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Idaho Employer Business Climate Survey

Idaho Department of Labor
Research and Communications Bureau

December 2024



Idaho Employer Business Climate Survey, 2024

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Authors and project partners

This survey and accompanying report were the collaborative effort of the Idaho Department of Labor's regional labor economist team.

The regional labor economist team comprises six members who each cover one of the labor market areas in Idaho from each region's main office in addition to their supervisor stationed at the central office in Boise:

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Executive summary

This report presents the results of the second Idaho Business Climate Survey conducted by the Idaho Department of Labor. The intent is to measure and understand the top concerns of Idaho businesses and the current and near-term outlook of Idaho's labor market and economy in real time on an annual basis.

Idaho's economy has been undergoing a transition in the past decade. Its labor and housing markets have been among the hottest in the country due to its strong economy. Idaho was among the first to experience trends of a tight labor market, aging demographics and changing work set ups for companies and their employees enabled by technological advancements. The COVID-19 pandemic in 2020 accelerated these trends and seemed to make them permanent. Slow workplace transformations have been replaced by dynamic and fast-paced shifts that are rewriting norms.

Data from the U.S. Census Bureau, the U.S. Bureau of Labor Statistics and other sources that can be used to explain these shifts takes time to be gathered, analyzed and distributed, if it is available at all. This survey captured information in real time. It was developed as a method to resolve questions for which there is scarce data and knowledge. The results establish a benchmark for an annual survey with the same questions to measure changes and understand shifts in the economic landscape for employers.

The survey asked a series of core questions to gauge views on the current and near-term future of Idaho's labor market and economy. Additional questions to enhance the survey's investigation of the business climate includes the following:

- Top business concerns and reasons for labor turnover.
- Demand for current and future employee skills.
- The workplace arrangements of employees.

Key takeaways

- 45% of respondents reported their employment neither grew nor shrunk the past five years despite the COVID-19 pandemic while 50% of respondents expected to gain workers over the next five years.
 - Expectations for future employment growth were correlated with the experience of the past five years. Generally, businesses expecting future growth were those who had grown through the pandemic, while those expecting future reductions also experienced recent reductions. However, this correlation was weaker than in 2023. It appears as the economy has slowed expectations have tempered as well.
- Almost half of respondents (47%) had a top concern involving labor, either high turnover or the supply/cost of workers.
 - Labor concerns were prevalent across both goods- and service-producing

- industries.
- Other top concerns included economic uncertainty; supply or cost of nonlabor inputs; and taxes, regulations and other public policies.
- 46% of respondents cited job switching as the top reason for labor turnover.
 - Job switching was a commonly cited top reason among goods- producing industries as well as several customer-facing service industries.
 - Retail trade, manufacturing, and health care and social assistance had the greatest share of cited employees leaving to return to school or enroll in a job training program.
 - Retirements were the fastest growing reason for labor turnover from 2023-2024.
 - Only 15% of respondents cited an employer-initiated decision as a top reason for labor turnover such as discharge/termination or internal promotion.
- Idaho employers continue to see deficiencies in workers' soft skills and expect their need for these skills to grow.
 - Leadership/managerial and time management skills were top ranked in current skills deficiencies and will be a growing need over the next five years.
 - Job-specific English, reading and writing, as well as math, appear to be least deficient of the skills considered, the same as in 2023.
- About nine out of 10 people who work for an Idaho employer do so in person instead of remotely or hybrid.
 - Industries with a larger share of remote and hybrid workers included those centered around the creation, exchange and curation of knowledge and data.
 - Industries with a smaller share of hybrid or remote workers included goods-producing industries as well as many typically customer-facing service industries.
 - Following national trends, remote work is being pulled back in favor of hybrid work arrangements.

Business climate and core concerns

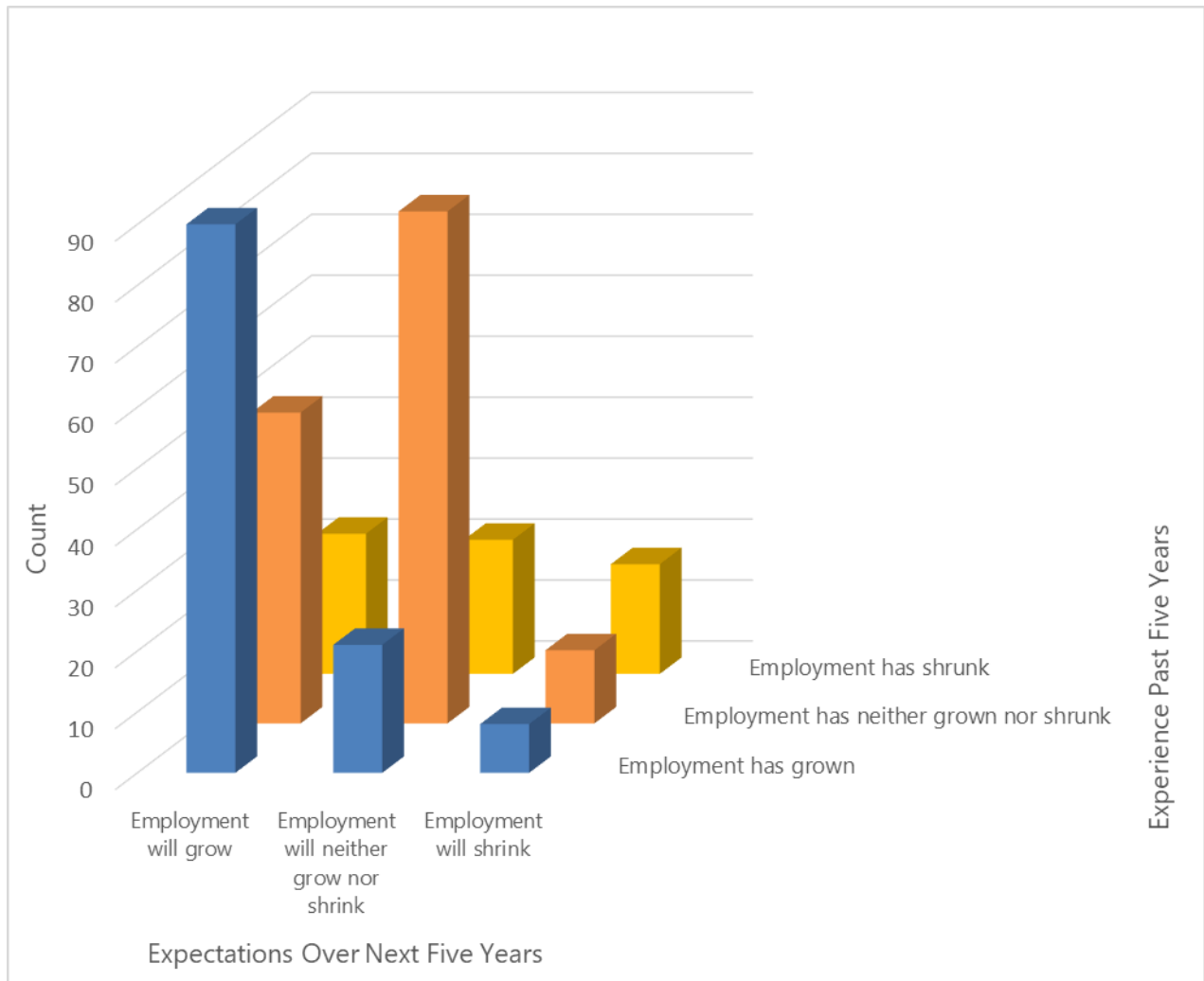
The state's regional labor economist team wanted to learn about the experience of Idaho employers during the COVID-19 pandemic and how it might affect their expectations over the next several years with the pandemic now behind us. The survey focused on changes in employment levels and asked respondents two questions: 1.) "Has your employment grown or shrunk over the past five years?"; and 2.) "What expectations do you have for changes in your employment over the next five years?" Figure 4 provides a three-dimensional bar graph of responses to the two questions.

Looking at Idaho entrepreneurs' experiences over the past five years, the largest share of respondents reported employment having neither increased nor decreased (45%), followed by those who said employment grew (36%). However, over a quarter of respondents reported employment shrunk since the onset of the pandemic (19%).

Yet Idaho business owners are still feeling confident about their employment outlook, as half of respondents expected their business' employment to grow over the next five years (50%), followed by those who expected no change (39%) and finally those who expected employment to shrink (11%). Industries with relatively more pessimistic employment outlooks were construction, health care and social assistance, educational services, and finance and insurance. Respondents expecting employment to grow dropped 6% while respondents expecting either no change or for employment to shrink grew 4% and 2% respectively. Overall, while entrepreneurs are still expecting employment growth, it appears that expectations are more tempered than 2023.

Finally, as seen in Figure 4, future employment expectations appear somewhat correlated with the business' past employment experience. A majority of respondents expecting employment growth said their employment has grown in the past five years. Similarly, a majority of respondents expecting neither growth nor shrinkage also said their employment neither grew nor shrunk over the past five years. Continuing the trend, a majority of respondents with negative employment outlooks were those who said they lost workers in the past five years.

