

Cleveland Fed District Data Brief

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SORCE Insights: Employment Conditions and Outlook for Fourth District Firms

The Cleveland Fed's latest edition of the Survey of Regional Conditions and Expectations (SORCE), administered from October 30 to November 6, 2025, included a set of special questions focused on employment among Fourth District firms. This *District Data Brief* discusses the top-line results from these questions.

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Topics [State and local economies](#), [Labor economics](#), [Business cycles](#)

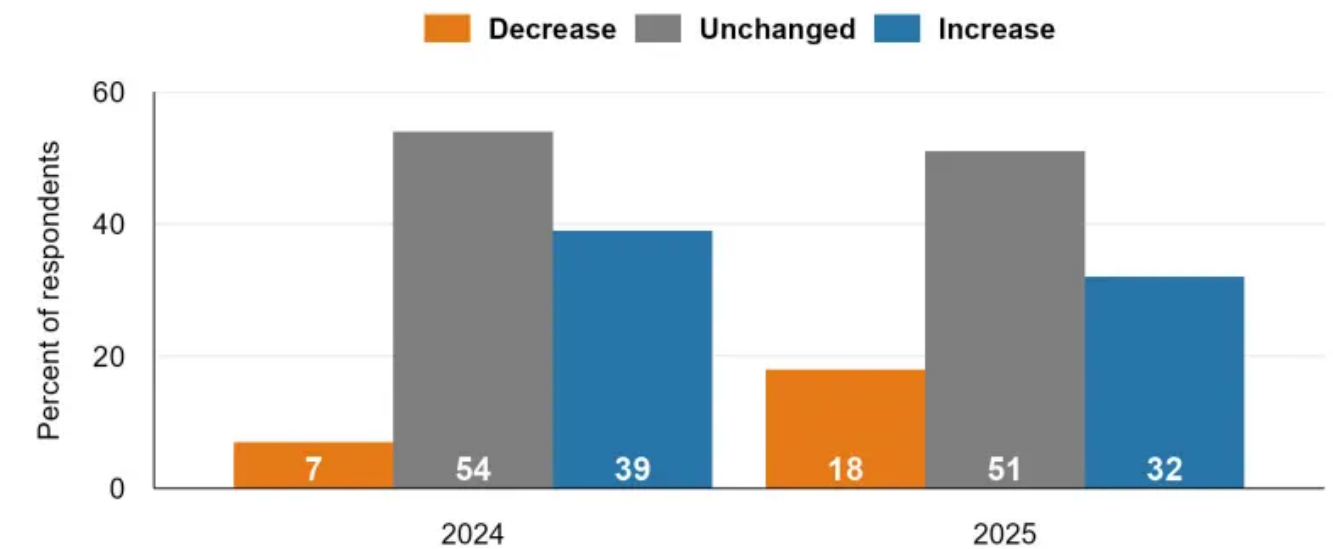
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The views authors express in District Data Briefs are theirs and not necessarily those of the Federal Reserve Bank of Cleveland or the Board of Governors of the Federal Reserve System. The series editor is Harrison Markel.

The Cleveland Fed's latest edition of the Survey of Regional Conditions and Expectations (SORCE), administered during October 30–November 6, 2025, included a set of special questions alongside the standard question set that informs the [SORCE indexes](#). These special questions focused on employment. The survey fielded during November 11–18, 2024, included the same special questions, and we provide year-over-year comparisons of the results in some cases.

The share of respondents who expected their firms to decrease employment levels in the next 12 months more than doubled between November 2024 (7 percent) and November 2025 (18 percent). Still, compared to the share of respondents who expected their firms to reduce employment levels, much larger shares expected their firms to leave employment levels unchanged (51 percent) or increase employment levels (32 percent) as of November 2025.

