

STATE OF THE ECONOMY

HARNESSING OUR REGIONAL ASSETS

12.20.23

SURVEY RESULTS



TITLE SPONSOR



CO-SPONSORS



S T A T E
OF THE
E C O N O M Y
HARNESING OUR REGIONAL ASSETS

12.20.23

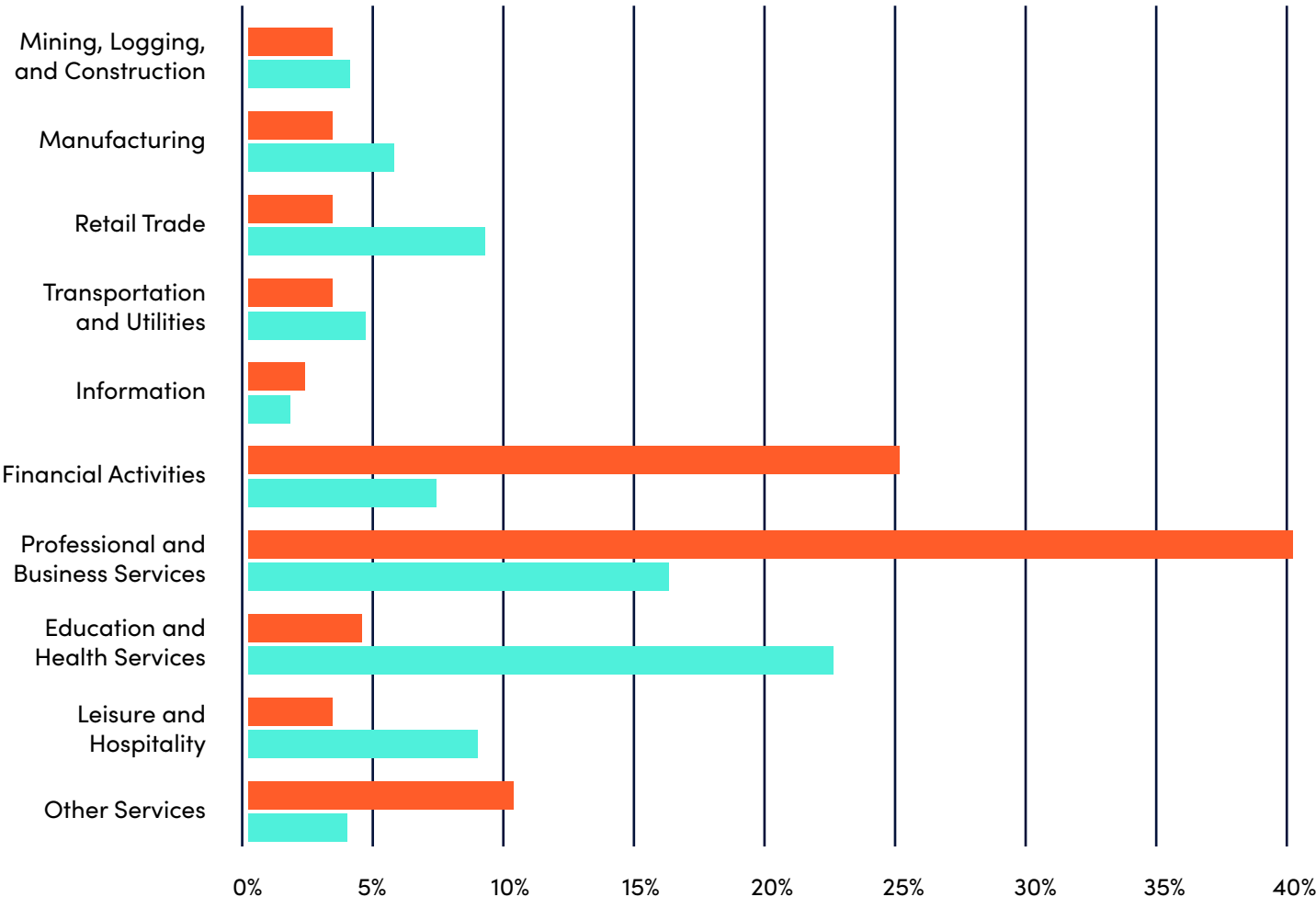
SURVEY RESULTS

CONDUCTED BY THE
FEDERAL RESERVE BANK OF PHILADELPHIA
FROM NOVEMBER 3, 2023 – NOVEMBER 17, 2023

SURVEY METHODOLOGY

Respondent Distribution

Survey Philadelphia MSA Employment



- Conducted from November 3, 2023 to November 17, 2023
- Philadelphia MSA Employment, source: BLS via Haver Analytics.
- Other Services is an official BLS designation for any industry in NAICS code 81.
- Responses received from 87 respondents.



SURVEY METHODOLOGY

We asked respondents:
**What is your assessment of changes in business conditions
in the following areas?**

AREAS OF INTEREST:

- The Region
- Your Company
- New Orders
- Sales or Revenues
- Prices Paid
- Prices Received
- Number of Employees
- Wage and Benefits Costs
- Capital Expenditures

(Looking back on 2023 compared with 2022 and looking ahead to 2024 compared with 2023)

Respondents indicated their assessment by ranking change as Higher, Same, or Lower based on results comparing 2023 to 2022 and their projections comparing 2024 to 2023.

The following presents the findings from the survey administered November 3, 2023 to November 17, 2023.



