

Results of the July Survey of Nebraska Business: August 7, 2015

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

Author: Dr. Eric Thompson

***Summary:** Respondents to the July Survey of Nebraska Business reported optimism for business sales and employment growth over the next six months. To be specific, 27 percent of respondents to the July 2015 survey expected to increase sales over the next 6 months while 13 percent expected to decrease sales. Respondents also were much more likely to plan to increase employment (14%) than reduce it (4%). Businesses in the Omaha area were particularly optimistic about the outlook for sales and employment. Elsewhere in the state, businesses in Central Nebraska were optimistic in their outlook while businesses in Southeast Nebraska were positive. Northeast Nebraska were only slightly positive and businesses in the West Nebraska were neutral. These two regions of the state are most impacted by the agricultural economy, which has been faced lower crop prices. When asked about the most important issue facing their business, customer demand was the top issue named by 33 percent of respondents. The quality and availability of labor was named as the top issue by 17 percent while regulation was named by 15 percent.*

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 July, responses were received from 127 of the 500 surveyed businesses. This 25% response rate is sufficient for analysis of the results.

As seen in Table 1 below, respondents to the July 2015 *Survey of Nebraska Business* were optimistic in their outlook for sales and employment. While more than half of July respondents expected no change in sales, 27 percent expected sales to increase and just 13 percent sales to decrease over the next 6 months. This is a positive 14 percent gap. For employment, 14 percent of July respondents expected to add jobs over the next 6 months while 4 percent expected to reduce employment, a positive 10 percent gap. The outlook for sales and employment has been optimistic in the *Survey of Nebraska Business* every month this year.

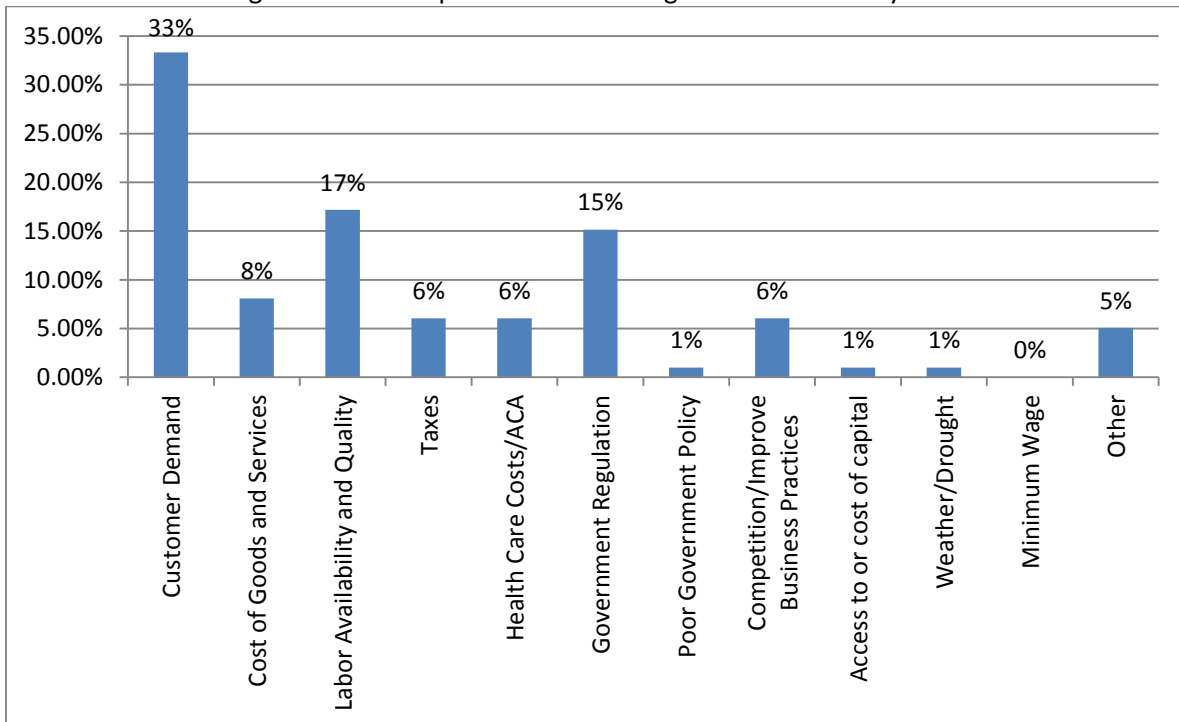
Table 1: Business Expectations for the Next Six Months, July 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	27%	14%
Stay the Same	60%	82%
Decrease	13%	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. Seven of 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 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 eleventh consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 17 percent of respondents. Both percentages are similar to those in recent months. Three in ten businesses listed public policy issues as their top concern. This is a higher percentage than in most recent months, and partly reflects concern about government regulation. Government regulation was chosen as the top concern by 15 percent of businesses. Taxes were chosen by 6 percent of respondents while another 6 percent of respondents named the Affordable Care Act or health care costs in general as the top concern.

