

Results of the December Survey of Nebraska Business: January 21, 2015

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***Summary:** Respondents to the December 2014 Survey of Nebraska Business maintained an optimistic outlook for sales and employment. December respondents were much more likely to expect sales to rise (28%) than fall (14%) at their business over the next six months and more likely to plan to increase (16%) than reduce employment (4%). Within the state, optimism about employment was broadbased. However, there were differences in the sales outlook. Respondents from the Omaha area were the most optimistic about sales. Respondents from Southeast and Central Nebraska were close to state averages. Respondents from West Nebraska had a neutral sales outlook and Northeast Nebraska respondents a negative sales outlook. When asked about the most important issue facing their business, customer demand was the top issue named by 32 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 14 percent of respondents. Regulation was named by 12 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 December, responses were received from 175 of the 500 surveyed businesses. This 35% response rate is more than sufficient for analysis of the results.

As seen in Table 1 below, respondents to the December 2014 *Survey of Nebraska Business* are optimistic in their outlook for sales and employment. This is the tenth month in the last eleven in which businesses indicated a positive outlook for both sales and employment. Looking at specific numbers, while over half of December respondents expect no change in sales, 28 percent expect sales to increase and 14 percent sales to decrease in the next 6 months. This is a positive 14 percent gap. For employment, 16 percent of December respondents expect to add jobs over the next 6 months while 4 percent expect to reduce employment. This is also a positive 12 percent gap. Thus, the outlook is quite optimistic for both sales and employment.

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

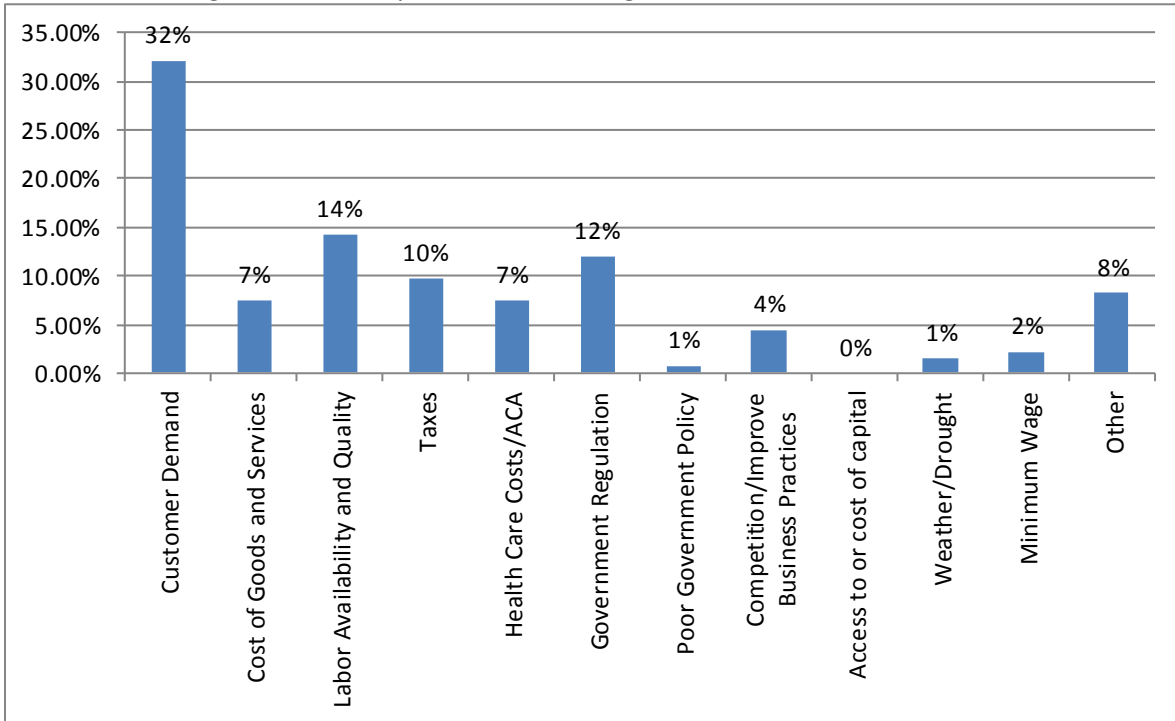
	Change Over the Next Six Months	
	Sales	Employment
Increase	28%	16%
Stay the Same	58%	80%
Decrease	14%	4%

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-thirds of the 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 32 percent of respondents. For the fourth consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 14 percent of respondents. Reflecting the recent drop in gasoline prices, just 7 percent of respondents were concerned about increases in the price of goods and services.