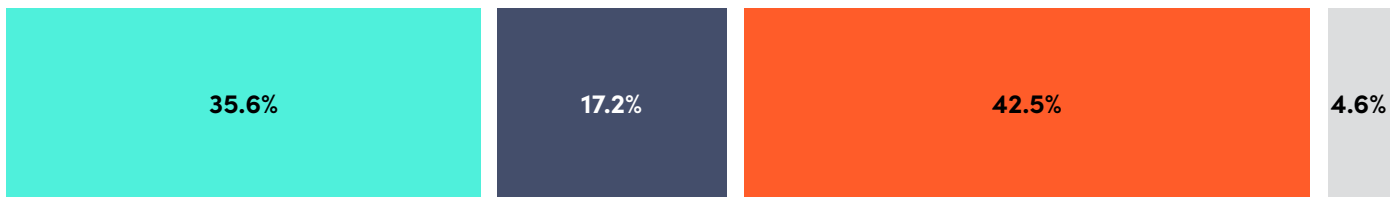
SURVEY RESPONSE

We asked respondents:

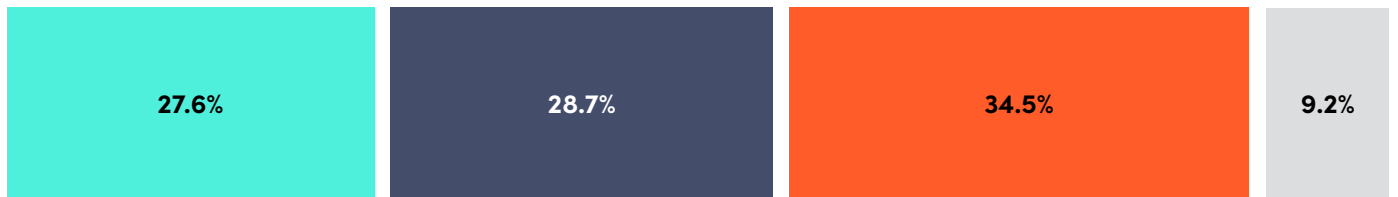
What is your assessment of changes in business conditions?

FOR THE REGION

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

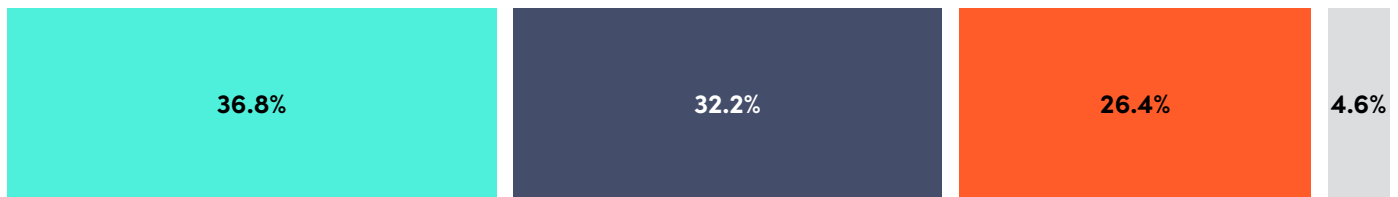
SURVEY RESPONSE

We asked respondents:

What is your assessment of changes in business conditions?

FOR YOUR COMPANY

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

SURVEY RESPONSE

We asked respondents:

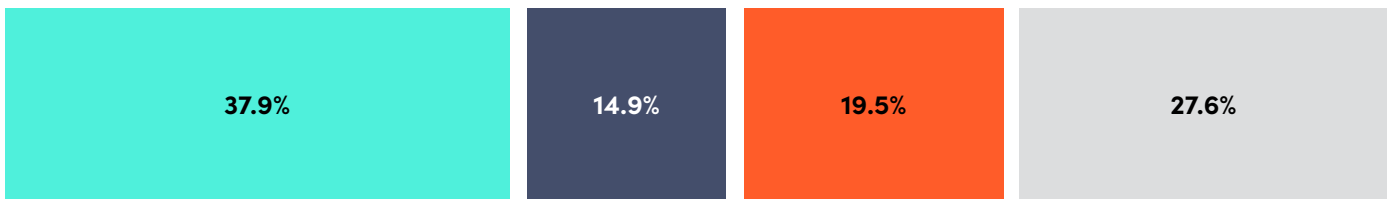
What is your assessment of changes in business conditions?

NEW ORDERS

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

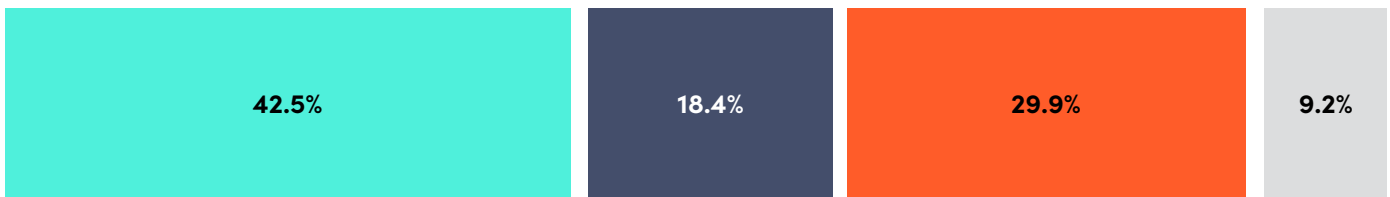
SURVEY RESPONSE

We asked respondents:

What is your assessment of changes in business conditions?

SALES OR REVENUES

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

SURVEY RESPONSE

We asked respondents:

What is your assessment of changes in business conditions?

