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CBIA: Growing labor shortage, high taxes main barriers for CT businesses

By **Kevin Zimmerman**

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Connecticut's growing labor shortage, high taxes, and cost of living are the main barriers to the state's economic recovery according to a new survey.

[The 2021 Survey of Connecticut Businesses](#), produced by CBIA and the accounting and business advisory firm **Marcum LLP**, identifies a number of factors causing most employers to struggle with recruiting and retaining employees despite high vaccination rates in workplaces and the state.

Key findings include:

- 80% of employers report difficulty finding and retaining employees and 35% say the labor shortage is the greatest obstacle to growth
- 33% of businesses expect their workforce to grow in the next six months, a 13-point jump over last year
- Almost two-thirds (64%) of companies reported profits in 2020, down from 77% in 2019
- About two-thirds (67%) of surveyed companies expect a profitable 2021, with just 8% forecasting losses
- 43% of respondents see their business growing, up from 25% last year and the highest percentage since 2018
- The economic outlook is more optimistic than last year. 39% expect Connecticut's economy to grow, with 53% forecasting national growth
- 66% of employers report that at least 75% of employees are fully vaccinated
- 88% of firms applied for a federal Paycheck Protection Program loan and 20% for other U.S. Small Business Administration loans or grants

CBIA president and CEO Chris DiPentima said the survey shows cautious optimism among Connecticut employers, despite a number of challenges.

“There are numerous reasons to be optimistic about Connecticut’s economic recovery,” DiPentima said. “Addressing major growth challenges — including the labor shortage and affordability — will ensure we rebuild an economy with opportunities for all.”

DiPentima said survey responses highlighted the significant difficulties employers face finding workers, challenges that are also reflected in the state’s employment data.

Ethan Brysgel, Marcum’s national financial accounting and advisory services leader, noted that recruiting, retention, and training dominated respondents’ investment priorities.

“Connecticut businesses cite employee retention as their single largest area of investment in 2021,” Brysgel said. “That should go a long way to helping reduce the state’s worker shortage.”

Marcum’s Hartford office managing partner, Michael Brooder, said while businesses focused on survival last year, they are now looking to the future.

“This year’s survey highlights the opportunities we have for getting people back to work and rebuilding our economy if policymakers focus on addressing recovery challenges,” he said.

CBIA mailed and emailed the [2021 Survey of Connecticut Businesses](#) to more than 3,000 top executives throughout the state from Aug. 4 through Sept. 8.

The majority of surveyed firms are small businesses: 82% employ less than 50 people, with 9% employing 50-100 workers, 6% between 100 and 249, 2% 250 to 499, while 1% of respondents employ more than 500 employees.

The survey’s response rate was 20.4%, with a margin of error of +/-1.4%.