

Results of the November Survey of Nebraska Business: December 12, 2014

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***Summary:** Respondents to the November 2014 Survey of Nebraska Business maintained an optimistic outlook for sales and employment. November respondents were much more likely to expect sales to rise (29%) than fall (19%) at their business over the next six months and more likely to plan to increase employment (14%) than to reduce it (4%). Within the state, respondents from the Omaha area and Southeast Nebraska were the most optimistic, particularly about sales. Respondents from Central Nebraska were close to state averages. Respondents in Northeast Nebraska and West Nebraska had a neutral rather than optimistic outlook. When asked about the most important issue facing their business, customer demand was the top issue named by 33 percent of respondents. The second most common answer was related to labor supply. In particular, the quality and availability of labor was named as the top issue by 17 percent of respondents.*

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 November, responses were received from 183 of the 500 surveyed businesses. This 37% response rate is more than sufficient for analysis of the results.

As seen in Table 1 below, respondents to the November 2014 *Survey of Nebraska Business* are optimistic in their outlook for sales and employment. This is the ninth month in the last ten in which businesses indicated a positive outlook for both sales and employment. Looking at specific numbers, while just over half of November respondents expect no change in sales, 29 percent expect sales to increase and 19 percent sales to decrease in the next 6 months. This is a positive 10 percent gap. For employment, 14 percent of November respondents expect to add jobs over the next 6 months while 4 percent expect to reduce employment. This is also a positive 10 percent gap. Thus, the outlook is quite optimistic for both sales and employment.

Table 1: Business Expectations for the Next Six Months, November 2014

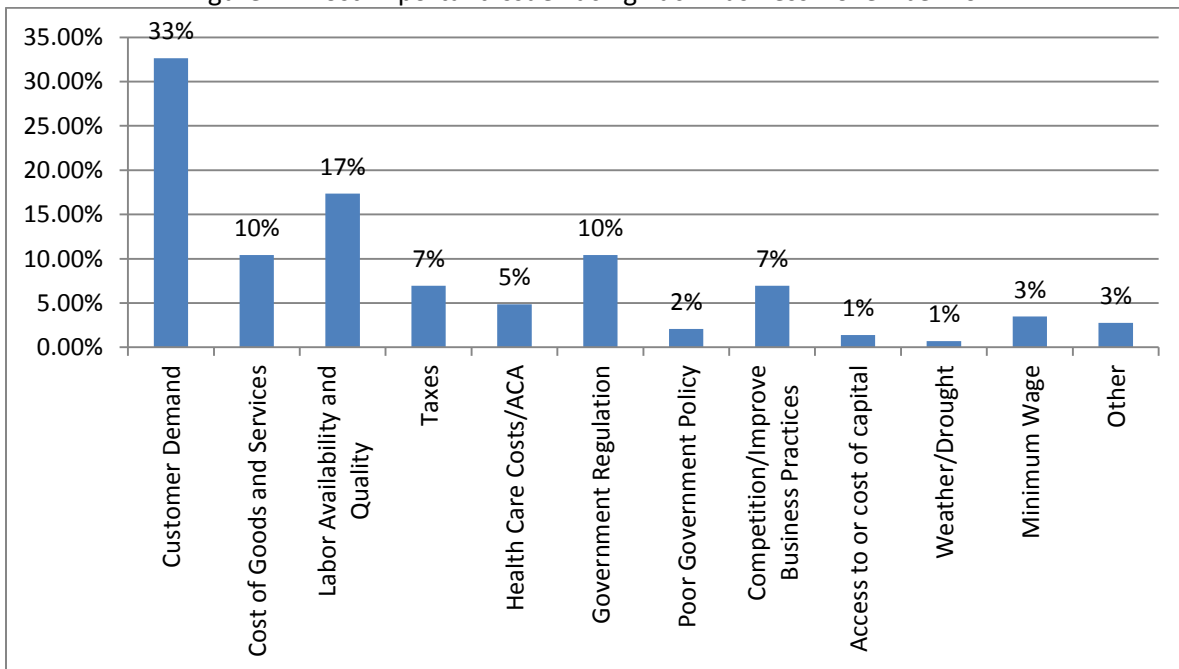
	Change Over the Next Six Months	
	Sales	Employment
Increase	29%	14%
Stay the Same	52%	82%
Decrease	19%	4%

