

Report: Workforce, cost of business remain top challenges for manufacturers

By Skyler Frazer

Workforce issues and rising costs of business remain top concerns for Connecticut manufacturers, even as many of them report higher profits, according to a new survey from the Connecticut Business & Industry Association (CBIA).

The CBIA released its 2023 Connecticut Manufacturing Report on Wednesday in partnership with CONNSTEP and Ready CT that found 86% of manufacturers in the state report having difficulty finding and/or retaining employees. The lack of skilled job applicants was the greatest obstacle to growth for 48% of companies surveyed.

Regarding the economy, 91% of manufacturing leaders surveyed said the cost of doing business in Connecticut is increasing because of rising labor costs and high taxes. Forty-three percent of respondents said the state's business climate is static, while 36% believe it's declining and 8% reported that they see improvement.

Twenty-three percent said they expect the state's economy to grow in 2023, while 30% said they expect the U.S. economy to expand as a whole.

Other key findings in the report include:

- More than half of respondents, 57%, expect their workforce to remain stable over the next six months, with 33% projecting growth.
- 77% of Connecticut manufacturers reported profits in 2022, up from 67% in 2021, and 66% expect a profitable 2023.
- Investment in properties and facilities is the main priority for 37%, followed by employee retention and recruitment at 27%.

Workforce concerns were a major theme during Wednesday's 2023 Manufacturing Summit at the Aqua Turf Club in Plantsville.

During one panel Wednesday, Gerber Americas President Lenny Marano said his company struggled with workforce issues more over the last 18 months because of inflation than it did when COVID-19 hit in March 2020. Because of this, the company increased employee wages to mitigate their inflationary concerns.

"They (manufacturers) are finding ways to navigate persistent supply chain and inflation challenges while finding and engaging employees — for instance, the average manufacturing wage grew to more than \$92,000 in 2022, 14% higher than the state's average wage," CBIA President & CEO Chris DiPentima said.

Paul Lavoie, Connecticut's chief manufacturing officer, said that increased investment in automation technology is a great way companies can address workforce shortages while also making their operations more efficient and modernized.

The 2023 Connecticut Manufacturing Report includes a survey of manufacturers, state and federal agencies conducted from June 12 to July 17 and interviews with industry leaders in the state. Specifically, the survey was sent to 1,000 manufacturers and had an 18.9% response rate with a 2% margin of error, according to the CBIA.