Figure 4: Past and future expected employment change



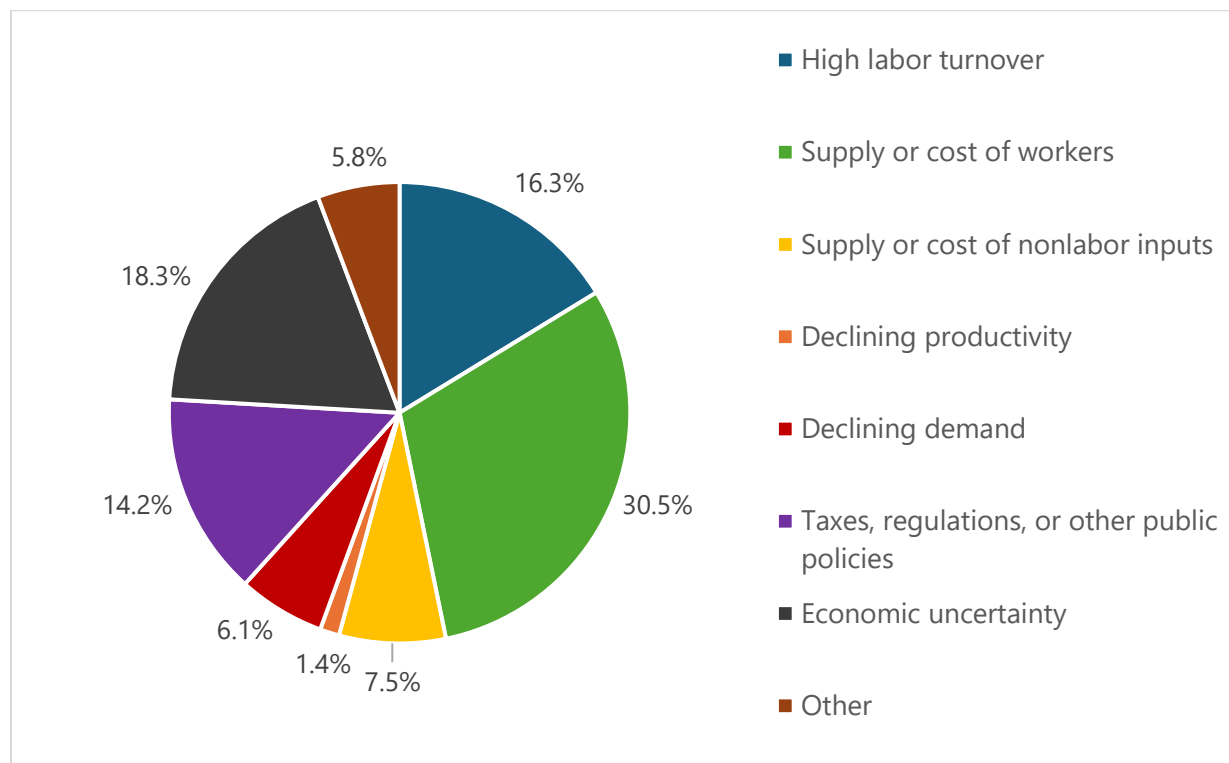
Source: 2024 Idaho Business Climate Survey

Top business concerns

Even before the pandemic, the department was hearing about labor concerns from local businesses, but wanted to know if these concerns were widespread. To quantify this, survey respondents were asked to rank eight business concerns in the order of importance along with the option to provide an open-ended response to the concern if they wished to elaborate further. Figure 5 provides a breakdown of respondents’ top concern by rank.

Almost half of respondents who answered the question reported some labor-related issue as their top concern, with 30.5% choosing “Supply or cost of workers” and 16% selecting “High labor turnover.” This corroborates ongoing trends of a tight labor market even with the rising unemployment rate. Common open-ended responses included fierce competition among employers for talent, rising operating costs, widespread job switching as workers shop for more attractive pay and benefits, in addition to poor talent pipelines for certain specialized occupations within the state.

Figure 5: Top business concerns



Source: 2024 Idaho Business Climate Survey

Note: Numbers represent re-weighted sample based on respondent industry and the number of known establishments from the 2023 Quarterly Census of Employment and Wage

Several industries indicated labor turnover and the supply of workers as their top concerns, as shown in Figure 6.

Figure 6: Top concern as % of respondents

Industry	Labor turnover	Supply of workers
Health care and social assistance	35%	30%
Construction	14.6%	40%
Educational services	13.3%	40%
Other services (except public administration)	18.8%	31.1%
Utilities	25%	25%
Retail trade	16.1%	32%

Source: 2024 Idaho Business Climate Survey

The most common concern unrelated to labor was “Economic uncertainty” at 18.3%. This survey was conducted in August 2024, a month before the first interest rate cut since March 2020 was on the horizon but was unknown to respondents at the time. Interest rate cuts weren’t the only factor as 2024 was also an election year, which brought uncertainty and anxiety to both firms and consumers. In their open-ended responses, many respondents who selected economic uncertainty as their top concern cited recession worries, government over spending, changing taxes and regulations, and potential political or civil unrest with the election.

Among the industries where economic uncertainty was the top concern were finance and insurance (42.9% of industry respondents); real estate, rental and leasing (41.7%); and manufacturing (33.3%).

Rounding out respondents’ top concerns by share were “Taxes, regulations, and other public policies” with 14.2% of respondents, “Supply or cost of nonlabor inputs” at 7.5%, “Declining demand” at 6.1%, and “Declining productivity” at 1.4%.

Reasons for labor turnover

When considering the cause of high labor turnover, it is important to note the decision of a worker to separate from their job or an employer to let an employee go is complex and personal, so the department included a similar ranking question.

Respondents were asked to rank nine possible reasons for labor turnover at their business along with the ability to provide open-ended responses if they desired to elaborate. Figure 7 provides a pie chart of respondents’ top reason for churn among their workers.

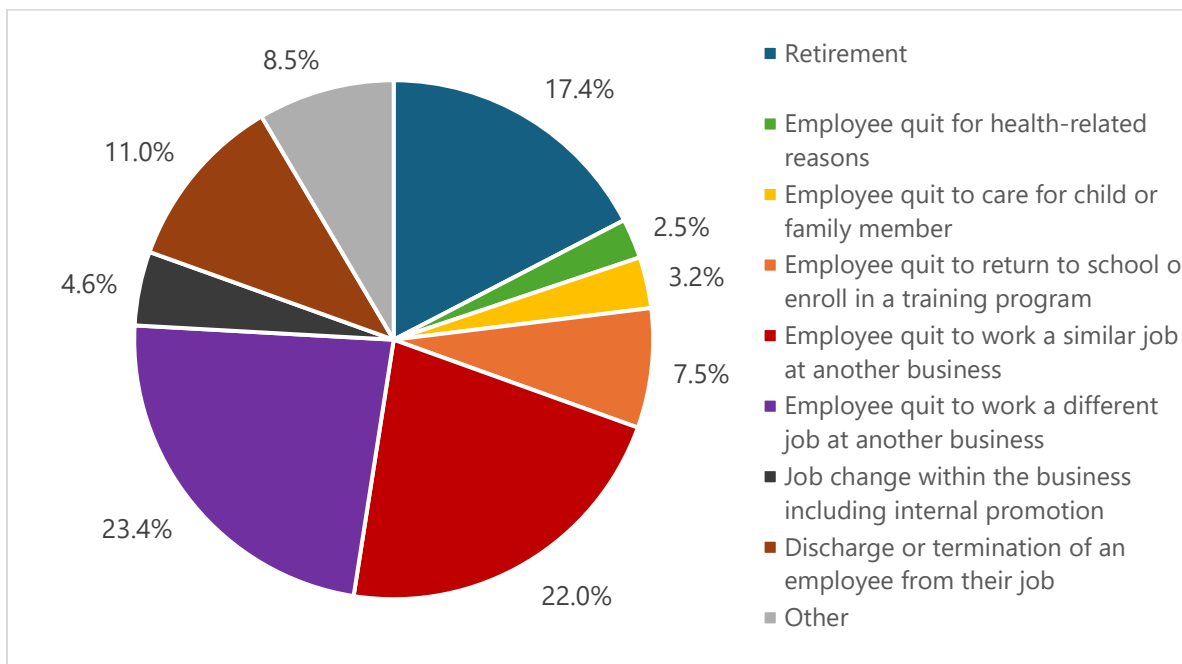
Most respondents cited some form of job switching as the main reason for labor turnover, with

23.4% citing “Employee quit to work a different job at another business,” and 22% citing “Employee quit to work a similar job at another business.” This is consistent with other evidence that suggests the labor market continues to be tilted in workers’ favor with employees often ending an employment relationship with their employer. In a job-seekers market, workers with an abundance of employment options will shop for the best match. Job hopping is still occurring, even in the current labor market that has slowed from post-pandemic highs and has a higher unemployment rate than 2023.

While job switchers of some kind were the most cited turnover reason among all respondents, some industries appear more impacted than others. A majority of respondents within transportation and warehousing (66%); health care and social assistance (57.9%); educational services (55.6%); accommodation and food services (52.6%); retail trade (51.6%); and arts, entertainment, and recreation (50.1%) gave job switching as the top reason for labor turnover within their business.

Though 8.5% of respondents chose the “Other” reason, many open-ended responses stated labor turnover was not an issue for the business. The next most commonly cited top reason was “Retirement” at 17.4%, owing in part to an ongoing demographic transition as the baby boomer generation exits the workforce. Industries with notably large shares of respondents citing retirements as a top reason for labor turnover included finance and insurance (30.8%); professional, scientific, and technical services (30%); construction (25.5%); real estate, rental and leasing (25%); and educational services (25%).

Figure 7: Top reason for labor turnover



Source: 2024 Idaho Business Climate Survey

Note: Numbers represent re-weighted sample based on respondent industry and the number of known establishments from the 2023 Quarterly Census of Employment and Wages

Rounding out the list of top reasons for labor turnover were “Discharge or termination of an employee from their job” (11%), “Employee quit to return to school or enroll in a training program” (7.5%), “Job change within the business including internal promotion” (4.6%), “Employee quit to care for child or family member” (3.2%), and “Employee quit for health-related reasons” (2.5%).

Some industry examples include:

- 21.1% of those in accommodation and food services and 12.9% in other services (except public administration) cited employees quitting to return to school or enroll in training as their top reason for employee turnover.
- 10.5% of respondents in health care and social assistance cited workers quitting to care for children or family.

