

# Tennessee Business Barometer

In partnership with the Tennessee Chamber of Commerce & Industry

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## Tennessee Business Leaders Are Upbeat, But Have Some Concerns for the Future

The results from the first Tennessee Business Barometer survey indicate that business leaders across Tennessee hold a somewhat tepid view of the overall U.S. economy. In contrast, their views of the more local economic conditions in Tennessee, for their industry, and for their specific business are much more upbeat. However, business leaders are cautious about the future. Expectations for future economic conditions are weakened by concerns about rising healthcare costs, difficulties finding qualified employees, political and economic uncertainty, and the specter of increasing regulation.

All things considered, the majority of Tennessee business leaders expect their firm's future performance to either remain steady or to improve. While most firms expect to maintain or grow their level of employment in the next 12 months, many firms are experiencing difficulty finding qualified employees, which can hinder future growth.

The table below shows the results from the Tennessee Business Barometer and its index components. By comparing these scores with future index scores, we will be able to measure changes in perceptions of Tennessee business leaders over time. The next Tennessee Business Barometer survey is planned for October 2015.

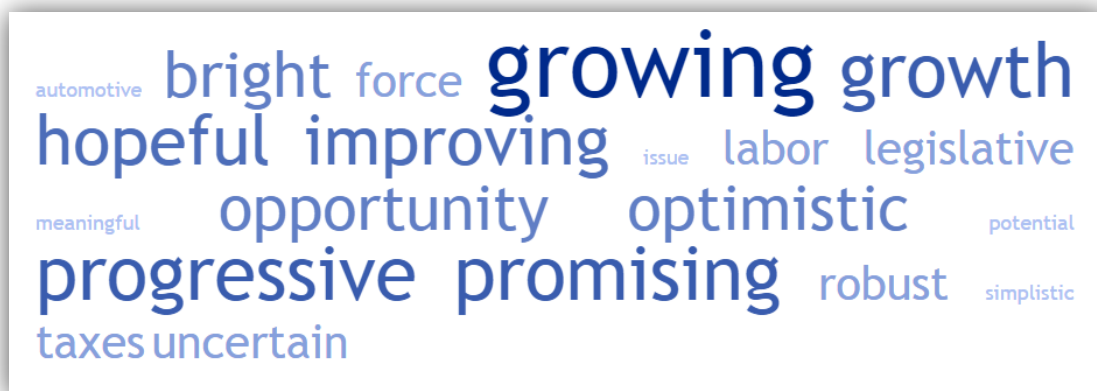


### **State, Industry, and Firm**

Perceptions of more local economies fared much better. Tennessee business leaders feel much more positive about the economic conditions in the State of Tennessee (64 percent rating it as “good”), their industry (54 percent rating it as “good”) and their specific firm (63 percent rating it as “good”).

However, the outlook for the future is somewhat muted. When asked for their expectations for the economic conditions 12 months from now, 40 percent expect economic conditions in Tennessee will be “better,” 35 percent expect economic conditions for their specific industry to be “better,” and 43 percent expect economic conditions for their firm to be “better.”

The word cloud below shows the 20 words that were most often given when asked “What one word comes to mind when you think about the future of the economy in Tennessee?” The size of each word reflects the relative frequency with which it was mentioned.



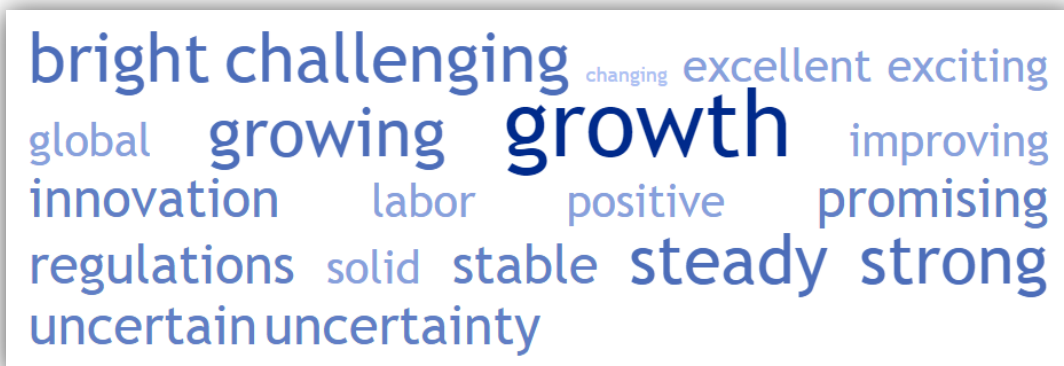
## **Regulation**

Regulation appears to be a concern among Tennessee business leaders. One in four (25%) said that regulatory conditions in their industry are “good,” while 28 percent said they are “bad.” Further, only 4 percent expect regulatory conditions to be “better” 12 months from now, whereas 35 percent expect them to be “worse.”