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. Just over seven in ten responses were related to business operations issues such as customer demand for business products or services, the cost of supplies (goods and services), labor availability and quality, competition with other businesses, and improved business practices. Customer demand was the most common top concern, named by 33 percent of respondents. For the third consecutive month, the quality and availability of labor was the second most cited top concern, chosen by one in six respondents. Just one in ten respondents were concerned about increases in the price of goods and services. Roughly 7 percent of respondents mentioned competition with other businesses or a need to improve business practices as their top concern. Each of these percentages is quite similar to those from the October survey and signals that Nebraska businesses are focused on business operations issues.

Nearly three in ten businesses did list public policy issues as their top concern. One in ten chose government regulation as the top concern while 7 percent named taxes and 5 percent chose health care costs and the Affordable Care Act. The minimum wage was named as the top issue of 3 percent of respondents, an interesting result during the month when voters approved minimum wage increases for both 2015 and 2016.

Figure 1: Most Important Issue Facing Each Business November 2014



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).¹ The responses are combined from the October and November 2014 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 96 responses from Omaha Metropolitan Area businesses during October and November.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) continued to be much more positive in their outlook for sales growth than businesses from other parts of the state. For sales, 39 percent expect sales to increase and just 16 percent sales to decline over the next 6 months. This was much more positive than the balance of the state. In particular, Omaha businesses were 12 percent more likely to foresee an increase in sales. The employment outlook was only modestly optimistic in Omaha. For employment, 14 percent of respondents from the Omaha area expect to add jobs over the next 6 months and 10 percent expect to reduce employment. The share of businesses expecting to reduce employment was larger in Omaha than in the rest of the state. In the coming months it will be interesting to track whether this employment trend continues.

Table 2: Omaha Metro Area Business Expectations for the Next Six Months, October and November, 2014

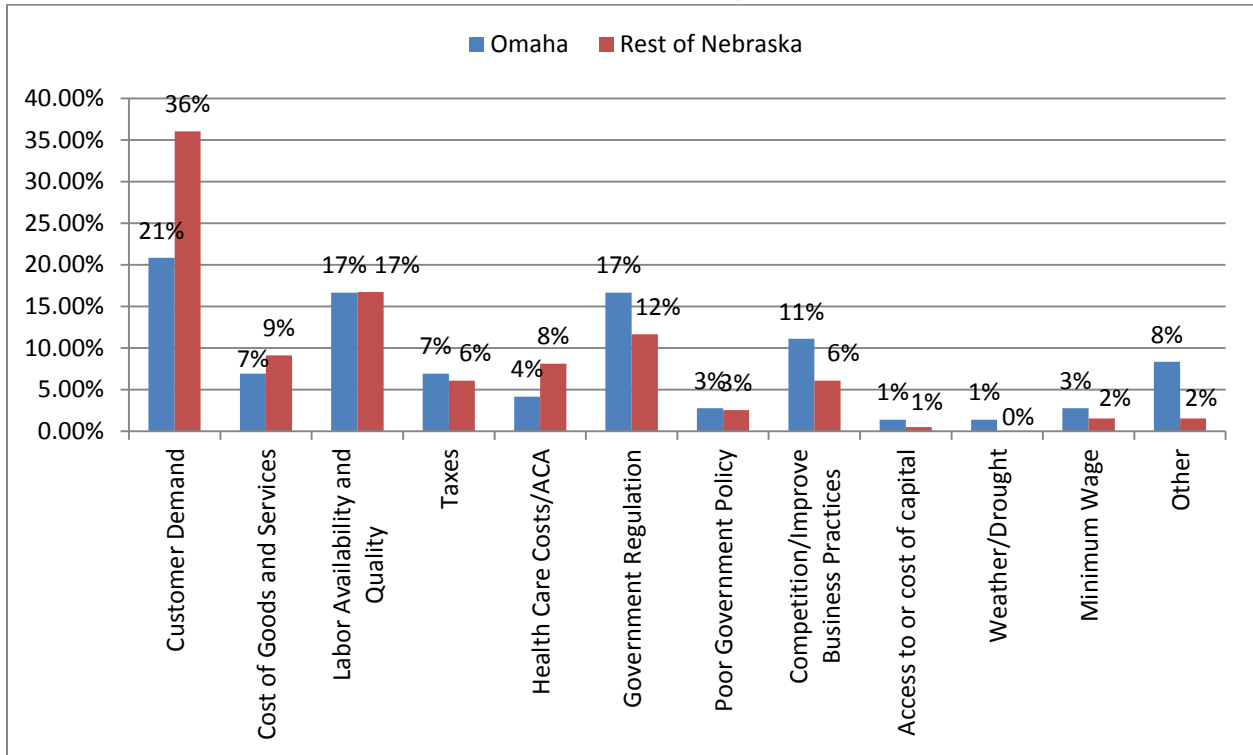
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	26%	39%	12%
Stay the Same	54%	46%	-8%
Decrease	20%	16%	-4%
	Employment		
Increase	12%	14%	1%
Stay the Same	84%	77%	-7%
Decrease	4%	10%	6%

