



WISCONSIN EMPLOYER SURVEY

WINTER 2023

ECONOMY & WORKFORCE

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EXECUTIVE SUMMARY:

Workforce Shortage Remains with Recession Likely in 2023

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.

"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."

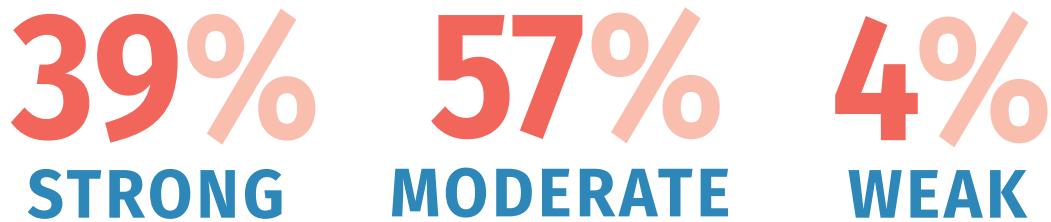
On track with previous surveys, 85 percent of businesses are struggling to hire. The workforce shortage has kept unemployment rates low, while driving up wages. According to the *Wisconsin Employer Survey*, one third of businesses plan to increase wages by more than four percent in 2023, and 84 percent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

About the Wisconsin Employer 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.

How would you rate the current **Wisconsin economy?**



VERY STRONG	3%	MODERATE	57%	VERY WEAK	0%
STRONG	36%			WEAK	4%

How would you rate the current **U.S. economy?**



VERY STRONG	0%	MODERATE	62%	VERY WEAK	1%
STRONG	20%			WEAK	17%

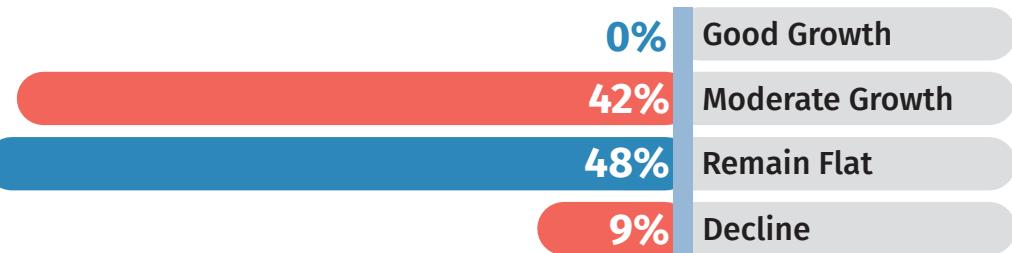
* Totals may not add up to 100% due to rounding.

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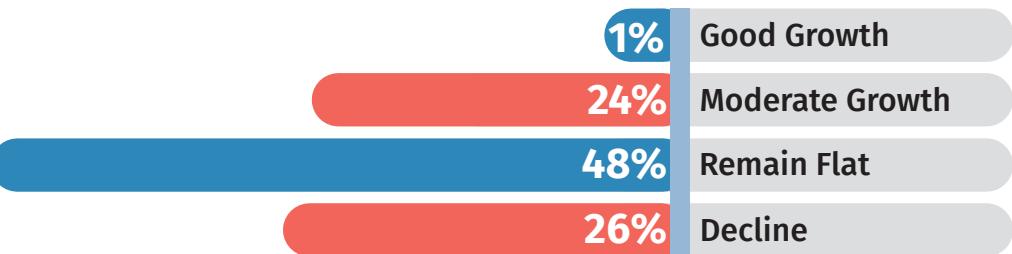
How will the Wisconsin economy perform over the next 6 months?

How Will Wisconsin Economy Perform?



How will the U.S. economy perform over the next 6 months?

How Will U.S. Economy Perform?



How much has **inflation increased** your
costs to do business in the last year?

10% OR LESS

41%

OVER 10%

59%

NO CHANGE	0%
1 TO 5% INCREASE	3%
6 TO 10% INCREASE	38%

11 TO 20% INCREASE	40%
21 TO 30% INCREASE	12%
OVER 30% INCREASE	7%

How much have your company's **energy costs**
increased in the last year?

