

More employers raising wages, WMC survey reveals

Posted on Tuesday, Feb 15, 2022

More business leaders in the state are planning to raise wages this year, according to the latest employer survey from Wisconsin Manufacturers and Commerce.

Thirty-four percent of surveyed businesses said they will be raising wages by more than 4 percent in 2022, marking an increase from the previous WMC survey conducted about six months ago. At that time, about one-fourth of respondents said they'd be raising wages in hopes of attracting talent. At this point last year, just 9 percent had planned to boost wages.

"Unfortunately we're seeing this persistent workforce shortage that only seems to be getting worse," WMC Vice President of Communications and Marketing Nick Novak said in an interview yesterday.

The winter survey found 88 percent of respondents are having trouble hiring, which is up slightly from the 86 percent of respondents in the summer survey. Because many companies are looking to expand but can't find workers to fill positions, wages are being increased in hopes of attracting talent, Novak said.

But while WMC notes in its survey report that rising wages signal a strong economy, economic confidence among respondents has declined from the previous survey.

"Based on conversations with employers leading up to this survey, it's not a huge surprise that we're seeing a downtick in optimism among the business community,"

Novak said. “The workforce shortage is not going away ... inflation is a significant cost driver for businesses.”

Fifty-three percent of responding businesses rate the state’s economy as strong, versus 58 percent in the summer survey. And 39 percent rated the national economy as strong, for a larger decrease from 53 percent about six months ago.

Looking ahead to the next six months, 65 percent of respondents said they expect growth to be good or moderate, while about a third expect growth to “remain flat.” Over 80 percent said they expect good or moderate growth in the prior survey, while 13 percent predicted no growth.

Even as confidence levels have diminished, 68 percent still expect to add employees in the next six months. But that’s fallen from 79 percent in summer 2021.

In a statement included in the report, WMC President and CEO Kurt Bauer said the business community is “cautiously optimistic” about the state economy.

“While employers are still confident in their own businesses, historic inflation, supply chain challenges and a persistent workforce shortage are clearly impacting their outlook in 2022,” he said.

The report includes results from 265 employers collected over the last three weeks of January through physical and digital surveys. Novak explained the survey pool includes a significant number of manufacturers, as well as other employers in construction, retail, agriculture, technology and other sectors.

“The wage increases we’re seeing are across the board in Wisconsin; there’s no industry in the state that’s not dealing with the workforce shortage,” he said.

Aside from “significant wage hikes,” he noted many of these businesses are offering sign-on bonuses, compensation for moving expenses for out-of-state workers and greater workplace flexibility.

Respondents pointed to labor availability and supply chain problems as the top business concerns facing their companies. Other issues include health care costs, the national economy, excessive regulation, COVID-19 and other factors.

WMC’s report yesterday highlighted survey results related to the state and national economies. Coming reports will focus on supply chain and inflation questions, and state and federal policies.

See the full report here:

<https://www.wisbusiness.com/wp-content/uploads/2022/02/WMC-winter-2022-employer-survey.pdf>

-By Alex Moe