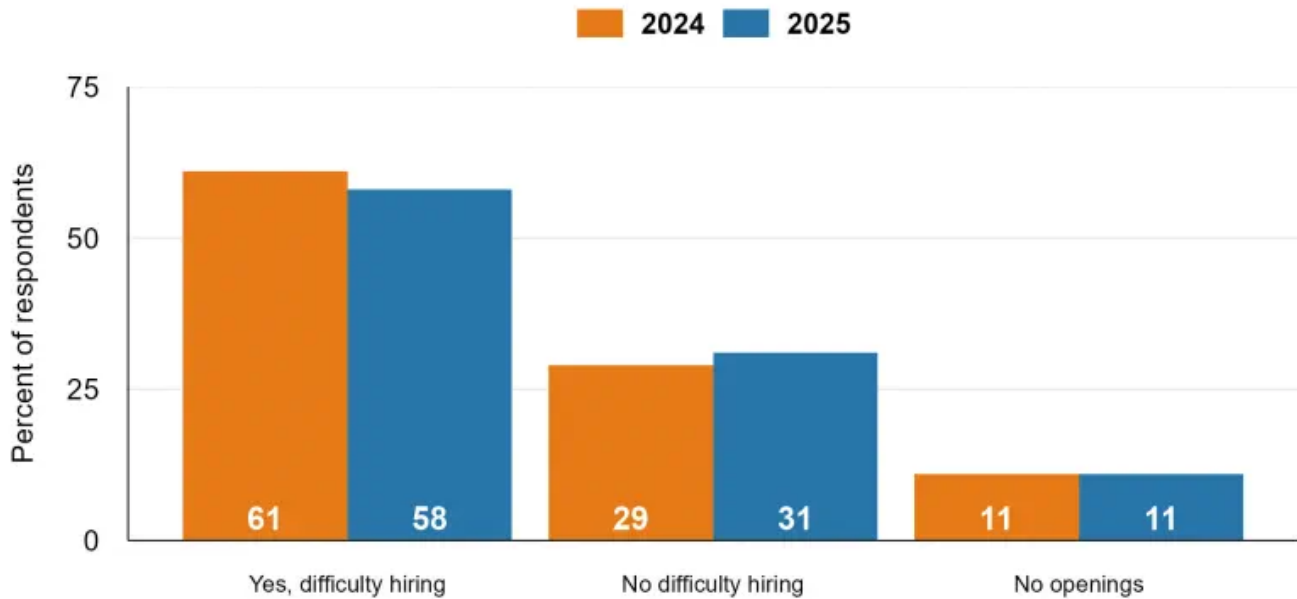
Do you expect your firm to increase employment, leave employment unchanged, or decrease employment over the next 12 months?



Source: Federal Reserve Bank of Cleveland
Note: There were 164 responses in 2025 and 134 in 2024.

A slightly smaller share of firms said they had experienced difficulty filling open positions over the past three months in November 2025 (58 percent) than in November 2024 (61 percent). Meanwhile, the share of firms that reported having had no job openings in the past three months was the same in November 2024 and November 2025 (11 percent).

Thinking of positions your firm has filled or attempted to fill, have you had difficulty hiring workers in the last three months? (Choose as many as apply)

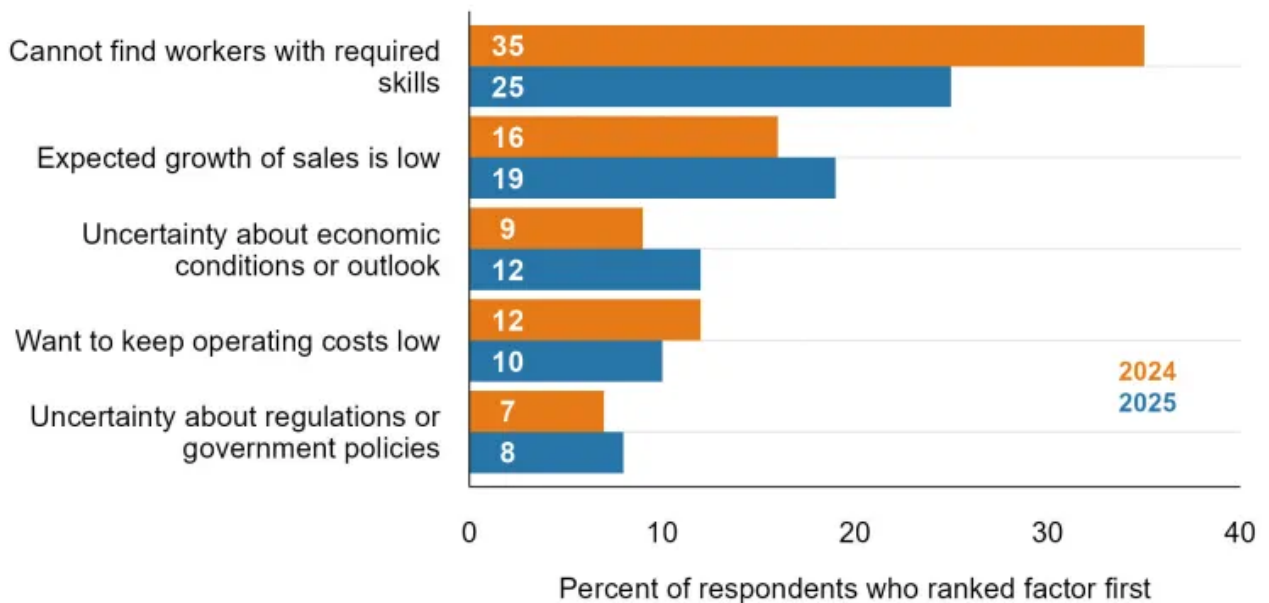


Source: Federal Reserve Bank of Cleveland

Notes: There were 160 respondents in 2025 and 133 in 2024. Response options condensed into three categories for clarity.