One-third of responding businesses listed public policy issues as their top concern. Twelve percent named regulation as the top concern while another 7 percent chose health care costs and the Affordable Care Act. Taxes were cited by one in ten respondents. The minimum wage was named as the top issue by 2 percent of respondents.

Figure 1: Most Important Issue Facing Each Business December 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 November and December 2014 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 100 responses from Omaha Metropolitan Area businesses during November and December.

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, 36 percent expect sales to increase and just 11 percent sales to decline over the next 6 months. This was much more positive than in the balance of the state. In particular, Omaha businesses were 10 percent more likely to foresee an increase in sales. The employment outlook was slightly less optimistic in Omaha as 15 percent of respondents from the Omaha area expect to add jobs over the next 6 months and 7 percent expect to reduce employment. The share of businesses expecting to add employment was the same in Omaha and the rest of the state. However, the share of businesses expecting to reduce employment was larger in Omaha.

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

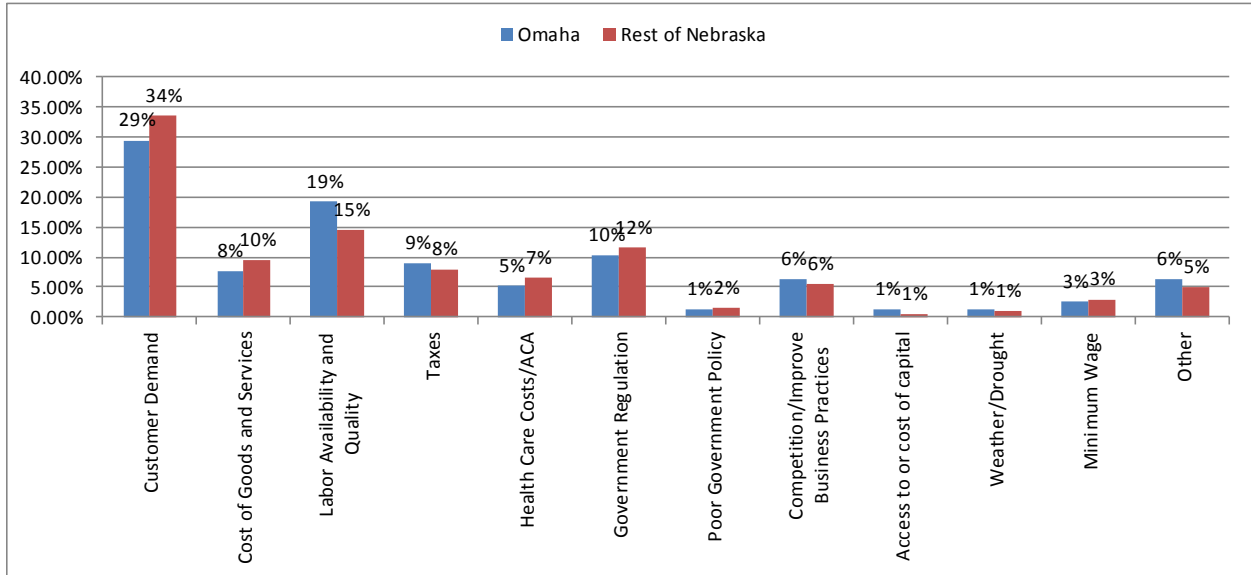
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	26%	36%	10%
Stay the Same	55%	53%	-2%
Decrease	19%	11%	-8%
	Employment		
Increase	15%	15%	0%
Stay the Same	82%	78%	-4%
Decrease	3%	7%	4%

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

Figure 2 compares the top concerns of Omaha Metropolitan Area businesses (Nebraska portion only) from November and December with those from businesses located in other parts of Nebraska. The results were very similar, suggesting that the concerns of Omaha area businesses are similar to the concerns of businesses in other parts of Nebraska. There are only two small but notable differences. First, Omaha area businesses are somewhat less likely to be concerned about customer demand. Second, Omaha area businesses are somewhat more likely to be concerned about the quality and availability of labor. These results suggest that businesses operating in the growing Omaha economy are less likely to be concerned about demand for their products and that labor supply remains an issue despite faster population growth.

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

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, November and December, 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 November and December 2014 surveys, in order to generate a sufficient sample size. There were a combined 102 responses from Southeast Nebraska businesses during November and December.

