job candidates from which to choose; among manufacturers looking to hire, more than 57 percent reported a shortage of qualified candidates.

Those firms planning to hire were also asked about the extent to which they were raising starting wages and salaries to attract new hires. Roughly 55 percent of respondents in both surveys said that they were raising starting wages and/or salaries for *selected job categories*. An additional 11 percent of manufacturers and 16 percent of service firms reported that they were raising pay for *most job categories*.

Among all respondents (regardless of whether they were actively hiring), just 5 percent of manufacturers and 1 percent of service sector firms said that it had gotten easier over the past twelve months to retain employees; roughly 18 percent of respondents in both surveys said that it had become harder. Roughly half of manufacturers and 56 percent of service sector respondents indicated that employee retention had prompted them to increase wages and salaries by more than in the

past few years. Among manufacturers, these respondents were about evenly split between firms that increased wages for most job categories and firms that increased wages for selected job categories only; among service firms, however, the vast majority were boosting wages for selected job categories only.

Finally, respondents were asked about passing along changes in compensation costs through changes in prices. Nearly half of respondents in both surveys indicated that they were not changing prices in response to higher compensation costs; 26 percent said that they were partially passing along higher compensation costs; and 11 percent said that they were fully passing along higher compensation costs through higher prices. Very few respondents specified declining compensation costs. ■

Supplemental Survey Report, *continued*

QUESTION 1

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

	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents	
Increase	34.0	44.3
Leave unchanged	53.4	45.0
Decrease	12.6	10.7

QUESTION 2

Is your firm actively seeking to hire workers, either to increase employment or to replace departing workers?

Yes	60.2	62.8
No	39.8	37.2

Questions 2A and 2B below were asked only of those who responded yes to question 2.

QUESTION 2A

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

Yes	8.2	22.2
Yes, except for some job categories	34.4	46.9
No	57.4	30.9

QUESTION 2B

Which of the following best describes the changes you have made to starting wages and/or salaries to attract new hires?

Raising starting wages and/or salaries for most job categories	11.3	16.0
Raising starting wages and/or salaries for only selected job categories	56.5	54.3
Not raising starting wages and/or salaries	32.3	29.6

QUESTION 3

Over the past twelve months, has retaining employees become easier, remained unchanged, or become harder?

Easier	4.9	0.8
Unchanged	77.7	80.9
Harder	17.5	18.3

Supplemental Survey Report, *continued*

QUESTION 4

Which of the following best describes the changes you have made in wages and salaries to retain existing employees?

	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents	
Increasing wages and salaries for <i>most job categories</i> by more than in the past few years	23.3	16.0
Increasing wages and salaries for <i>only selected job categories</i> by more than in the past few years	25.2	39.7
Neither of the above	51.5	44.3

QUESTION 5

Which of the following best describes how your firm is changing the prices it charges for its products and/or services in response to changes in compensation costs (that is, wages, salaries, and benefits)?

Raising prices to fully pass on higher compensation costs	10.7	10.7
Raising prices to partially pass on higher compensation costs	26.2	26.0
Not changing prices in response to higher compensation costs	47.6	45.8
Lowering prices to fully pass on lower compensation costs	0.0	0.8
Lowering prices to partially pass on lower compensation costs	0.0	0.0
Not changing prices in response to lower compensation costs	1.9	1.5
None of the above	13.6	15.3