

## **Results of the August Survey of Nebraska Business: September 4, 2015**

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

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***Summary:** Respondents to the August Survey of Nebraska Business had a positive outlook for sales and employment growth over the next six months. To be specific, 28 percent of respondents to the August 2015 survey expected to increase sales over the next 6 months while 18 percent expected to decrease sales. Respondents also were more likely to plan to increase employment (12%) than reduce it (5%). Businesses in the Omaha and Central Nebraska regions were the most optimistic about their outlook for the next six months, particularly for employment. The outlook also was positive in Northeast and Southeast Nebraska and neutral in West Nebraska. When asked about the most important issue facing their business, customer demand was the top issue named by 34 percent of respondents. The quality and availability of labor was named as the top issue by 15 percent. The share of respondents choosing the costs of goods and services as the top issue was 12 percent. The share choosing the costs of goods and service was higher 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 August, responses were received from 143 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 August 2015 *Survey of Nebraska Business* were positive in their outlook for sales and employment. While more than half of August respondents expected no change in sales over the next six months, 28 percent expected sales to increase and 18 percent sales to decrease. This is a positive 10 percent gap. For employment, 12 percent of August respondents expected to add jobs over the next 6 months while 5 percent expected to reduce employment, a positive 7 percent gap. The outlook for sales and employment has been positive in the *Survey of Nebraska Business* every month this year.

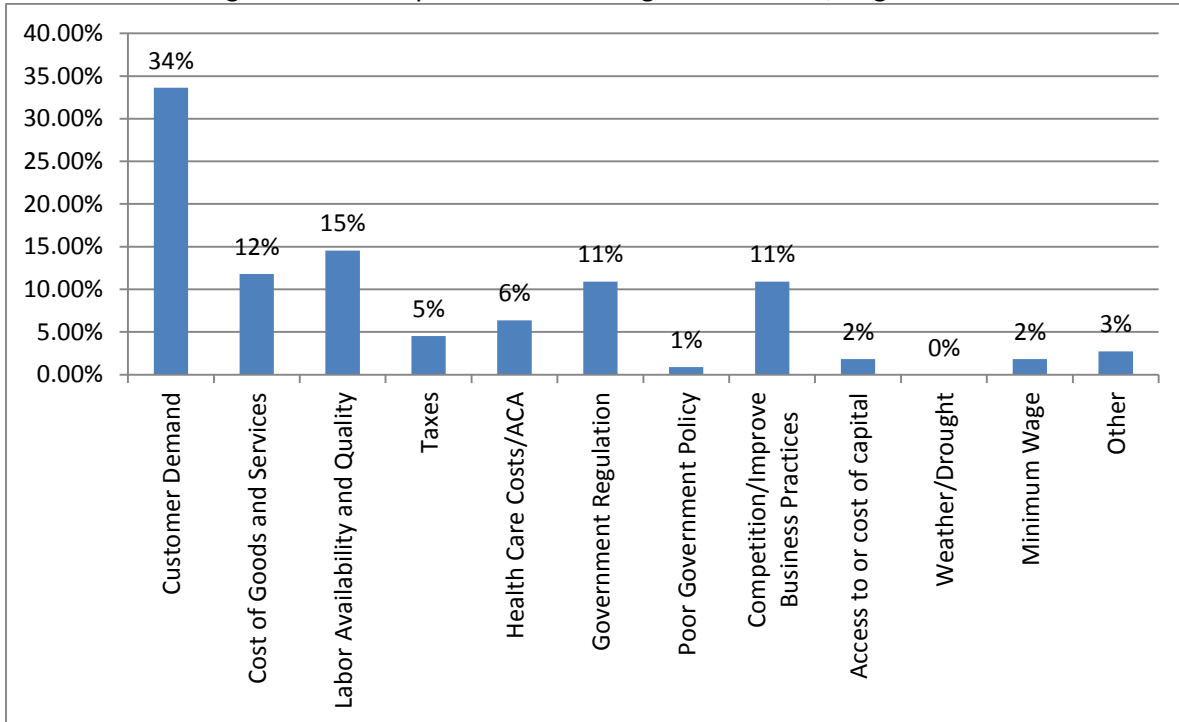
Table 1: Business Expectations for the Next Six Months, August 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	28%	12%
Stay the Same	54%	83%
Decrease	18%	5%

