

## **Results of the October Survey of Nebraska Business: December 4, 2015**

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

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***Summary:** Respondents to the November Survey of Nebraska Business had a positive outlook for both employment and sales over the next six months. To be specific, 31 percent of respondents to the November 2015 survey expect to increase sales over the next 6 months while 20 percent expect sales to decrease. At the same time, 20 percent of respondents expect to grow employment compared to 4 percent who expect to reduce it. Businesses in the Southeast Nebraska region, which includes Lincoln, are most optimistic about the outlook for sales and employment. Businesses in the Omaha and Central Nebraska regions are modestly optimistic about both sales and employment. Businesses in the Northeast and West regions are optimistic about employment but expect flat or declining sales. Taken together, results for the regions show a rural-urban divide, with a more optimistic outlook in the state's more urban regions. When asked about the most important issue facing their business, customer demand is the top issue named by 30 percent of respondents. The availability and quality of labor is named as the top issue by 27 percent. This is the highest percent of respondents to choose this issue since the survey was first taken in 2011. Taxes is the top issue for 9 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 159 of the 500 surveyed businesses. This 32% response rate is sufficient for analysis of the results.

As seen in Table 1 below, respondents to the November 2015 *Survey of Nebraska Business* are positive in their outlook for both sales and employment. Nearly half of November respondents expect no change in sales over the next six months, while 31 percent expect sales to increase and 20 percent sales to decrease, a positive 11 percent gap. For employment, 20 percent of November respondents expect to add jobs over the next 6 months while 4 percent expect to reduce employment, a positive 16 percent gap. This strong outlook in November represents a recovery after a relatively weak outlook during September and October.

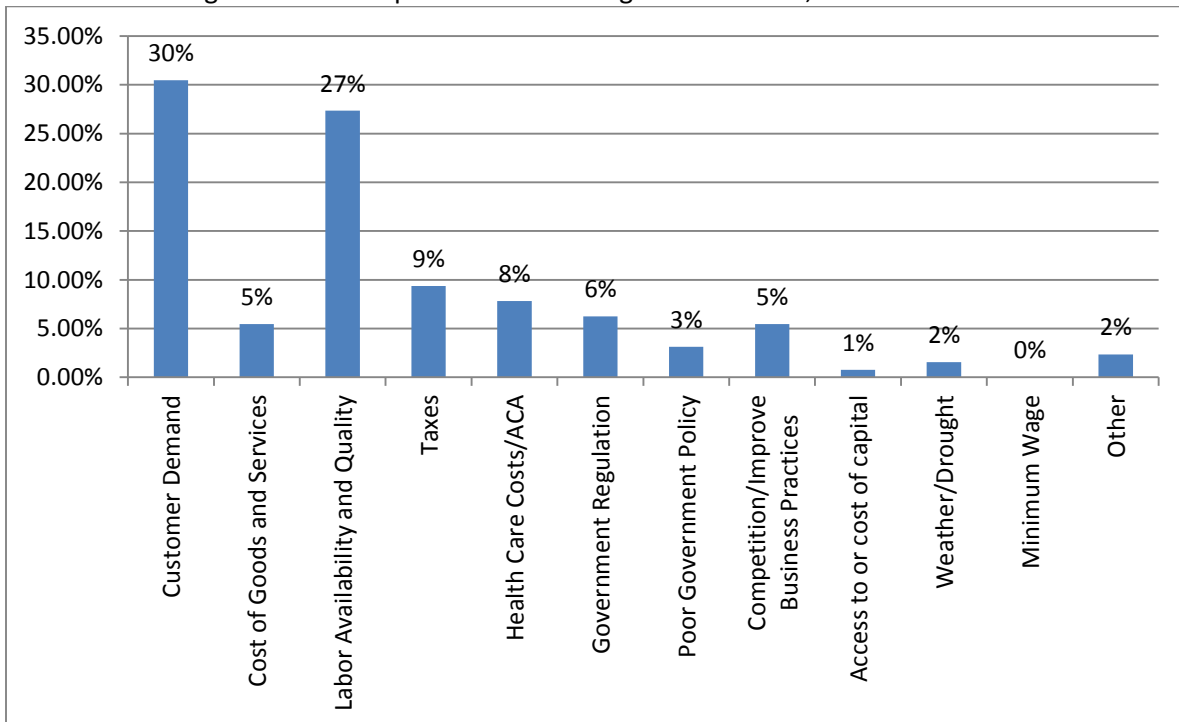
Table 1: Business Expectations for the Next Six Months, November 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	31%	20%
Stay the Same	49%	76%
Decrease	20%	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. 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 is the most common top concern, named by 30 percent of respondents. For the fifteenth consecutive month, the availability and quality of labor is the second most cited top concern, chosen by 27 percent of respondents. This is the highest percentage choosing the availability and quality of labor since the survey was first taken in 2011, and reflects the tight Nebraska labor market. One in three businesses list public policy issues as their top concern. Taxes are the top concern by 9 percent of businesses while health care costs and the Affordable Care Act is the top concern of 8 percent of respondents. This is the second consecutive month that taxes is the third most cited concern.