## **Firm Performance**

Expectations for individual firm performance are relatively positive – driven by expectations regarding future sales (50 percent expect their firm’s sales to “increase” while only 11 percent expect their firm’s sales to “decrease”).

The word cloud below shows the 20 words that were most often given when asked “*What one word comes to mind when you think about the future of your firm / business?*” The size of each word reflects the relative frequency with which it was mentioned.



## **Employment Outlook**

The outlook for employment is mixed. While 42 percent expect to “increase” employment at their firm and only 9 percent expect to “decrease” employment, 46 percent said that qualified employees are “hard to find.” Further, only 1 percent said that qualified employees are “easy to find.” This indicates that Tennessee firms expect to hire in the future, but many firms are having trouble finding qualified candidates for those positions.

<b>Tennessee Business Barometer</b>		<b>July 2015 (%)</b>
Overall economic conditions in the U.S. are:	Good	25
	In Between	65
	Bad	10
Twelve months from now, overall economic conditions in the U.S. will be:	Better	24
	About same	60
	Worse	15
Economic conditions in TN are:	Good	64
	In Between	33
	Bad	2
Twelve months from now, economic conditions in TN will be:	Better	40
	About same	54
	Worse	4
Economic conditions in your industry are:	Good	54
	In Between	37
	Bad	10
Twelve months from now, economic conditions in your industry will be:	Better	35
	About same	59
	Worse	5
Regulatory conditions in your industry are:	Good	25
	In Between	44
	Bad	28
Twelve months from now, regulatory conditions will be:	Better	4
	About same	59
	Worse	35
Economic Conditions for your firm / business are:	Good	63
	In Between	29
	Bad	8
Twelve months from now, economic conditions for your firm/business will be:	Better	43
	About same	53
	Worse	4
Compared to last year, will your firm Grow:	More	35
	About same	40
	Less	21
Compared to last year, will your firm Invest:	More	31
	About same	46
	Less	17

Compared to last year, will your firm's Sales:	Increase	50
	Stay the same	28
	Decrease	11
Compared to last year, will your firm's Profitability:	Increase	37
	Stay the same	40
	Decrease	16
Compared to last year, will your firm's Inventories:	Increase	11
	Stay the same	41
	Decrease	18
In the next 12 months, will Employment at your firm/business:	Increase	42
	Stay the same	48
	Decrease	9
Qualified employees are:	Easy to find	1
	Found with effort	51
	Hard to find	46