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. Three of four 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 34 percent of respondents. For the twelfth consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 15 percent of respondents. Both percentages are similar to those in recent months. In August, 12 percent of respondents choose the cost of goods and services as the top issue, a higher percentage than in recent months. It will be useful to track whether concerns about the cost of goods and services remain elevated in subsequent surveys. One of four businesses listed public policy issues as their top concern. Government regulation was chosen as the top concern by 11 percent of businesses. Taxes were chosen by 5 percent of respondents while another 6 percent of respondents named the Affordable Care Act or health care costs in general as the top concern. Two percent of respondents choose the pending increase in the minimum wage as the top concern.

Figure 1: Most Important Issue Facing Each Business, August 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 July and August 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 77 responses from Omaha Metropolitan Area businesses during July and August.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) were more optimistic in their outlook for employment than businesses from other parts of the state. For sales, 32 percent expected sales to increase over the next six months and 21 percent sales to decline. This is an 11 percent gap, similar to the gap in other parts of the state. For employment, 18 percent of Omaha respondents expected to add jobs over the next 6 months, which is 8 percent higher than the share in other parts of the state.

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

	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	25%	32%	7%
Stay the Same	61%	47%	-14%
Decrease	14%	21%	7%
	Employment		
Increase	11%	18%	8%
Stay the Same	85%	78%	-7%
Decrease	5%	4%	-1%

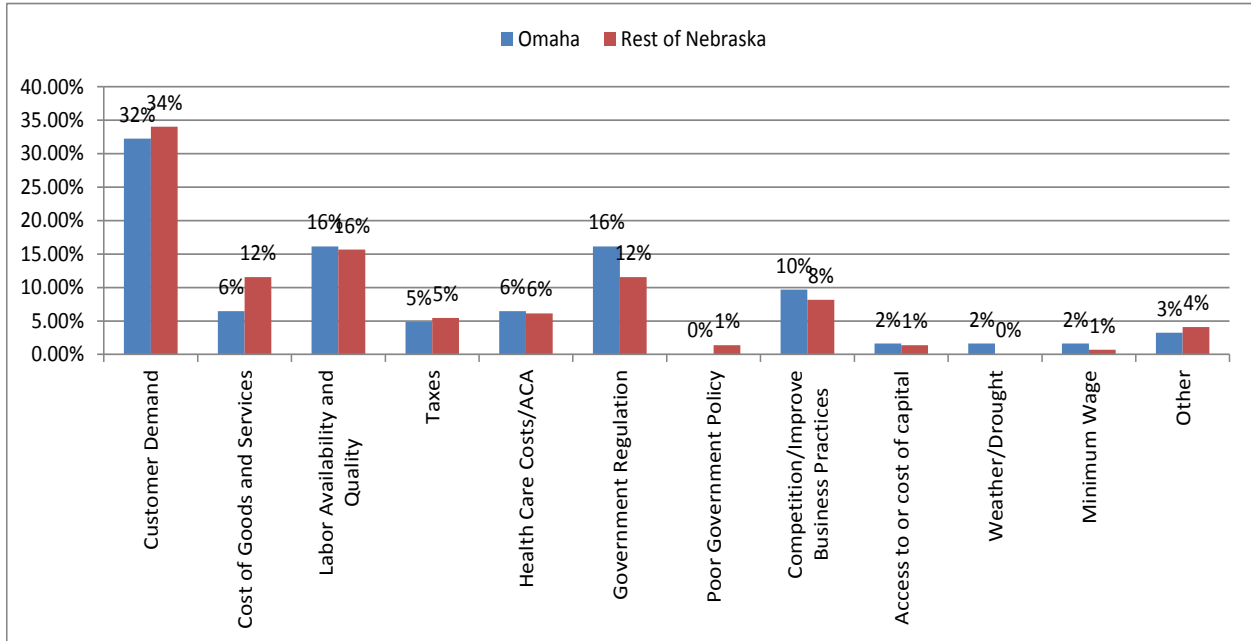
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 2 compares the top business concerns of Omaha Metropolitan Area respondents (Nebraska portion only) from July and August 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. Omaha businesses were somewhat less likely to select the cost of goods and services as their top concern but were somewhat more likely to select regulation.