Figure 1: Most Important Issue Facing Each Business, November 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 October and November 2015 surveys. Responses are combined from the last two months in order to generate a sufficient sample size. There are a combined 80 responses from Omaha Metropolitan Area businesses during October and November.

As seen in Table 2, the outlook of Omaha Metropolitan Area businesses (Nebraska portion only) is similar to those of businesses from other parts of the state. For sales, 28 percent expect sales to increase over the next six months and 26 percent sales to decline. This is a 2 percent gap, less than the gap in other parts of the state. For employment, 18 percent of Omaha respondents expect to add jobs over the next 6 months, a bit more optimistic than respondents from other parts of the state. The overall outlook for the Omaha region is modestly positive, in line with the outlook for the rest of the state during October and November combined.

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

	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	29%	28%	-2%
Stay the Same	47%	46%	-1%
Decrease	23%	26%	3%
	Employment		
Increase	13%	18%	5%
Stay the Same	82%	75%	-8%
Decrease	5%	8%	3%

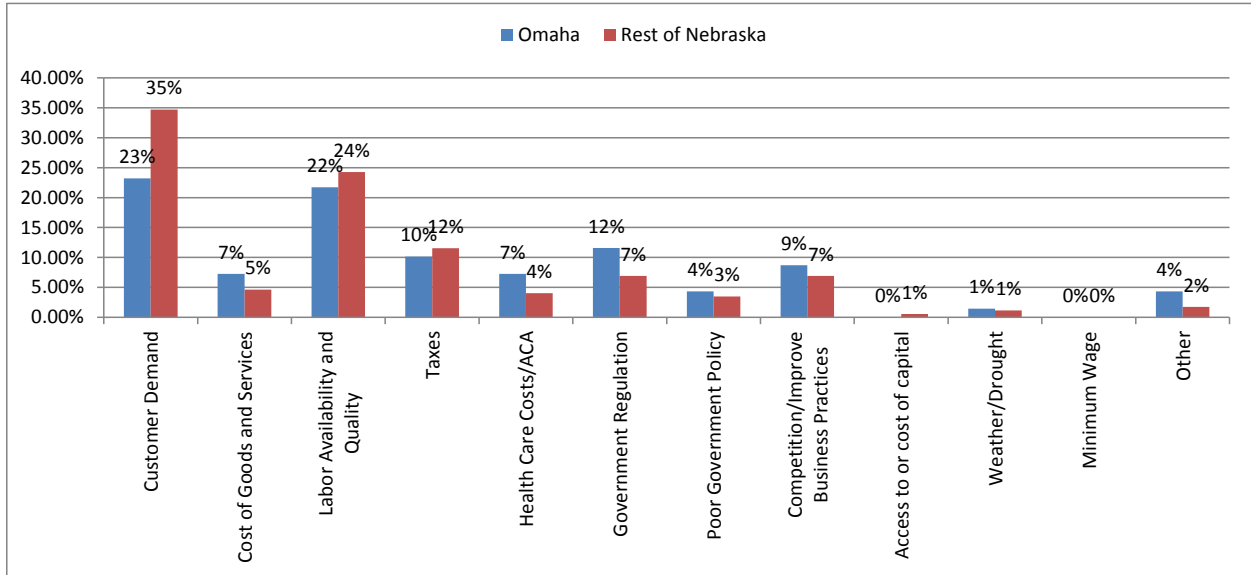
Note: Percentages may not sum to 100% or 0% due to rounding.

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. Responses from Omaha area businesses are largely consistent to those from respondents in other parts of the state. However, Omaha businesses are somewhat less likely to name customer demand as their top concern and somewhat more likely to name government 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, October and November, 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 October and November 2015 surveys, in order to generate a sufficient sample size. There are a combined 63 responses from Southeast Nebraska businesses during October and November.

