

## **Results of the October Survey of Nebraska Business: November 6, 2015**

**Prepared by the UNL College of Business Administration, Bureau of Business Research**

**Author:** Dr. Eric Thompson

***Summary:** Respondents to the October Survey of Nebraska Business had a mixed outlook for employment and sales growth over the next six months. Respondents anticipated a slight decline in sales and a slight increase in employment. This is the first time this year that respondents provided a less than optimistic outlook. To be specific, 27 percent of respondents to the October 2015 survey expect to increase sales over the next 6 months while 30 percent expect to decrease sales. At the same time 10 percent of respondents expect to grow employment compared to 7 percent who expect to reduce it. Businesses in the Southeast Nebraska region, which includes Lincoln, were optimistic about both sales and employment growth. However, expectations were mixed in the Omaha, Northeast and West regions and negative for both sales and employment in Central Nebraska. These results suggest that an urban-rural divide has re-emerged in the outlook. When asked about the most important issue facing their business, customer demand was the top issue named by 33 percent of respondents. The availability and quality of labor was named as the top issue by 18 percent. Taxes was the top issue for 13 percent of respondents, a much higher share than in recent months.*

### **Survey of Nebraska Business**

The *Survey of Nebraska Business* is sent to 500 Nebraska business establishments each month. The survey asks business owners and managers whether they expect to expand sales and employment over the next 6 months. The survey also asks “What is the most important issue facing your business today?” Individual responses to that question fall into one dozen categories of business and public policy issues. Surveyed businesses are randomly selected from all industries, including agriculture. Businesses of all sizes are surveyed. In October, responses were received from 145 of the 500 surveyed businesses. This 29% response rate is sufficient for analysis of the results.

As seen in Table 1 below, respondents to the October 2015 *Survey of Nebraska Business* were slightly positive in their outlook for employment and slightly negative in their outlook for sales. Just over two-fifths of October respondents expected no change in sales over the next six months, while 27 percent expected sales to increase and 30 percent sales to decrease. For employment, 10 percent of October respondents expected to add jobs over the next 6 months while 7 percent expected to reduce employment, a positive 3 percent gap. The outlook for employment has been positive in the *Survey of Nebraska Business* every month this year. However, October marks the first month in 2015 when there was a negative outlook for sales.

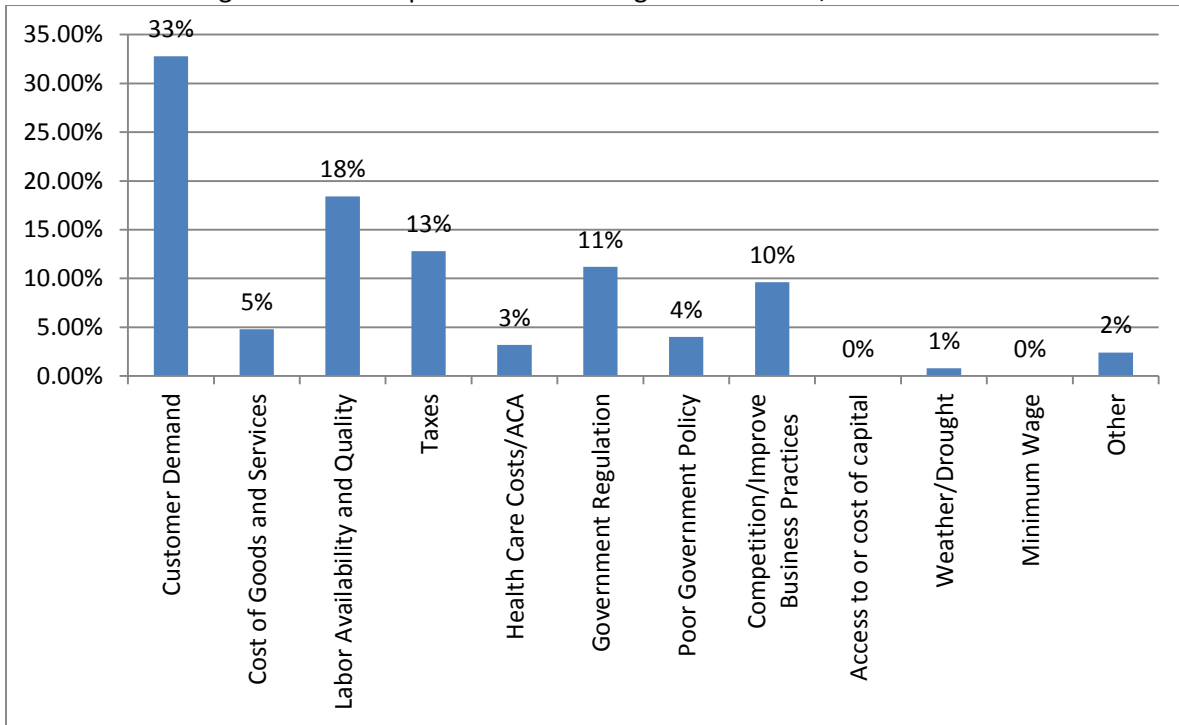
Table 1: Business Expectations for the Next Six Months, October 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	27%	10%
Stay the Same	42%	84%
Decrease	30%	7%