PRICES PAID

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

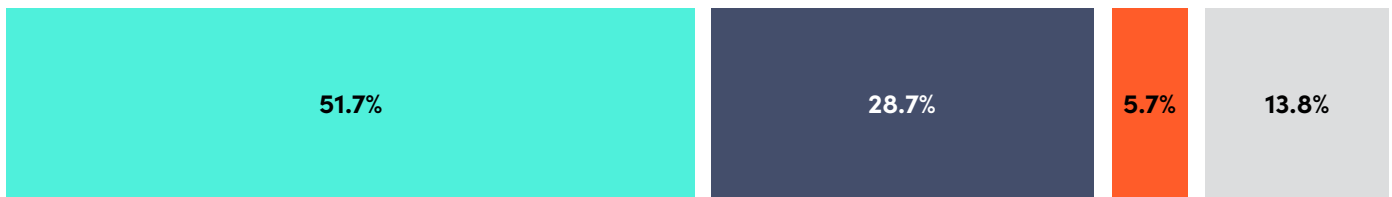
SURVEY RESPONSE

We asked respondents:

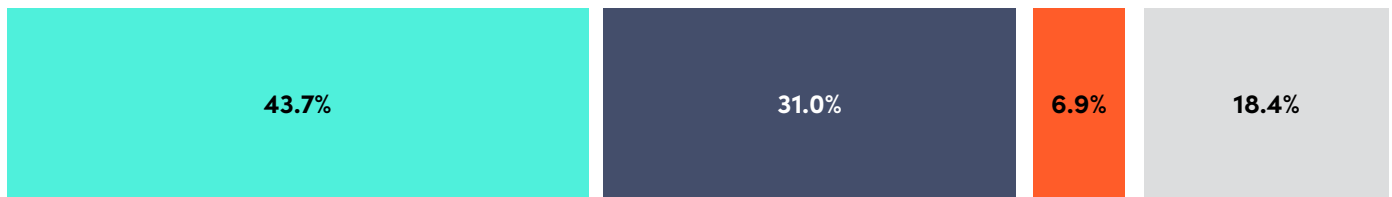
What is your assessment of changes in business conditions?

PRICES RECEIVED

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

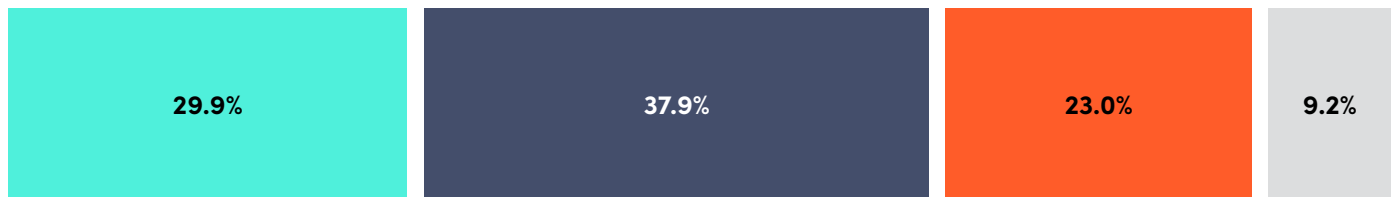
SURVEY RESPONSE

We asked respondents:

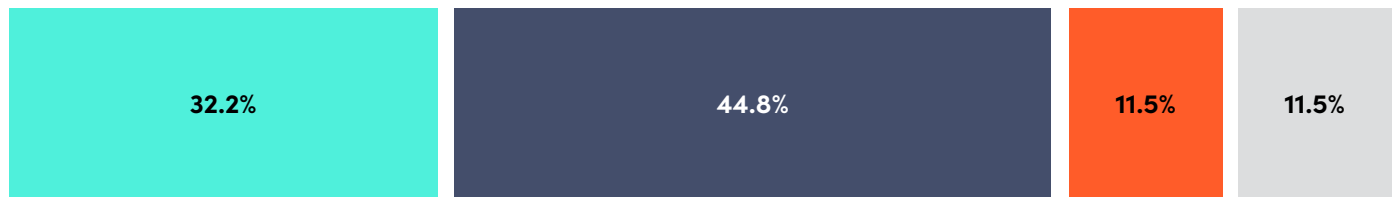
What is your assessment of changes in business conditions?

NUMBER OF EMPLOYEES — FULL-TIME PERMANENT

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

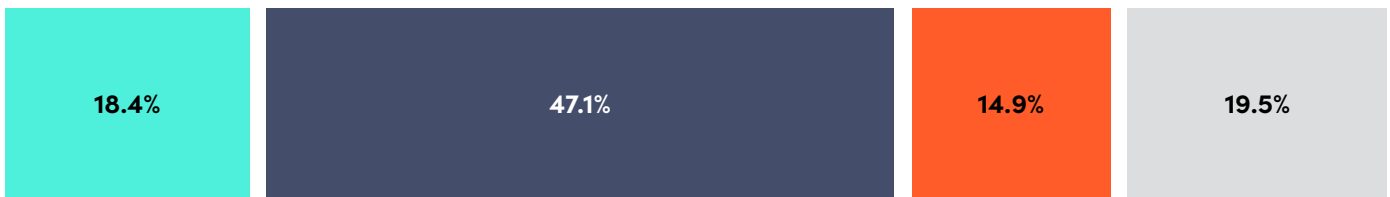
SURVEY RESPONSE

We asked respondents:

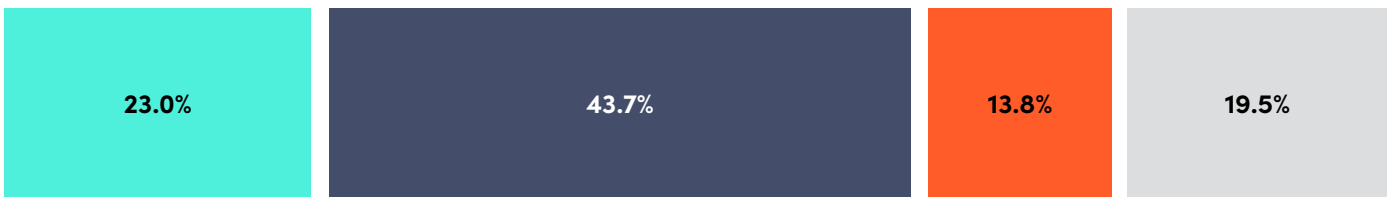
What is your assessment of changes in business conditions?