As seen in Table 3, Southeast Nebraska businesses had a positive outlook in October and November, particularly for sales. For sales, 38 percent expect to increase sales and 13 percent to decrease sales in the next 6 months. This outlook for sales is significantly more optimistic than in other parts of the state. For employment, 13 percent of businesses expect to add employment over the next 6 months while just 2 percent expect to reduce it. This result was 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, 2015

	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	<b>Sales</b>		
Increase	26%	38%	12%
Stay the Same	46%	49%	3%
Decrease	27%	13%	-15%
	<b>Employment</b>		
Increase	15%	13%	-2%
Stay the Same	80%	86%	6%
Decrease	5%	2%	-4%

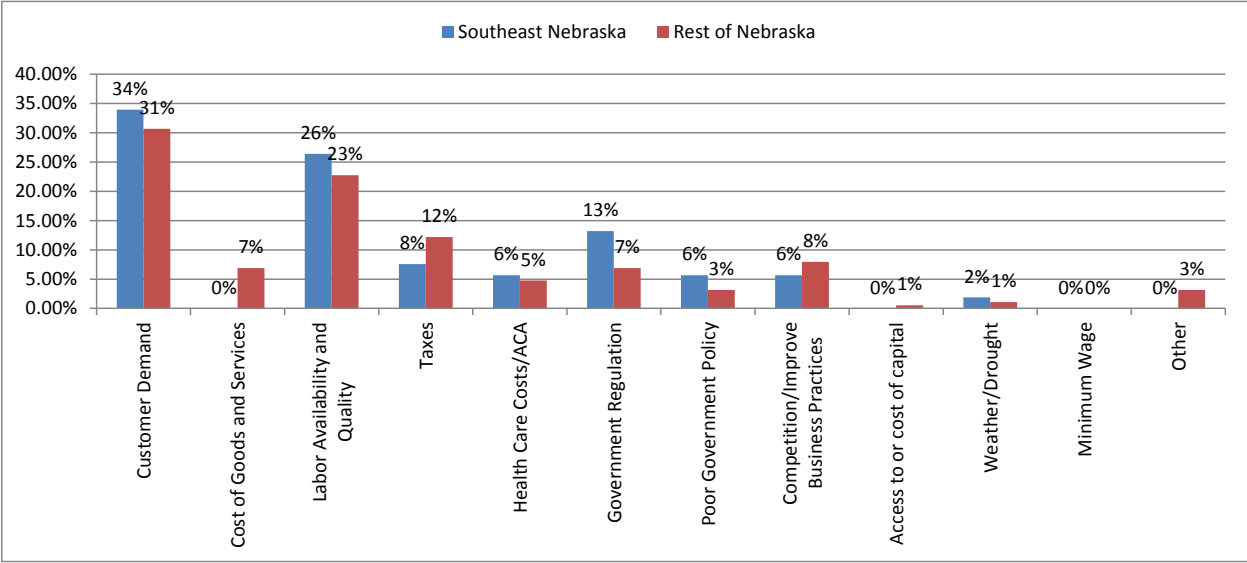
Note: Percentages may not sum to 100% or 0% due to rounding.

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. Responses from Southeast Nebraska businesses are largely consistent with those from respondents in other parts of the state. However, Southeast Nebraska business were more likely to be concerned about government regulation and less likely to be concerned about the costs of goods and services.

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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, October and November, 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 October and November 2015 surveys, in order to generate a sufficient sample size. There are a combined 49 responses from Central Nebraska businesses during October and November.

Central Nebraska businesses had a positive outlook for both sales and employment. As seen in Table 4, 31 percent of Central Nebraska businesses expect sales to rise in the next six months compared to 21 percent which expected sales to decline. For employment, 15 percent of Central Nebraska businesses plan to expand employment while 9 percent plan to reduce it. The outlook for sales is more positive than in the rest of the state while the outlook for employment is slightly less positive than in the balance of the state. Overall, the outlook for Central Nebraska is similar to the outlook in the rest of the state in October and November combined.