Worker skills assessment

While labor concerns are important, employers also desire workers with a degree of requisite skills. Although it is beyond the scope of this survey to look at technical skills in detail, the survey did include two questions to assess the current and future needs of Idaho employers when it comes to several more general skills.

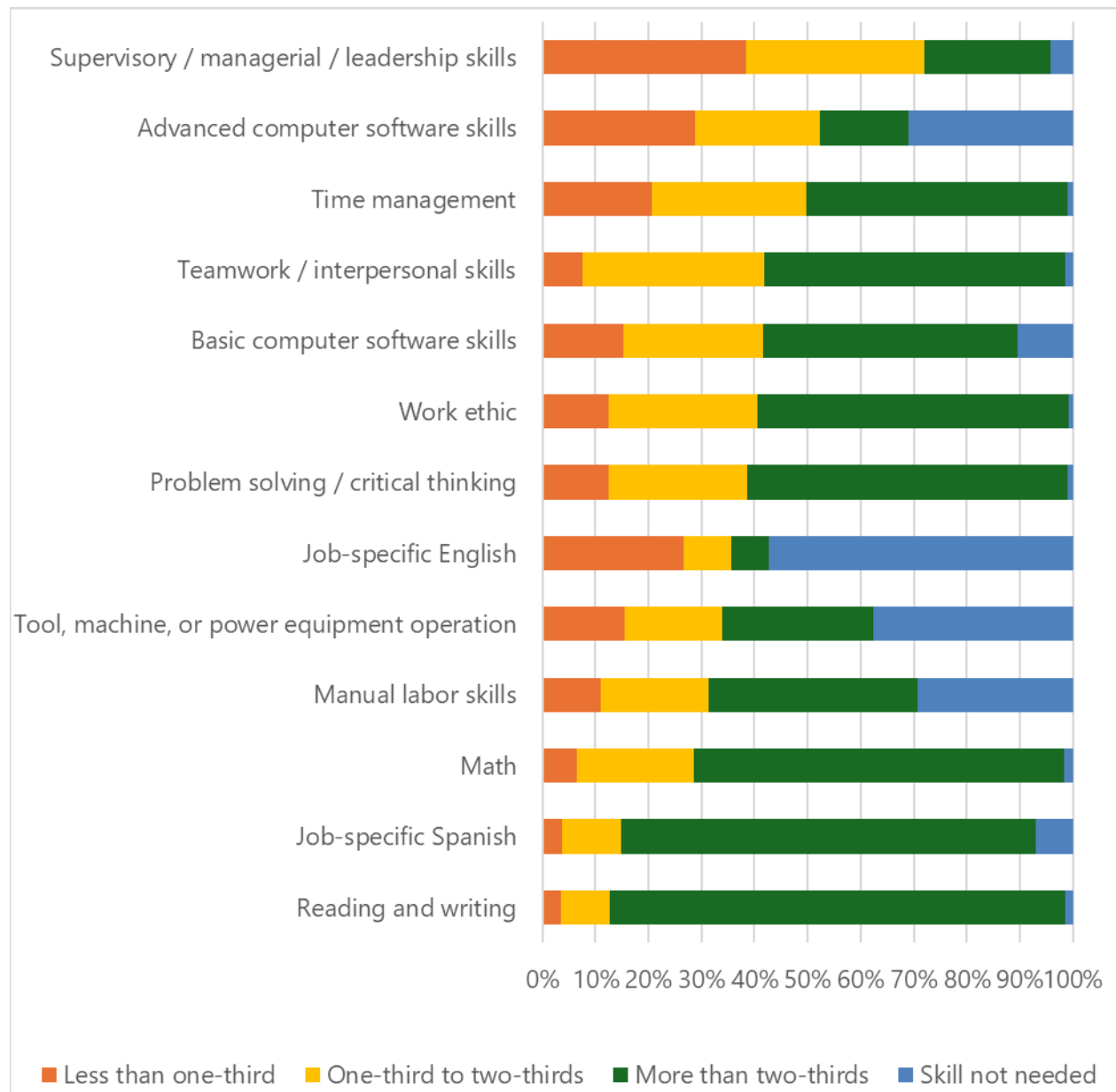
Figure 8 provides a breakdown of how employers perceive their employees’ skill levels in different areas. Employers ranked the share of their employees who possess each skill as less than one-third (shown in orange), one-third to two-thirds (yellow) and more than two-thirds (green). The chart shows the percentage of employers who chose specific rankings in each skill.

At the top of the list of deficient skills are a cluster of soft skills including supervisory/managerial/leadership, time management, teamwork/interpersonal skills, and technical skills like basic and advanced computer software skills.

Ignoring basic computer software skills, these most deficient skills are difficult to replace by automation and difficult to learn and develop beyond exercising them. At the other end of the spectrum is the more traditional cluster of reading and writing, job-specific English and math skills with far larger shares of respondents reporting more than two-thirds of their workers having the desired competency.

The survey also asked respondents to rank these skills according to how their needs will change over the next five years. Figure 9 shows the top skills currently seen as deficient and expected to be growing in need are all soft skills — “Time management,” “Supervisory/managerial/leadership skills,” “Teamwork/interpersonal skills,” “Work ethic,” and “Problem solving/critical thinking” being the top five respectively.

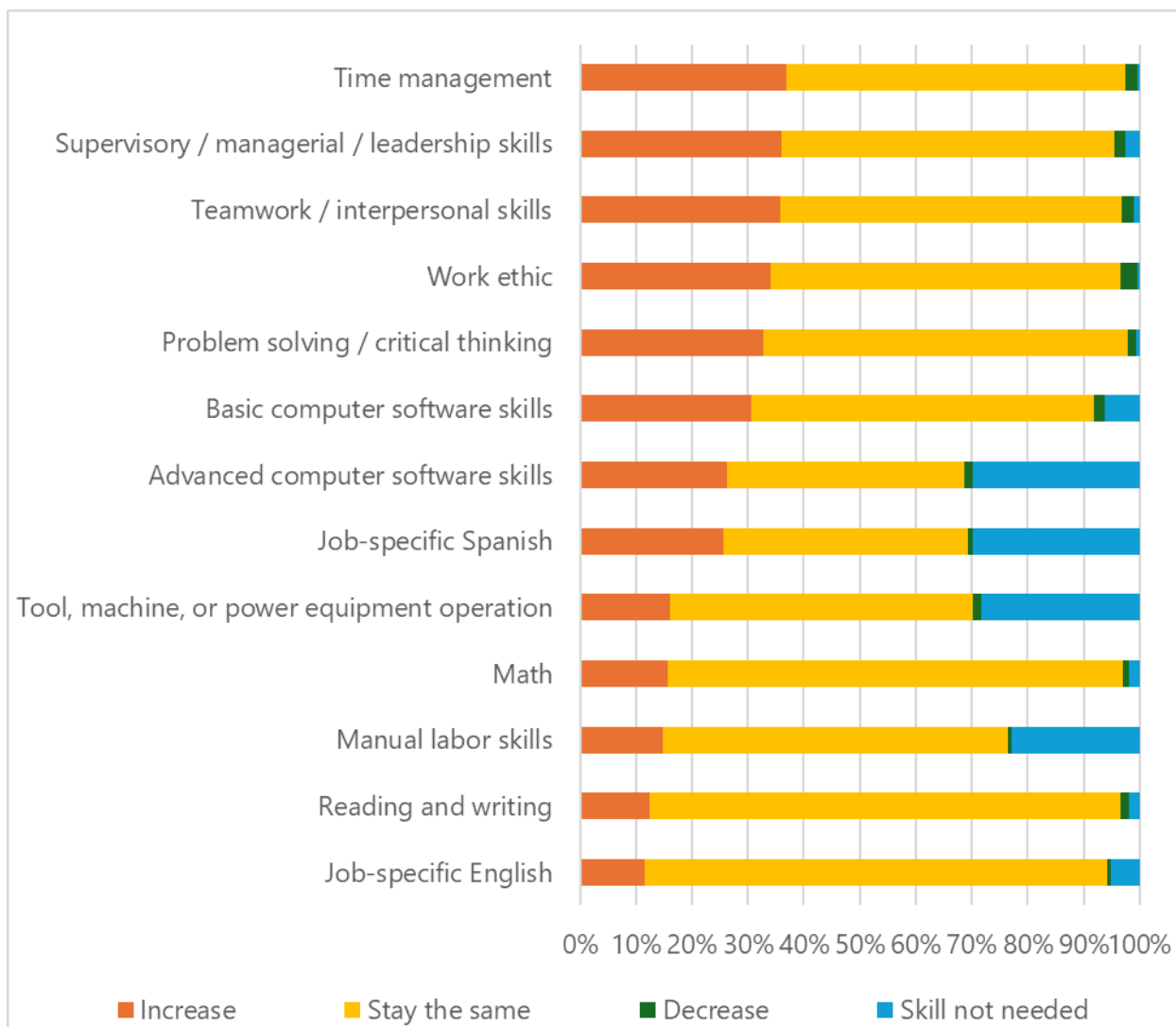
Figure 8: Share of workers adequately possessing skills



Source: 2024 Idaho Business Climate Survey

Note: Numbers represent re-weighted sample based on respondent industry and the number of known establishments from the 2023 Quarterly Census of Employment and Wages

Figure 9: Need for skills over next five years



Source: 2024 Idaho Business Climate Survey

Note: Numbers represent re-weighted sample based on respondent industry and the number of known establishments from the 2023 Quarterly Census of Employment and Wages

Part of the reason for the high demand for workers with leadership skills could reflect an aging workforce and the expected retirement of many experienced leaders and supervisors from the workforce over the coming years.

Remote and hybrid work

The remote working model existed in Idaho before the COVID-19 pandemic. Adaptation to the disruption caused by COVID-19 accelerated this trend by decades in redefining the nature of where work happens. The flexibility on when and where work can happen — remotely from the office versus at the workplace — varies depending on the industry and specific occupations. The survey team attempted to find the level of Idaho employers who embraced full remote or hybrid schedules for their workers and how different industries have employed this employment trend.