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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, July and August, 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 July and August 2015 surveys, in order to generate a sufficient sample size. There were a combined 69 responses from Southeast Nebraska businesses during July and August.

As seen in Table 3, Southeast Nebraska businesses had a positive outlook in July and August. For sales, 22 percent expected sales to increase and 18 percent sales to decrease in the next 6 months. For employment, 10 percent of businesses expected to add employment over the next 6 months while 6 percent expected to reduce it. For both sales and employment, Southeast Nebraska businesses were less optimistic than business located in other parts of the state.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, July and August, 2015

	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	<b>Sales</b>		
Increase	29%	22%	-7%
Stay the Same	56%	60%	5%
Decrease	15%	18%	2%
	<b>Employment</b>		
Increase	13%	10%	-2%
Stay the Same	83%	84%	1%
Decrease	5%	6%	1%

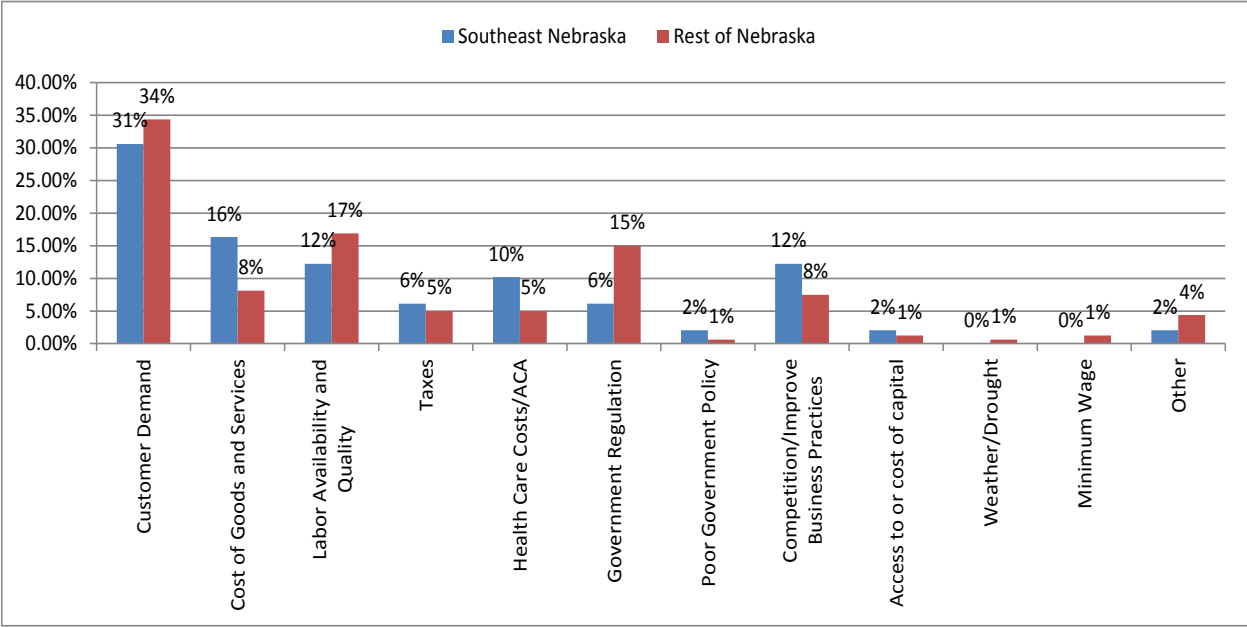
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 3 compares the top business concerns of Southeast Nebraska respondents from July and August with those from businesses located in other parts of the state. Responses from Southeast Nebraska businesses were consistent with those from respondents in other parts of the state. However, Southeast Nebraska business were more likely to list the cost of goods and services as a top concern but less likely to list the quality and affordability of labor. Southeast Nebraska businesses also were more likely to be concerned about the Affordable Care Act or the cost of health care than other types of regulations.