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 October and November with those from businesses located in other parts of Nebraska. The primary difference is that Omaha area businesses are less likely to be concerned about customer demand. This is a continuation of a trend seen in recent months. The trend may reflect underlying confidence about demand growth for Omaha area businesses, given that Omaha has a growing and diversified economy closely linked to the national economy. Omaha businesses also were more likely to be concerned about government regulation and competition from other businesses and the need to improve business practices.

¹ The region includes Cass, Douglas, Sarpy, Saunders and Washington counties.

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, October and November, 2014



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.² The responses discussed in Table 3 and Figure 3 are combined from the October and November 2014 surveys, in order to generate a sufficient sample size. There were a combined 91 responses from Southeast Nebraska businesses during October and November.

As seen in Table 3, Southeast Nebraska businesses over the last two months have been optimistic about the outlook for sales and employment. For sales, 34 percent expect sales to increase and 14 percent expect sales to decline in the next 6 months. These figures are more optimistic than the rest of Nebraska. For employment, 12 percent of Southeast Nebraska businesses expect to add employment while just 3 percent expect to reduce it over the next six months. This optimistic outlook for employment is roughly in line with the outlook in other parts of the state.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, October and November, 2014

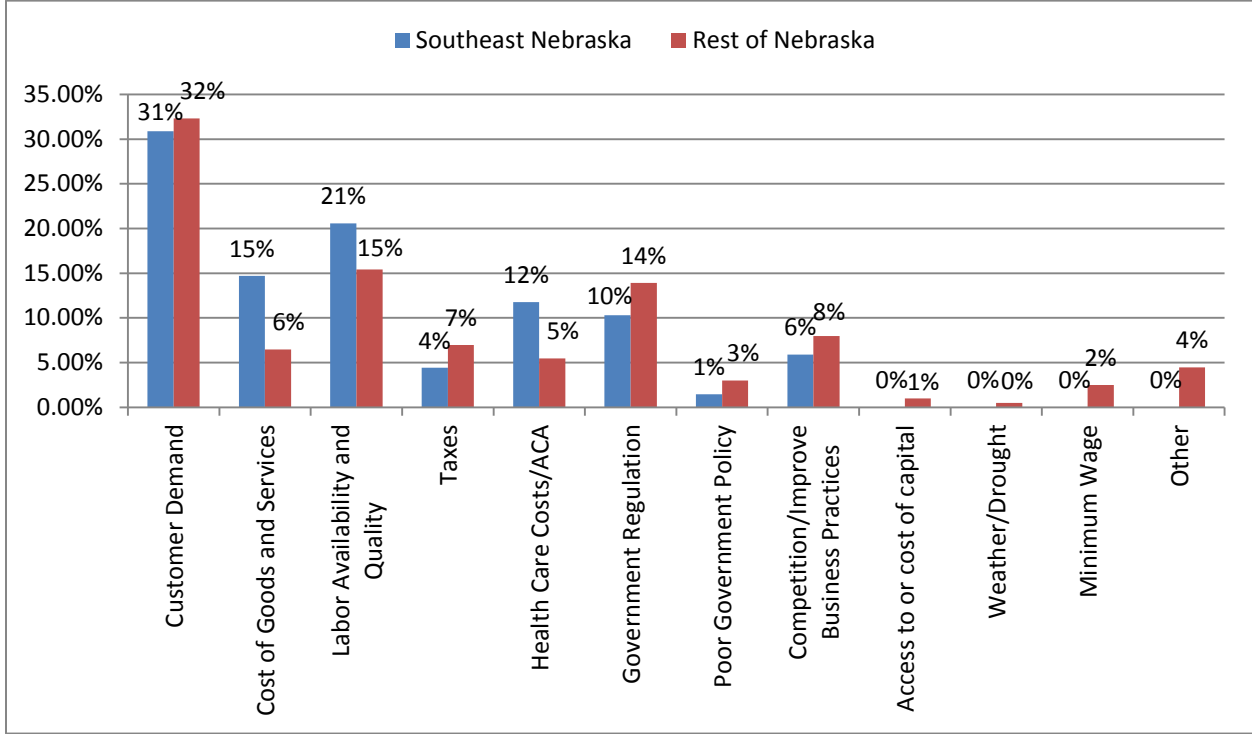
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	28%	34%	6%
Stay the Same	52%	51%	-1%
Decrease	20%	14%	-5%
	Employment		
Increase	13%	12%	0%
Stay the Same	82%	84%	3%