Figure 1: Most Important Issue Facing Each Business July 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).¹ The responses are combined from the June and July 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 90 responses from Omaha Metropolitan Area businesses during June and July.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) were much more positive in their outlook for sales and employment than businesses from other parts of the state. For sales, 42 percent expected sales to increase over the next six months and just 16 percent sales to decline. This was much more positive than in the balance of the state. In particular, Omaha businesses were 15 percent more likely to expect an increase in sales over the next 6 months. For employment, 26 percent of Omaha respondents expected to add jobs over the next 6 months, which is 17 percent higher than the share in other parts of the state.

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

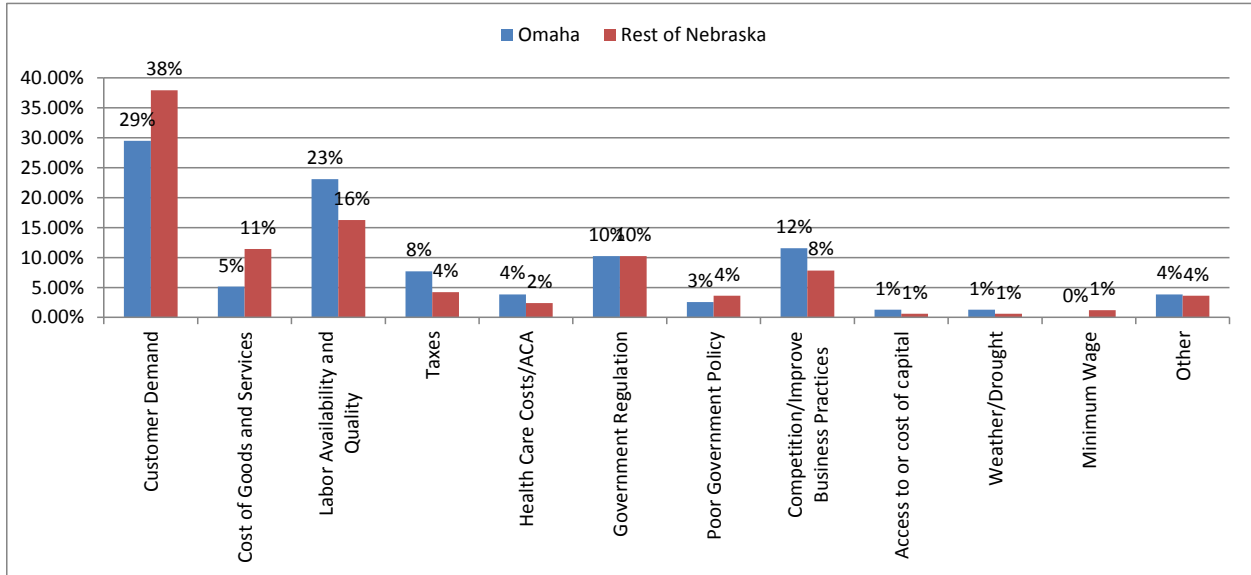
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	27%	42%	15%
Stay the Same	58%	42%	-16%
Decrease	15%	16%	1%
	Employment		
Increase	9%	26%	17%
Stay the Same	85%	70%	-15%
Decrease	6%	4%	-2%

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 June and July 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. The handful of differences reflect the strength of the Omaha economy. In particular, Omaha were less likely to select customer demand as a top concern but more likely to select the quality and availability of labor. The quality and availability of labor was chosen by nearly one-quarter of respondents.

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

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, June and July, 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.² The responses discussed in Table 3 and Figure 3 are combined from the June and July 2015 surveys, in order to generate a sufficient sample size. There were a combined 59 responses from Southeast Nebraska businesses during June and July.

As seen in Table 3, Southeast Nebraska businesses had a positive outlook in June and July but were less optimistic than business in the balance of the state. For sales, 25 percent expected sales to increase and 12 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 5 percent expected to reduce it. For both sales and employment, Southeast Nebraska businesses were less likely to expect an increase than business located in other parts of the state.