NUMBER OF EMPLOYEES – PART-TIME, TEMPORARY, AND CONTRACT

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

SURVEY RESPONSE

We asked respondents:

What is your assessment of changes in business conditions?

WAGE AND BENEFIT COSTS

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

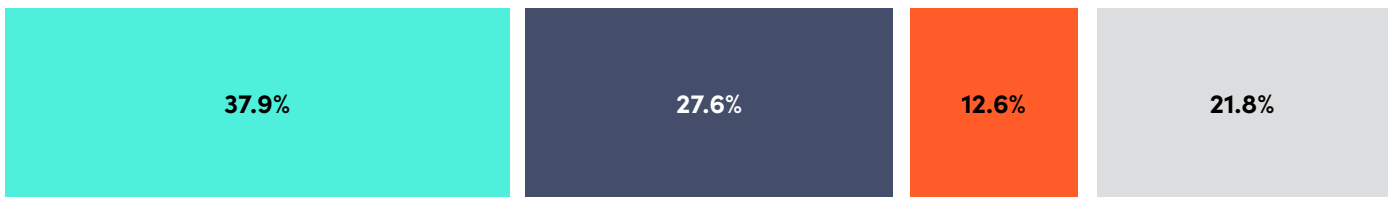
SURVEY RESPONSE

We asked respondents:

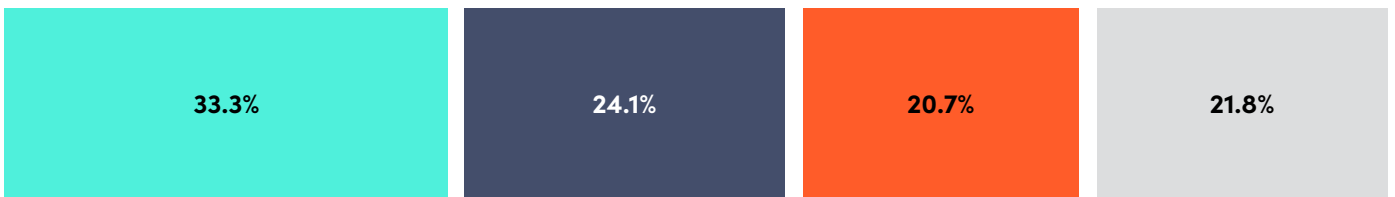
What is your assessment of changes in business conditions?

CAPITAL EXPENDITURES – PHYSICAL PLANT

2023 Compared to 2022



2024 Compared to 2023



Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

SURVEY RESPONSE

We asked respondents:

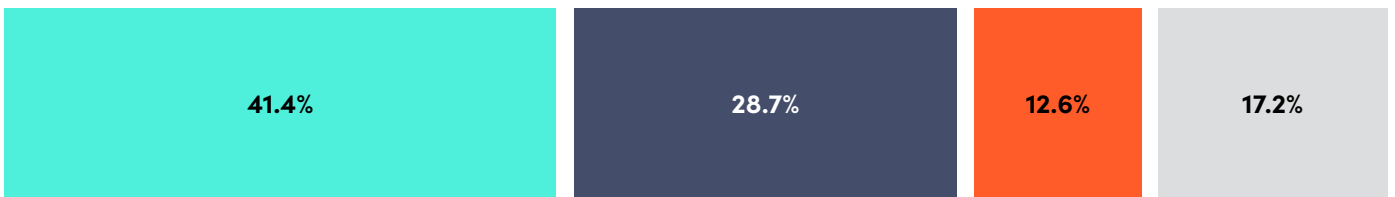
What is your assessment of changes in business conditions?