As seen in Table 3, over the last two months the outlook of Southeast Nebraska businesses has been nearly identical to the outlook of businesses in other parts of Nebraska. For sales, 29 percent expect sales to increase and 16 percent expect sales to decline in the next 6 months. These figures are nearly identical to those for the rest of Nebraska. For employment, 15 percent of Southeast Nebraska businesses expect to add employment while just 4 percent expect to reduce it over the next six months. These results are identical to the results for the rest of Nebraska.

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

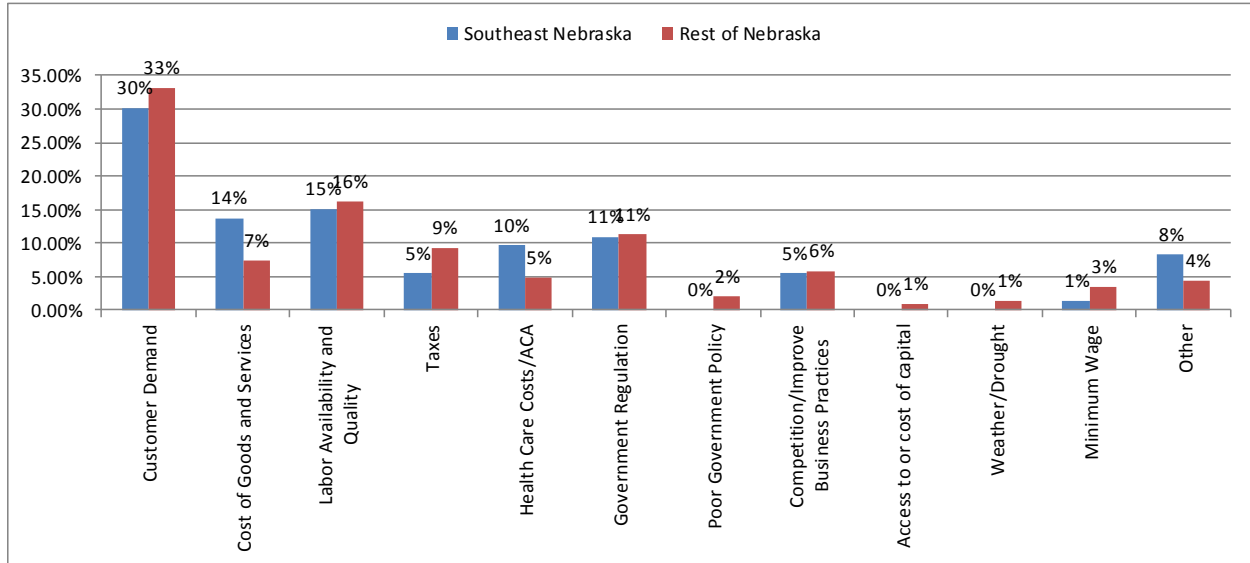
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	28%	29%	1%
Stay the Same	55%	55%	0%
Decrease	17%	16%	-1%
	Employment		
Increase	15%	15%	0%
Stay the Same	81%	81%	0%
Decrease	4%	4%	0%

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

Figure 3 compares the top concerns of Southeast Nebraska businesses from November and December 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. 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 taxes.

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, November and December, 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 November and December 2014 surveys, in order to generate a sufficient sample size. There were a combined 61 responses from Central Nebraska businesses during November and December.

Central Nebraska businesses were optimistic in their outlook for sales and employment over the next 6 months. Overall, the outlook was similar to the outlook in other parts of the state. As seen in Table 4, Central Nebraska businesses were less likely to expect sales to rise over the next 6 months but also less likely to expect sales to fall. For sales, 25 percent of Central Nebraska businesses expected sales to increase in the next six months while 10 percent expect sales to decline. Central Nebraska businesses were slightly more optimistic about the employment outlook. In Central Nebraska, 15 percent of respondents expect sales to rise; the same share as in the rest of the state. But, only 2 percent of Central Nebraska businesses expected to decrease employment.