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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, July and August, 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 July and August 2015 surveys, in order to generate a sufficient sample size. There were a combined 38 responses from Central Nebraska businesses during July and August.

Central Nebraska businesses were more optimistic about sales and employment at their business than businesses located in other parts of the state. As seen in Table 4, 32 percent of Central Nebraska businesses expected sales to rise in the next six months compared to 27 percent in other parts of the state. For employment, 18 percent of Central Nebraska businesses planned to expand employment while no responding businesses planned to reduce it.

Table 4: Central Nebraska Business Expectations for the Next Six Months, July and August, 2015

	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	27%	32%	5%
Stay the Same	57%	53%	-5%
Decrease	16%	16%	0%
	Employment		
Increase	12%	18%	7%
Stay the Same	83%	82%	-1%
Decrease	5%	0%	-5%

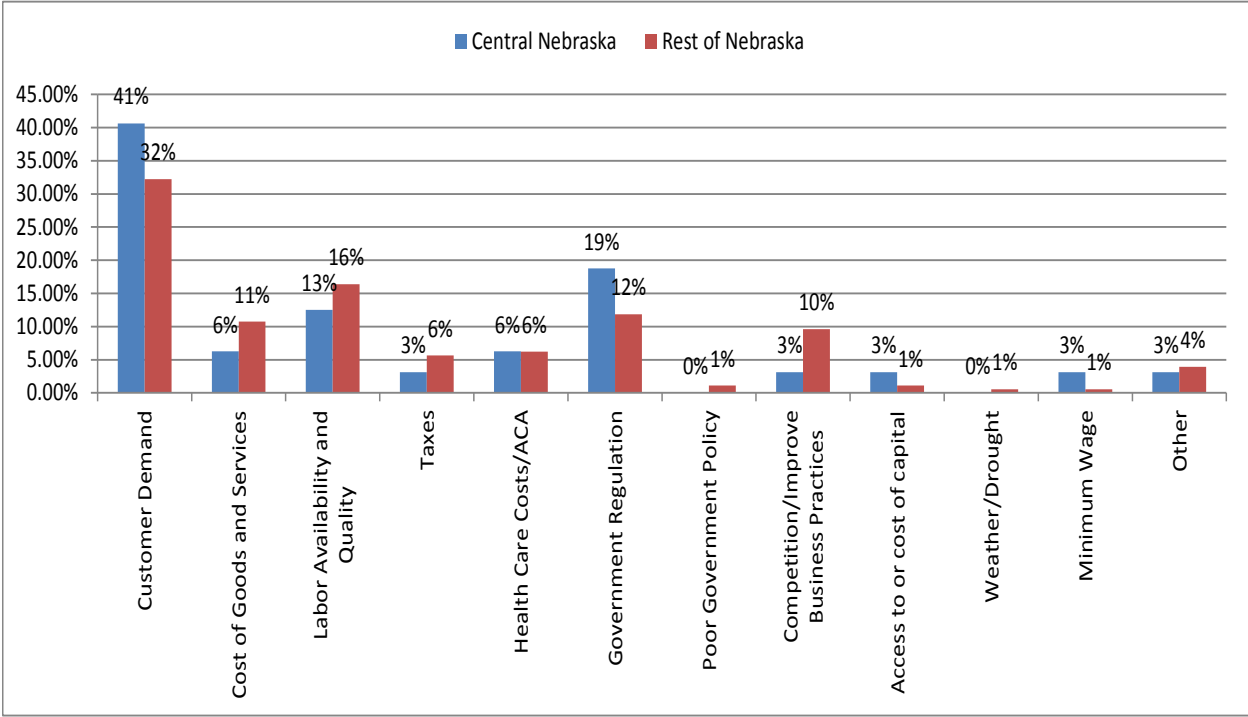
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 4 compares the top business concerns of Central Nebraska respondents from July and August 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 more likely to list customer demand and regulation as their top business issue and less likely to list competition and the need to improve business practices.