Note: Column totals may not sum to 100% due to rounding.

Results in Figure 1 show the top concerns of responding business owners and managers. Two of three responses were related to business operations issues such as customer demand for goods or services, the cost of supplies, labor availability and quality, competition from other businesses or the need to improve business practices. Customer demand was the most common top concern, named by 33 percent of respondents. For the fourteenth consecutive month, the availability and quality of labor was the second most cited top concern, chosen by 18 percent of respondents. Both percentages are similar to those in recent months. One in three businesses listed public policy issues as their top concern. Taxes was chosen as the top concern by 13 percent of businesses while government regulation was chosen by 11 percent. This represents a significant jump in the share of respondents concerned about taxes.

Figure 1: Most Important Issue Facing Each Business, October 2015



Note: Percentages may not sum to 100% due to rounding

## Omaha Area Responses to the Survey of Nebraska Business

Table 2 and Figure 2 summarize responses from Omaha Metropolitan Area businesses (Nebraska portion only).<sup>1</sup> The responses are combined from the September and October 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 73 responses from Omaha Metropolitan Area businesses during September and October.

As seen in Table 2, the outlook of Omaha Metropolitan Area businesses (Nebraska portion only) was similar to those of businesses from other parts of the state. For sales, 27 percent expected sales to increase over the next six months and 29 percent sales to decline. This is a 2 percent gap, similar to the gap in other parts of the state. For employment, 12 percent of Omaha respondents expected to add jobs over the next 6 months, a bit more optimistic than respondents from other parts of the state. This mixed Omaha outlook is a significant change from earlier in the year, when Omaha area businesses were consistently optimistic about growth in both sales and employment.

Table 2: Omaha Metro Area Business Expectations for the Next Six Months, September and October, 2015

	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	27%	27%	0%
Stay the Same	45%	44%	-1%
Decrease	28%	29%	1%
	Employment		
Increase	10%	12%	2%
Stay the Same	84%	81%	-3%
Decrease	6%	7%	1%