In both November 2024 (35 percent) and November 2025 (25 percent), respondents cited difficulty finding workers with the necessary skills as the most important factor restraining their firms' hiring plans. The share of respondents who selected "Uncertainty about economic conditions or outlook" as the most important factor restraining their hiring plans increased by one-third, from 9 percent in November 2024 to 12 percent in November 2025.

Most important factor restraining firms' current hiring plans

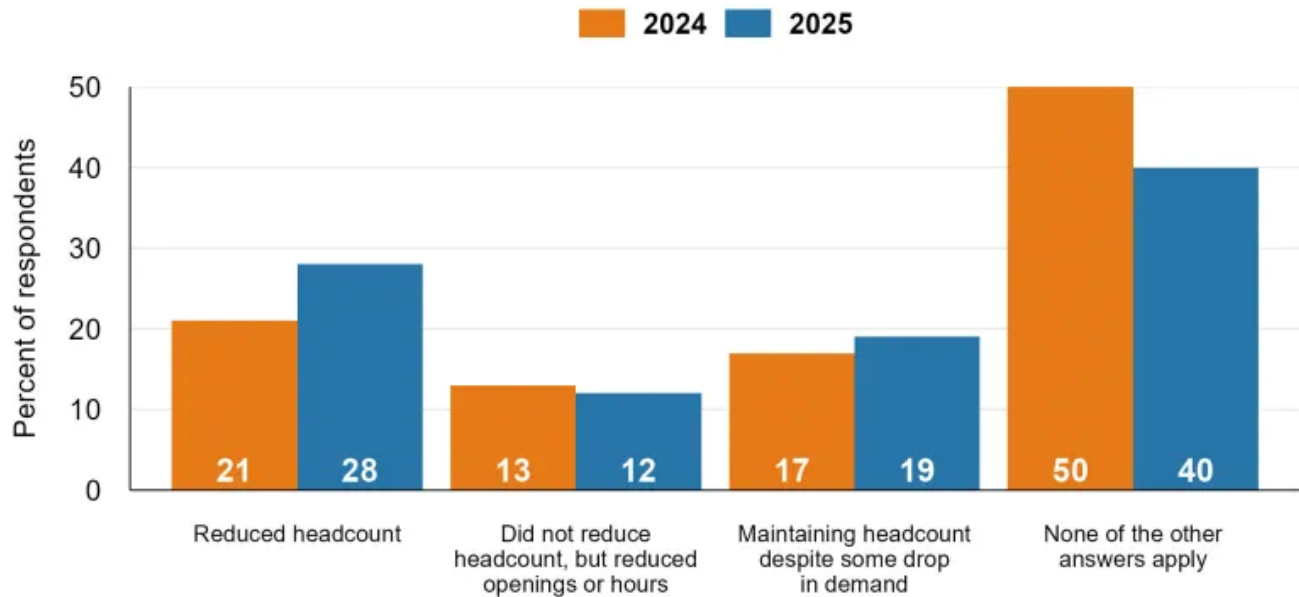


Source: Federal Reserve Bank of Cleveland

Notes: Firms were asked to rank the three most important factors restraining their current hiring plans. The five most common first-ranked responses are shown here. There were 154 responses in November 2025 and 123 in November 2024. The 2024 option “Uncertainty about other regulations or government policies” was replaced by “Uncertainty about regulations or government policies” in 2025; they are treated as the same response here. The response “We are using artificial intelligence to automate certain tasks” was added in 2025, and 3 percent of respondents ranked it as the most important factor.

In the November 2025 survey, 28 percent of respondents reported having reduced their firms' headcounts in the last three months, compared with 21 percent who said the same in the November 2024 survey. The share of respondents who reported having maintained the same headcount in the last three months despite some drop in demand increased by 2 percentage points from November 2024 to November 2025.