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<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, July and August, 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 July and August 2015 surveys, in order to generate a sufficient sample size. There were a combined 44 responses from Northeast Nebraska businesses during July and August.

Responding businesses in Northeast Nebraska were positive in their outlook for sales and employment over the next six months. For sales, 26 percent of respondents expected sales to rise over the next six months, compared to 14 percent who expected sales to fall. For employment, 14 percent of businesses expected to add employees in the next six months while 5 percent expected to reduce employment. This outlook for sales and employment is similar to those found in the rest of Nebraska. This represents a significant improvement for the Northeast Nebraska region, which had lagged urban Nebraska during much of this year, due to concerns about crop prices in the agriculture-dependent region.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months, July and August, 2015

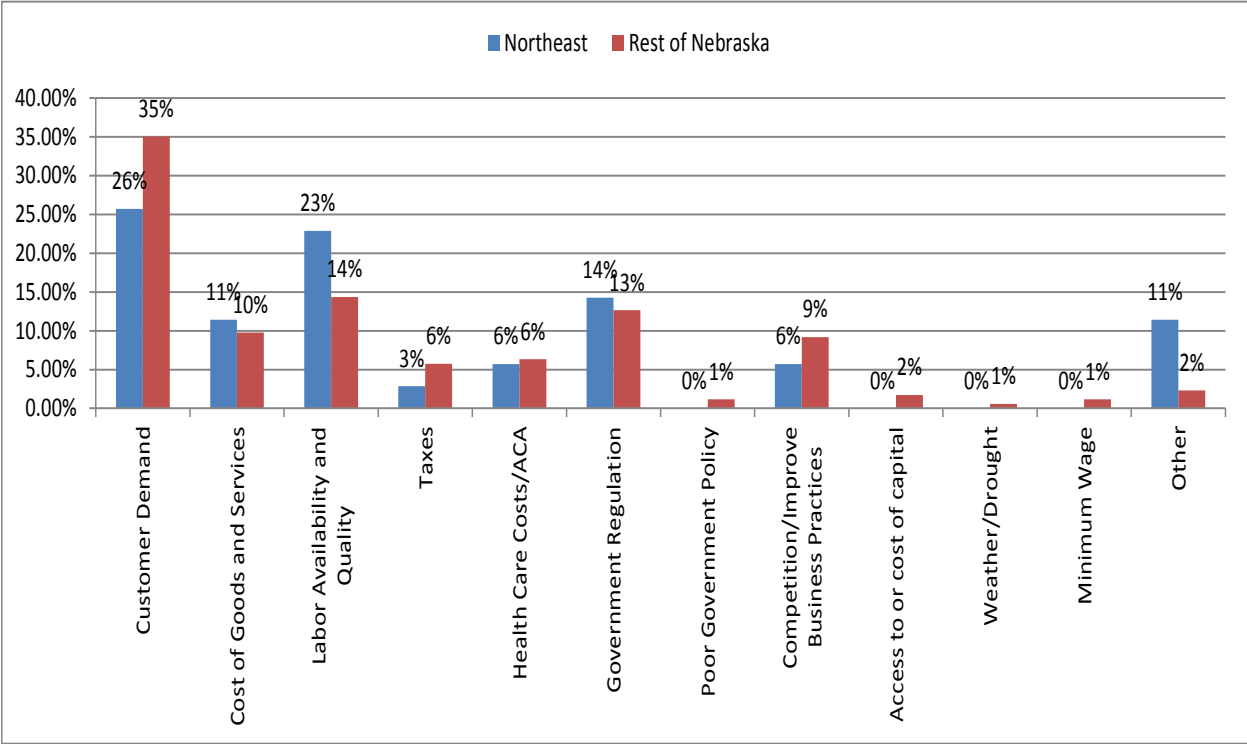
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	28%	26%	-1%
Stay the Same	56%	60%	3%
Decrease	16%	14%	-2%
	Employment		
Increase	13%	14%	2%
Stay the Same	83%	81%	-2%
Decrease	4%	5%	0%

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

Figure 5 compares the top business concerns of Northeast Nebraska respondents from July and August with those from businesses located in other parts of the state. Responses from Northeast Nebraska businesses were consistent with those from respondents in other parts of the state. The primary difference is that Northeast Nebraska businesses were less likely to choose customer demand as the top concern but more likely to choose the quality and availability of labor. Both these results are consistent with an improving regional economy.

