



Current Business Conditions Survey

September 2021



Pennsylvania Economy League
of Greater Pittsburgh

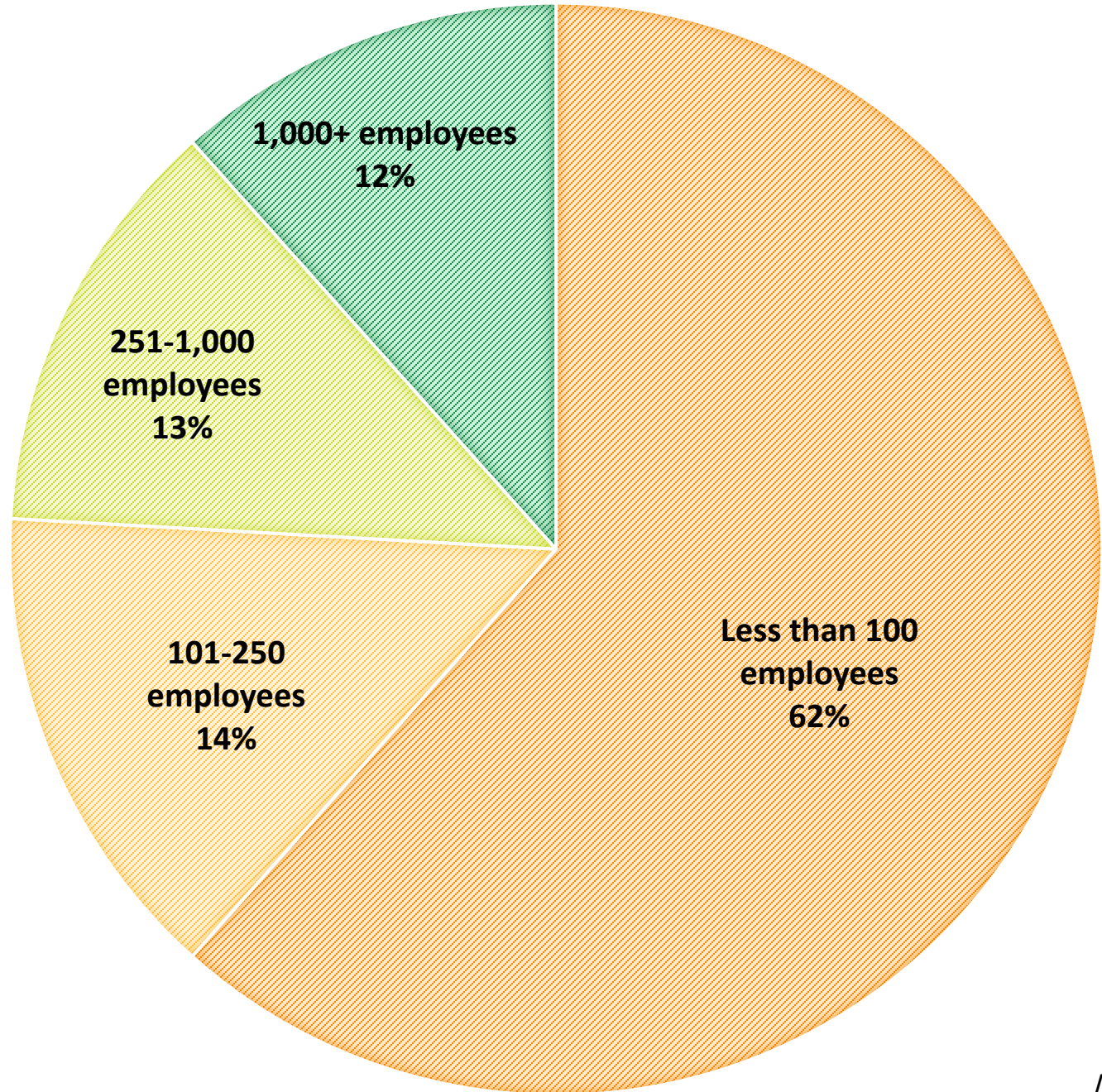
An affiliate of the Allegheny Conference

HOW BIG IS YOUR PRESENCE IN SOUTHWESTERN PENNSYLVANIA



Background: The survey, managed by the PA Economy League of Greater Pittsburgh, is designed to periodically assess business conditions of firms and organizations located in southwestern PA.

Data for this report were collected between September 8-13, 2021. There were 112 respondents representing small, midsize, large and extra large businesses.



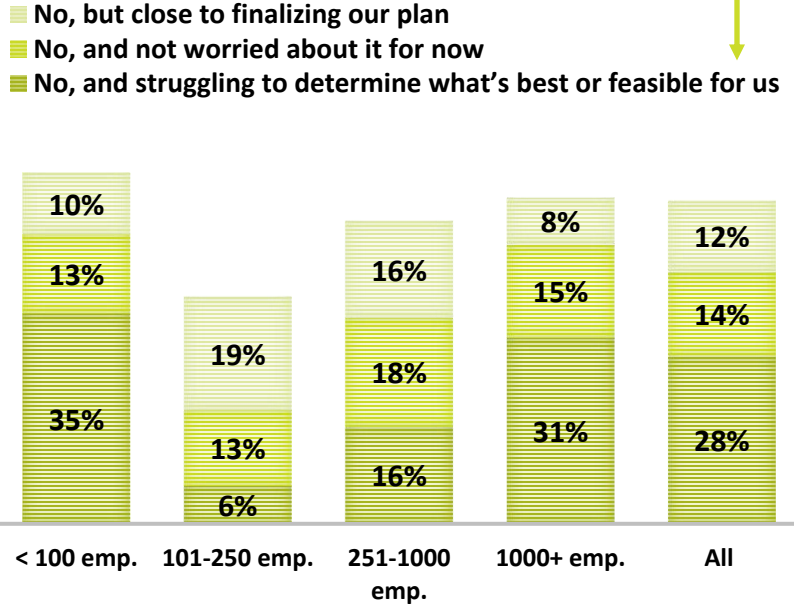
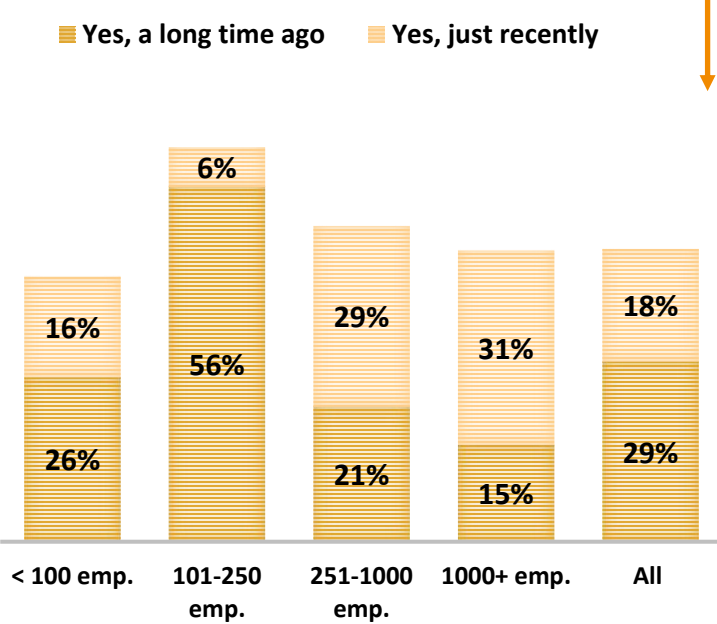
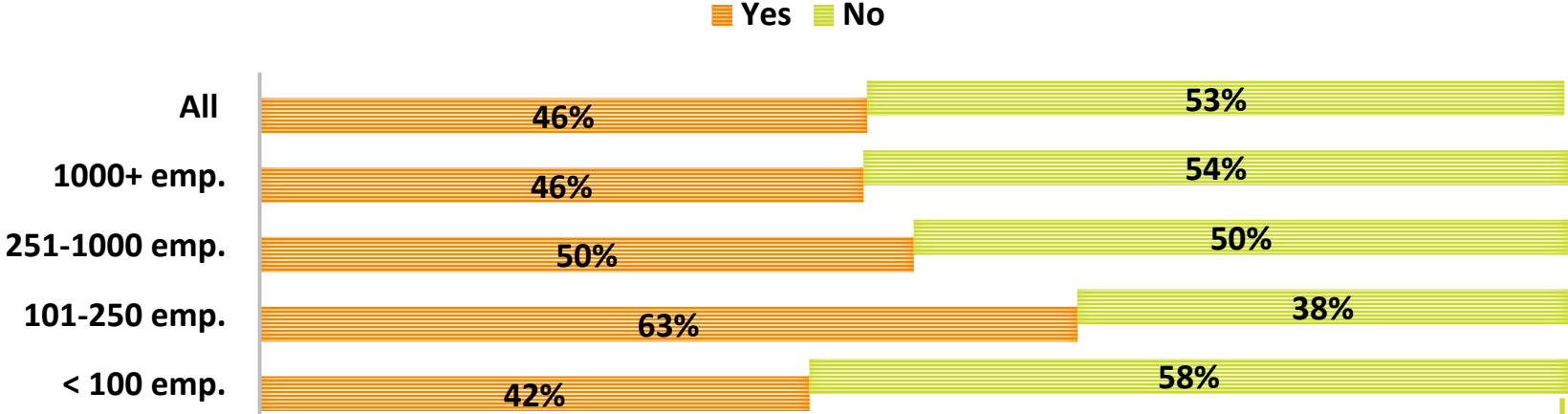
n=112

Evolving Workplace Policies

Key takeaway: Businesses are not responding to the evolving pandemic in the same way. Many acknowledge that making long-term decisions about workplace arrangements – and effectively balancing business needs, safety aspects and preferences of their employees – is proving very difficult, especially in light of continued case surges.

- Only about half have made long-term decisions about workplace arrangements and policies.
- About half of businesses are not considering a vaccination requirement, while a third are planning to require vaccines.
- Due to Delta and other variants, 29% of all businesses are postponing the reopening of their offices, and about half changed the way in which they are bringing people back.
- Less than a half of all businesses do not limit staff participation in external meetings or events.

WITH THE PANDEMIC STILL EVOLVING, HAVE YOU MADE DECISIONS REGARDING LONG-TERM WORKPLACE ARRANGEMENTS AND TALENT POLICIES ?



Commentary: Less than half of all firms have made long-term decisions about their workplace and talent policies.

Close to a third of businesses are struggling to determine what's best and/or feasible for their organizations.