Included in the Current Economic Situation Index

Included in the Future Economic Expectations Index

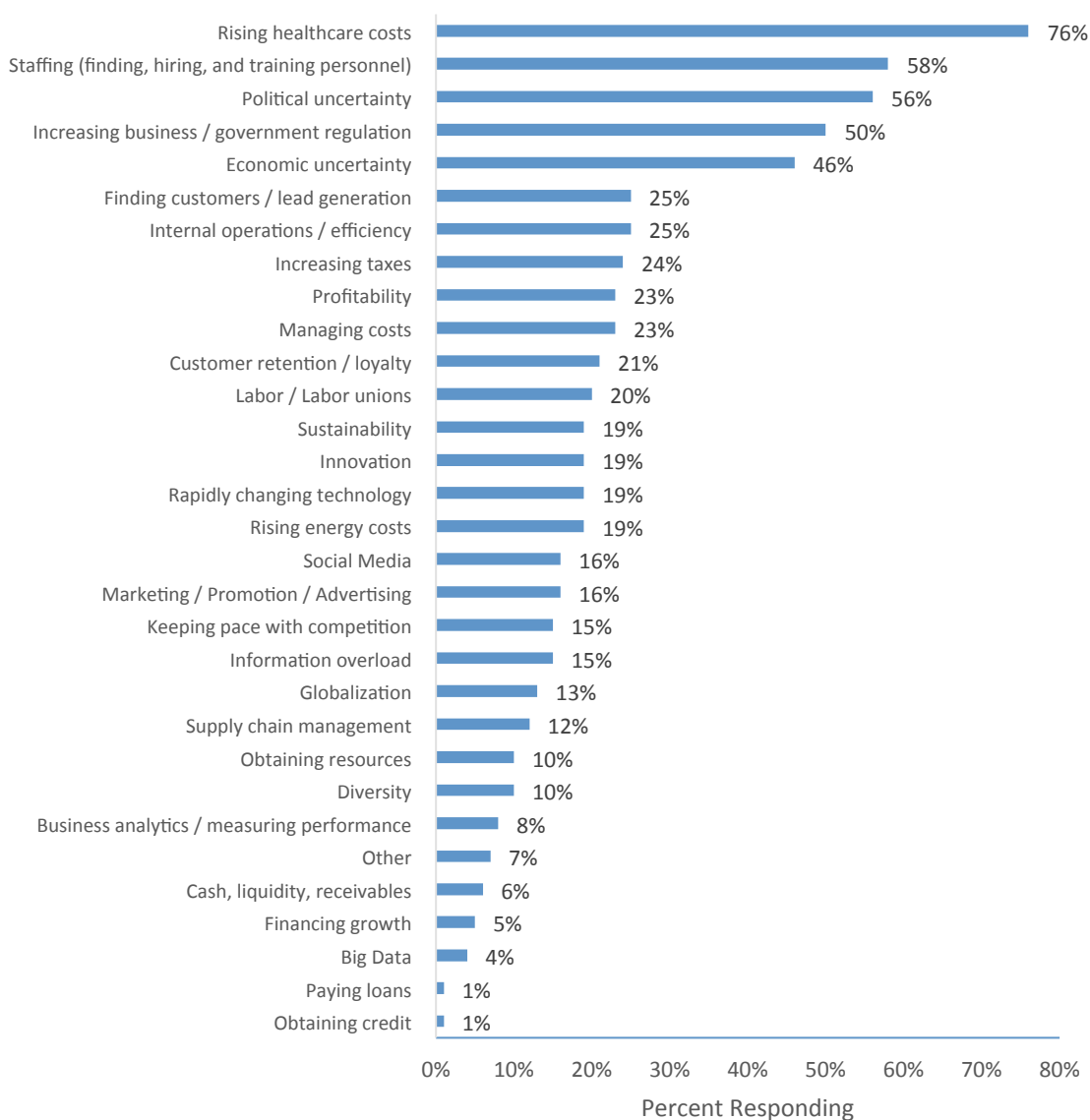
Included in the Business Performance Index

Included in the Employment Outlook Index

## Business Challenges

Respondents were also asked to identify the areas in which their firm/business is currently facing challenges. The chart below shows the percent of respondents who selected each issue. It is clear that concerns about rising healthcare costs, difficulties with finding qualified employees, political and economic uncertainty, and the potential for increasing regulation are weighing on the minds of business leaders.

### In Which of the Following Areas Is Your Firm Currently Facing Challenges / Issues / Concerns?



## Business Challenges – Summated Rankings

The table below shows the summated rankings for these business challenges. The rankings are compiled in the same way that sports teams are ranked. Given that each respondent was asked to rank his or her top five challenges, the issue ranked first was assigned a score of 5, the second ranked issue was assigned a score of 4, and so on. The summated rank reflects the ordinal ranking of all issues.

It is interesting to note that even though rising healthcare costs was by far the most often mentioned concern (see previous chart), staffing issues were by far the highest ranked concern – being ranked first almost twice as many times as rising healthcare costs.

Rank	Challenge / Issue / Concern	Total Summated Rank	Times Ranked First
1	Staffing (finding, hiring, and training personnel)	253	32
2	Rising healthcare costs	245	18
3	Increasing business / governmental regulation	205	17
4	Political uncertainty	197	15
5	Economic uncertainty	156	14
6	Managing costs	84	4
7	Internal operations / efficiency	77	2
8	Finding customers / Lead generation	73	5
9	Increasing taxes	65	3
10	Customer retention / loyalty	62	4
11	Profitability	57	2
12	Innovation	47	3
13	Keeping pace with competition	47	3
14	Rising energy costs	42	1
15	Labor / Labor unions	41	0
16	Globalization	34	2
17	Rapidly changing technology	30	0
18	Marketing / Promotion / Advertising	28	0
19	Obtaining resources	23	0
20	Supply chain management	23	0
21	Social Media	18	0
22	Cash, liquidity, receivables	17	2
23	Information overload	16	0
24	Financing growth	13	0
25	Sustainability	13	0
26	Business analytics / measuring performance	10	1
27	Obtaining credit	5	1
28	Diversity	5	0
29	Paying loans	3	0
30	Big Data	0	0