<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, July and August, 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 July and August 2015 surveys, in order to generate a sufficient sample size. There were a combined 42 responses from West Nebraska businesses during July and August.

Responding businesses in West Nebraska were positive in their outlook for sales over the next 6 months but pessimistic in their outlook for employment. For sales, 24 percent of West Nebraska respondents expected sales to increase at their business over the next six months while 5 percent expected sales to fall. For employment, no responding businesses expected to increase employment while 7 percent expected to decrease it. Taking the outlook for sales and employment together, West Nebraska businesses are neutral in their outlook for the next six months.

Table 6: West Nebraska Business Expectations for the Next Six Months, July and August, 2015

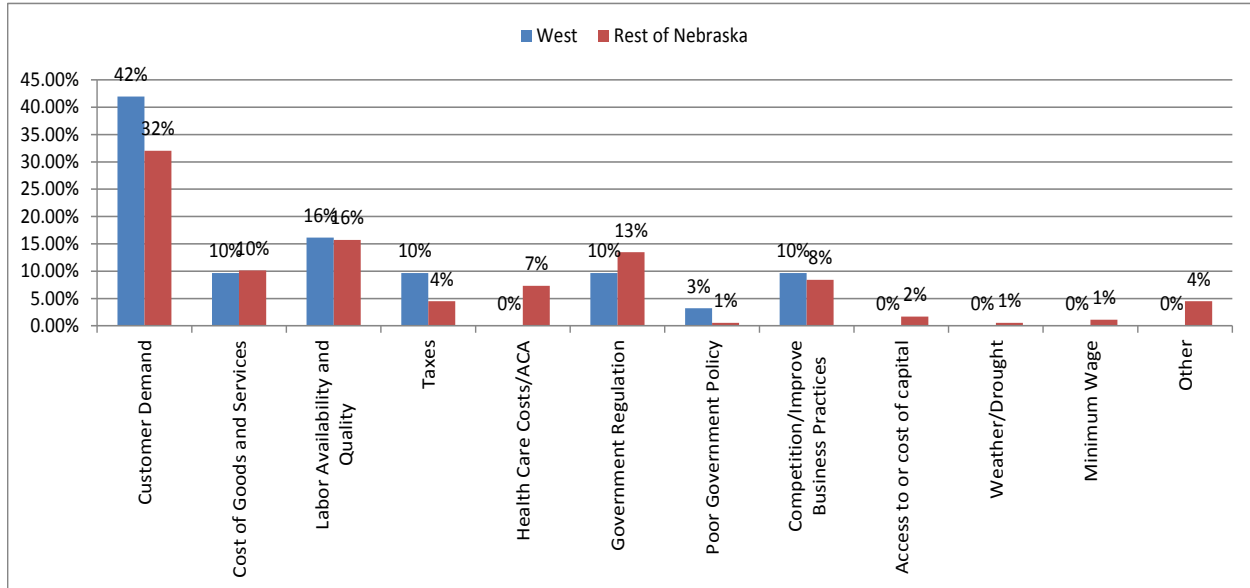
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	28%	24%	-4%
Stay the Same	54%	71%	17%
Decrease	18%	5%	-13%
	Employment		
Increase	15%	0%	-15%
Stay the Same	81%	93%	12%
Decrease	4%	7%	3%

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

Figure 6 compares the top business concerns of West Nebraska respondents from July and August with those from businesses located in other parts of the state. West Nebraska respondents were more likely to list customer demand as their top concern. West Nebraska businesses also were more likely to list taxes but no responding businesses selected the affordable care act or the cost of health insurance as the top concern.

<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, July and August, 2015



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