Decrease	5%	3%	-2%

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

Figure 3 compares the top business concerns of Southeast Nebraska respondents from October and November with those from businesses located in other parts of the state. Results are broadly similar but respondents from Southeast Nebraska are more likely to be concerned about the costs of goods and services and the availability and quality of labor. The latter result may reflect concerns about a skills mismatch, where the skills of workers do not match the needs of employers. Southeast Nebraska respondents also are more likely to be concerned about health care costs and the Affordable Care Act, though less likely to be concerned about other types of regulation.

² 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, October and November, 2014



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.³ The responses discussed in Table 4 and Figure 4 are combined from the October and November 2014 surveys, in order to generate a sufficient sample size. There were a combined 54 responses from Central Nebraska businesses during October and November.

Central Nebraska businesses were optimistic in their outlook for sales and employment over the next 6 months. The outlook was similar to the outlook in other parts of the state. In other words, the outlook of Central Nebraska businesses was close to state averages. The primary difference was that Central Nebraska businesses were more likely to expect sales and employment to remain the same. For sales, 23 percent of Central Nebraska businesses expected sales to increase in the next six months while 15 percent expected sales to decline, as seen in Table 4. At the same time, 11 percent of Central Nebraska respondents expected to add employees over the next six months while just 2 percent expected to decrease employees.

Table 4: Central Nebraska Business Expectations for the Next Six Months, October and November, 2014