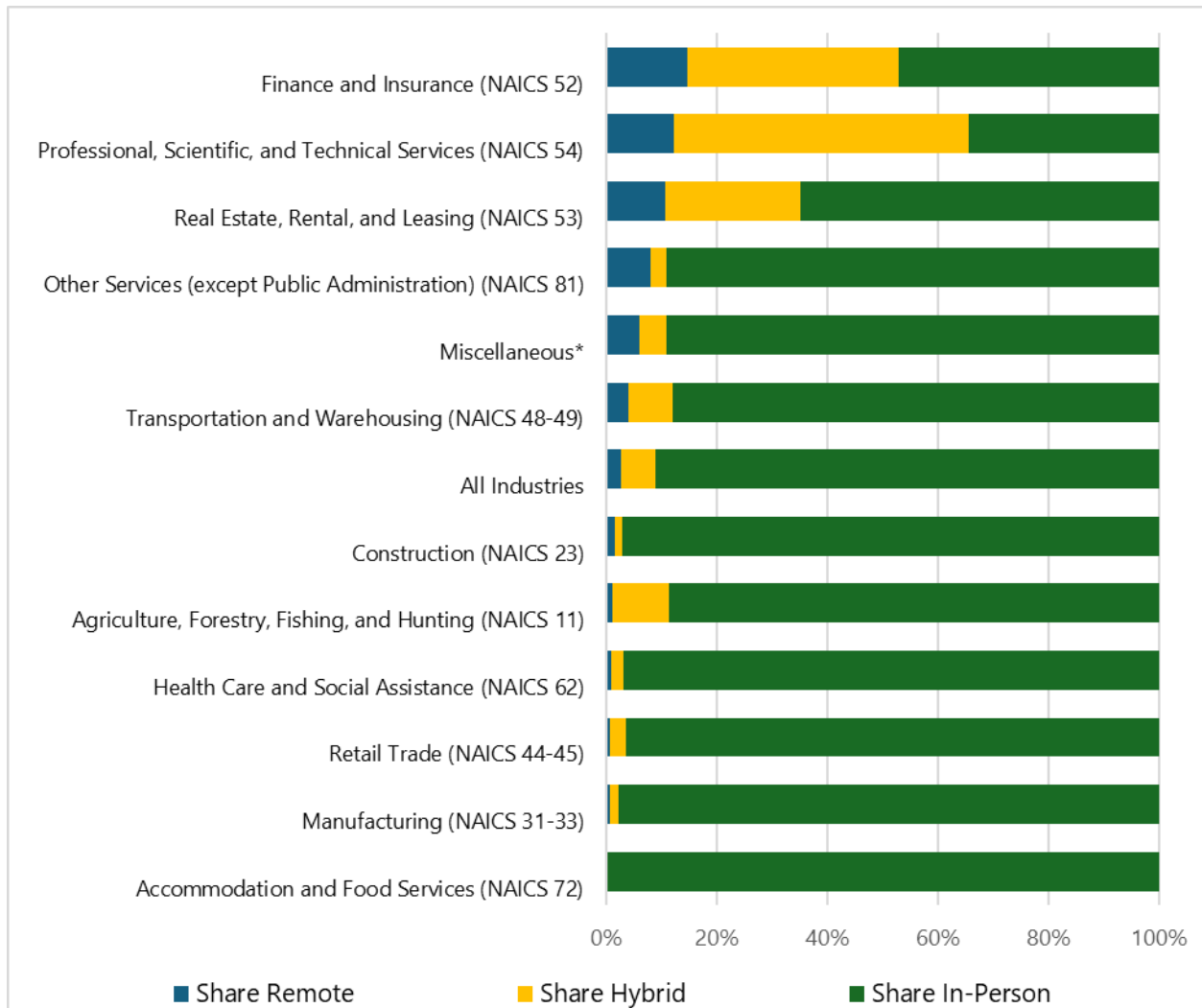
The survey indicates that 9% of total employers in Idaho work remotely (2.7%) or have a hybrid workplace arrangement (6.2%).

Unsurprisingly, remote options differ between Idaho's industries. Businesses with jobs involving a physical aspect of goods being made or services being performed are not conducive to telework arrangements and have the smallest share of remote or hybrid employment.

Accommodation and food service industry respondents had the smallest portion with just 0.3% of employment in a hybrid set up. Only 2.1% of manufacturing, 3.2% of health care and social assistance, and 3.5% of retail trade jobs represented in the survey have workplace arrangements other than in-person.

On the opposite end, industries centered around the creation, exchange and curation of knowledge and data had a much larger portion of employees working remote or on a hybrid schedule. The finance and insurance industry and the professional, scientific and technical services industry were the only two industries with a minority of employees working exclusively in person at 47% and 34.4% respectively. Professional, scientific and technical services was the only industry to report a majority of employees (53.3%) working in a hybrid arrangement in Idaho.

Figure 10: Share of employees by work arrangement, industry



Source: 2024 Idaho Business Climate Survey

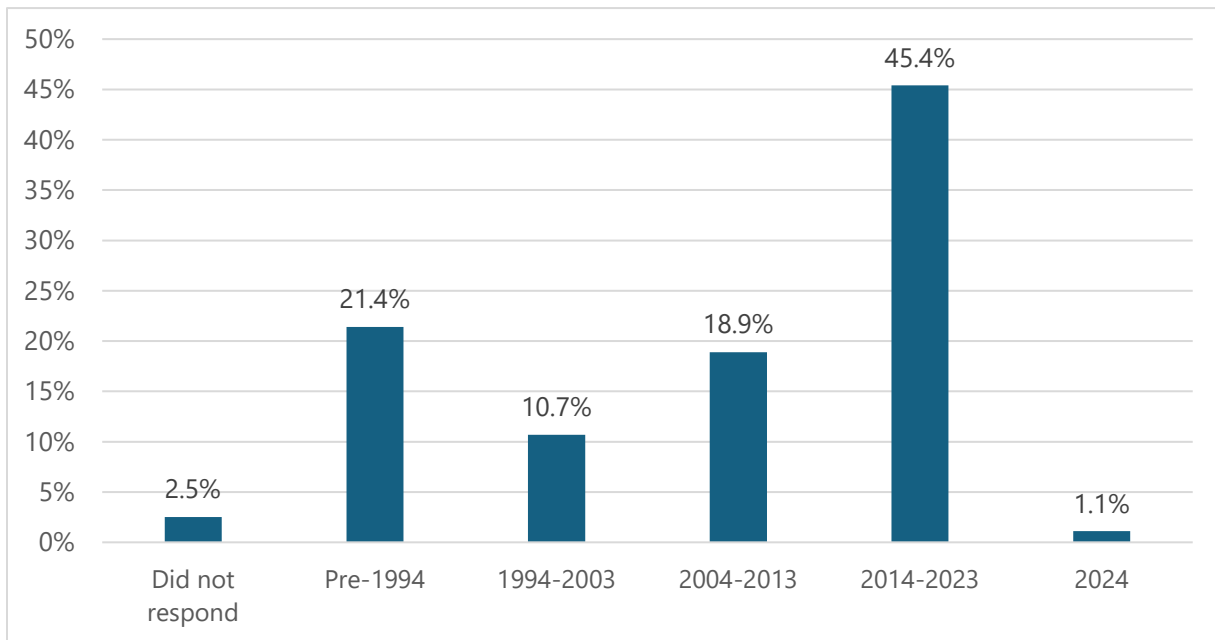
*Miscellaneous industry bin contains administrative and support and waste management, information, management of companies and enterprises, mining, public administration and wholesale trade.

Note: Numbers represent re-weighted sample based on respondent industry and the number of known establishments from the 2023 Quarterly Census of Employment and Wages.

Age of locally operated businesses

Of the businesses surveyed, 65% operate in a single county within Idaho while 2% operate statewide. Looking exclusively at respondents who operate out of a single county, nearly half first began operations in Idaho within the past 10 years and about seven out of 10 within the past 20 years (see Figure 11).

Figure 11: Start-up year of locally operated business



Source: 2024 Idaho Business Climate Survey

Note: Percentages represent respondents who only operated in a single Idaho county.

2023-2024 Over the year survey analysis

With 2024 being the second year of the survey, the labor economist team can now monitor the year-over-year changes in how Idaho employers observe the business climate. A year-over-year analysis allows for a better understanding of how employer attitudes in Idaho have evolved over the years.

