

WMC: Workforce shortage remains with recession likely in 2023

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MADISON – A new survey of Wisconsin businesses revealed increased economic uncertainty at the start of 2023, with a majority saying a recession is looming. According to the *Wisconsin Employer Survey*, 60 percent of businesses believe the Wisconsin economy will enter a recession this year.

Wisconsin Manufacturers & Commerce (WMC) — the combined state chamber and manufacturers' association — conducted the survey in mid-December on a variety of topics. On Thursday, [WMC released data](#) focused specifically on the economy and workforce.

“Wisconsin employers continue to be concerned about the state of the Wisconsin and U.S. economies,” said WMC President & CEO Kurt R. Bauer. “High inflation, a persistent workforce shortage and a stagnating business climate are inhibiting economic growth.”

Thirty-nine percent of surveyed employers rated the Wisconsin economy as strong or very strong. That is a five-point drop from the Summer and well below the 53 percent who said the economy was strong just a year ago. Nationally, Wisconsin businesses are even more concerned. Twenty percent rated the U.S. economy as strong – down from 39 percent last year.

According to the survey, the uncertainty about the economy has reinforced a pessimistic outlook. In the last four surveys, the number of businesses projecting the Wisconsin economy to grow has dropped from 84 percent in Summer 2021 to just 42 percent today. In fact, the projection for the national economy is even worse. Only one quarter of those surveyed anticipate U.S. economic growth over the next six months.

A major contributing factor to this economic malaise is historically high and unrelenting inflation. Nearly six in 10 businesses have seen costs increase by double digits in the last year. While a small dip from the 67 percent who responded the same six months ago, the *Wisconsin Employer Survey* data shows most businesses are still dealing with record cost increases.

“The Wisconsin economy faces a strange dichotomy, however,” added Bauer. “There are still not enough Wisconsinites to fill available jobs, even as we are facing an economic downturn.”

On track with previous surveys, 85 percent of businesses are struggling to hire. The workforce shortage has kept unemployment rates low, while driving up wages. According to the *Wisconsin Employer Survey*, one third of businesses plan to increase wages by more than four percent in 2023, and 84 percent plan to increase wages by three percent or more.

In spite of economic concerns, businesses are still hiring. Sixty percent of respondents plan to increase their number of employees in the next six months. While still a majority, this number has dropped consistently in recent surveys – it was 79 percent in the Summer 2021 survey.

The *Wisconsin Employer Survey* is conducted twice a year by WMC. The assessment provides a snapshot of where Wisconsin’s employers stand on a number of important issues and outlines their economic outlook for both Wisconsin and the United States. For the Winter 2023 edition, WMC surveyed 164 employers that make up a representative sample of its membership. Businesses of all sizes, industries and geographic locations in Wisconsin participated.

The survey will be released in two separate reports on topics including: the economy and workforce; and public policy.

[Click here](#) to download the entire Wisconsin Employer Survey – Winter 2023 report on the economy and workforce.