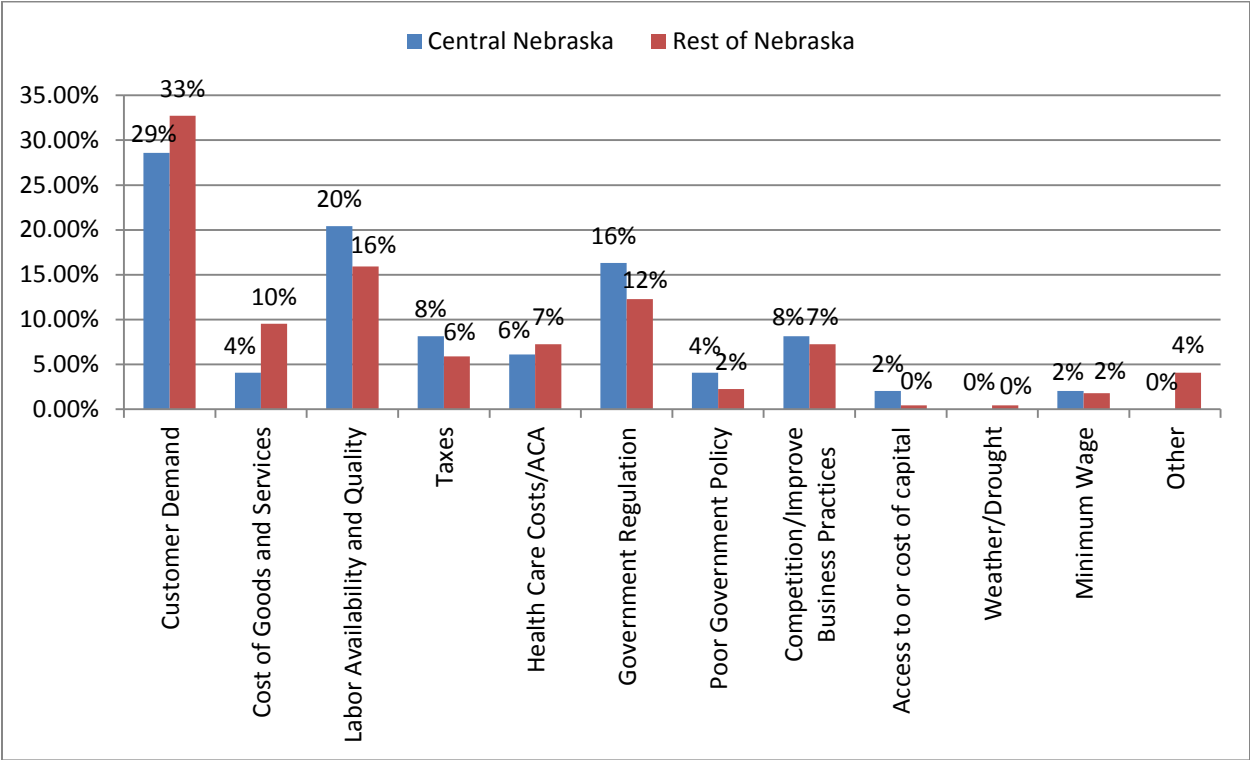
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	31%	23%	-9%
Stay the Same	50%	62%	13%
Decrease	19%	15%	-4%
	Employment		
Increase	13%	11%	-2%
Stay the Same	81%	87%	6%
Decrease	6%	2%	-4%

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

Figure 4 compares the top business concerns of Central Nebraska respondents from October and November with those from businesses located in other parts of the state. Once again, the pattern in Central Nebraska follows the pattern found in other parts of the state. Customer demand was most often chosen as the top concern of Central Nebraska respondents. However, there also was significant concern about the availability and quality of labor.

³ 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, October and November, 2014



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.⁴ The responses discussed in Table 5 and Figure 5 are combined from the October and November 2014 surveys, in order to generate a sufficient sample size. There were a combined 54 responses from Northeast Nebraska businesses during October and November.

Responding businesses in Northeast Nebraska are pessimistic in their outlook for sales but mildly optimistic in their outlook for employment. For sales, 19 percent of respondents expect sales to rise over the next six months, while 25 percent expect sales to fall. For employment, 8 percent of businesses expect to add employees in the next six months while 6 percent expect to reduce employment. This mild optimism is well below state averages. The outlook in Northeast Nebraska may reflect weakness in crop prices which is impacting crop producers and agriculture-related manufacturers. The outlook is at best neutral, with modest pessimism for sales mitigated by mild optimism for employment. Certainly the outlook is in contrast to the optimism found in most parts of the state.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months, October and November, 2014