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

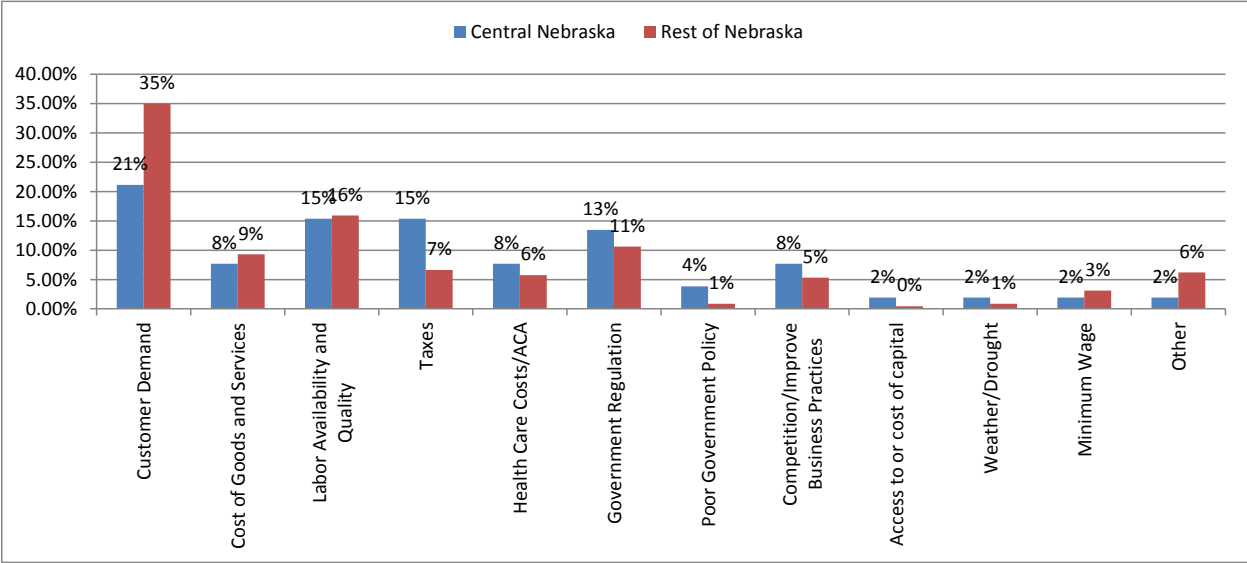
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	29%	25%	-4%
Stay the Same	53%	64%	12%
Decrease	18%	10%	-8%
	Employment		
Increase	15%	15%	0%
Stay the Same	80%	83%	3%
Decrease	5%	2%	-3%

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

Figure 4 compares the top concerns of Central Nebraska businesses from November and December with those from businesses located in other parts of the state. Central Nebraska businesses are significantly less likely to list customer demand as their top concern. However, Central Nebraska businesses are twice as likely to list taxes as their top concern.

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, November and December, 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 November and December 2014 surveys, in order to generate a sufficient sample size. There were a combined 54 responses from Northeast Nebraska businesses during November and December.

Responding businesses in Northeast Nebraska are pessimistic in their outlook for sales but optimistic in their outlook for employment. For sales, 21 percent of respondents expect sales to rise over the next six months, while 30 percent expect sales to fall. For employment, 13 percent of businesses expect to add employees in the next six months while 2 percent expect to reduce employment. Taking these results together, the outlook is at best neutral, with pessimism for sales mitigated by optimism for employment. It will be important to track the sales outlook over the next few months as it will be difficult to sustain a positive outlook for employment unless the sales picture improves.

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

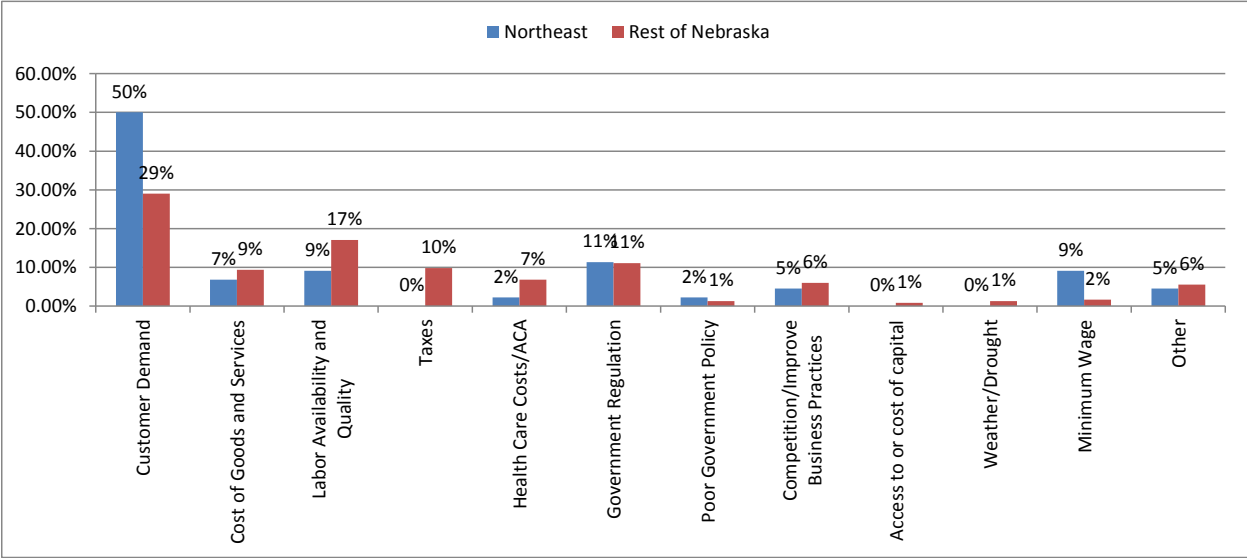
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	30%	21%	-9%
Stay the Same	56%	49%	-7%
Decrease	14%	30%	16%
	Employment		
Increase	15%	13%	-2%
Stay the Same	80%	85%	5%
Decrease	5%	2%	-3%