CAPITAL EXPENDITURES – EQUIPMENT AND SOFTWARE

2023 Compared to 2022



2024 Compared to 2023

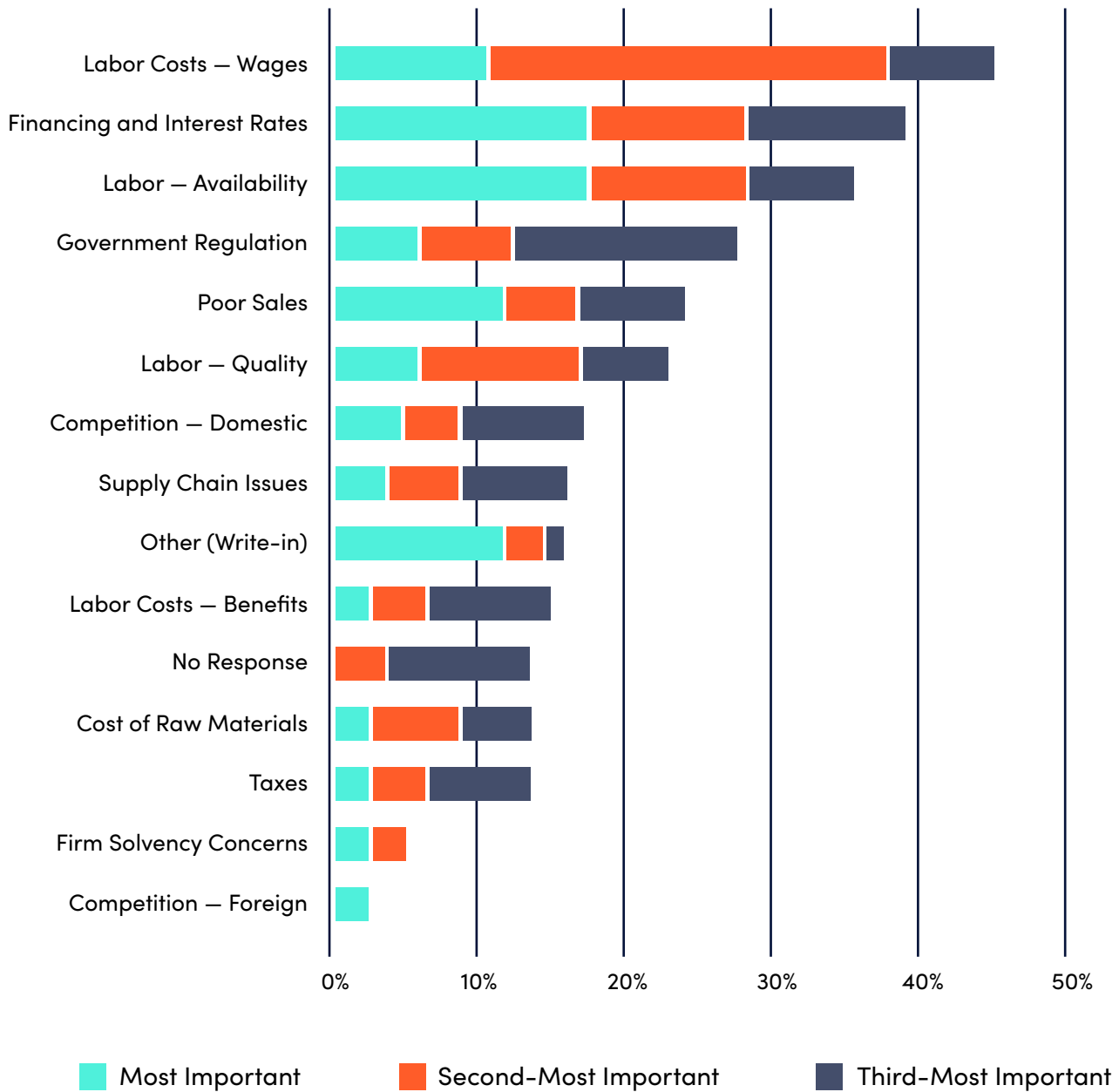


Higher Same Lower Not Applicable or No Response



Source: Philadelphia Fed Survey Results

BIGGEST PROBLEMS FACED BY RESPONDENTS IN 2023?



Source: Philadelphia Fed Survey Results

SURVEY METHODOLOGY

We asked respondents to report on different metrics regarding their employees.

AREAS OF INTEREST:

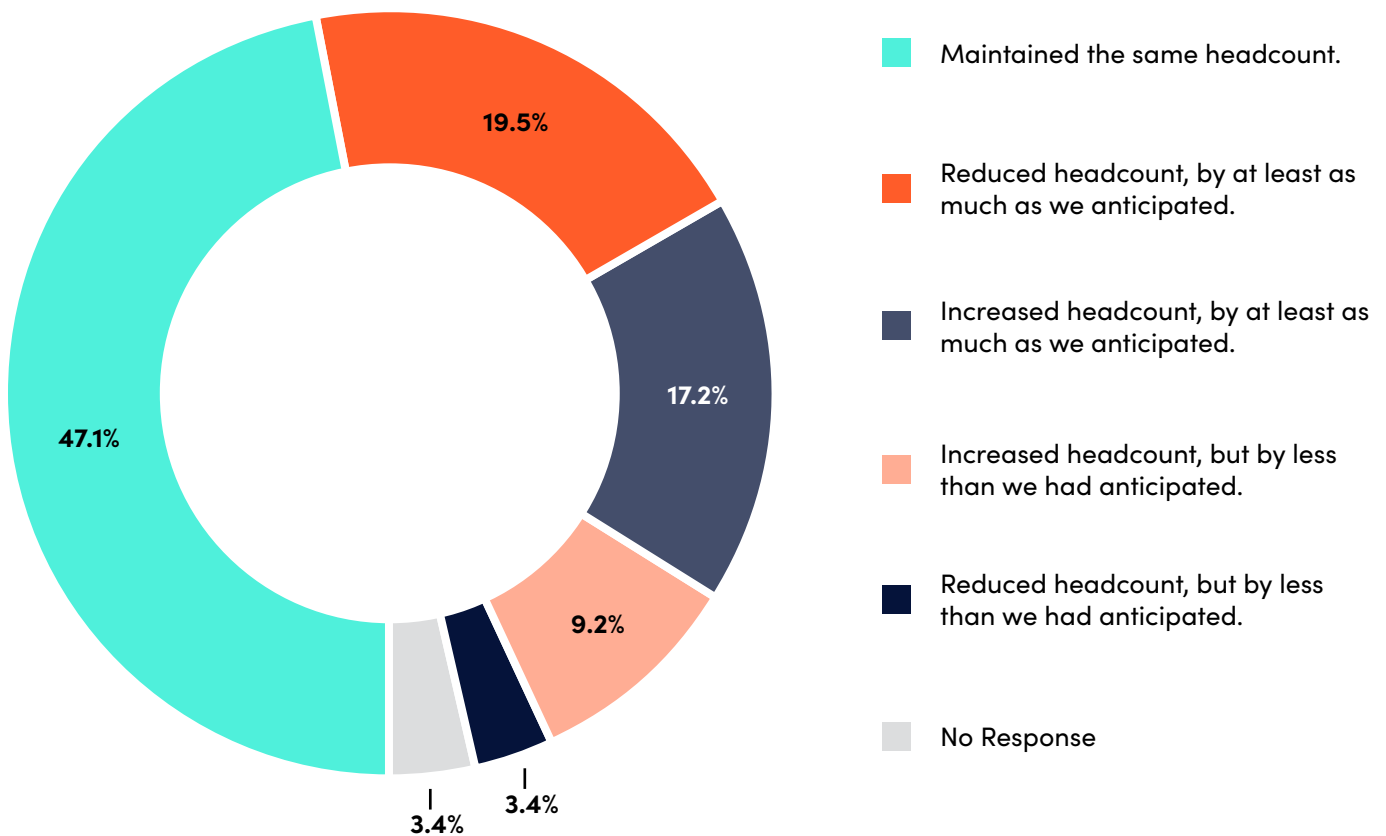
- Headcount Changes
- Difficulty Hiring Workers
- Reasons for Losses
- Hiring and Retention Practices

The following presents the findings from the survey administered November 3, 2023 to November 17, 2023.