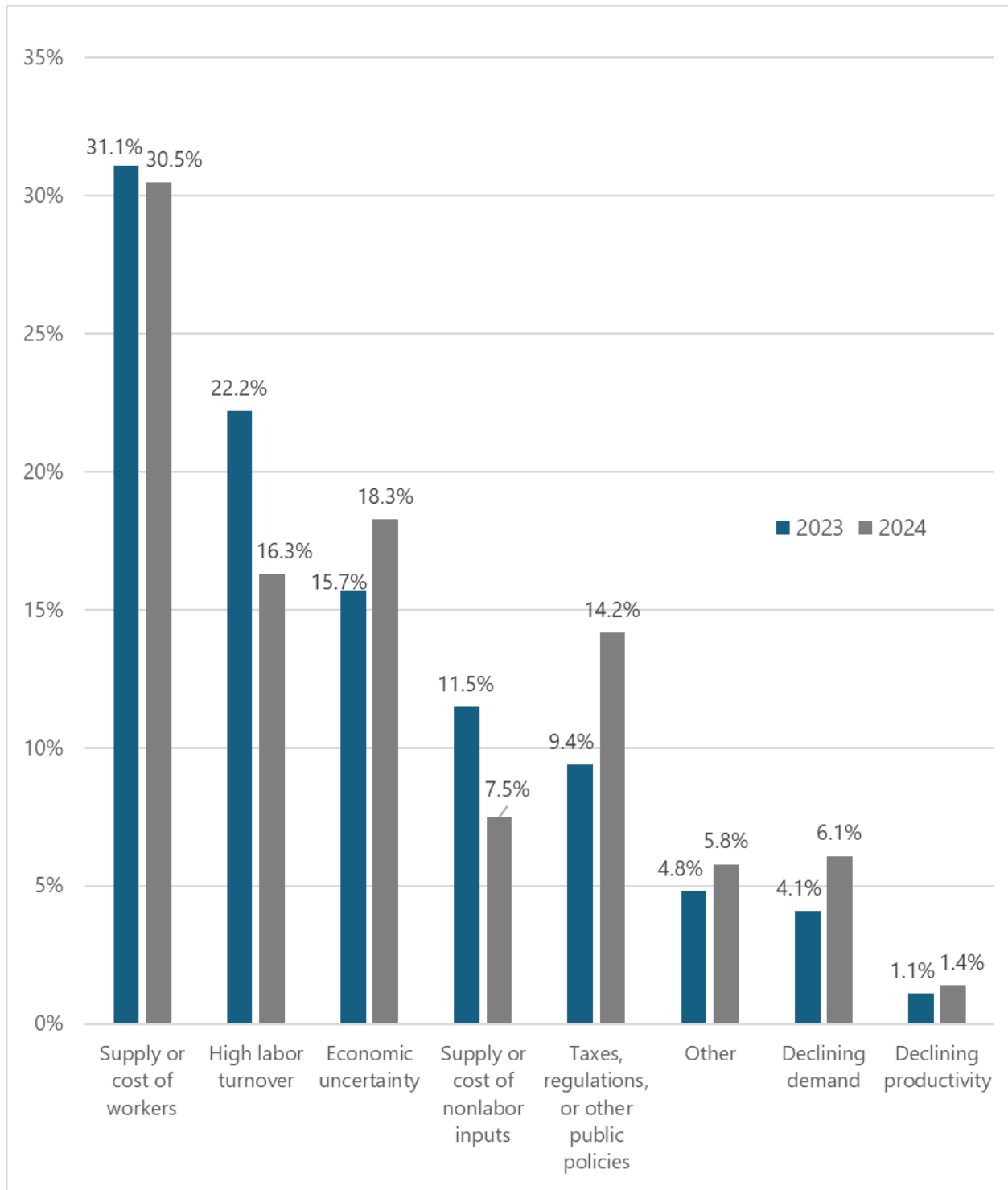
Top business concerns

Labor concerns, whether it be the supply or cost of workers or high labor turnover, were the largest concerns of employers in both 2023 and 2024. However, "High labor turnover" as a top concern decreased by almost 6% year over year, as shown in Figure 12. This, along with the unemployment rate rising all year, indicates increasing employer power in the labor market. "Economic uncertainty" as a concern increased in 2024, likely due to the election and the speculation around interest rate cuts. As this survey was conducted in August, a month before the first interest rate cut since March 2020, interest rate speculation could have been top of mind for many employers.

The 4% year-over-year decline in employers' concern for "The supply or cost of nonlabor inputs" indicates the economy is normalizing as inflation rates have mostly flattened outside of housing costs. However, "Declining demand" has grown as a concern as the economy has begun to cool with a near normalized inflation rate in addition to a slowly growing unemployment rate, pointing to a growing slack in the demand for labor. As the economy cools, spending will decline as consumers pull back on non-essential spending.

In 2024, external factors were the fastest growing business concerns for Idaho employers. Interest rates, normalizing inflation, volatile energy prices due to international conflicts and an election year are all examples of external factors that create general uncertainty and anxiety for employers and consumers alike.

Figure 12: Top business concerns, 2023-2024



Source: 2023 and 2024 Idaho Business Climate Survey

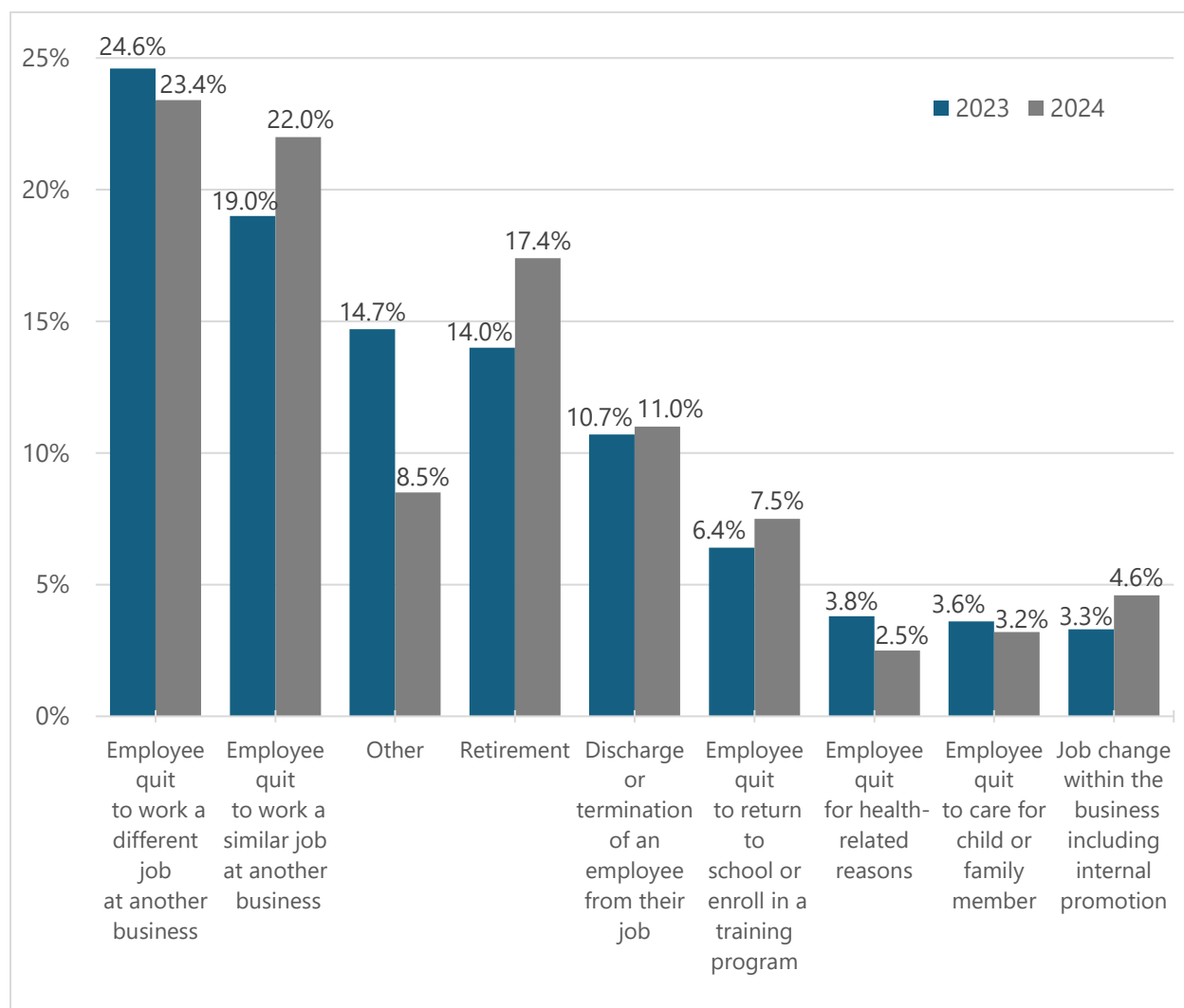
Top reason for employee turnover

Job switching, where an employee switches to either a similar or different job at another business, was the largest reason for employee turnover in both 2023 and 2024.

The response of “Employee quit to work a similar job at another business” grew 3% year over year, indicating even though the labor market has tightened from 2023, employees still have the option to shop around for a better wage/benefits.

The top reason for employee turnover that grew the most year over year was retirement at over 3%. Retirements being a growing reason for employee turnover highlights the state and nation’s aging population trend. According to Idaho Department of Labor’s 2022-2032 population projection, Idaho’s under 15 population is projected to grow 5.7% over the observed 10-year period while Idaho’s 65 and older population is projected to grow 31%. Idaho’s aging demographics will continue to be a structural challenge for Idaho’s labor force.