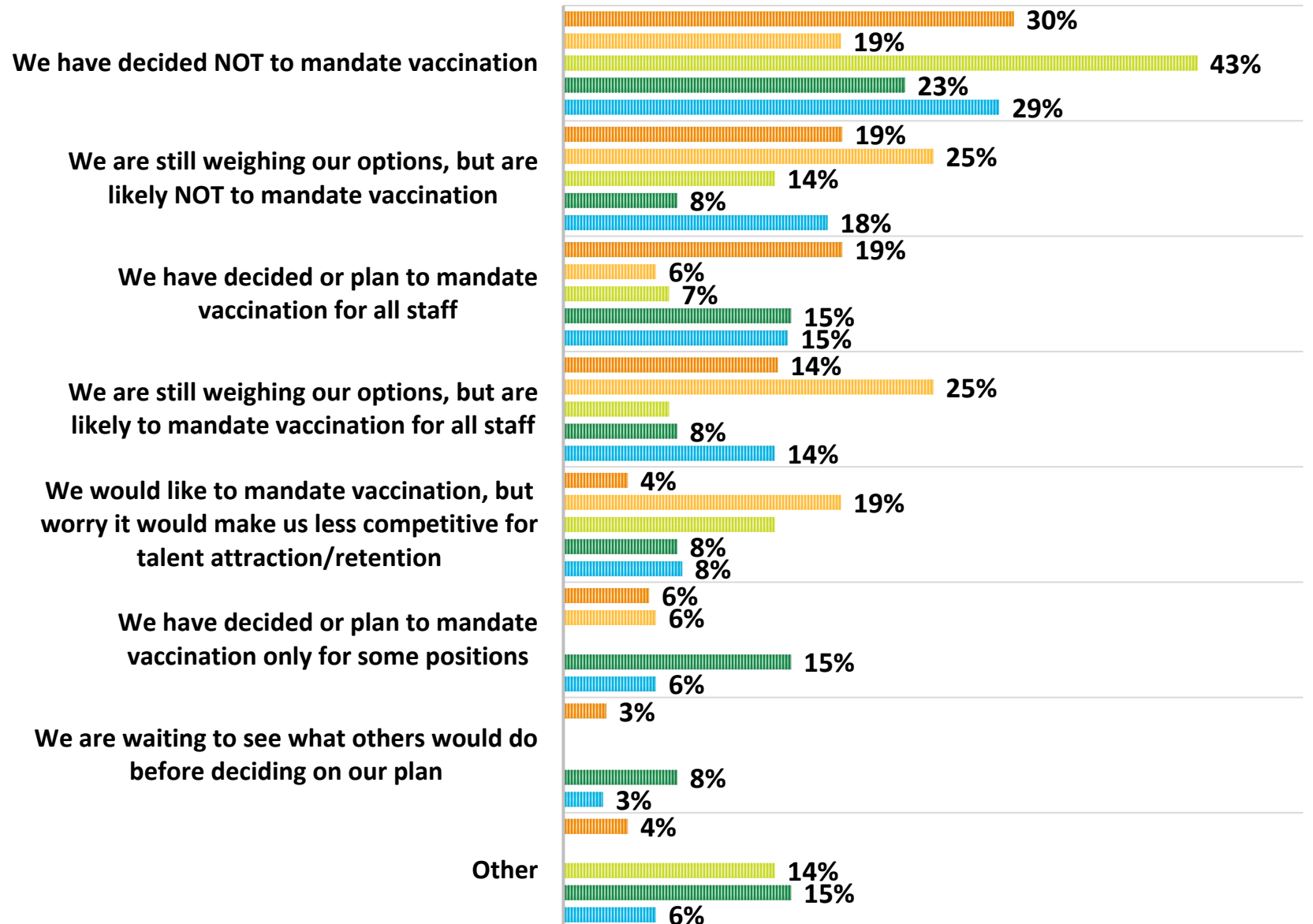
WITH RESPECT TO VACCINATION REQUIREMENTS, WHAT STATEMENT BEST DESCRIBES YOUR PLANS ?

Commentary: Close to half of all firms have decided or plan NOT to mandate vaccination, but only a third of the largest firms are likely to do the same.

Less than 30% of firms have decided or plan to mandate vaccination. The smallest firms are more likely to require vaccination.

Alternatives to vaccination mandate ("other" category) – while not broadly used – include strong encouragement, incentives, and/or frequent testing for nonvaccinated employees.

■ < 100 emp.
 ■ 101-250 emp.
 ■ 251-1000 emp.
 ■ 1000+ emp.
 ■ All



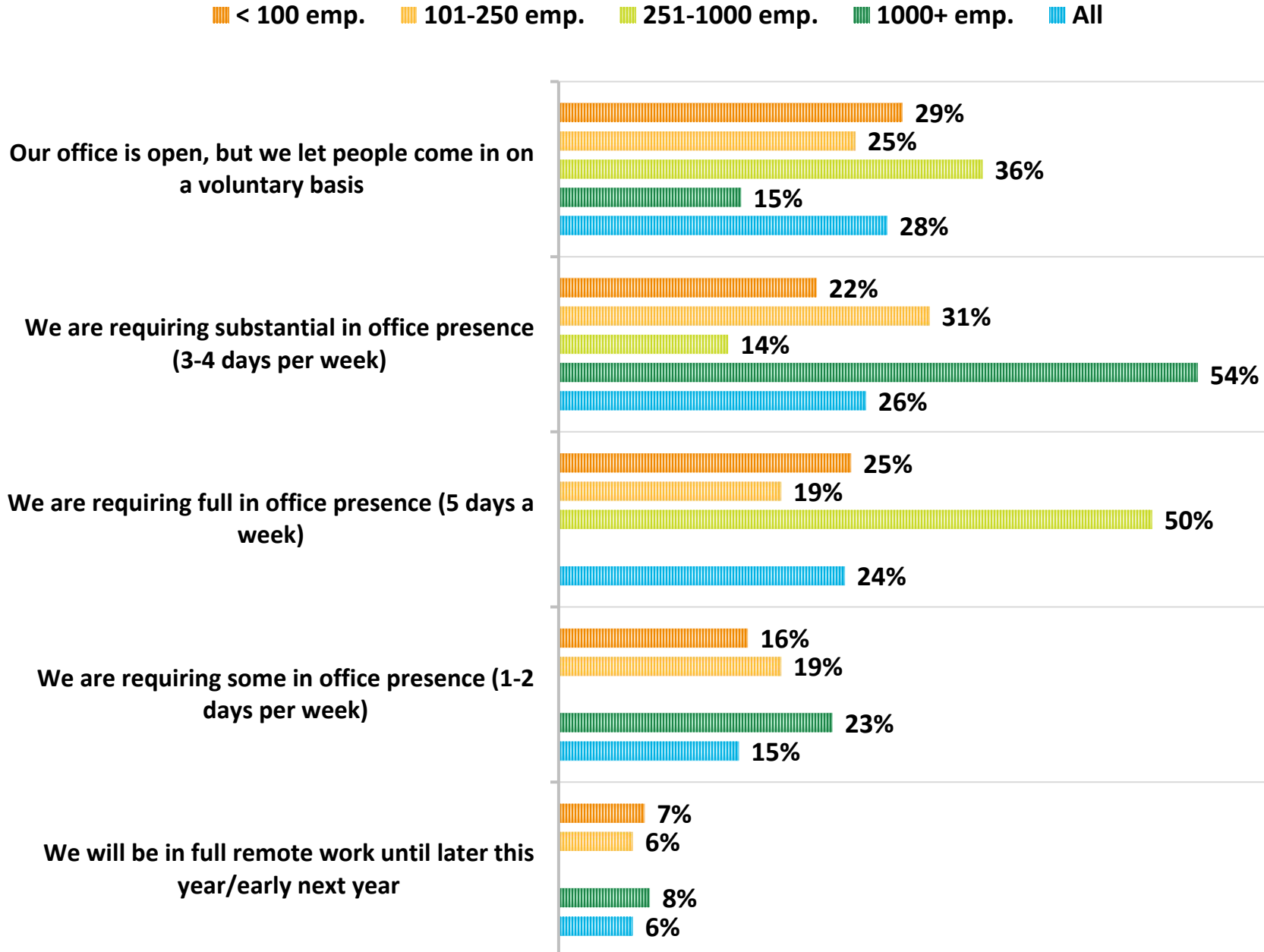
Note: 85% of the responses were collected prior to President Biden's announcement regarding vaccination requirements

WITH RESPECT TO RETURN TO THE WORKPLACE, WHAT STATEMENT BEST DESCRIBES YOUR CURRENT POLICY ?



Commentary: 6% of all firms have decided to continue in full remote mode for the rest of the year, and an additional 28% let employees decide whether or not they want to come into the office.