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

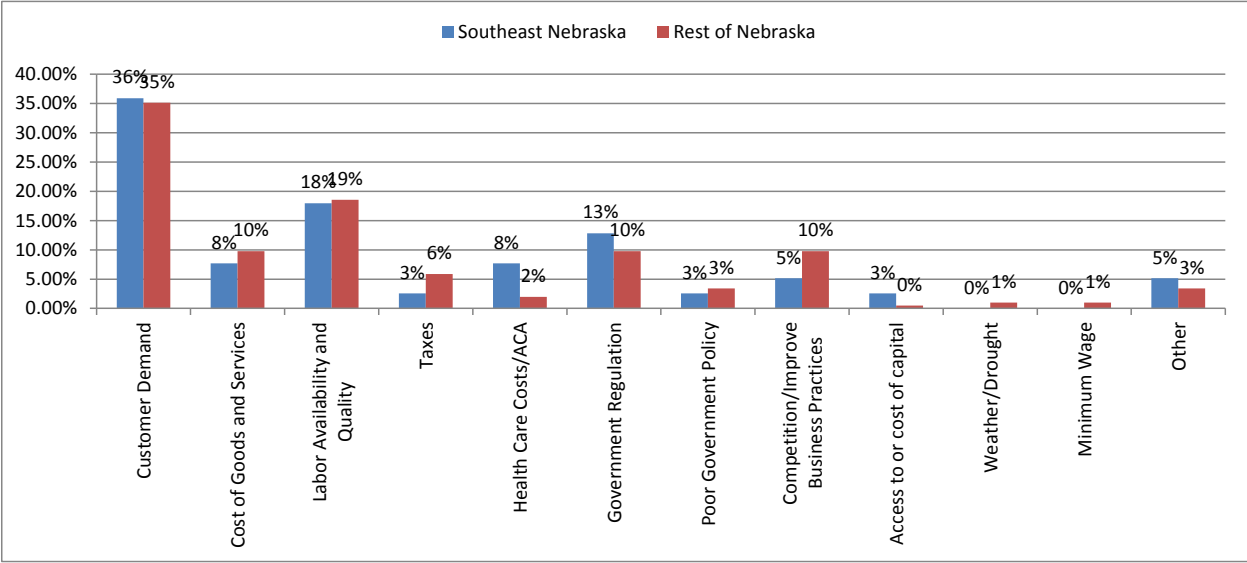
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	33%	25%	-8%
Stay the Same	51%	63%	12%
Decrease	16%	12%	-4%
	Employment		
Increase	14%	10%	-4%
Stay the Same	80%	85%	4%
Decrease	6%	5%	-1%

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

Figure 3 compares the top business concerns of Southeast Nebraska respondents from June and July with those from businesses located in other parts of the state. Responses from Southeast Nebraska businesses were very consistent with those from respondents in other parts of the state. The primary difference is that Southeast Nebraska businesses were more likely to list the Affordable Care Act or the cost of health care in general as their top business concern.

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, June and July, 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.³ The responses discussed in Table 4 and Figure 4 are combined from the June and July 2015 surveys, in order to generate a sufficient sample size. There were a combined 46 responses from Central Nebraska businesses during June and July.

Central Nebraska businesses were much more optimistic about sales than businesses located in other parts of the state. As seen in Table 4, 39 percent of Central Nebraska businesses expected sales to rise in the next six months compared to 30 percent in other parts of the state. Meanwhile, only 11 percent of Central Nebraska businesses expected sales to decline. For employment, 15 percent of Central Nebraska businesses planned to expand employment while 7 percent planned to reduce it. These percentages are similar to those found in the rest of Nebraska.