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

Figure 5 compares the top business concerns of Northeast Nebraska respondents from November and December with those from businesses located in other parts of the state. Northeast Nebraska businesses are very concerned about customer demand. Half of Northeast Nebraska businesses chose customer demand as their top concern compared to just 29 percent of respondents in the rest of the state. This result may reflect the impact of falling crop prices on the agricultural economy. The minimum wage also was a topic of emphasis. Nearly one in ten Northeast Nebraska respondents listed the minimum wage as their top concern.

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, November and December, 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 November and December 2014 surveys, in order to generate a sufficient sample size. There were a combined 41 responses from West Nebraska businesses during November and December.

Responding businesses in West Nebraska were positive in their outlook for employment over the next 6 months. In West Nebraska, 18 percent expect to increase employment while 5 percent expect to decrease employment. West Nebraska businesses are neutral in their outlook for sales, as 24 percent of respondents from November and December expect to sales to increase over the next six months and the same percentage expect sales to decrease. Overall, West Nebraska businesses have a positive outlook, though less optimistic than in the rest of the state.

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

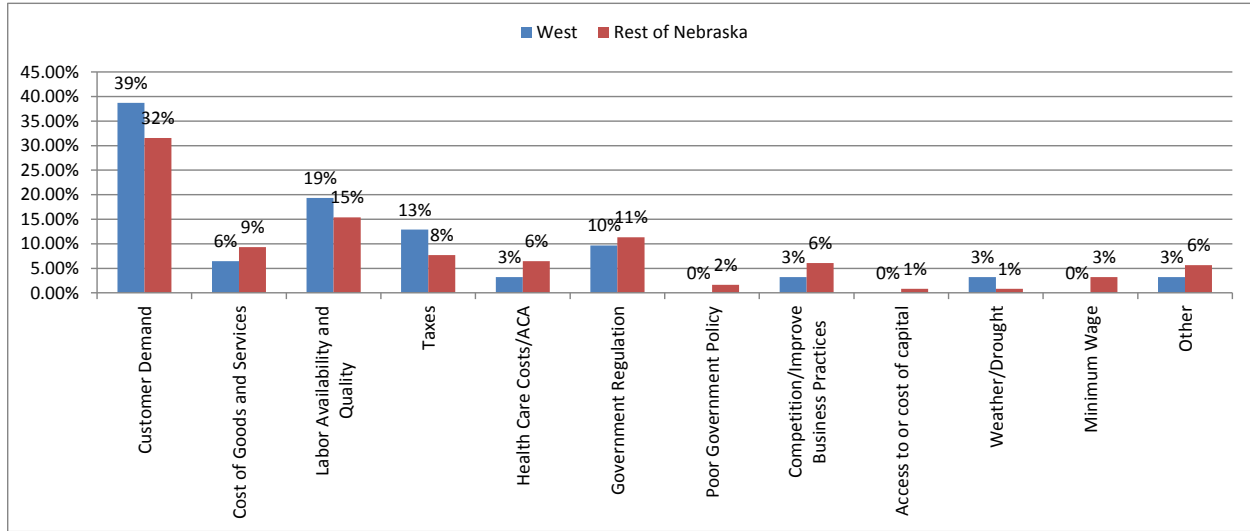
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	29%	24%	-5%
Stay the Same	55%	51%	-4%
Decrease	16%	24%	9%
	Employment		
Increase	15%	18%	3%
Stay the Same	81%	78%	-3%
Decrease	4%	5%	1%

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

Figure 6 compares the top business concerns of West Nebraska respondents from November and December 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 respondents located in other parts of the state. The primary difference is that West Nebraska businesses were more likely to select customer demand as their top concern. This result might be expected in the agricultural region of West Nebraska.

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, November and December, 2014



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