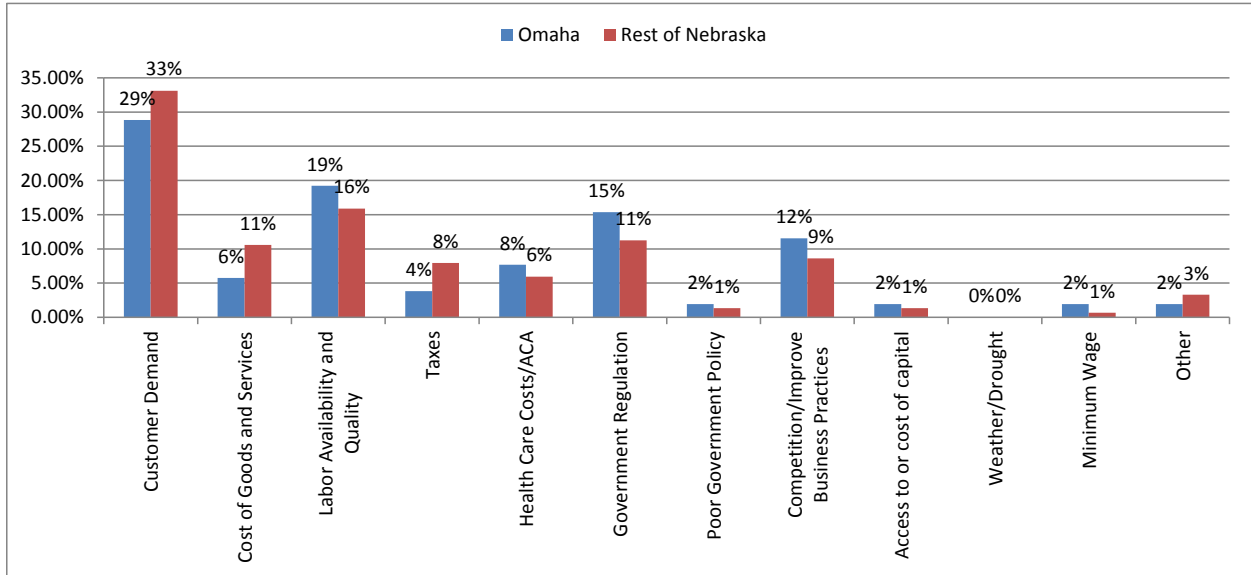
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 2 compares the top business concerns of Omaha Metropolitan Area respondents (Nebraska portion only) from September and October with those from businesses located in other parts of Nebraska. Responses from Omaha area businesses were largely consistent with those from respondents in other parts of the state. However, Omaha businesses were somewhat less likely to name customer demand as their top concern and somewhat more likely to name regulation and the availability and quality of labor.

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<sup>1</sup> The region includes Cass, Douglas, Sarpy, Saunders and Washington counties.

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, September and October, 2015



Note: Percentages may not sum to 100% due to rounding

## Southeast Nebraska Responses to the Survey of Nebraska Business

Table 3 and Figure 3 summarize responses from Southeast Nebraska businesses. Southeast Nebraska includes counties stretching east from York County through Lancaster County to Otoe County and also south to the Nebraska-Kansas border.<sup>2</sup> The responses discussed in Table 3 and Figure 3 are combined from the September and October 2015 surveys, in order to generate a sufficient sample size. There were a combined 61 responses from Southeast Nebraska businesses during September and October.

As seen in Table 3, Southeast Nebraska businesses had a positive outlook in September and October. For sales, 34 percent expected to increase sales and 15 percent to decrease sales in the next 6 months. This outlook for sales was significantly more optimistic than in other parts of the state. For employment, 11 percent of businesses expected to add employment over the next 6 months while 5 percent expected to reduce it. This result was in line with the outlook in other parts of the state in September and October.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, September and October, 2015

	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	<b>Sales</b>		
Increase	25%	34%	10%
Stay the Same	43%	51%	8%
Decrease	32%	15%	-17%
	<b>Employment</b>		
Increase	11%	11%	1%
Stay the Same	83%	84%	0%
Decrease	6%	5%	-1%