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

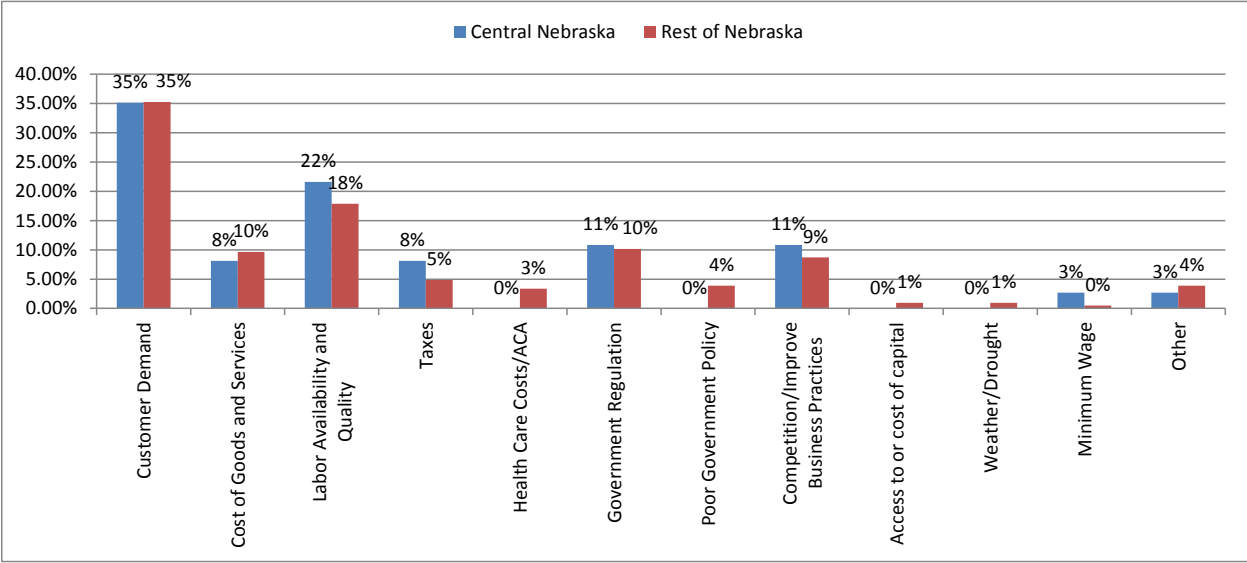
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	30%	39%	9%
Stay the Same	54%	50%	-4%
Decrease	16%	11%	-5%
	Employment		
Increase	14%	15%	2%
Stay the Same	81%	78%	-3%
Decrease	6%	7%	1%

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

Figure 4 compares the top business concerns of Central Nebraska respondents from June and July with those from businesses located in other parts of the state. Responses from Central Nebraska businesses were very consistent with those from respondents in other parts of the state. There were no notable differences in the responses.

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, June and July, 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.⁴ The responses discussed in Table 5 and Figure 5 are combined from the June and July 2015 surveys, in order to generate a sufficient sample size. There were a combined 56 responses from Northeast Nebraska businesses during June and July.

Responding businesses in Northeast Nebraska were only slightly positive in their outlook for sales and employment over the next six months. For sales, 20 percent of respondents expected sales to rise over the next six months, compared to 18 percent who expected sales to fall. For employment, 8 percent of businesses expected to add employees in the next six months while 4 percent expected to reduce employment. These outlooks for both sales and employment are much less positive than in the rest of Nebraska, which may reflect continued concern about crop prices among businesses in the agriculture-dependent Northeast region.

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

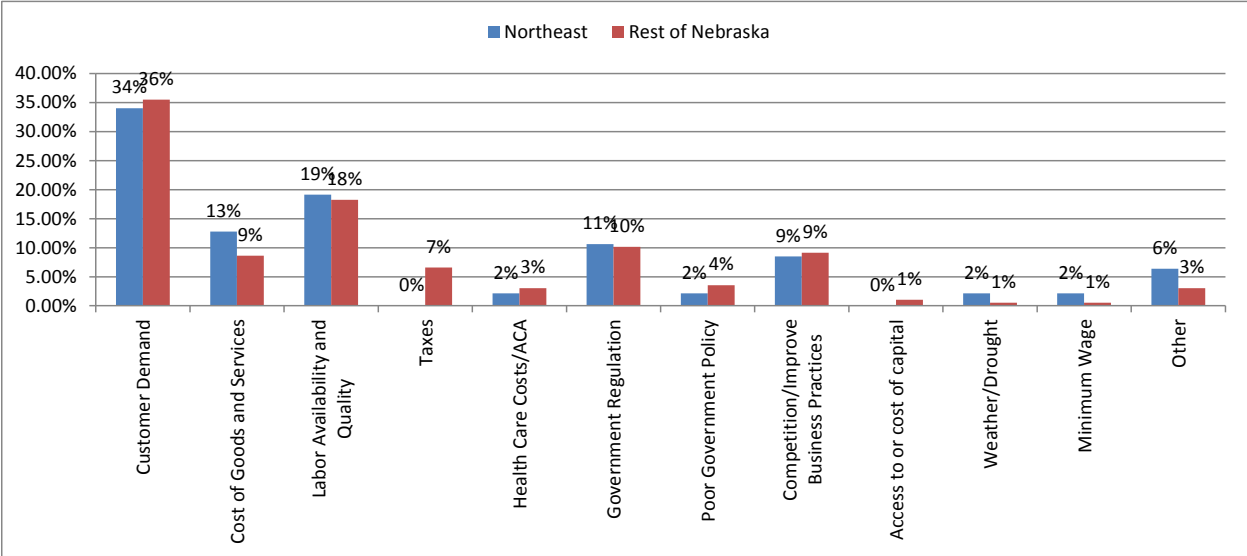
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	34%	20%	-14%
Stay the Same	51%	62%	10%
Decrease	14%	18%	4%
	Employment		
Increase	15%	8%	-8%
Stay the Same	79%	89%	10%
Decrease	6%	4%	-2%