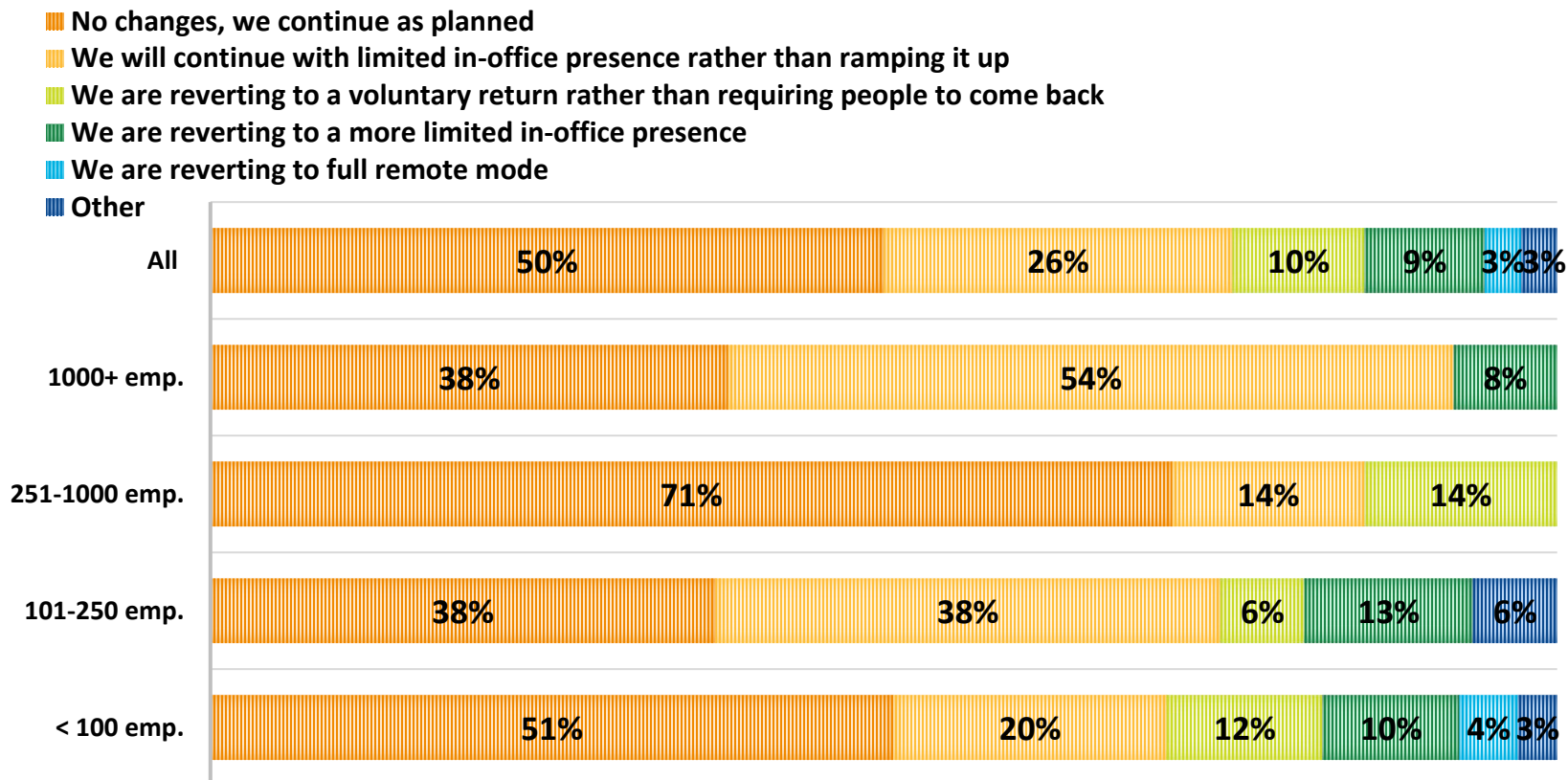
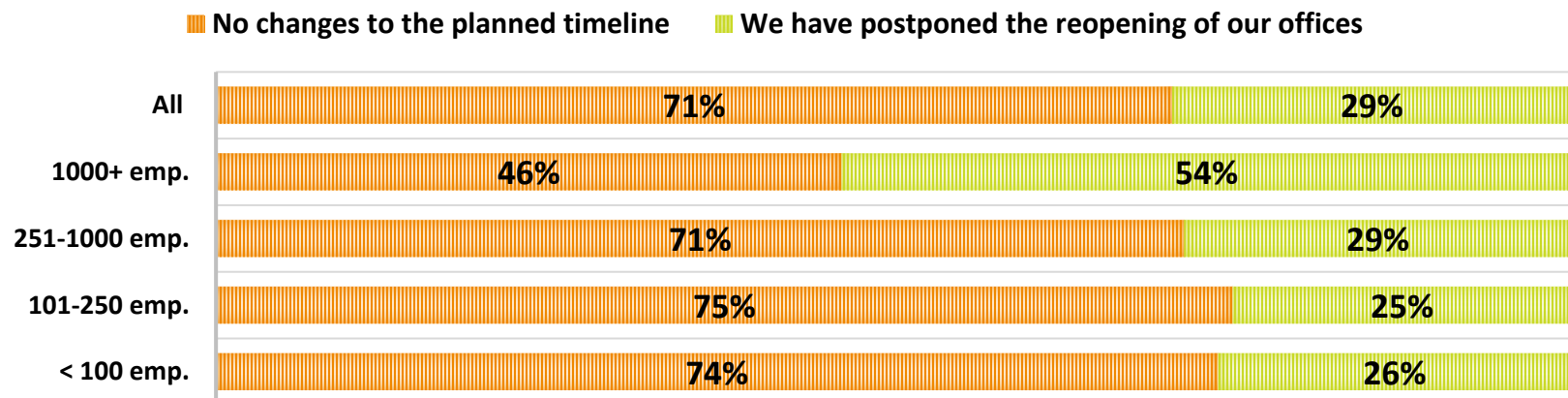
About a quarter of firms are requiring full time in office presence and additional 22% require 3-4 days in the office.



HAS THE TIMELINE FOR YOUR RETURN TO THE WORKPLACE AND THE WAY IN WHICH YOU ARE BRINGING PEOPLE BACK CHANGED BECAUSE OF DELTA ?

Commentary: Delta variant is making 29% of all businesses and 54% of the largest businesses postpone reopening their offices.

Due to Delta, about half of all businesses changed the way in which they bring people back – 26% continue with limited in-office presence, 19% are reverting to voluntary or limited in-office presence, and 3% are reverting to full remote mode.

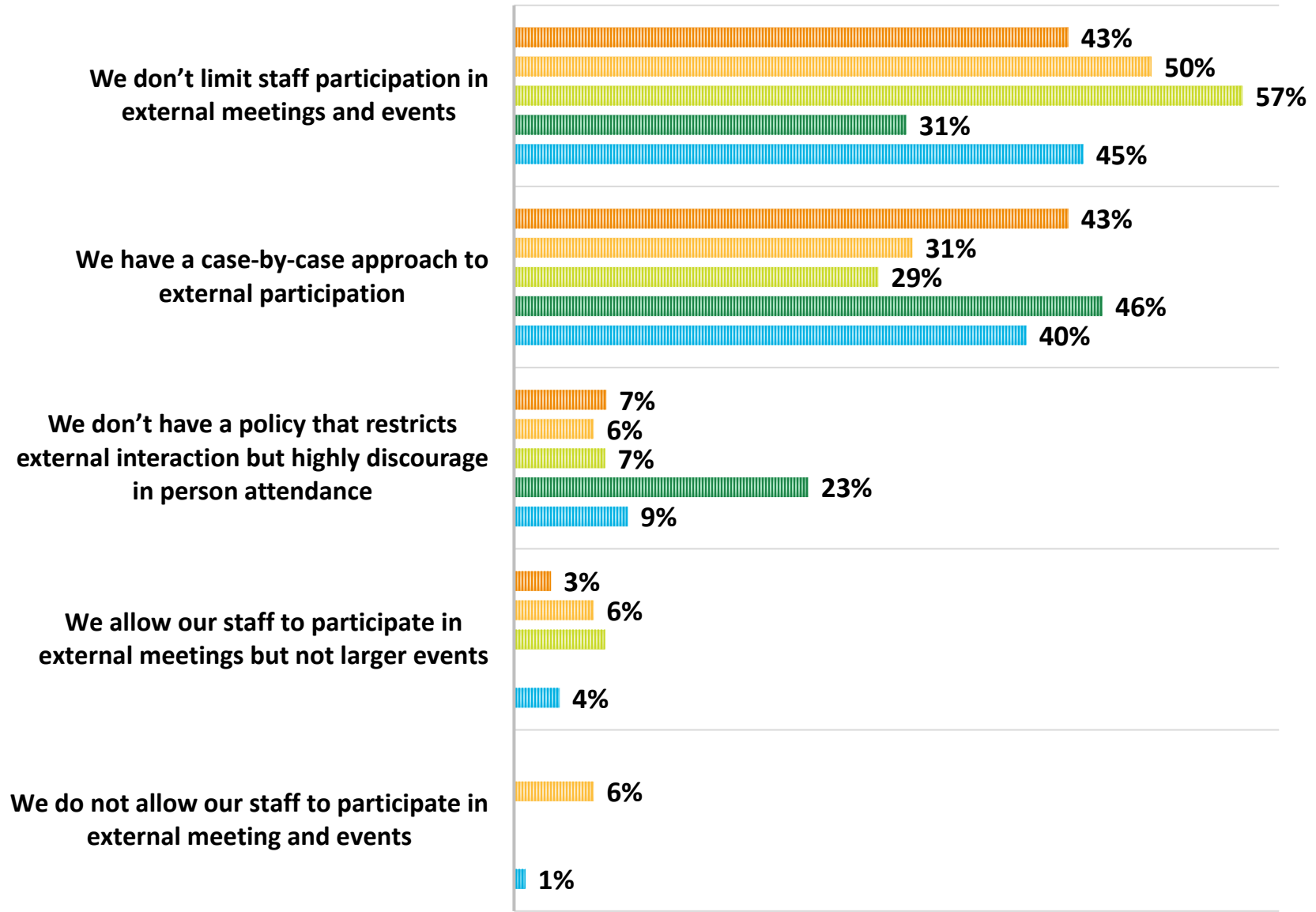


WITH RESPECT TO YOUR STAFF PARTICIPATION IN EXTERNAL MEETINGS & EVENTS, WHAT BEST DESCRIBES YOUR CURRENT POLICY ?

Commentary: About 45% of all businesses do not limit staff participation in external meetings or events while only 1% have policies that fully prevent participation in external functions.

Most that limit external interaction of their employees use a case-by-case approach (40%) or highly discourage in person attendance of external meetings and events (9%).

■ < 100 emp.
 ■ 101-250 emp.
 ■ 251-1000 emp.
 ■ 1000+ emp.
 ■ All



Staffing

Key takeaway: Talent availability continues to affect businesses in the region.

- While 80% of firms had job openings in Q3, close to a third saw a decrease in the applicant pool.
- Most firms reported difficulties in hiring for positions across skills levels: 3/4 struggled to fill low skilled positions and 2/3 reported difficulties to fill middle and highly skilled positions.
- Close to half of firms increased their wages since *May*.
- Overall, 57% of firms had no changes to their staffing levels while 29% increased and 15% decreased their staff count.