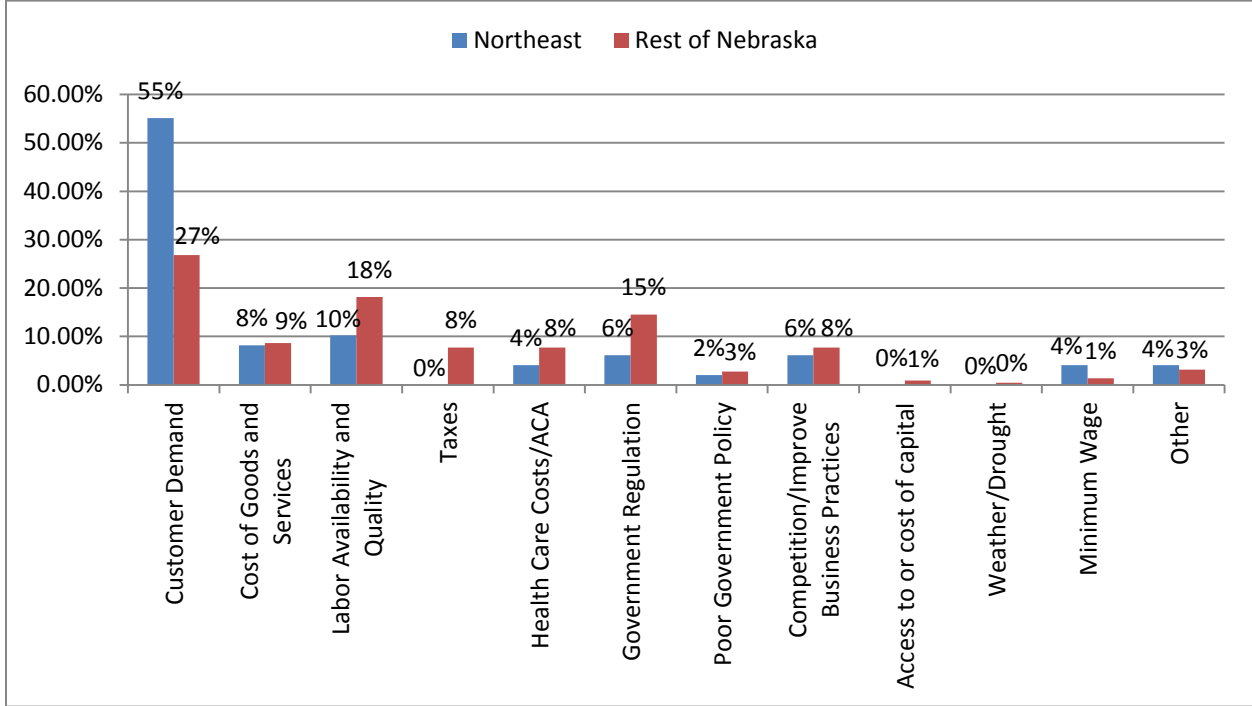
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	32%	19%	-13%
Stay the Same	51%	56%	5%
Decrease	17%	25%	8%
	Employment		
Increase	14%	8%	-6%
Stay the Same	81%	87%	6%
Decrease	5%	6%	0%

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

Figure 5 compares the top business concerns of Northeast Nebraska respondents from October and November with those from businesses located in other parts of the state. Northeast Nebraska businesses are very concerned about customer demand. More than half of Northeast Nebraska businesses chose customer demand as their top concern, twice the percentage found in other parts of the state. This result also may reflect the impact of falling crop prices.

⁴ 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, October and November, 2014



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.⁵ The responses discussed in Table 6 and Figure 6 are combined from the October and November 2014 surveys, in order to generate a sufficient sample size. There were a combined 41 responses from West Nebraska businesses during October and November.

Responding businesses in West Nebraska were negative in their outlook for sales and positive in their outlook for employment over the next 6 months. Just 22 percent of West Nebraska respondents from October and November expect to sales to increase at their business over the next six months while 29 percent expected sales to decrease. For employment, 20 percent expect to increase employment while 5 percent expect to decrease employment. The overall outlook is effectively neutral, with a modestly negative outlook for sales mitigated by a strongly positive employment outlook. Clearly, the outlook is less optimistic than in the rest of the state.