10% OR LESS

56%

OVER 10%

43%

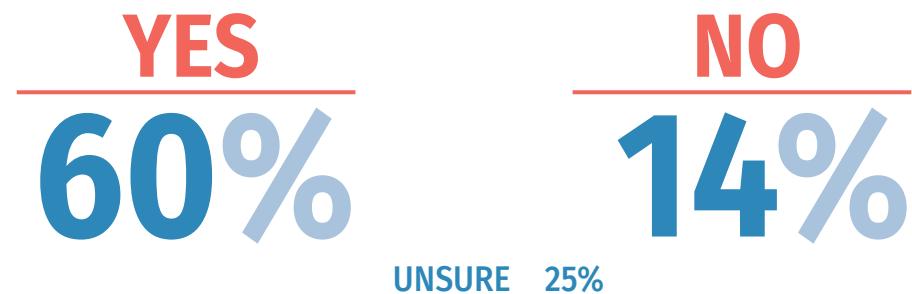
NO CHANGE	4%
1 TO 5% INCREASE	10%
6 TO 10% INCREASE	42%

11 TO 20% INCREASE	32%
21 TO 30% INCREASE	8%
OVER 30% INCREASE	3%

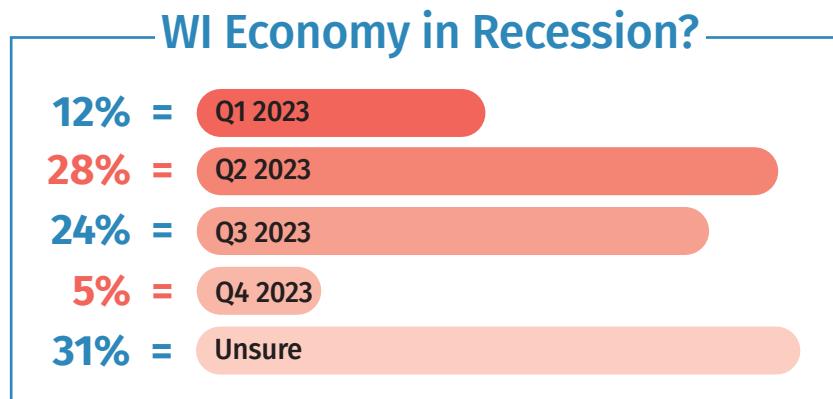
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**Do you expect the Wisconsin economy to
enter a recession within the next year?**



**If yes, when do you expect the
Wisconsin economy to be in a recession?**

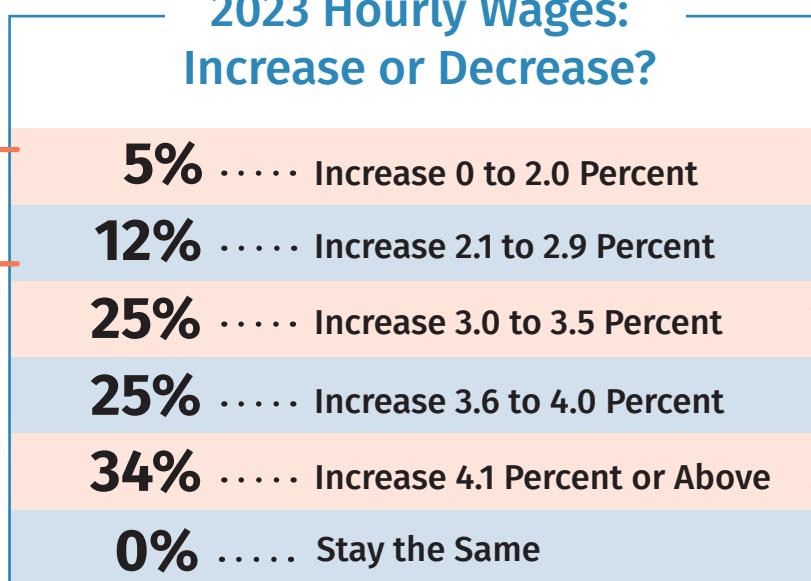


Are you having trouble hiring employees?



How much do you expect hourly wages to **increase** or **decrease** in your company in 2023?

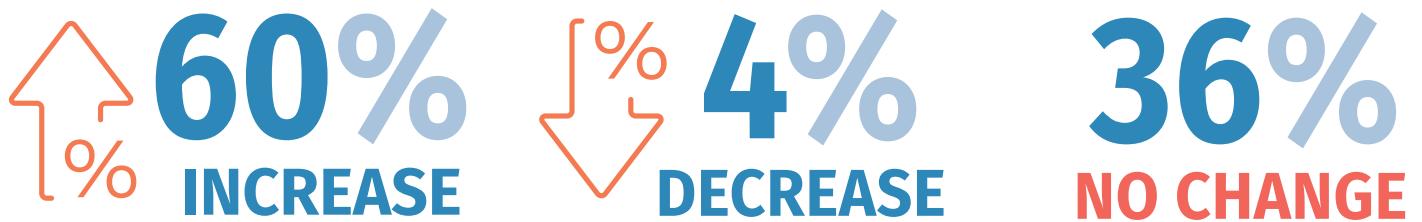
17%
INCREASE
WAGES LESS
THAN 3%



84%
INCREASE
WAGES MORE
THAN 3%

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**In the next 6 months, do you anticipate
your number of employees to:**



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