COMPARED TO LAST QUARTER, HOW DID YOUR STAFFING LEVELS CHANGE

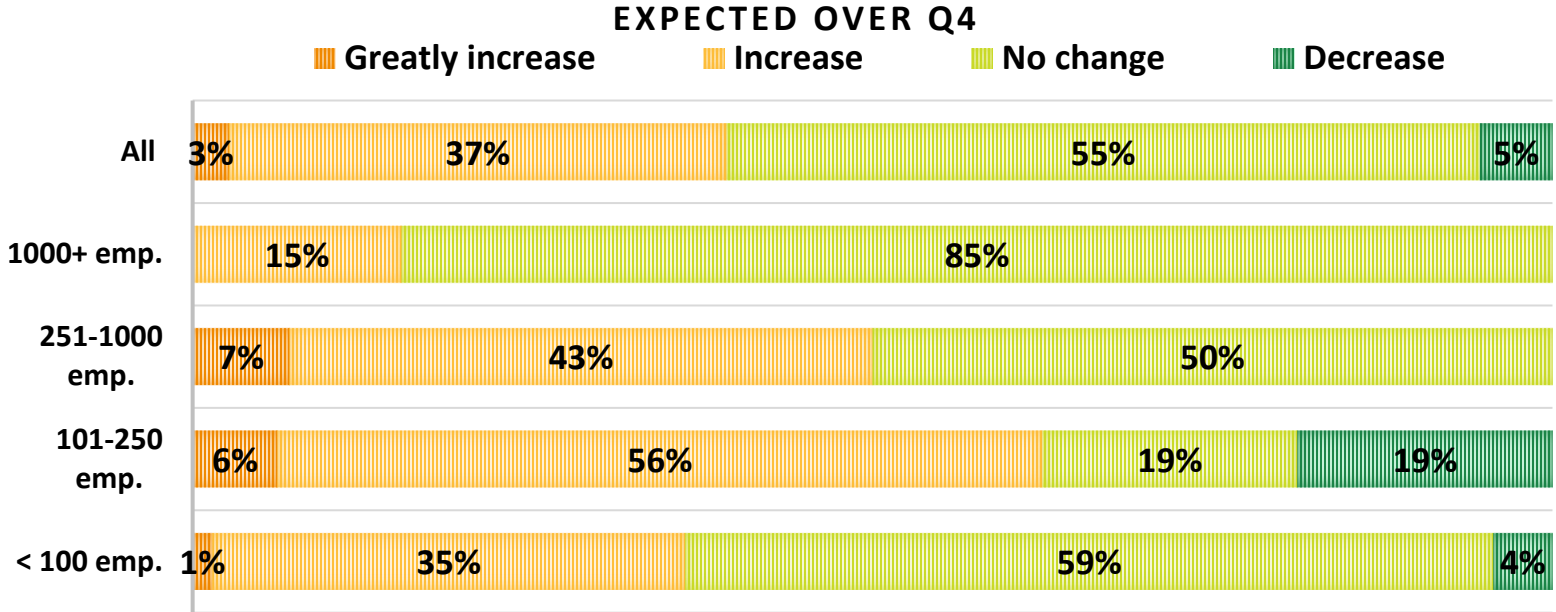
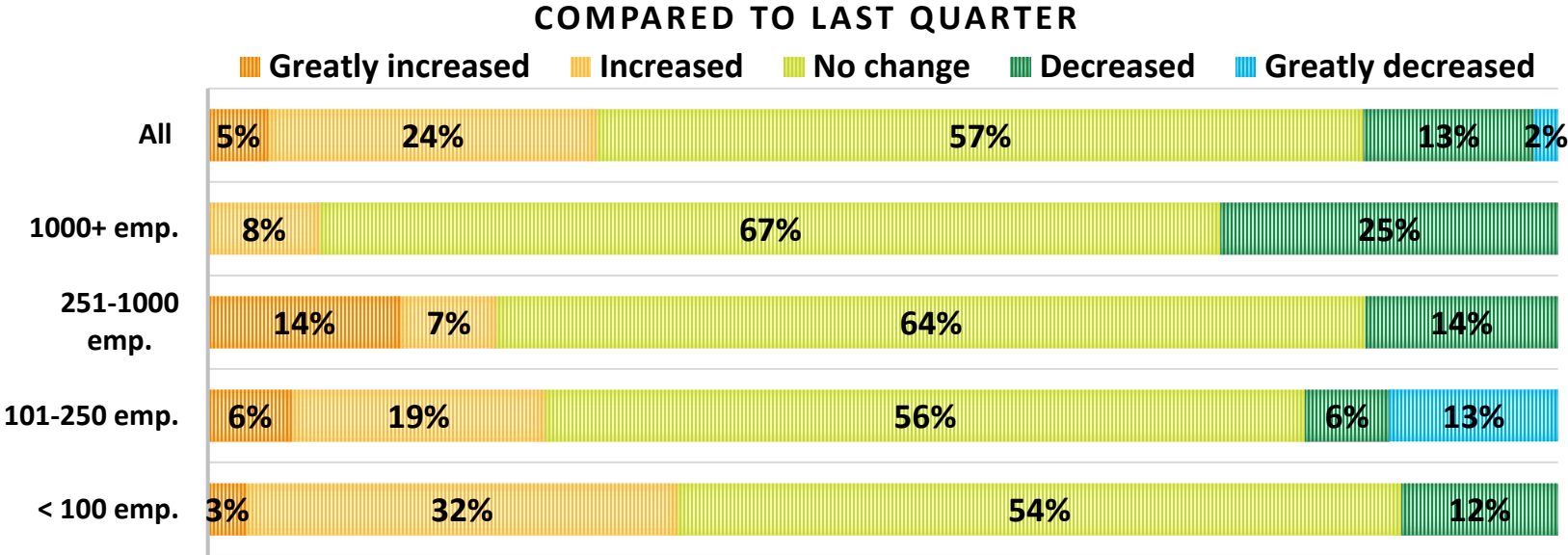


HOW DO YOU EXPECT YOUR STAFFING LEVELS TO CHANGE OVER Q4



Commentary: About 57% of firms had no changes to their staffing levels while 29% increased and 15% decreased their staff count. The smallest firms were more likely to increase their staffing while the largest were more likely to decrease it.

About 40% of all businesses, and 62% of mid-size business, expect staffing level to increase in Q4.



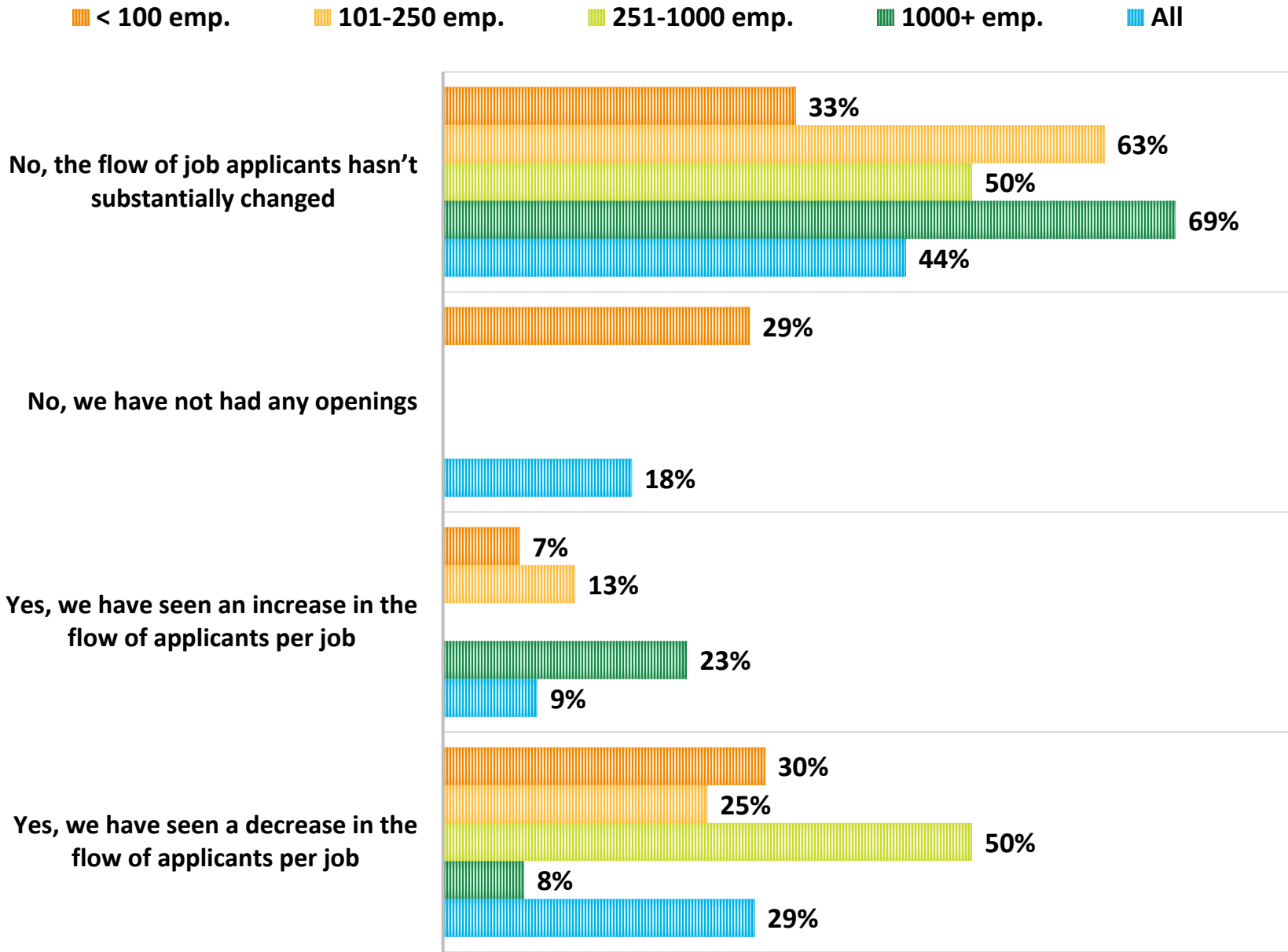
HAVE YOU SEEN ANY CHANGE SINCE MAY IN THE FLOW OF JOB APPLICANTS PER JOB OPENING AT YOUR FIRM ?



Commentary: Over 80% of businesses had job openings in Q3.

Of those, 44% did not see substantial changes to their applicant flow, 29% have seen a decrease in applicant flow while 9% saw an increase.