Figure 13: Top reasons for employee turnover, 2023-2024



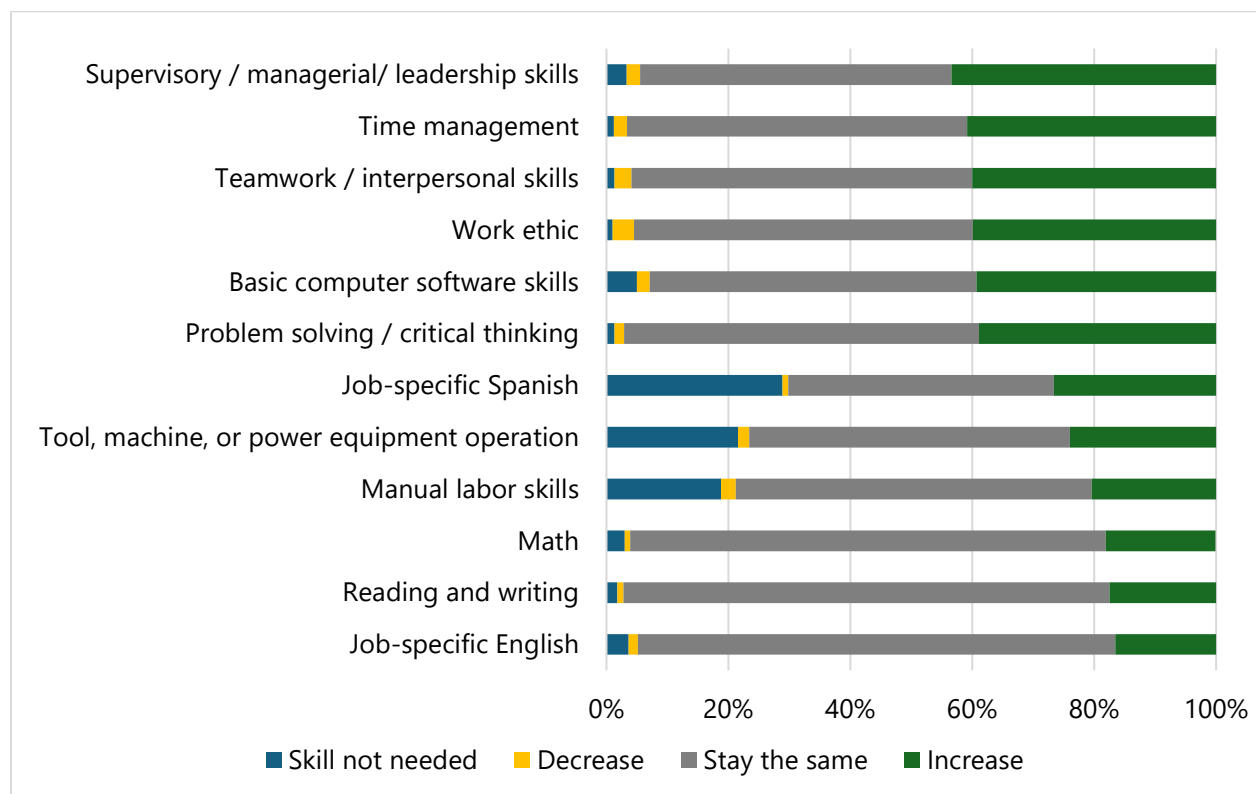
Source: 2023 and 2024 Idaho Business Climate Survey

Expected need for select skills in the next five years

In both 2023 and 2024, employers expected to see an increase in soft skills such as time management, work ethic, teamwork and interpersonal skills, and management and leadership skills. This makes sense as soft skills are applicable in all occupations in all industries, while skills like manual labor skills and tool, machine, or power equipment operation are more niche skills. The rising demand in supervisory/managerial/leadership skills is correlated to most management occupations being held by older workers, who are likely to retire soon, creating a need to cultivate a new management team.

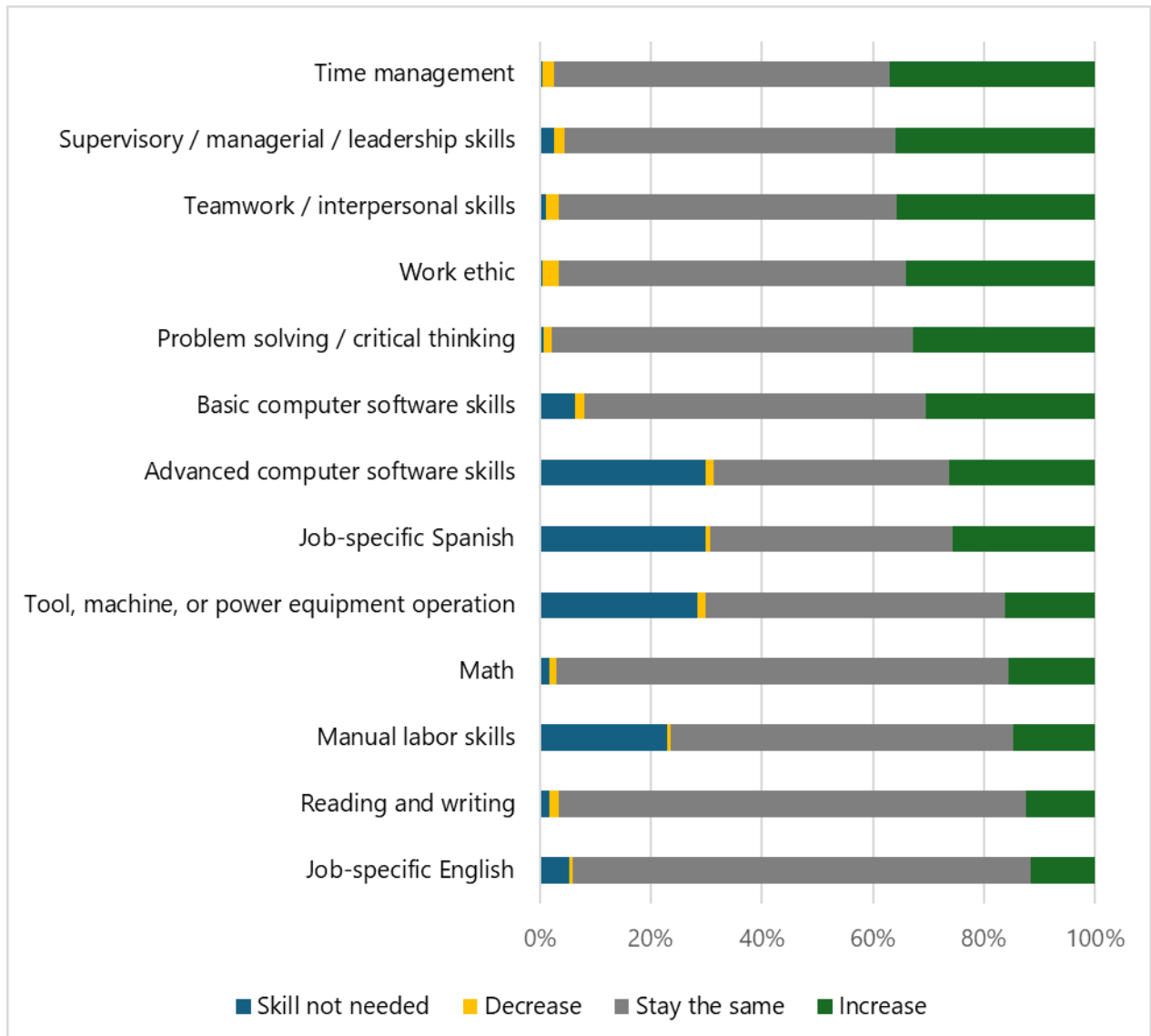
Technical skills are expected to have less demand than soft skills in both 2023 and 2024 but are still crucial to the economy. Basic computer software skills — defined by Microsoft office, email and video conference software like Zoom — and advanced computer software skills — defined by industry specific software, AI powered tools and programming knowledge — were both technical skills in 2023 and 2024’s survey with the highest expectation for growth (advanced computer software skills was a new category to the 2024 survey). Computer software skills are the most broadly applicable technical skill, followed by tool, machine, or power equipment operation; math; and manual labor skills. Job-specific Spanish is both a skill many employers don’t have a need for, and one that many expect to grow. This illustrates that not all businesses need this skill but the ones that do need it are expected to need it badly.

Figure 14: Expected need for select skills over the next five years, 2023



Source: 2023 Idaho Business Climate Survey

Figure 15: Expected need for select skills over the next five years, 2024



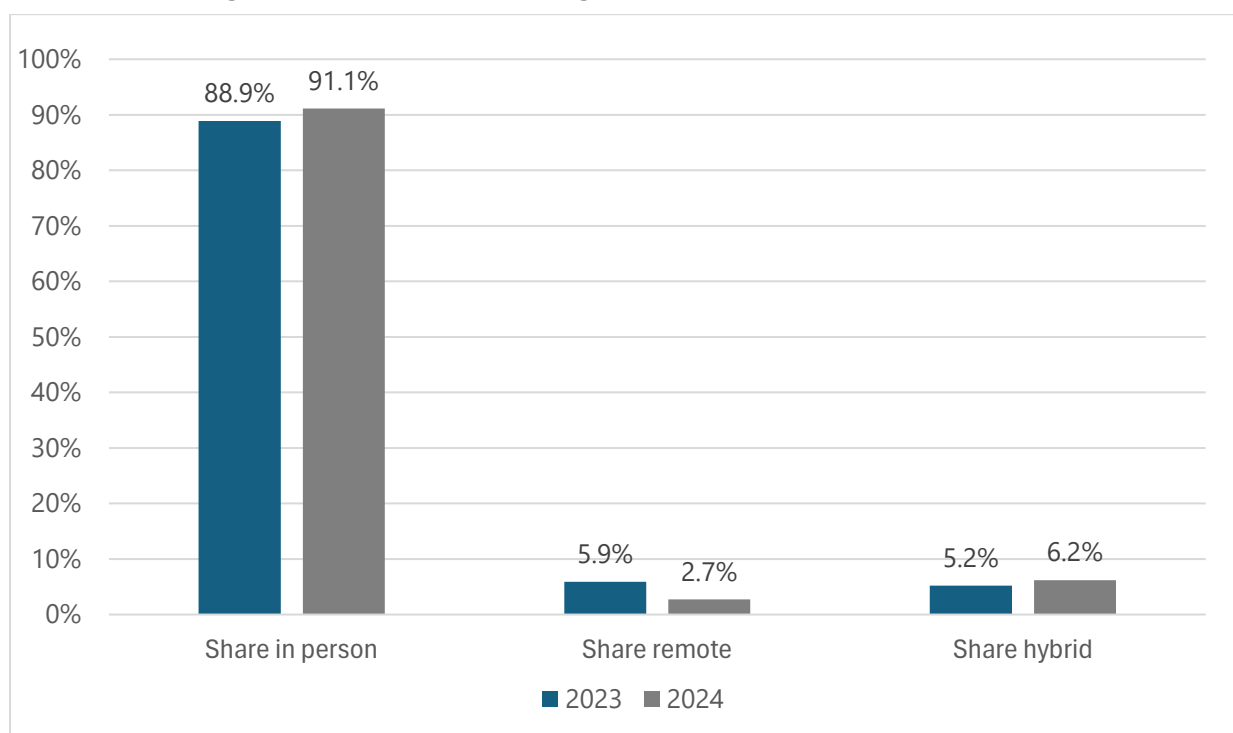
Source: 2024 Idaho Business Climate Survey

Work arrangements

Remote and hybrid work arrangements were popularized during the pandemic but have seen a pullback on the national level as employers are leaning in favor of hybrid work arrangements or even a total return to the office. The year-over-year data reflects remote work has declined as hybrid and in person work arrangements have increased from 2023.