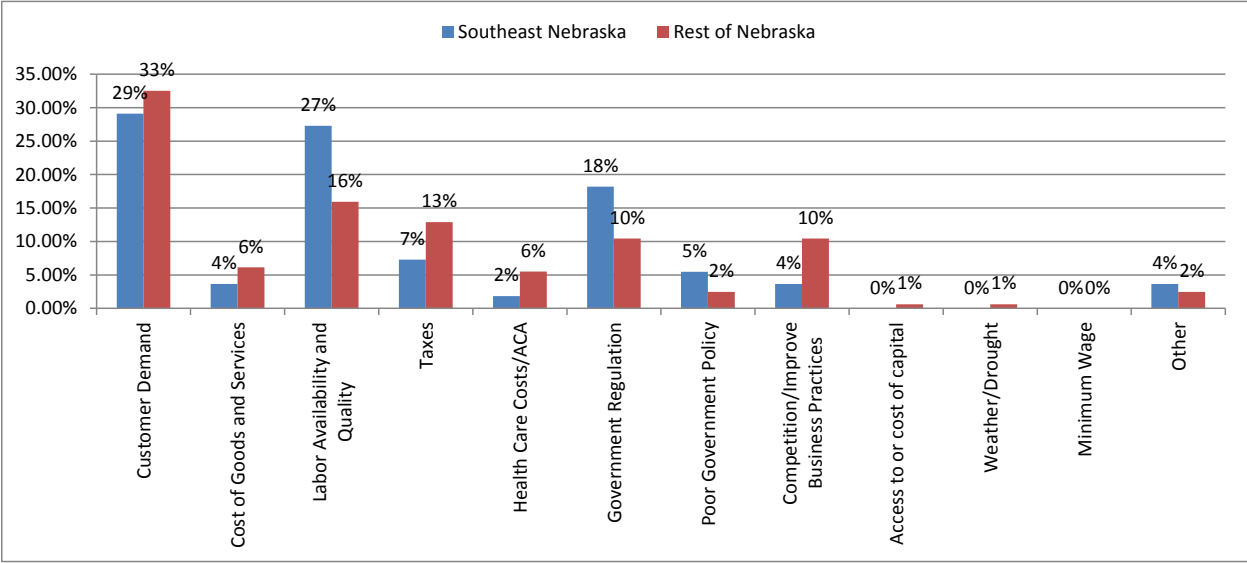
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 3 compares the top business concerns of Southeast Nebraska respondents from September and October with those from businesses located in other parts of the state. Responses from Southeast Nebraska businesses were largely consistent with those from respondents in other parts of the state. However, Southeast Nebraska business were much more likely to be concerned about the availability and quality of labor than business located in other parts of the state.

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<sup>2</sup> The regions include Filmore, Gage, Jefferson, Johnson, Lancaster, Nemaha, Otoe, Pawnee, Richardson, Saline, Seward, Thayer, and York counties.

Figure 3: Most Important Issue Facing Southeast Nebraska Businesses, September and October, 2015



Note: Percentages may not sum to 100% due to rounding

## Central Nebraska Responses to the Survey of Nebraska Business

Table 4 and Figure 4 summarize responses from Central Nebraska businesses. Central Nebraska includes Hall County and Buffalo County, counties to the north including Custer County and counties to the south to the Nebraska-Kansas border, including Adams County.<sup>3</sup> The responses discussed in Table 4 and Figure 4 are combined from the September and October 2015 surveys, in order to generate a sufficient sample size. There were a combined 41 responses from Central Nebraska businesses during September and October.

Central Nebraska businesses had a negative outlook for both sales and employment. As seen in Table 4, just 17 percent of Central Nebraska businesses expected sales to rise in the next six months compared to 29 percent which expected sales to decline. For employment, 2 percent of Central Nebraska businesses planned to expand employment while 10 percent planned to reduce it. The outlook for both sales and employment is positive on balance for the rest of the state.