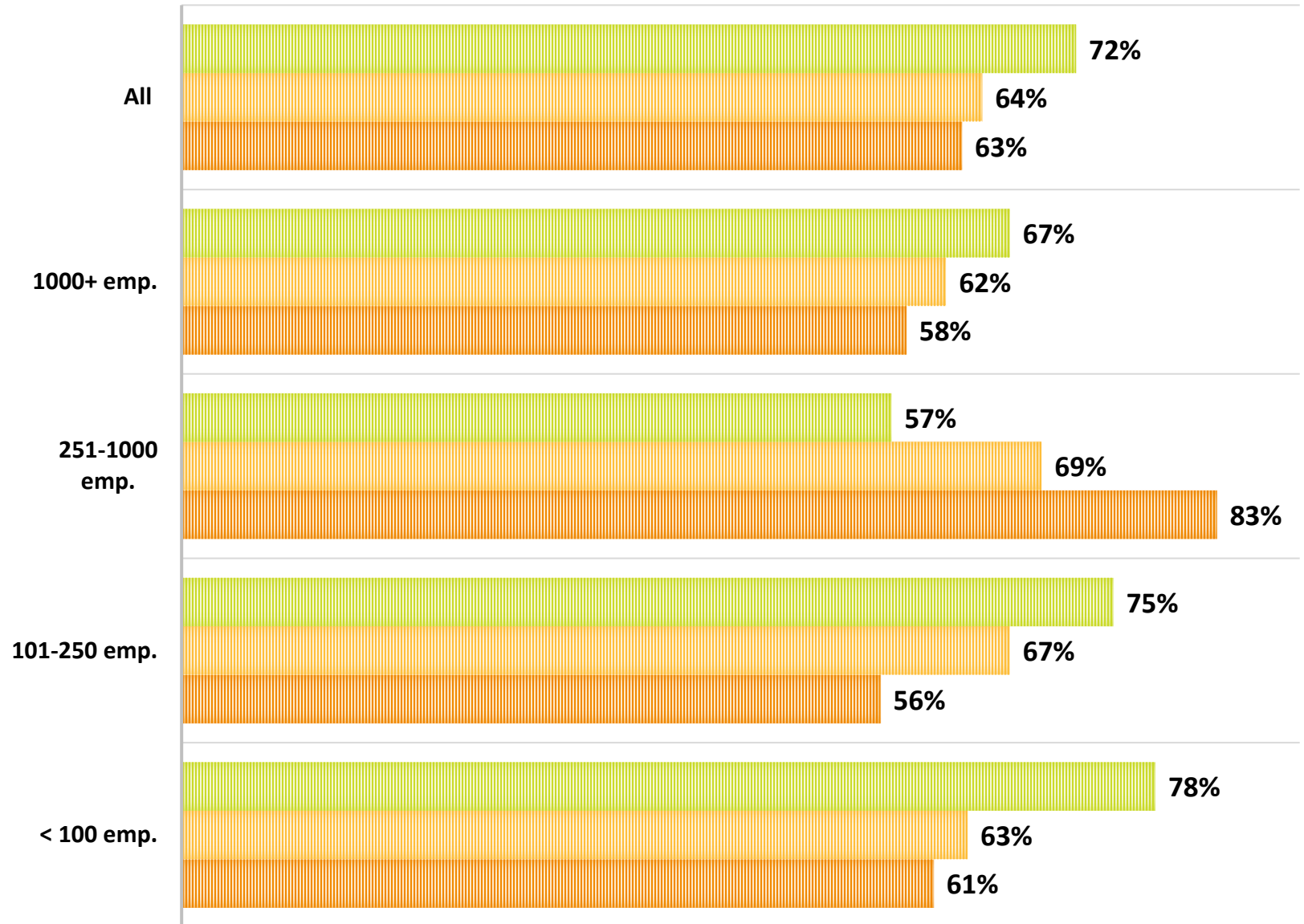
Firms with less than 1,000 employees were more likely to see decreases of applicants while the largest firms enjoyed a more steady or increased flow of applicants.



FOR POSITIONS YOUR FIRM HAS OR ATTEMPTED TO FILL SINCE MAY, HAVE YOU HAD DIFFICULTY HIRING WORKERS ACROSS SKILL POSITIONS?



■ YES for low skilled positions ■ YES for middle skilled positions ■ YES for highly skilled positions



Commentary: Most firms have continued experiencing difficulties in hiring for positions across skills levels.

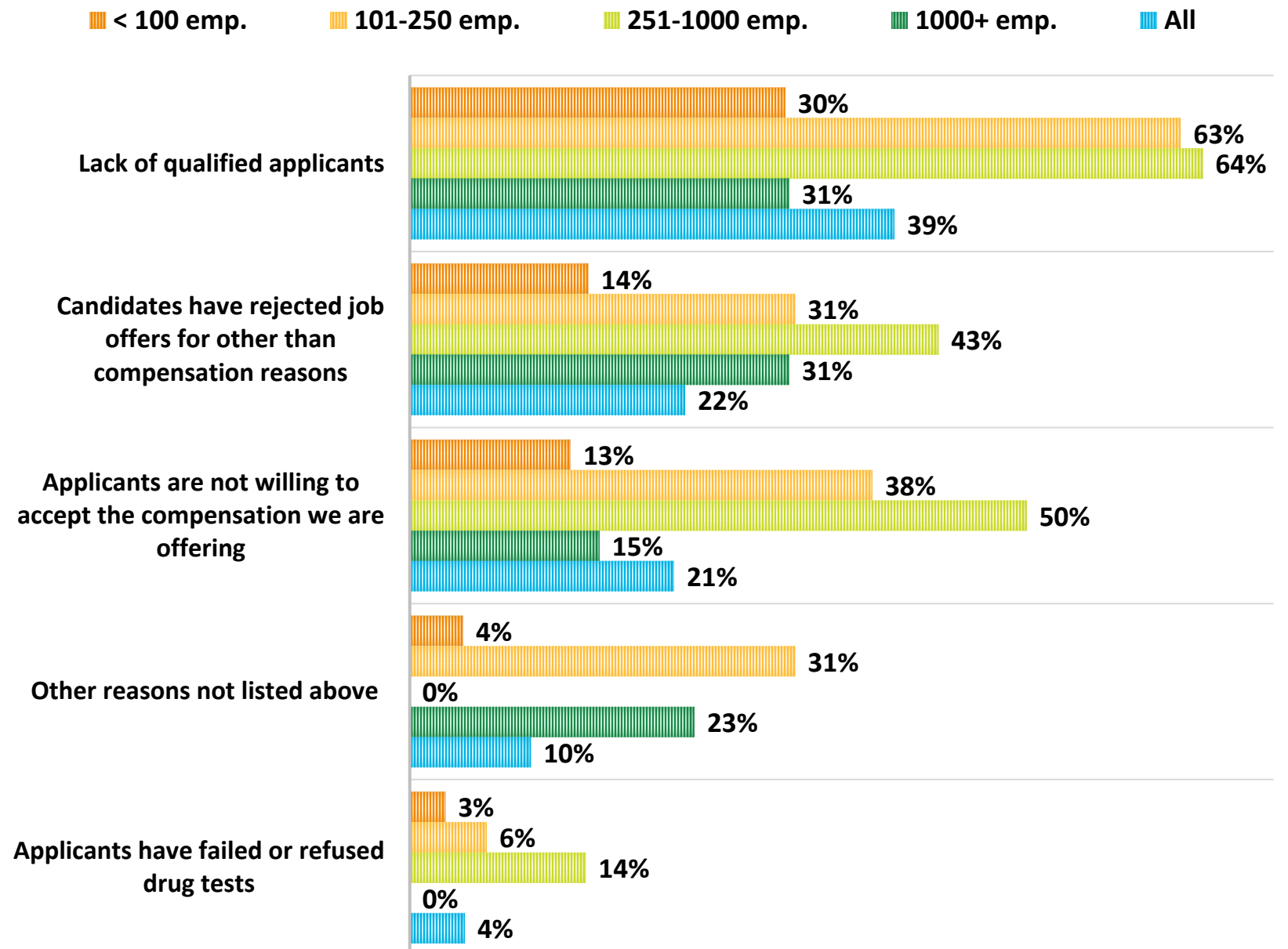
Close to 3/4 of all firms struggled to fill low skilled positions and 2/3 reported difficulties to fill middle and highly skilled positions.

Smaller firms were more likely struggle to fill low skilled positions, while larger firms had difficulties finding high skilled talent.

FOR POSITIONS YOUR FIRM HAS ATTEMPTED TO FILL SINCE MAY BUT HAD DIFFICULTY HIRING WORKERS, WHAT WERE THE REASONS ?

Commentary: Apart from a lack of qualified applicants, 21% of all firms (and 50% of large firms) had candidates not willing to accept offered compensation levels. Additional 22% had applicants that rejected job offers for reasons related to schedules, commute and overall flexibility (e.g. preferring remote work).

Not showing for interview or first day of work was among the most frequent other reasons that made hiring difficult for 10% of firms.

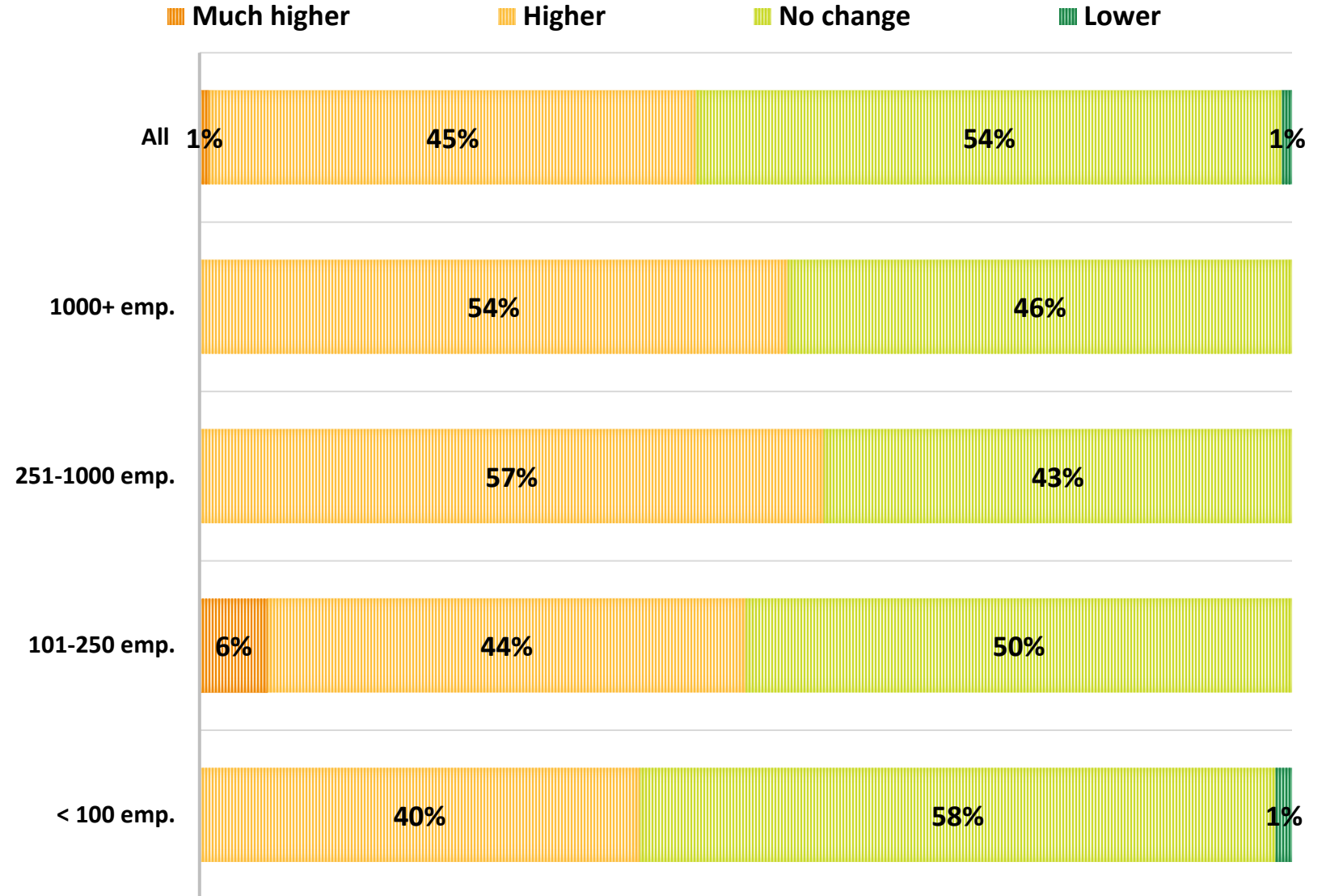


HOW HAVE THE WAGES YOU PAY CHANGED SINCE MAY?