SURVEY RESPONSE

We asked respondents:
**Over the last three months,
how has your firm's headcount changed?**

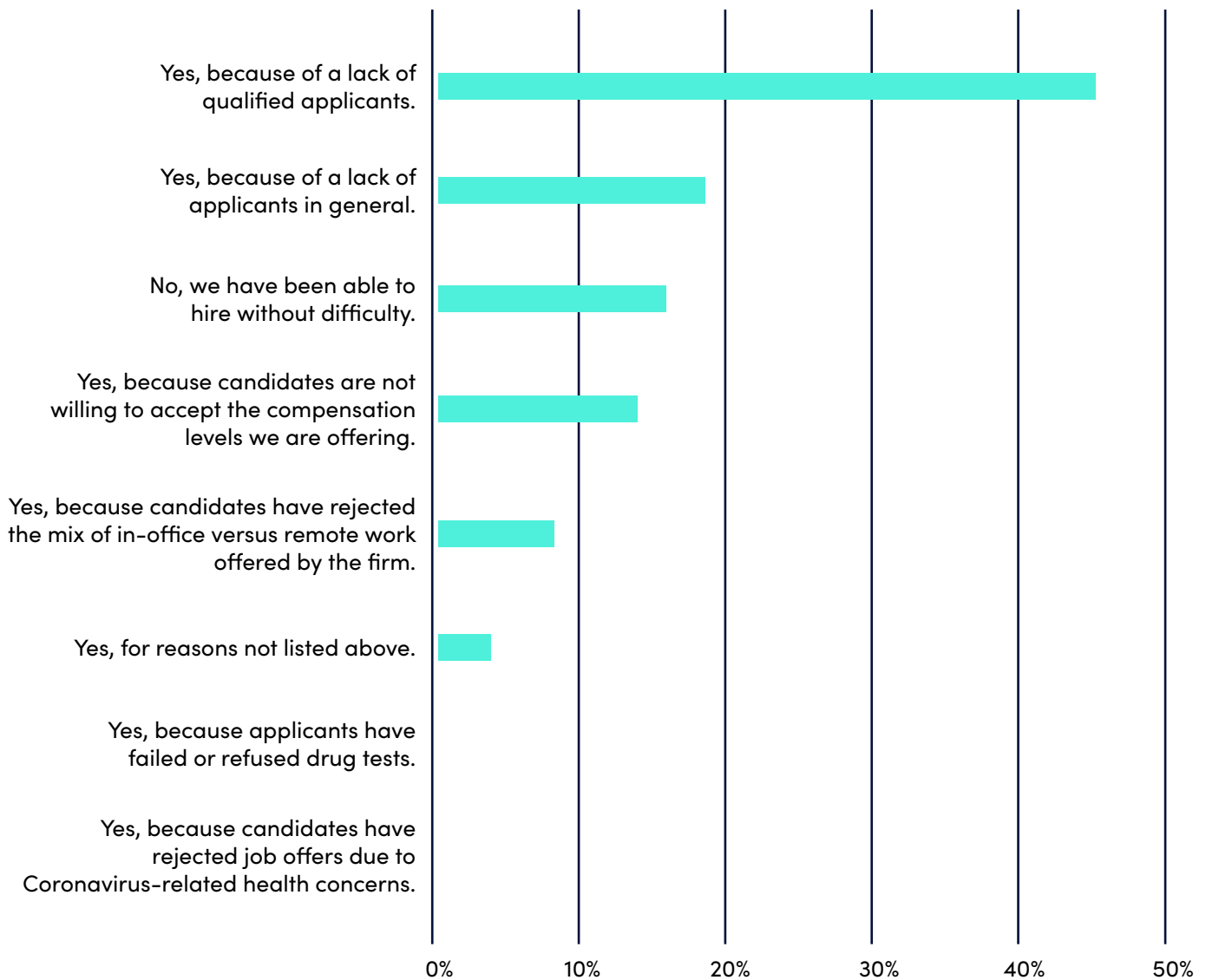


Source: Philadelphia Fed Survey Results

SURVEY RESPONSE

We asked respondents:

Thinking of positions your firm has filled or attempted to fill over the past three months, have you had difficulty hiring workers?



Total percentage exceeds 100% because respondents were able to choose multiple answers.

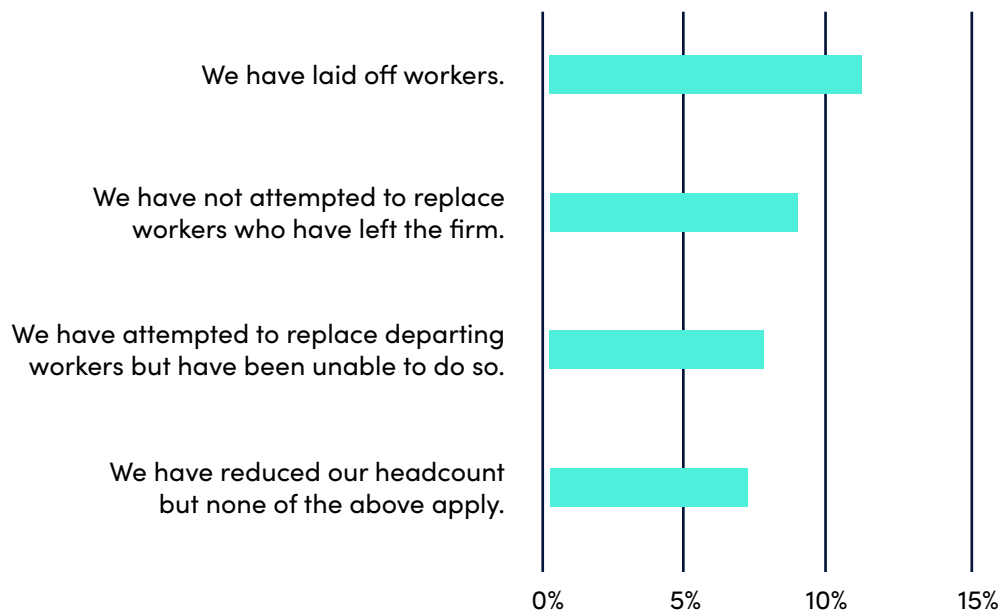


Source: Philadelphia Fed Survey Results

SURVEY RESPONSE

We asked respondents:

Which of the following ways has your firm's headcount been reduced?