Table 4: Central Nebraska Business Expectations for the Next Six Months, September and October, 2015

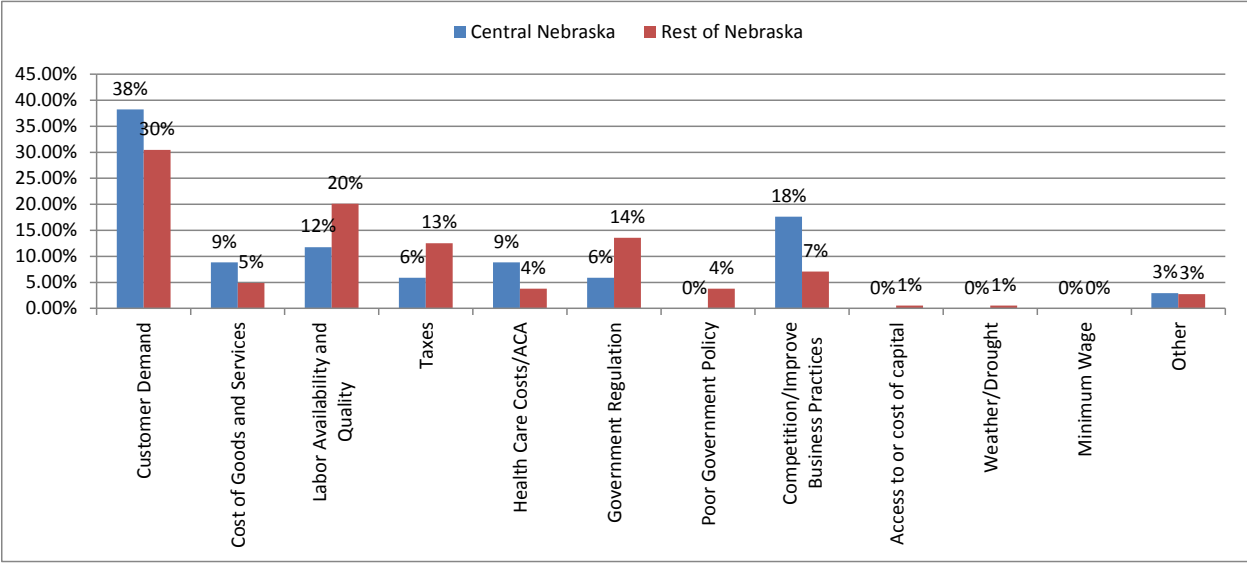
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	29%	17%	-12%
Stay the Same	46%	41%	-4%
Decrease	25%	41%	16%
	Employment		
Increase	12%	2%	-10%
Stay the Same	82%	88%	6%
Decrease	6%	10%	4%

Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 4 compares the top business concerns of Central Nebraska respondents from September and October with those from businesses located in other parts of the state. Responses from Central Nebraska businesses were largely consistent with those from respondents in other parts of the state. However, Central Nebraska businesses were less likely to list the availability and quality of labor as their top concern but more likely to list competition with other businesses or a need to improve business practices.

<sup>3</sup> The region includes Adams, Blaine, Buffalo, Clay, Custer, Franklin, Garfield, Greeley, Hall, Hamilton, Harlan, Howard, Kearney, Loup, Merrick, Nance, Nuckolls, Phelps, Sherman, Valley, Webster, and Wheeler counties.

Figure 4: Most Important Issue Facing Central Nebraska Businesses, September and October, 2015



Note: Percentages may not sum to 100% due to rounding



## Northeast Nebraska Responses to the Survey of Nebraska Business

Table 5 and Figure 5 summarize responses from Northeast Nebraska businesses. Northeast Nebraska includes Platte and Madison Counties, counties to the north and east through to the borders with Iowa and South Dakota.<sup>4</sup> The responses discussed in Table 5 and Figure 5 are combined from the September and October 2015 surveys, in order to generate a sufficient sample size. There were a combined 45 responses from Northeast Nebraska businesses during September and October.