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

	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	<b>Sales</b>		
Increase	28%	31%	3%
Stay the Same	47%	48%	1%
Decrease	25%	21%	-4%
	<b>Employment</b>		
Increase	14%	15%	1%
Stay the Same	81%	77%	-4%
Decrease	5%	9%	3%

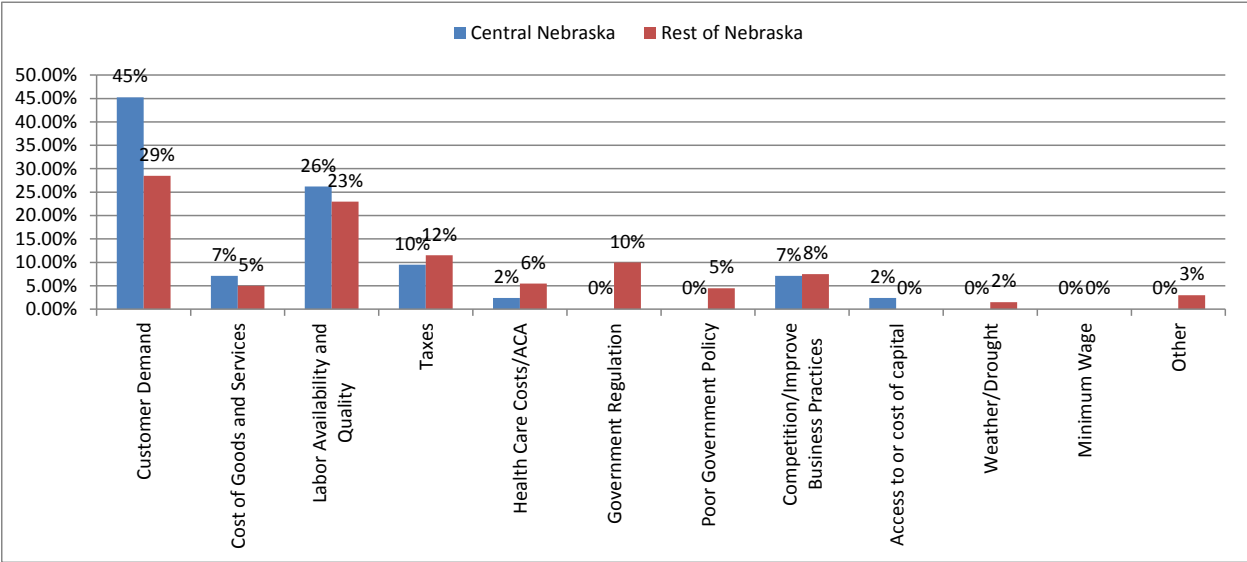
Note: Percentages may not sum to 100% or 0% due to rounding.

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. Central Nebraska businesses are much more likely to list customer demand as their top issue and less likely to list government regulation. The emphasis on customer demand may be related to weak prices for agricultural commodities in this agricultural region of the state.

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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, October and November, 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 October and November 2015 surveys, in order to generate a sufficient sample size. There are a combined 57 responses from Northeast Nebraska businesses during October and November.

Responding businesses in Northeast Nebraska are neutral in their outlook for sales and positive in their outlook for employment over the next six months. For sales, 21 percent of respondents expect sales to rise over the next six months and 21 percent expect sales to fall. For employment, 11 percent of businesses expect to add employees in the next six months while 4 percent expect to reduce employment. Taken together, the Northeast Nebraska region has a slightly positive outlook but is less positive than in other parts of the state.

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

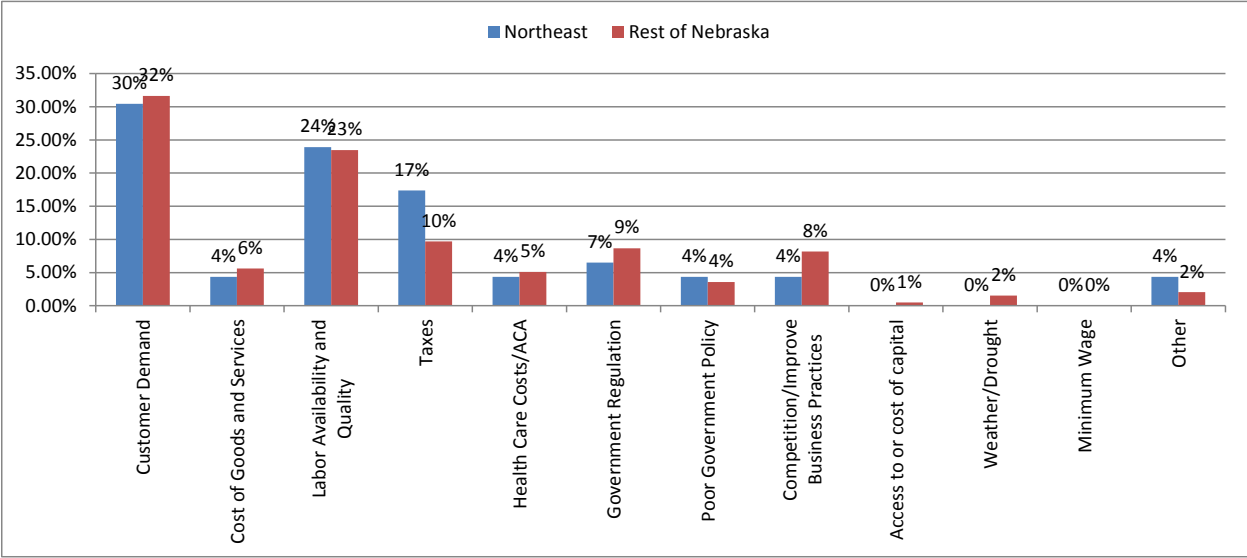
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	31%	21%	-9%
Stay the Same	45%	57%	13%
Decrease	25%	21%	-3%
	Employment		
Increase	15%	11%	-4%
Stay the Same	79%	86%	7%
Decrease	6%	4%	-3%