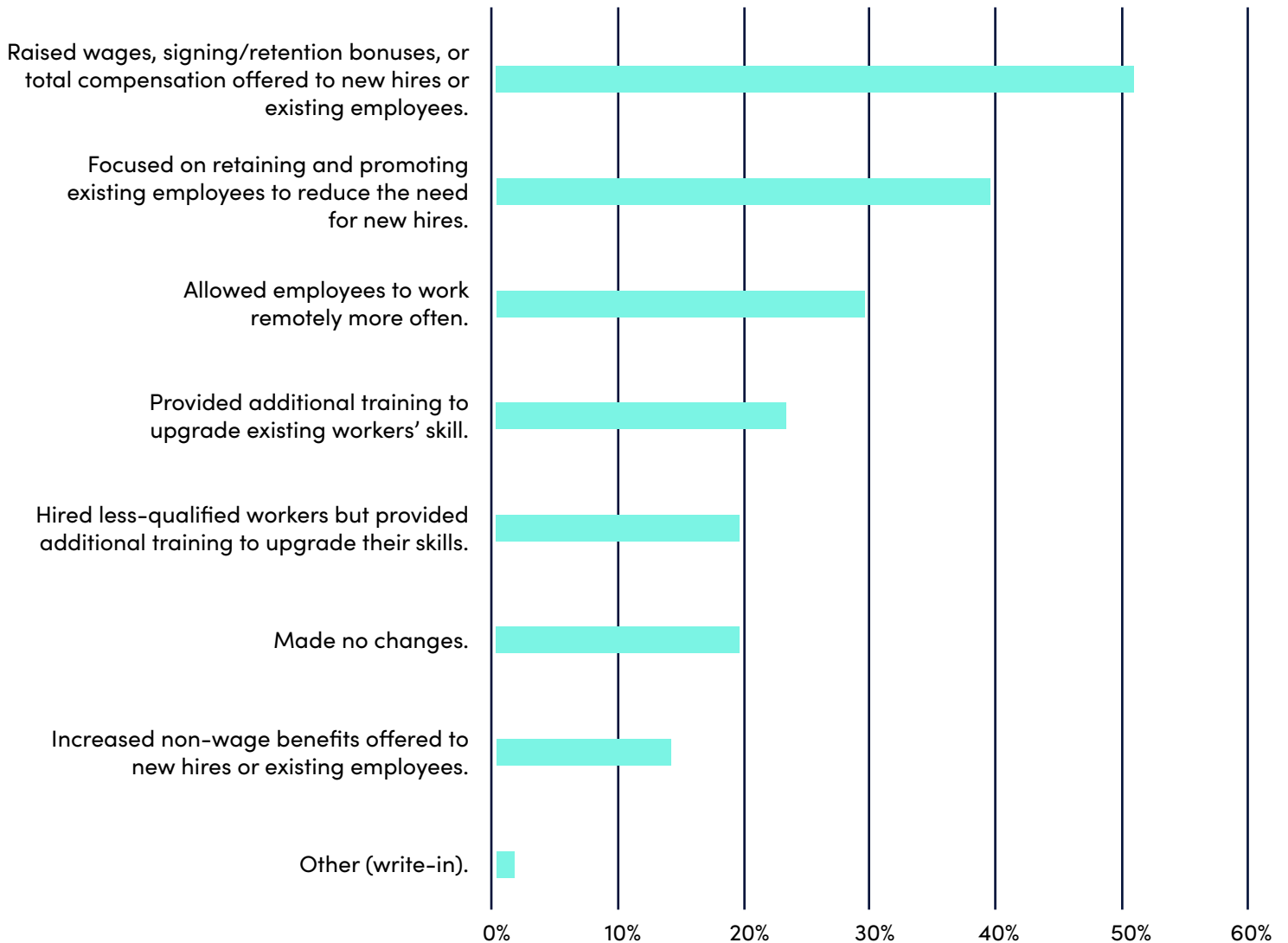


Source: Philadelphia Fed Survey Results

SURVEY RESPONSE

We asked respondents:

Over the last three months, which of the following approaches have you tried to either hire new workers or to retain existing employees?



Total percentage exceeds 100% because respondents were able to choose multiple answers.



Source: Philadelphia Fed Survey Results

PHILADELPHIA FED CONTACT INFORMATION:

For more information about this year's survey, please contact:

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Ryo.Tashiro@phil.frb.org

TO PARTICIPATE IN PHILADELPHIA FED SURVEYS:

Philadelphia Fed regional economic analysts track the health of state and metro economies within and beyond the Third District. Their surveys, econometric models, and other analyses inform the public and advise policymakers about monetary policy, regional economic development, and other issues.