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

Figure 5 compares the top business concerns of Northeast Nebraska respondents from June and July with those from businesses located in other parts of the state. Responses from Northeast Nebraska businesses were very consistent with those from respondents in other parts of the state. The only notable difference is that respondents from Northeast Nebraska were less likely to be concerned about the taxes.

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, June and July, 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.⁵ The responses discussed in Table 6 and Figure 6 are combined from the June and July 2015 surveys, in order to generate a sufficient sample size. There were a combined 50 responses from West Nebraska businesses during June and July.

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 18 percent expected sales to fall. For employment, 2 percent expected to increase employment while 10 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, June and July, 2015

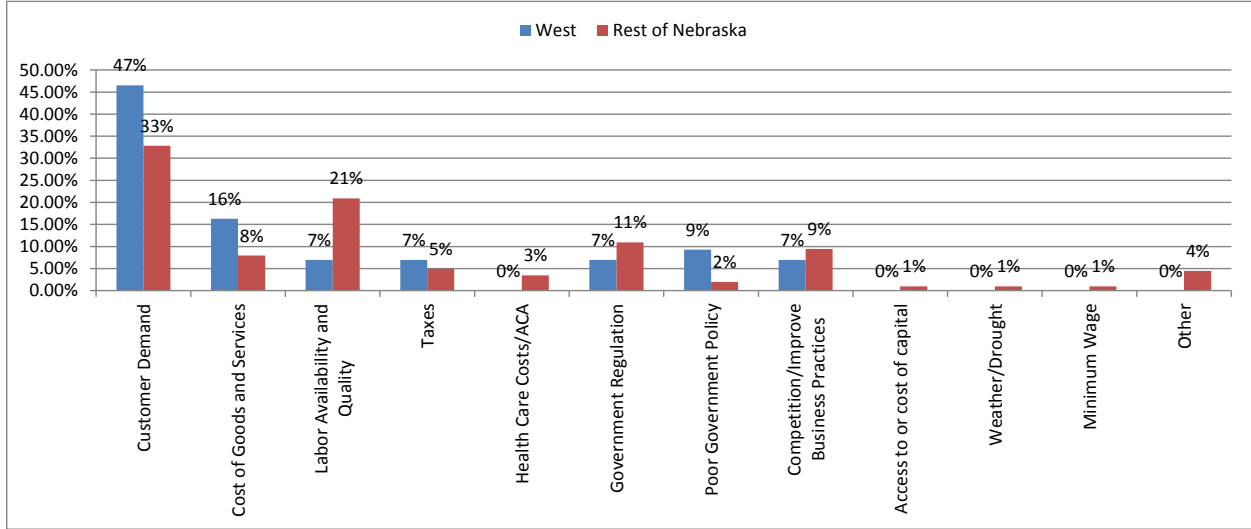
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	33%	24%	-8%
Stay the Same	53%	57%	4%
Decrease	14%	18%	4%
	Employment		
Increase	16%	2%	-14%
Stay the Same	79%	88%	9%
Decrease	5%	10%	5%

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

Figure 6 compares the top business concerns of West Nebraska respondents from June and July with those from businesses located in other parts of the state. West Nebraska respondents were much more frequently concerned about customer demand and the cost of goods and services than business in other parts of the state. This may reflect challenges faced by the agricultural sector given low crop prices and a recent decline in beef prices. West Nebraska business were less likely to be concerned about the availability and quality of labor.

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, June and July, 2015



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