## **About the Tennessee Business Barometer Survey**

The Tennessee Business Barometer survey is a collaborative effort between the Jones College of Business at Middle Tennessee State University and the Tennessee Chamber of Commerce & Industry. The survey measures the mood and outlook of business leaders statewide through online surveys. This report is also available on the MTSU Office of Consumer Research web page ([www.mtsu.edu/consumer](http://www.mtsu.edu/consumer)).

The results reported here are based on an online survey of 136 business leaders throughout the state of Tennessee. The survey was conducted online between July 1 and July 8. With a sample of 136 people, we can say with 95% confidence that the amount of survey error due to taking a random sample instead of surveying all members of the population is  $\pm 8.4\%$ . Other factors such as problems with question wording and question interpretation can also introduce additional bias or error into the results.

The Tennessee Business Barometer Index is based on all 17 survey questions outlined below. The score is computed by adding the percentage of positive responses to each question and subtracting the percentage of negative responses. The Current Economic Situation Index is based on questions 1, 3, 5, 7, and 9. The Future Economic Expectations Index is based on questions 2, 4, 6, 8, and 10. The Business Performance Index is based on questions 11, 12, 13, 14, and 15. The Employment Outlook Index is based on questions 16 and 17.

For more information about the Tennessee Business Barometer, contact Dr. Timothy Graeff, Director of the Office of Consumer Research, at 615-898-5124 or [tim.graeff@mtsu.edu](mailto:tim.graeff@mtsu.edu).

For more information about the Tennessee Chamber of Commerce & Industry, visit [www.tnchamber.org](http://www.tnchamber.org) or call 615-256-5141.

## **The Tennessee Business Barometer**

**[C]** = included in the Current Economic Situation Index

**[F]** = included in the Future Economic Expectations Index

**[B]** = included in the Business Performance Index

**[E]** = included in the Employment Outlook Index

1. **[C]** The current overall economic conditions in the COUNTRY AS A WHOLE are good, somewhere in between, or bad?
2. **[F]** In the next 12 months, do you expect the overall economic conditions in the COUNTRY AS A WHOLE to be better, stay about the same as they are today, or be worse?
3. **[C]** The current economic conditions in TENNESSEE are good, somewhere in between, or bad?
4. **[F]** In the next 12 months, do you expect the economic conditions in TENNESSEE to be better, stay about the same as they are today, or be worse?
5. **[C]** The current economic conditions for your INDUSTRY are good, somewhere in between, or bad?
6. **[F]** In the next 12 months, do you expect the economic conditions for your INDUSTRY to be better, stay about the same as they are today, or be worse?
7. **[C]** The current regulatory conditions for your industry are good, somewhere in between, or bad?
8. **[F]** In the next 12 months, do you expect the regulatory conditions for your industry to be better, stay about the same as they are today, or be worse?
9. **[C]** The current economic conditions for your FIRM / BUSINESS are good, somewhere in between, or bad?
10. **[F]** In the next 12 months, do you expect the economic conditions for your FIRM / BUSINESS to be better, stay about the same as they are today, or be worse?
11. **[B]** With respect to growth, compared to last year do you expect that your firm / business will grow more than it did last year, grow about the same as it did last year, or grow less than it did last year?
12. **[B]** With respect to investing in your business, do you expect that compared to last year your firm / business will more, about the same as last year, or less?

13. **[B]** With respect to sales revenues, compared to last year do you expect that your firm's / business's sales revenues will increase, stay about the same as last year, or decrease?
14. **[B]** With respect to profitability, compared to last year do you expect that your firm's / business's profitability will increase, stay about the same as last year, or decrease?
15. **[B]** With respect to inventories, in the next 12 months, do you expect that your firm / business will increase inventories, keep inventories the same, decrease inventories?
16. **[E]** With respect to employment, in the next 12 months, do you expect that your firm / business will increase employment, keep employment at about the same level as it is today, or decrease employment?
17. **[E]** With respect to your firm / business being able to find qualified employees in the local labor force, qualified employees are easy to find, can be found with effort, or are hard to find?