Commentary: Close to half of firms increased their wages since May.

Larger firms were more likely to increase their wages. The only group reporting significant wage changes since May is firms with 101-250 employees; 6% of them say their wages are much higher.

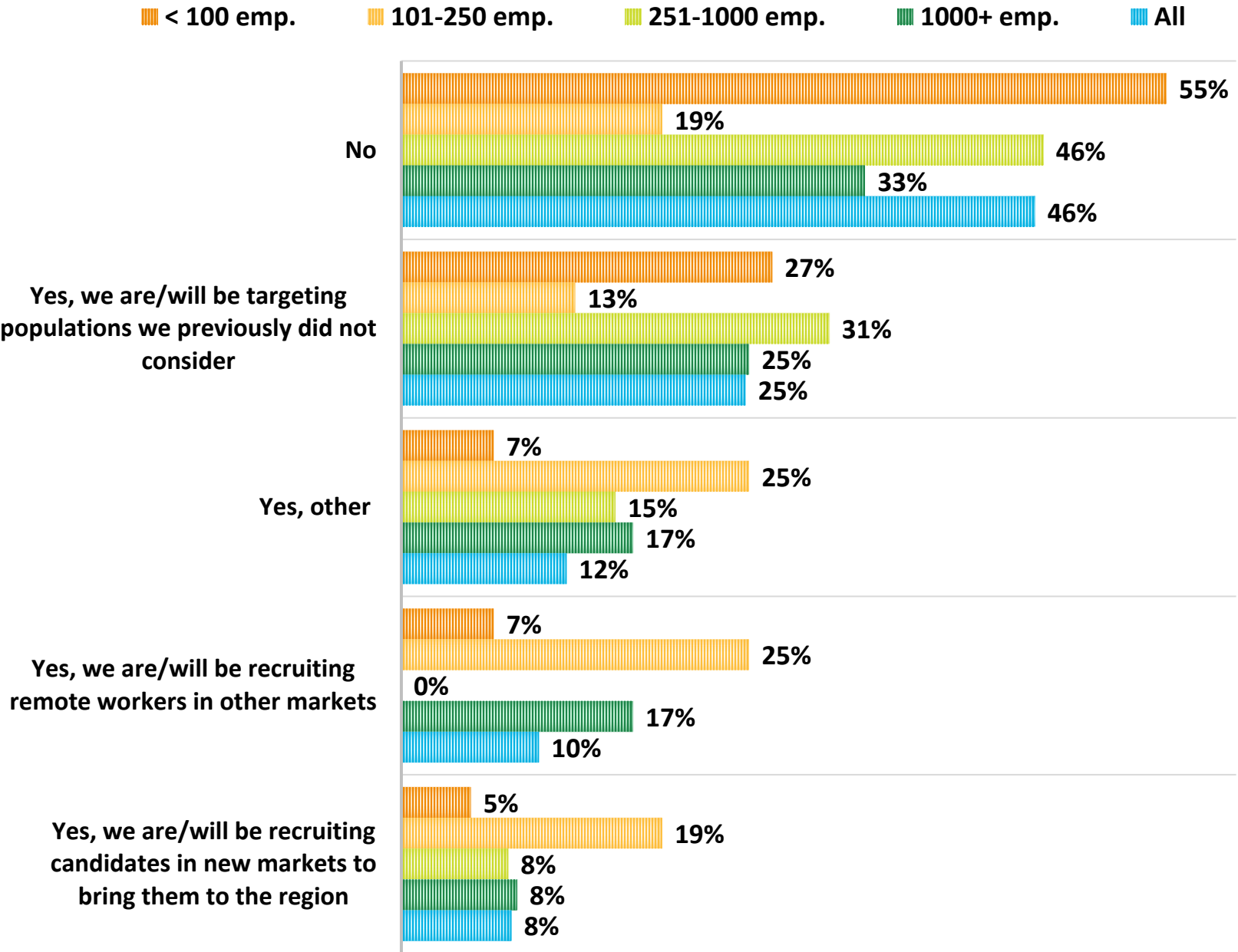


HAVE YOU OR DO YOU INTEND TO CHANGE YOUR RECRUITING PRACTICES IN RESPONSE TO YOUR HIRING CHALLENGES ?

Commentary: Despite reported hiring challenges, close to half of firms do not intend to change their recruitment practices.

Of those that do, 25% plan to target previously not considered populations (e.g. with lower skills set, from other sectors), 10% plan to hire remote workers in other areas and 8% plan to persuade candidates from other markets to move here.

Other strategies sought by 12% of firms include use of financial incentives and expanding internal recruitment capacity and expertise.



Demand and Capital Investment

Key takeaway: Both past and expected demand for products and services continue to trend upwards. Compared to the first half of 2021, capital investments for Q3 and Q4 are expected to improve for a third of firms and remain stable for 56% of businesses.

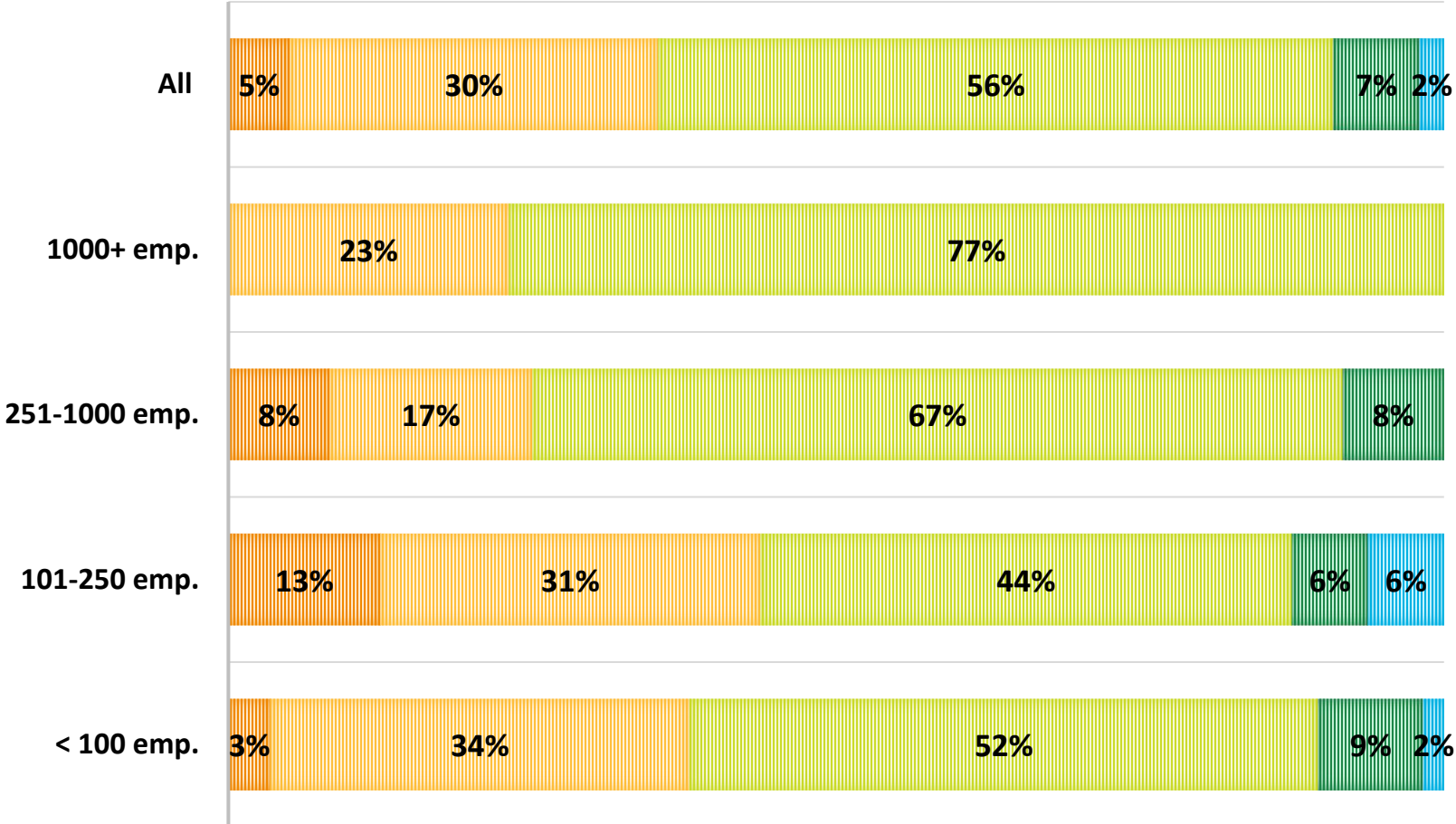
WITH RESPECT TO YOUR Q3-Q4 CAPITAL INVESTMENT, WHAT CHANGES COMPARED TO Q1-Q2 DO YOU ANTICIPATE ?



Commentary: About a third of all firms anticipate their capital investments in the second half of 2021 will be stronger than in the first half of the year, while 9% expect the opposite.

Smaller firms are more likely to see both capex increase and decrease in the second half of the year while larger firms expect some increases, or no change compared to Q1-Q2.