Responding businesses in Northeast Nebraska were negative in their outlook for sales and positive in their outlook for employment over the next six months. For sales, 22 percent of respondents expected sales to rise over the next six months, compared to 29 percent who expected sales to fall. For employment, 18 percent of businesses expected to add employees in the next six months while no responding businesses expected to reduce employment. Taken together, results for sales and employment suggest a neutral outlook among businesses in Northeast Nebraska.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months, September and October, 2015

	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	28%	22%	-6%
Stay the Same	44%	49%	5%
Decrease	28%	29%	1%
	Employment		
Increase	9%	18%	9%
Stay the Same	83%	82%	-1%
Decrease	8%	0%	-8%

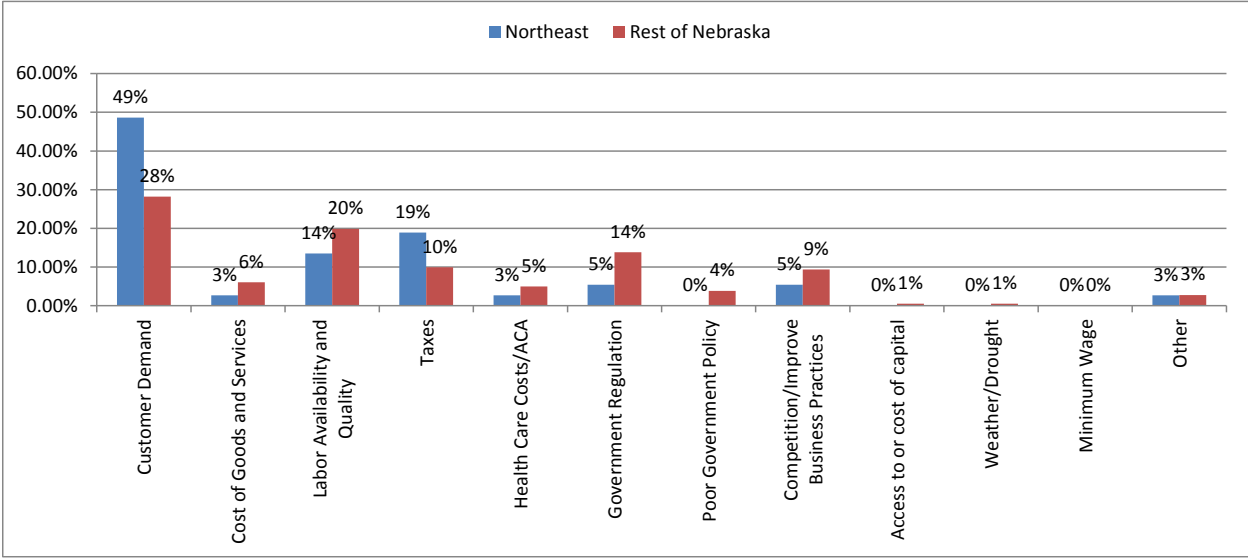
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 5 compares the top business concerns of Northeast Nebraska respondents from September and October with those from businesses located in other parts of the state. Responses from Northeast Nebraska businesses were different than responses in other parts of the state. Northeast Nebraska business were much more likely to choose customer demand or taxes as their top business concern and much less likely to choose other issues.

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<sup>4</sup> The region includes Antelope, Boyd, Boone, Brown, Burt, Butler, Colfax, Cedar, Cuming, Dakota, Dixon, Dodge, Holt, Keya Paha, Knox, Madison, Pierce, Platte, Polk, Rock, Stanton, Thurston and Wayne counties.

Figure 5: Most Important Issue Facing Northeast Nebraska Businesses, September and October, 2015



Note: Percentages may not sum to 100% due to rounding

## West Nebraska Responses to the Survey of Nebraska Business

Table 6 and Figure 6 summarize responses from West Nebraska businesses. West Nebraska includes Dawson and Lincoln Counties, counties north to the Dakota border, south to Kansas border, Scottsbluff County and the rest of the Nebraska Panhandle.<sup>5</sup> The responses discussed in Table 6 and Figure 6 are combined from the September and October 2015 surveys, in order to generate a sufficient sample size. There were a combined 38 responses from West Nebraska businesses during September and October.