For more information, visit
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APPENDIX

Survey Results

	Significantly lower	Slightly lower	Same	Slightly higher	Significantly higher	Not Applicable	No response
A: What is your assessment of changes in business conditions? (General Activity)							
1. For the REGION							
2023 compared with 2022	10.3%	32.2%	17.2%	32.2%	3.4%	1.1%	3.4%
2024 compared with 2023	5.7%	28.7%	28.7%	27.6%	0.0%	1.1%	8.0%
2. For your COMPANY							
2023 compared with 2022	5.7%	20.7%	32.2%	24.1%	12.6%	2.3%	2.3%
2024 compared with 2023	3.4%	16.1%	24.1%	36.8%	11.5%	2.3%	5.7%
A: What is your assessment of changes in business conditions? (Specific Measures)							
1. New Orders							
2023 compared with 2022	8.0%	19.5%	20.7%	23.0%	4.6%	16.1%	8.0%
2024 compared with 2023	4.6%	14.9%	14.9%	29.9%	8.0%	14.9%	12.6%
2. Sales or Revenues							
2023 compared with 2022	8.0%	21.8%	18.4%	36.8%	5.7%	4.6%	4.6%
2024 compared with 2023	4.6%	10.3%	19.5%	46.0%	5.7%	4.6%	9.2%
3. Prices Paid							
2023 compared with 2022	0.0%	4.6%	6.9%	43.7%	33.3%	3.4%	8.0%
2024 compared with 2023	0.0%	2.3%	12.6%	57.5%	11.5%	3.4%	12.6%
4. Prices Received							
2023 compared with 2022	1.1%	4.6%	28.7%	40.2%	11.5%	4.6%	9.2%
2024 compared with 2023	2.3%	4.6%	31.0%	42.5%	1.1%	5.7%	12.6%
5. Number of Employees — Full-time Permanent							
2023 compared with 2022	6.9%	16.1%	37.9%	26.4%	3.4%	3.4%	5.7%
2024 compared with 2023	2.3%	9.2%	44.8%	29.9%	2.3%	2.3%	9.2%
6. Number of Employees – Part-time, Temporary, and Contract							
2023 compared with 2022	2.3%	12.6%	47.1%	14.9%	3.4%	9.2%	10.3%
2024 compared with 2023	2.3%	11.5%	43.7%	20.7%	2.3%	6.9%	12.6%
7. Wage and Benefit Costs							
2023 compared with 2022	0.0%	3.4%	13.8%	49.4%	24.1%	4.6%	4.6%
2024 compared with 2023	0.0%	3.4%	14.9%	55.2%	14.9%	3.4%	8.0%
8. Capital Expenditures — Physical Plant							
2023 compared with 2022	4.6%	8.0%	27.6%	23.0%	14.9%	13.8%	8.0%
2024 compared with 2023	8.0%	12.6%	24.1%	20.7%	12.6%	11.5%	10.3%
9. Capital Expenditures — Equipment and Software							
2023 compared with 2022	2.3%	6.9%	28.7%	34.5%	11.5%	5.7%	10.3%
2024 compared with 2023	4.6%	8.0%	28.7%	32.2%	9.2%	3.4%	13.8%

Source: Philadelphia Fed Survey Results

APPENDIX

Survey Results

	Most Important Problem	Second-Most Important Problem	Third-Most Important Problem
C: What are the three most important problems your business is facing at this time?			
Labor costs—wages	10.5%	27.4%	7.1%
Financing and interest rates	17.4%	10.7%	10.7%
Labor—availability	17.4%	10.7%	7.1%
Government regulation	5.8%	6.0%	15.5%
Poor sales	11.6%	4.8%	7.1%
Labor—quality	5.8%	10.7%	6.0%
Competition—domestic	4.7%	3.6%	8.3%
Supply chain issues	3.5%	4.8%	7.1%
Other (write-in)	11.6%	2.4%	1.2%
Labor costs—benefits	2.3%	3.6%	8.3%
No response	0.0%	3.6%	9.5%
Cost of raw materials	2.3%	6.0%	4.8%
Taxes	2.3%	3.6%	7.1%
Firm solvency concerns	2.3%	2.4%	0.0%
Competition—foreign	2.3%	0.0%	0.0%

D. Over the last three months, how has your firm's headcount changed?	
Maintained the same headcount.	47.1%
Reduced headcount, by at least as much as we anticipated.	19.5%
Increased headcount, by at least as much as we anticipated.	17.2%
Increased headcount, but by less than we had anticipated.	9.2%
Reduced headcount, but by less than we had anticipated.	3.4%
No response	3.4%



APPENDIX

Survey Results

E: Thinking of positions your firm has filled or attempted to fill over the past three months, have you had difficulty hiring workers?	
Yes, because of a lack of qualified applicants.	44.8%
Yes, because of a lack of applicants in general.	18.4%
No, we have been able to hire without difficulty.	16.1%
Yes, because candidates are not willing to accept the compensation levels we are offering.	13.8%
Yes, because candidates have rejected the mix of in-office versus remote work offered by the firm.	8.0%
Yes, for reasons not listed above.	4.6%
Yes, because applicants have failed or refused drug tests.	0.0%
Yes, because candidates have rejected job offers due to Coronavirus-related health concerns.	0.0%

F. Which of the following ways has your firm's headcount been reduced?	
We have laid off workers.	11.5%
We have not attempted to replace workers who have left the firm.	9.2%
We have attempted to replace departing workers but have been unable to do so.	8.0%
We have reduced our headcount but none of the above apply.	6.9%

G. Over the last three months, which of the following approaches have you tried to either hire new workers or to retain existing employees?	
Raised wages, signing/retention bonuses, or total compensation offered to new hires or existing employees.	51.7%
Focused on retaining and promoting existing employees to reduce the need for new hires.	39.1%
Allowed employees to work remotely more often.	29.9%
Provided additional training to upgrade existing workers' skill.	23.0%
Hired less-qualified workers but provided additional training to upgrade their skills.	19.5%
Made no changes.	19.5%
Increased non-wage benefits offered to new hires or existing employees.	13.8%
Other (write-in).	2.3%





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