- Greatly increased anticipated investments
- Increased anticipated investments
- No change
- Decreased anticipated investments
- Greatly decreased anticipated investments



HOW HAS CUSTOMER DEMAND FOR YOUR PRODUCTS OR SERVICES CHANGED IN THE LAST TWO MONTHS

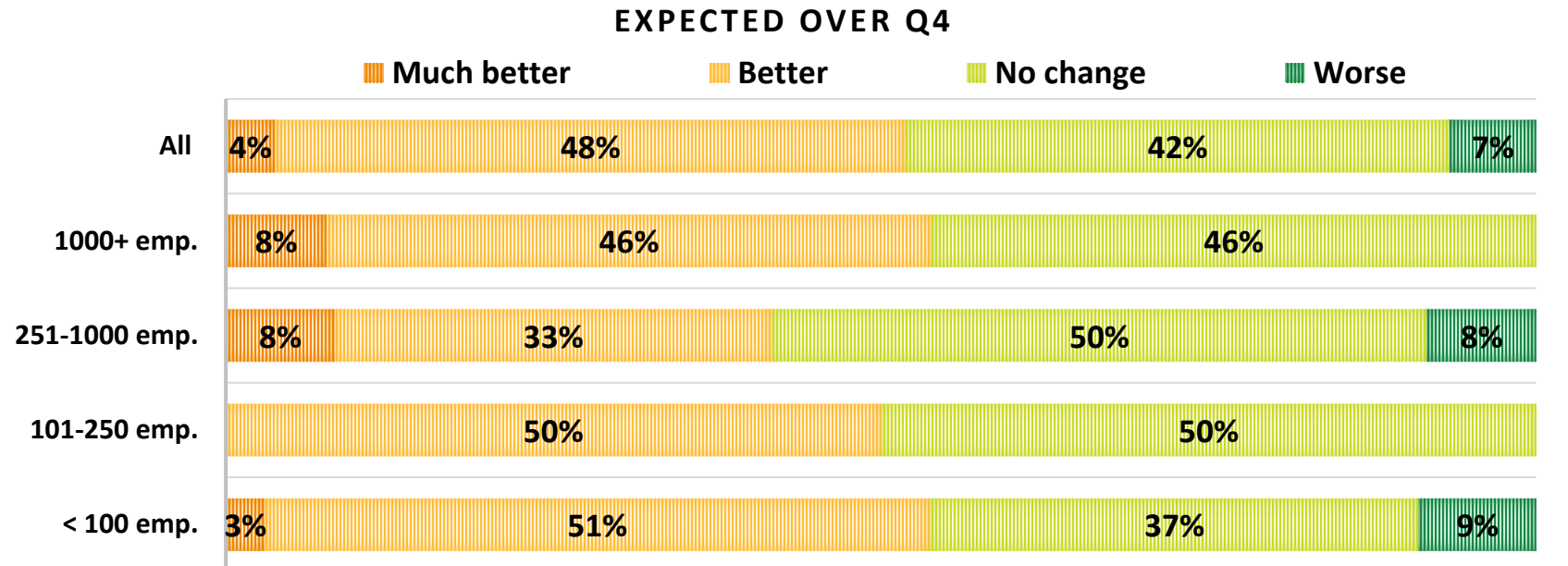
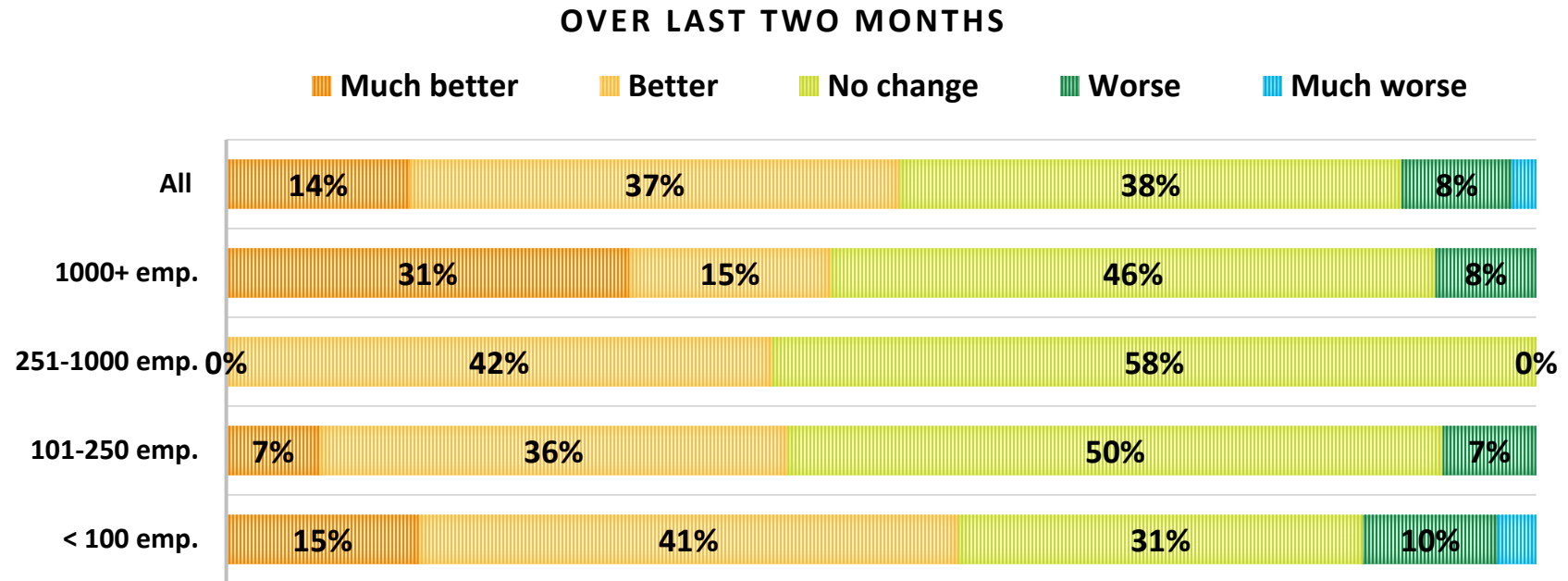


HOW DO YOU EXPECT CUSTOMER DEMAND TO CHANGE OVER Q4



Commentary: Demand strengthened for more than a half of all firms over the summer. The smallest businesses were more likely to see uptick in their demand.

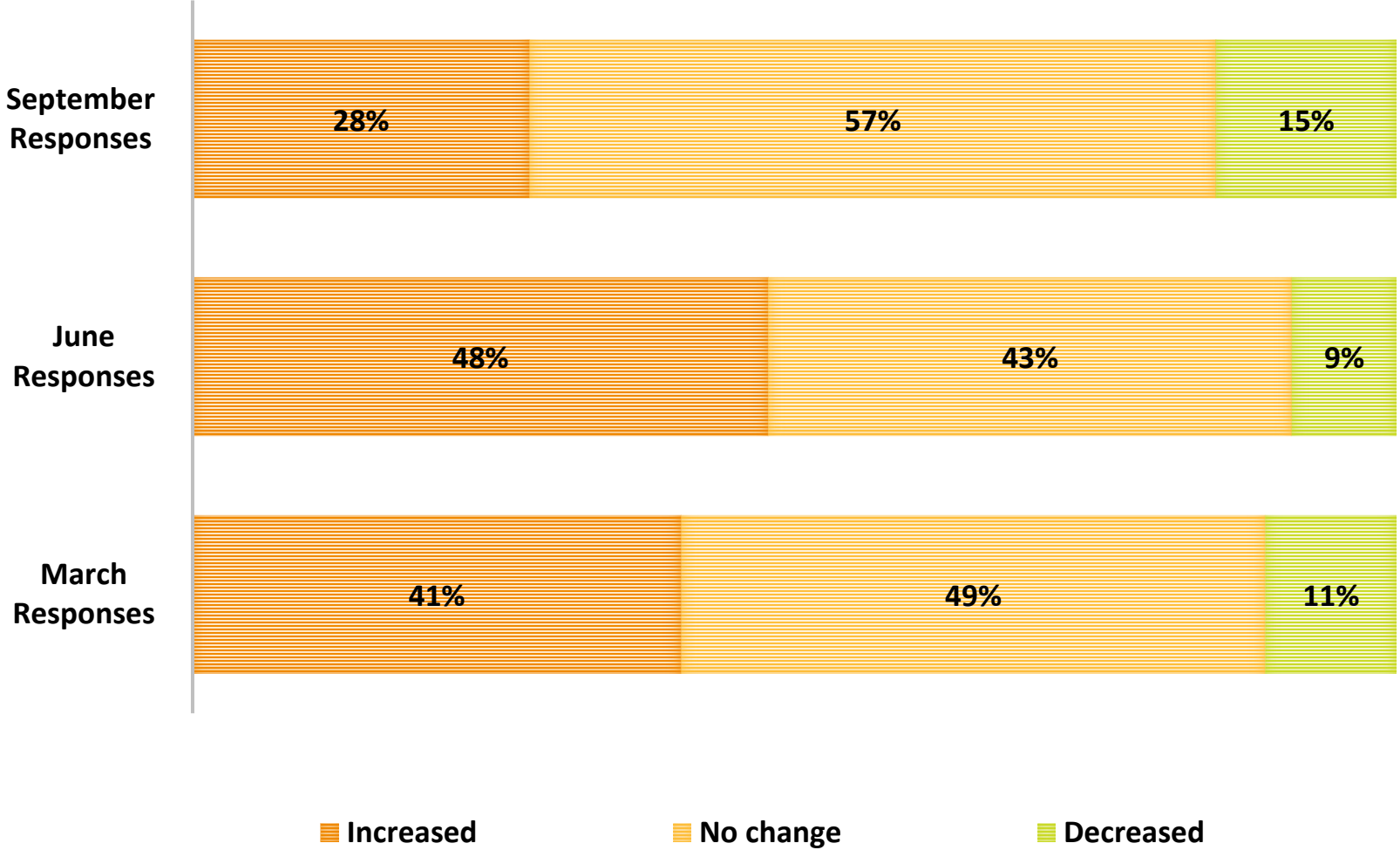
More than half of firms expect demand to strengthen over Q4 while 7% foresee a decline in demand for their products and services in the last quarter of 2021.



Appendix – Staffing Trends Comparison

Background: Several questions from this survey were also included in March 2021 and June 2021 PELGP assessments of business conditions. The comparison of the responses from Q1, Q2 and Q3 is included in this appendix. However, it is important to note that the respondent **samples were not of equal size**; the Q1 and Q2 responses were collected from predominately larger firms.