Table 6: West Nebraska Business Expectations for the Next Six Months, October and November, 2014

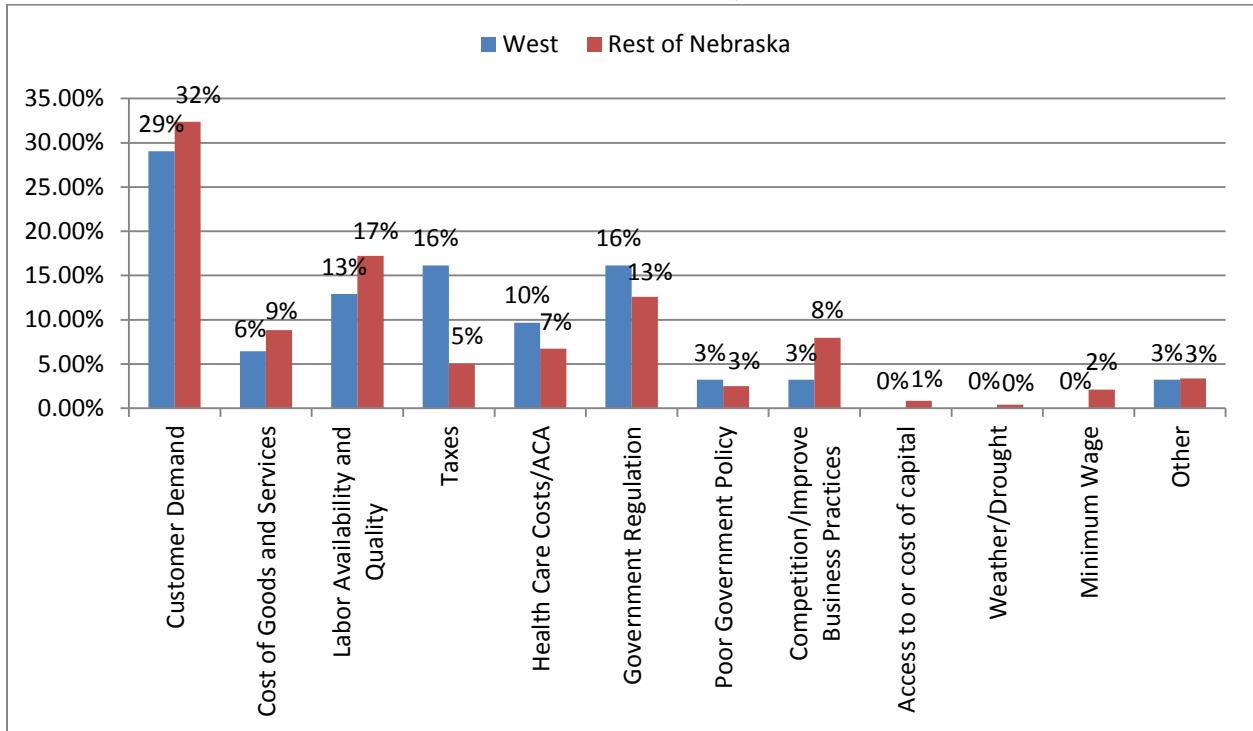
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	31%	22%	-9%
Stay the Same	52%	49%	-3%
Decrease	17%	29%	12%
	Employment		
Increase	12%	20%	8%
Stay the Same	83%	75%	-8%
Decrease	6%	5%	-1%

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

Figure 6 compares the top business concerns of West Nebraska respondents from October and November with those from businesses located in other parts of the state. Generally speaking, the top concerns of respondents from West Nebraska were similar to those from business respondents located in other parts of the state. The primary difference is that West Nebraska businesses were much more likely to select taxes as their top concern. Interestingly, the share of businesses selecting customer demand as the top concern is below the share in other parts of the state. West Nebraska is primarily an agricultural region; however, livestock is an even more important part of the economy in West Nebraska than in other parts of the state. Unlike corn prices, beef prices have been strong in recent months.

⁵ 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, October and November, 2014



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