Over the last three months, has your firm reduced its headcount? (Choose as many as apply)

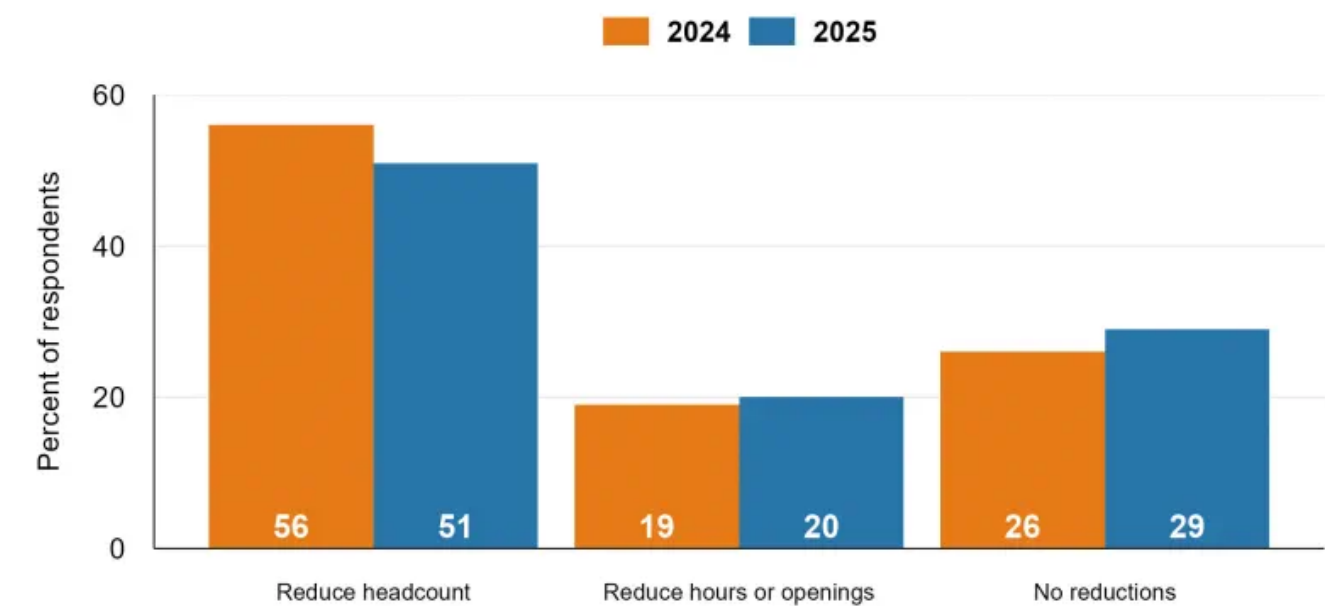


Source: Federal Reserve Bank of Cleveland

Notes: There were 163 respondents in 2025 and 133 in 2024. Response options condensed into four categories for clarity. “Reduced headcount” refers to selectively laying off workers, not replacing departing workers, and having difficulty replacing departing workers. In both November 2024 and November 2025, 3 percent of respondents cited difficulty replacing departing workers as the only reason behind their reduced headcounts; all other respondents who cited difficulty replacing departing workers also indicated that they had engaged in a deliberate mode of headcount reduction.

The survey posed a hypothetical question that asked how firms would respond to lower-than-anticipated demand. Fifty-one percent of respondents said their firms would reduce headcounts if customer demand fell below their current expectations by 10 percent in the next six months, compared with 56 percent who said the same a year earlier. In both November 2024 and November 2025, roughly one-fifth of respondents indicated that their firms would reduce hours or job openings if faced with this 10 percent decrease in demand.

Hypothetically, how would your firm respond if demand for your product(s)/service(s) over the next six months were 10 percent lower than you currently anticipate? (Choose as many as apply)



Source: Federal Reserve Bank of Cleveland

Notes: There were 161 respondents in 2025 and 133 in 2024. Response options condensed into three categories for clarity.

The Cleveland Fed’s Research Department gathers and analyzes timely economic information from businesses and community contacts to inform our Beige Book contribution and to prepare for Federal Open Market Committee (FOMC) meetings. One way we obtain this information is through the Survey of Regional Conditions and Expectations (SORCE), a business conditions survey sent to firms across the Fourth District, which comprises Ohio, western Pennsylvania, eastern Kentucky, and the northern panhandle of West Virginia. The SORCE is administered eight times per year. In addition to the set of standard questions asked during each round of the survey, the

Cleveland Fed routinely asks a set of “special questions” to explore timely issues that may be impacting businesses across the Fourth District. The SORCE Insights *District Data Briefs* share the results from the “special questions.” For more information on SORCE, visit <https://clevelandfed.org/SORCE>.

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