COMPARED TO LAST
QUARTER, HOW DID
STAFFING LEVELS
CHANGE



n (March) = 37; n (June) = 23; n (September) = 112

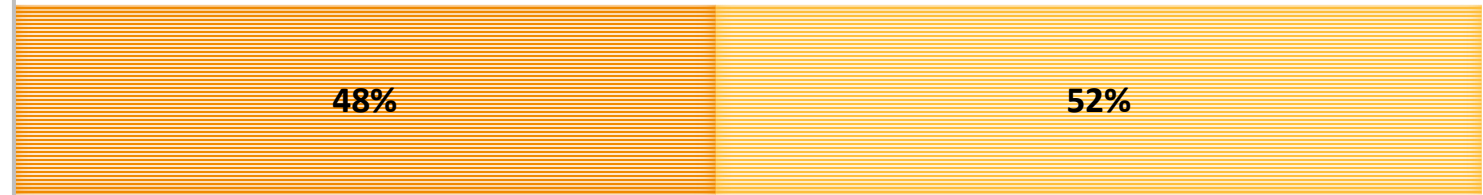
HOW DO YOU EXPECT
YOUR STAFFING LEVELS
TO CHANGE OVER THE
NEXT QUARTER



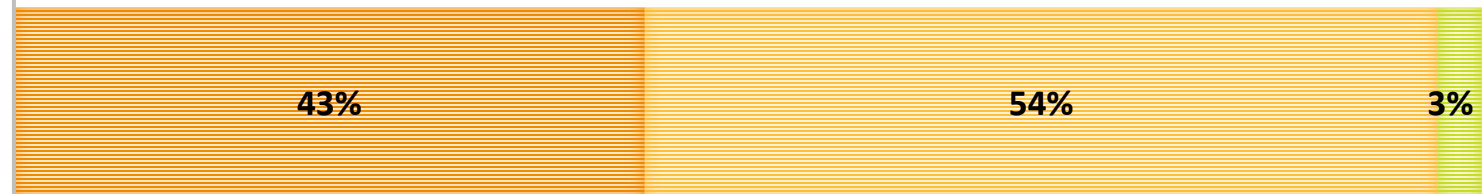
September
Responses



June
Responses



March
Responses



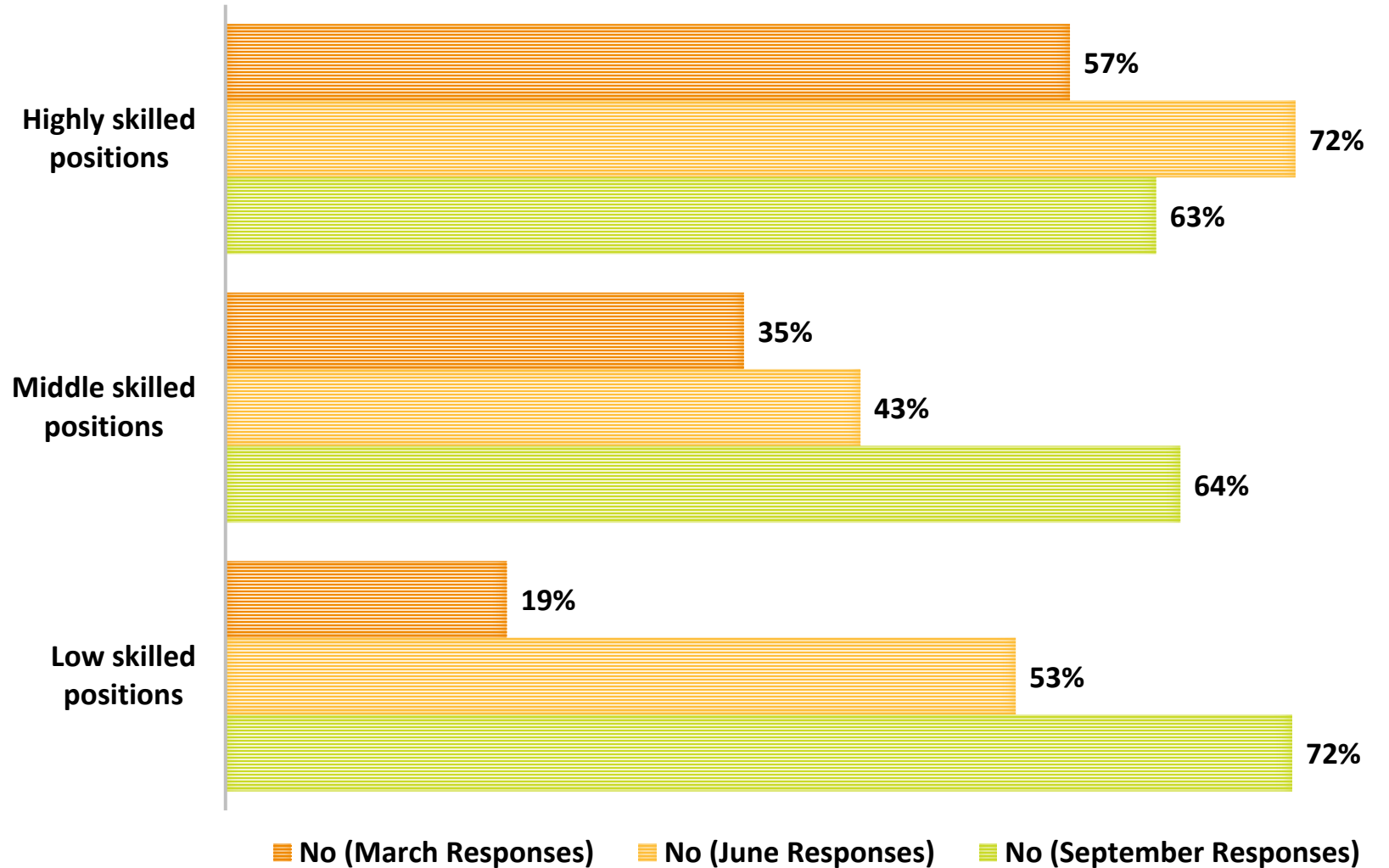
■ Increase

■ No change

■ Decrease

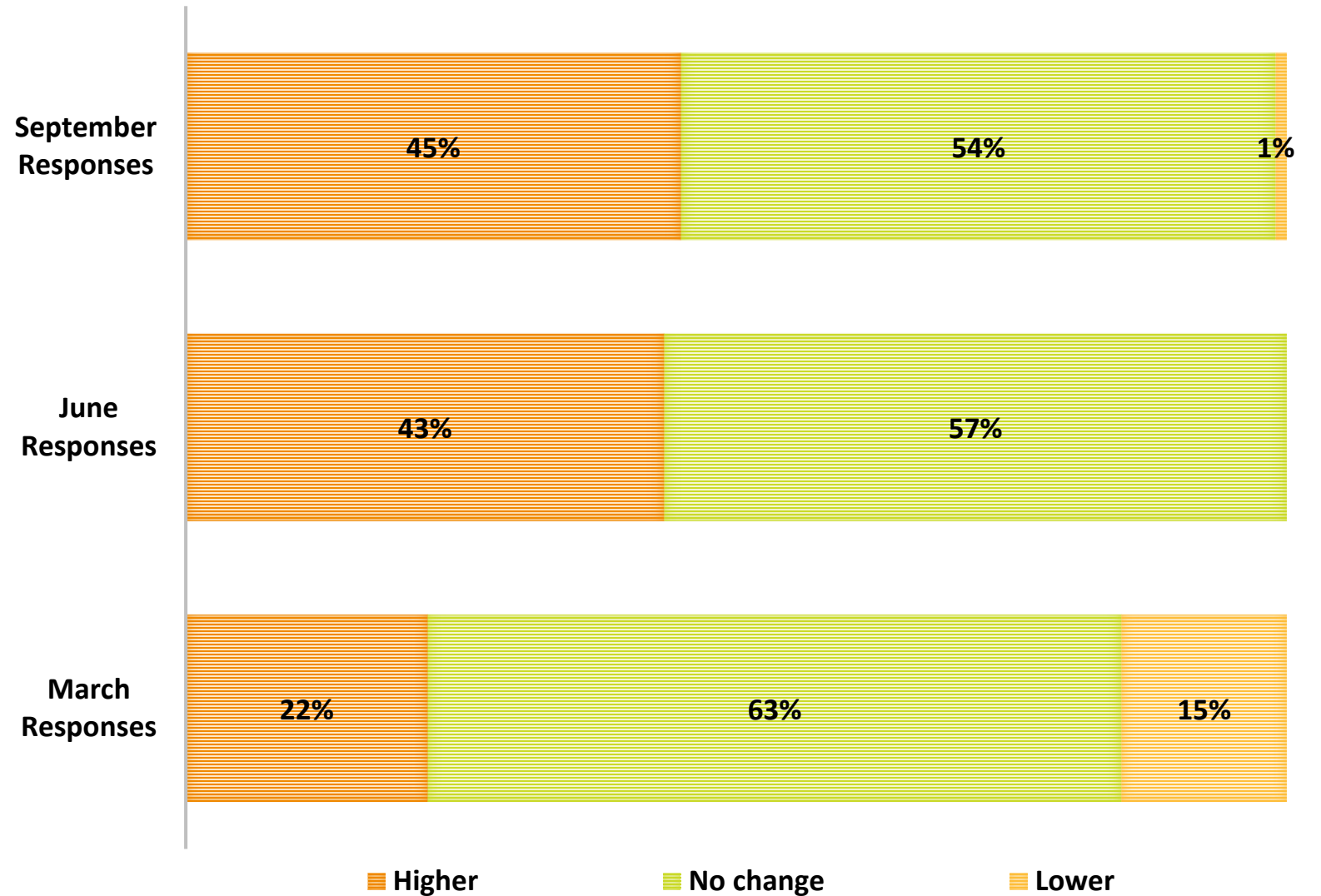
n (March) = 37; n (June) = 23; n (September) = 112

DO YOU HAVE ENOUGH
QUALITY APPLICANTS
WITH THE SKILLS YOU
SEEK FOR YOUR OPEN
POSITIONS



n (March) = 37; n (June) = 23; n (September) = 112

HOW HAVE THE WAGES
YOU PAY CHANGED
DURING THE LAST
QUARTER



n (March) = 37; n (June) = 23; n (September) = 112

HAVE YOU OR DO YOU
INTEND TO CHANGE YOUR
RECRUITING PRACTICES



- No
- Yes – we are/will be targeting populations we previously did not consider
- Yes - other strategies
- Yes – we are/will be recruiting remote workers in other markets
- Yes – we are/will be recruiting candidates in new markets to bring them to the region

n (March) = 37; n (June) = 23; n (September) = 112