Idaho has a smaller share of remote and hybrid work than the national level. According to the 2023 Current Population Survey provided by the U.S. Census Bureau, 80% of the nation’s workforce works in person, 9.6% works in a hybrid arrangement and 10.4% works remotely. This shows Idaho has a more “blue-collar” workforce, which is required to be on-site more than the national workforce.

Figure 16: Idaho work arrangements (all industries), 2023-2024



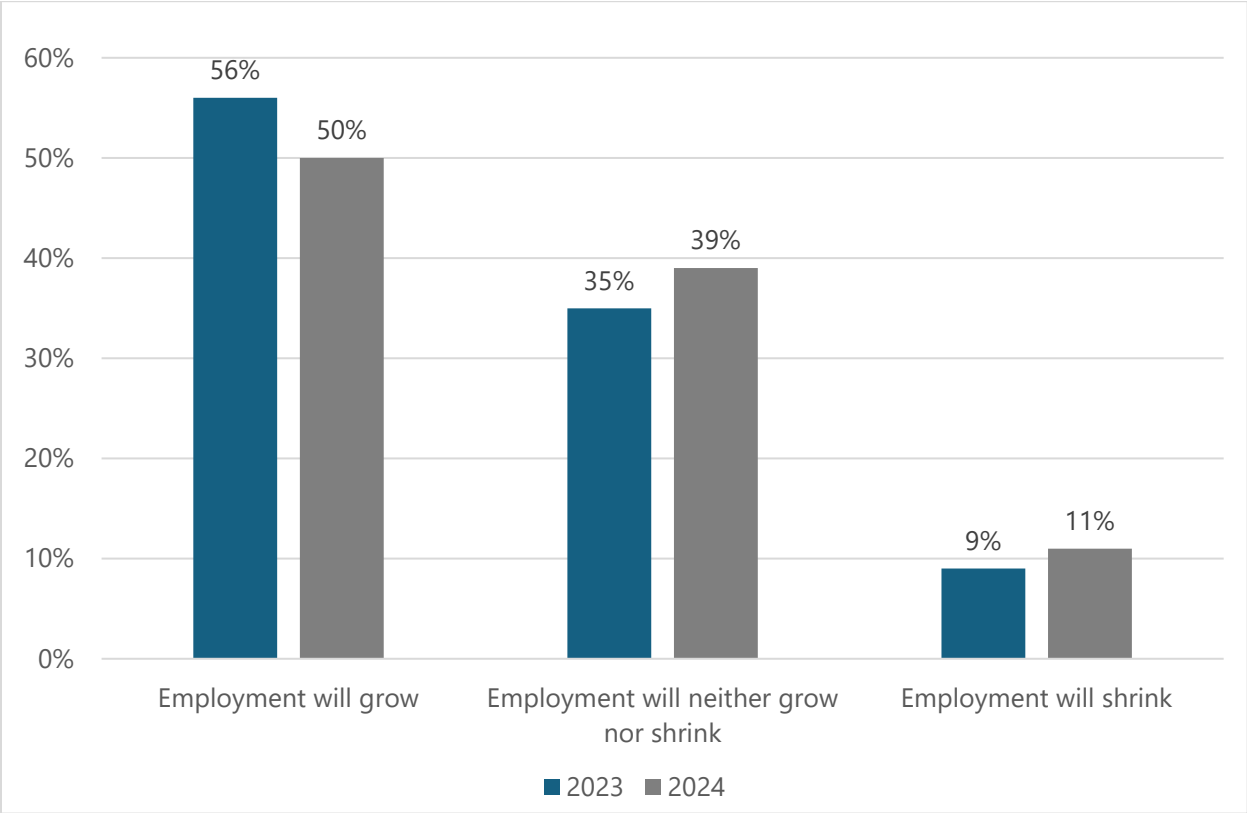
Source: 2023 and 2024 Idaho Business Climate Survey

Future employment expectations over the next five years

Idaho employers' future employment expectations are optimistic overall, with half of respondents in both 2023 and 2024 reporting they expected employment to grow. However, 2024's respondents had more tempered expectations than 2023, with the categories of "Employment will shrink" and "Employment will neither grow nor shrink" increasing 2% and 4% respectively.

2024 was a year defined by many external factors that created economic uncertainty such as interest rate cuts, international conflicts and an election. This uncertainty is evident with the tempering of employment expectations from 2023 to 2024. Despite this, the employment outlook was bright as a majority of respondents predicted growing employment in both 2023 and 2024.

Figure 17: Future employment expectations over the next five years, 2023-2024



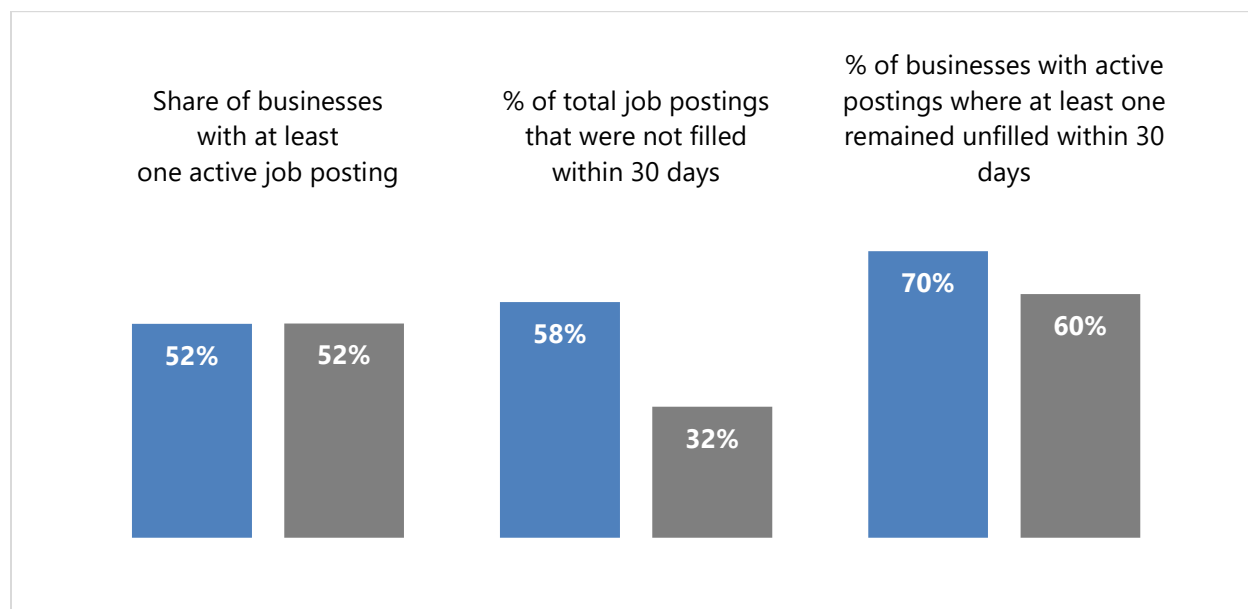
Source: 2023 and 2024 Idaho Business Climate Survey

Businesses with listed job openings

At the end of the survey, the labor economist team asked respondents about their current hiring situation, as well as how long job postings remain unfilled. In both 2023 and 2024, 52% of respondents had at least one active job posting, illustrating the demand for labor is still widespread. However, the percentage of total job postings that were not filled within 30 days declined by 26% year over year, demonstrating the labor market has begun to slow and job seekers had less options in 2024 than 2023. The percentage of businesses with active postings where at least one remained unfilled within 30 days declined 10% year over year.

The figure below highlights the trend in the overall labor market in 2024. While labor demand still remained a big concern and the labor market was still very competitive, there was significantly more slack in the labor market in 2024 than 2023 or the post-pandemic hiring boom of 2021-2022.

Figure 18: Various job posting questions, 2023-2024



Source: 2023 and 2024 Idaho Business Climate Survey

Appendix A: Methodology

The survey asked a series of core questions to gauge views on the current and near-term future of the state's labor market and economy. Additional questions to enhance the survey's investigation of the business climate includes the following:

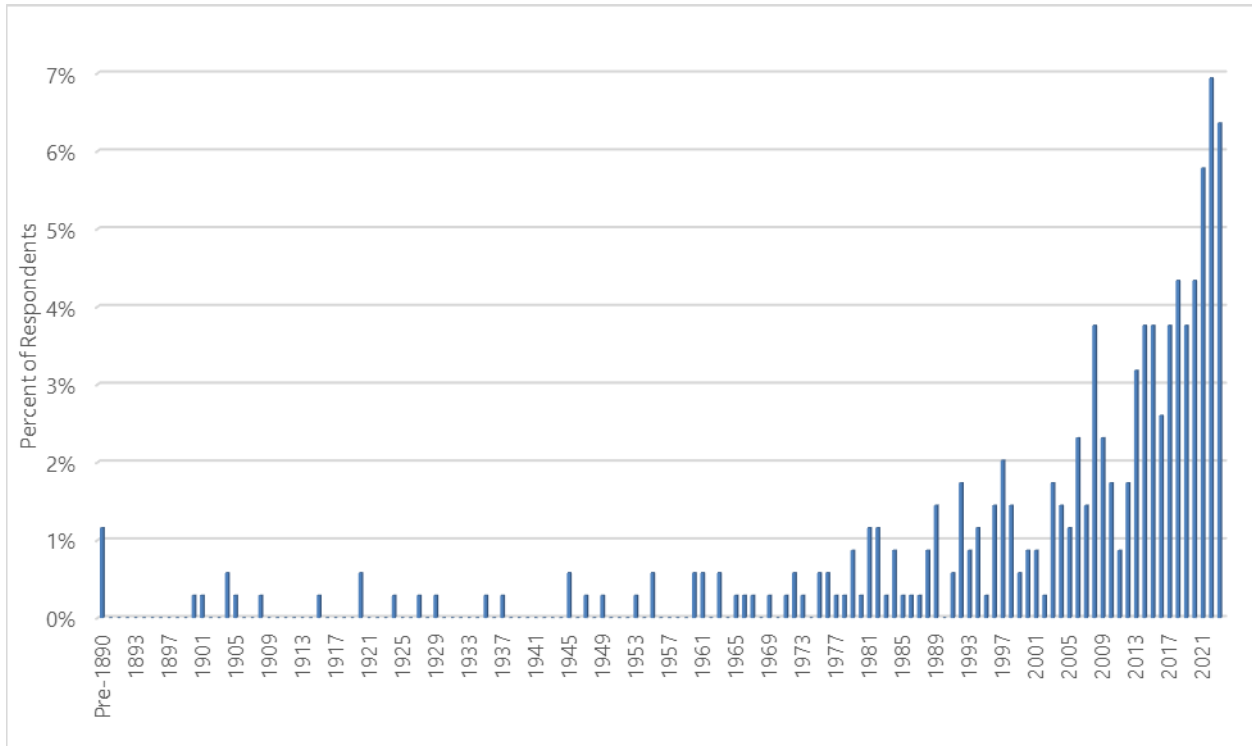
- Top business concerns and reasons for labor turnover.
- Demand for current and future employee skills.
- The workplace arrangements of employees.

The survey was distributed via email to 5,000 unique emails pooled from within Idaho Labor on Aug. 28, 2024, with a follow-up email sent on Sept. 5 and a final call on Sept. 11. The survey was closed to responses on Sept. 18, 2024. During this time, 371 responses were collected, which the research team was satisfied with given the relative newness of this study and the time frame for which it was open producing a significantly reduced sample size from 2023. Future surveys will be conducted with a more robust sample, in hopes of obtaining a more granular look at region and industry.

Composition of survey respondents

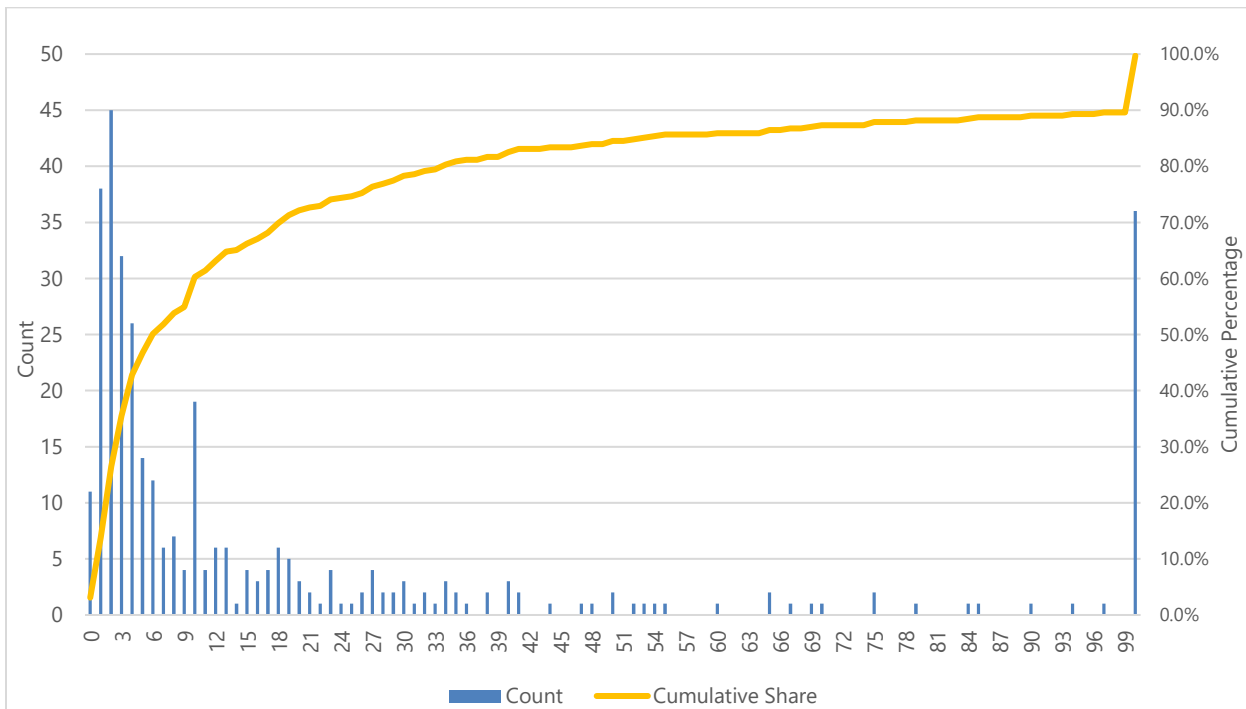
- Of the 371 responses collected:
 - 94% represented private businesses.
 - 6% were from public agencies or state-owned enterprises.
 - 55% were from private corporations or other private incorporated entities.
 - 91% of the private business respondents were for-profit entities.
 - About half began operating in Idaho before 2013 (see Figure 1).
 - 73% were businesses with 20 or fewer workers; about 10% had 100 or more (see Figure 2).
 - Industry representation skewed toward construction, retail trade, educational services, and other services (except public administration) (see Figure 3).
- Where appropriate, aggregated responses were weighed by industry at the state level.

Figure 1: Year respondent first began operating in Idaho



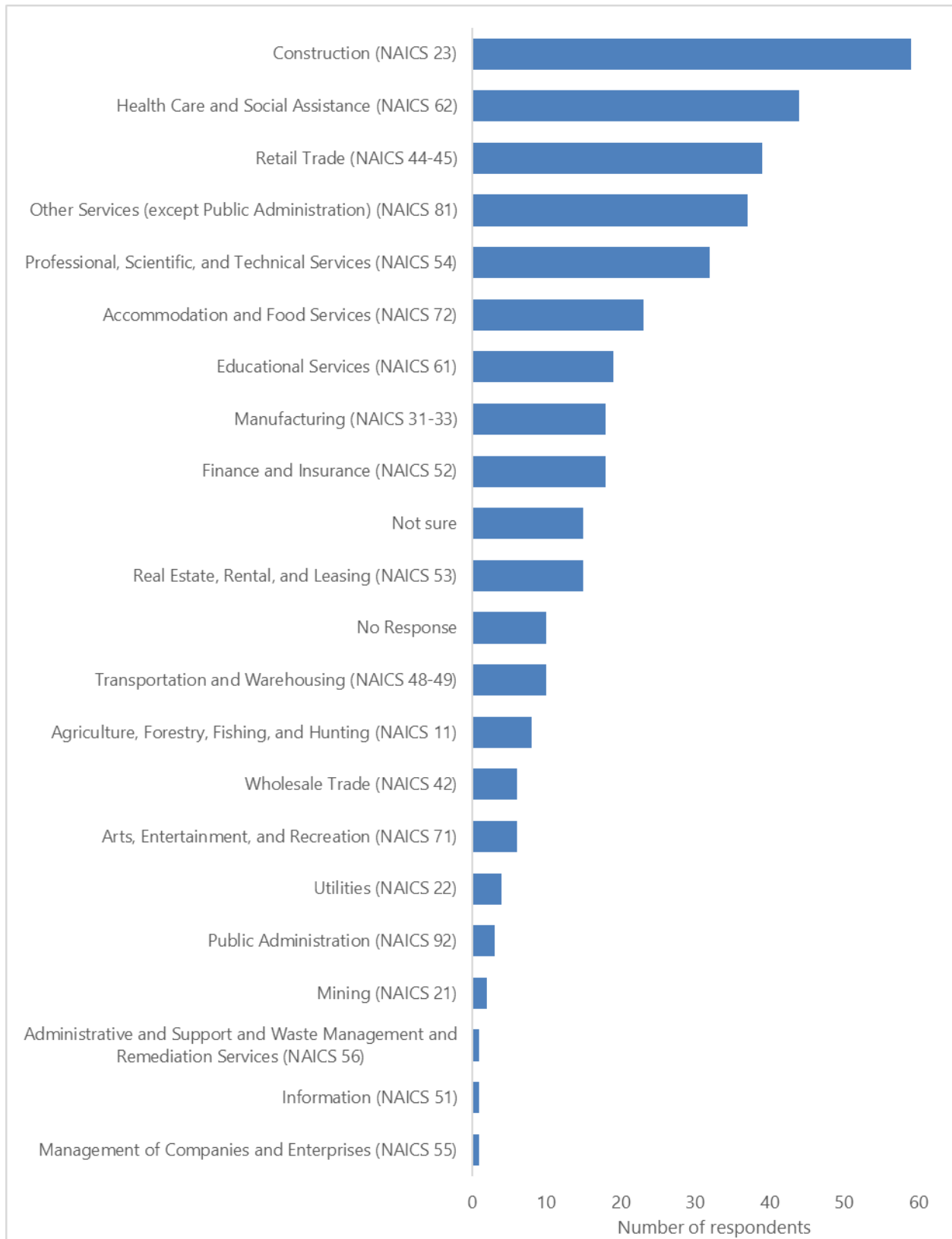
Source: 2024 Idaho Business Climate Survey

Figure 2: Number of workers per respondent



Source: 2024 Idaho Business Climate Survey

Figure 3: Industry of respondents



Source: 2024 Idaho Business Climate Survey



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