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. Responses from Northeast Nebraska businesses are largely similar to responses from other parts of the state. The primary difference is that Northeast Nebraska businesses are much more likely to choose taxes as their top business concern.

<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, October and November, 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 October and November 2015 surveys, in order to generate a sufficient sample size. There are a combined 43 responses from West Nebraska businesses during October and November.

Responding businesses in West Nebraska are mixed in their outlook over the next 6 months. For sales, 30 percent of West Nebraska respondents expect sales to increase at their business over the next six months while 33 percent expected sales to fall. For employment, 12 percent expect to increase employment while 7 percent expect to reduce it. Taken together, the outlook for sales and employment is neutral in West Nebraska.

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

	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	30%	30%	1%
Stay the Same	50%	37%	-13%
Decrease	21%	33%	12%
	Employment		
Increase	14%	12%	-3%
Stay the Same	80%	81%	1%
Decrease	5%	7%	2%

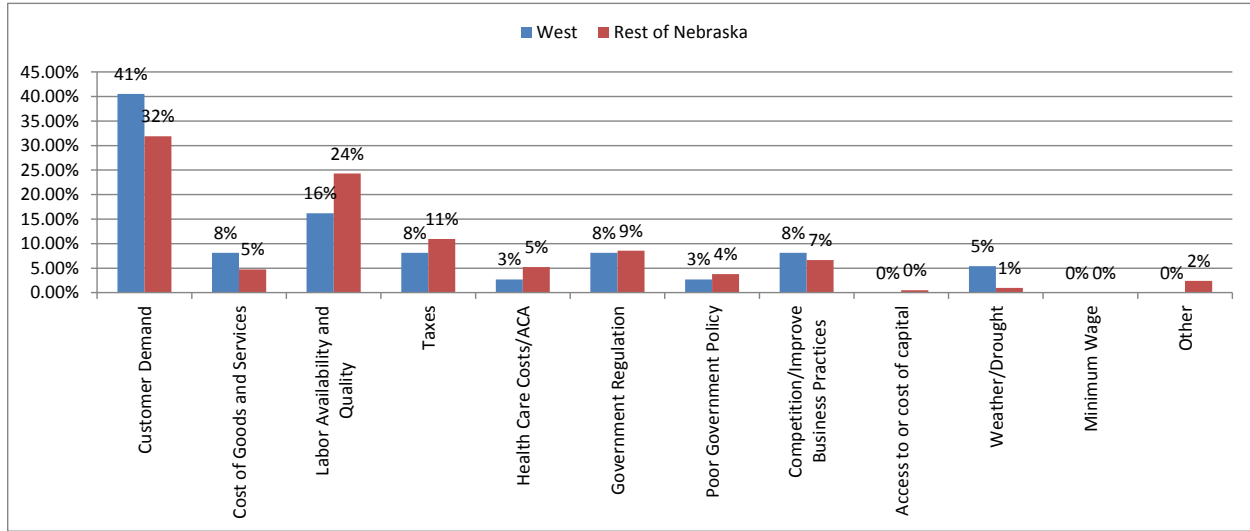
Note: Percentages may not sum to 100% or 0% due to rounding.

Figure 6 compares the top business concerns of West Nebraska respondents from October and November with those from businesses located in other parts of the state. Responses from West Nebraska business are largely similar to responses from business in other parts of the state. However, West Nebraska respondents are more likely to list customer demand as their top concern and 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, October and November, 2015



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