Responding businesses in West Nebraska were positive in their outlook for sales over the next 6 months. For sales, 35 percent of West Nebraska respondents expected sales to increase at their business over the next six months while 22 percent expected sales to fall. This optimism for sales, however, does not translate into optimism for employment. Just 8 percent of responding businesses expected to increase employment while the same percentage expected to decrease it.

Table 6: West Nebraska Business Expectations for the Next Six Months, September and October, 2015

	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	26%	35%	9%
Stay the Same	46%	43%	-3%
Decrease	27%	22%	-6%
	Employment		
Increase	11%	8%	-3%
Stay the Same	83%	84%	1%
Decrease	5%	8%	2%

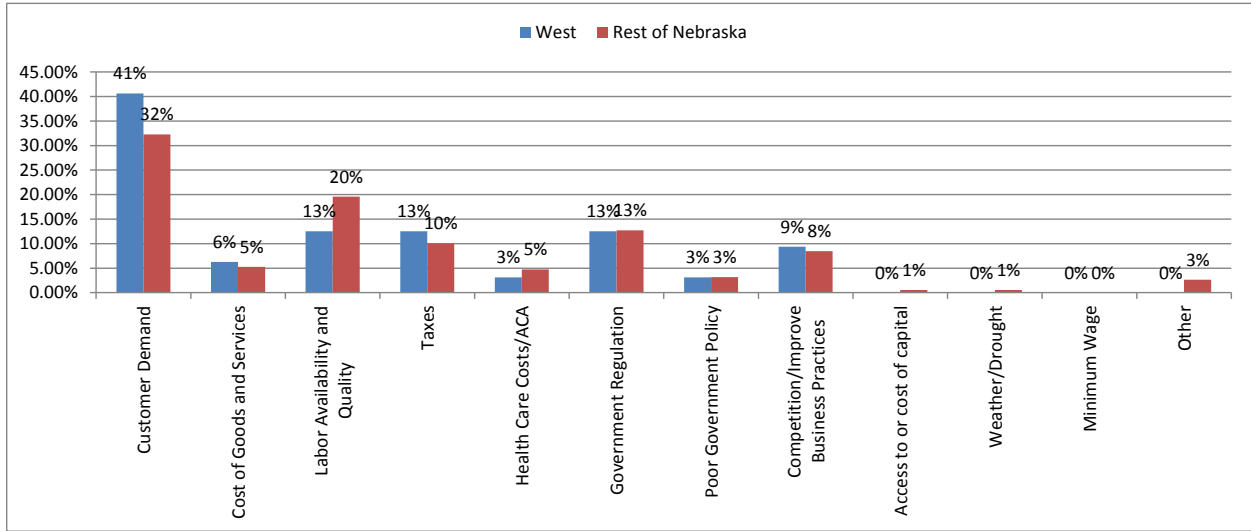
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 6 compares the top business concerns of West Nebraska respondents from September and October with those from businesses located in other parts of the state. Responses from West Nebraska business were largely similar with responses from business in other parts of the state. However, West Nebraska respondents were much more likely to list customer demand as their top concern and much less likely to choose the availability and quality of labor.

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<sup>5</sup> The region includes Arthur, Banner, Box Butte, Chase, Cherry, Cheyenne, Deuel, Dawes, Dawson, Dundy, Frontier, Furnas, Garden, Gosper, Grant, Hayes, Hitchcock, Hooker, Keith, Kimball, Lincoln, Logan, McPherson, Morrill, Perkins, Red Willow, Scotts Bluff, Sheridan, Sioux and Thomas counties.

Figure 6: Most Important Issue Facing West Nebraska Businesses, September and October, 2015



Note: Percentages may not sum to 100% due to rounding