

Results of the January Survey of Nebraska Business: May 8, 2015
Prepared by the UNL College of Business Administration, Bureau of Business Research

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***Summary:** Respondents to the April Survey of Nebraska Business reported strong expectations for business sales and employment growth over the next six months. The outlook, in fact, was the strongest monthly outlook in the history of the survey, which began in September 2011. To be specific, 36 percent of respondents to the April 2015 survey expected to increase sales over the next 6 months while 13% which expected to decrease sales. Respondents also were much more likely to plan to increase (24%) employment than reduce it (4%). There was optimism about sales and employment in all 5 regions of the state but expectations were especially strong in the Omaha area. 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 21 percent while government regulation was named by 12 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 April, responses were received from 167 of the 500 surveyed businesses. This 33% response rate is more than sufficient for analysis of the results.

As seen in Table 1 below, respondents to the April 2015 *Survey of Nebraska Business* were very optimistic in their outlook for sales and employment. While half of April respondents expected no change in sales, 36 percent expected sales to increase and just 13 percent sales to decrease over the next 6 months. This is a positive 23 percent gap. For employment, 24 percent of April respondents expected to add jobs over the next 6 months while 4 percent expected to reduce employment, a positive 20 percent gap. Results are the most optimistic ever recorded in the *Survey of Nebraska Business*, which was first taken in September 2011.

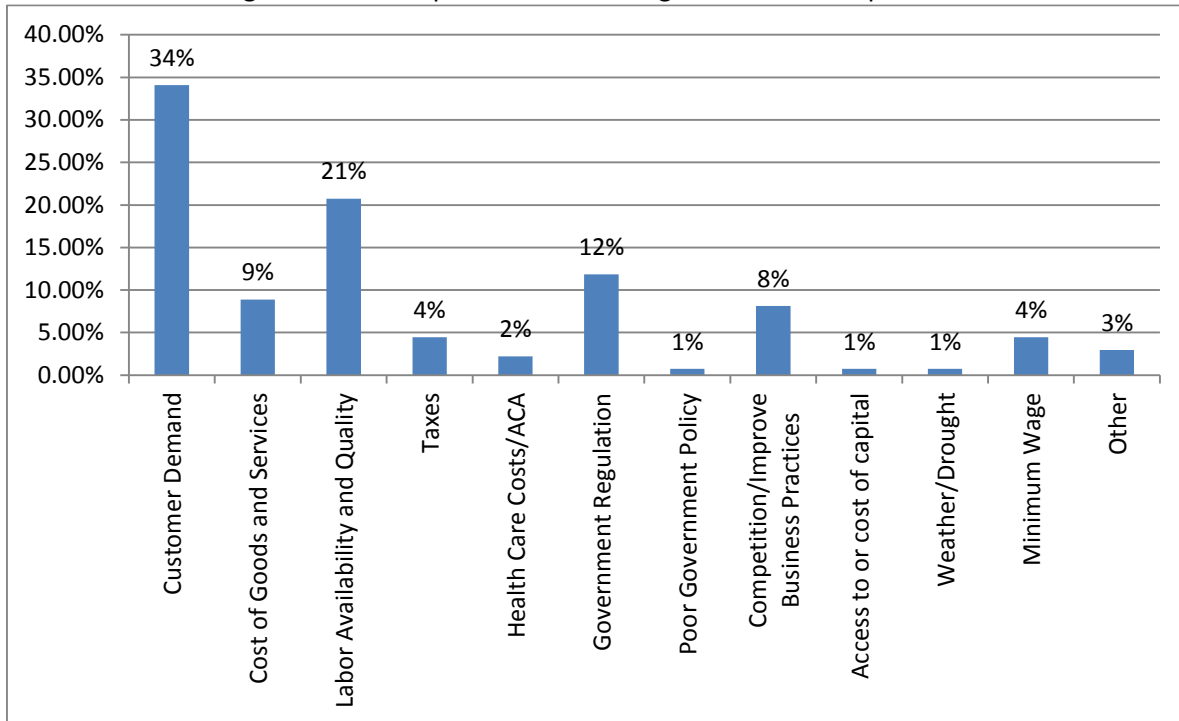
Table 1: Business Expectations for the Next Six Months, April 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	36%	24%
Stay the Same	51%	73%
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. Four of five 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 improved business practices. Customer demand was the most common top concern, named by 34 percent of respondents. For the eighth consecutive month, the quality and availability of labor was the second most cited top concern, chosen by 21 percent of respondents. The costs of goods and services was named as the top issue by 9 percent of respondents while 8 percent named competition and the need to improve business practices. One in five respondents listed public policy issues as their top concern. The most common public policy concern was government regulation, which was named by 12 percent of respondents.

Figure 1: Most Important Issue Facing Each Business April 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 March and April 2015 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 108 responses from Omaha Metropolitan Area businesses during March and April.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) were more positive in their outlook for sales and much more positive in their outlook for employment than businesses from other parts of the state. For sales, 34 percent expected sales to increase and just 10 percent sales to decline over the next 6 months. This was more positive than in the balance of the state. In particular, Omaha businesses were 11 percent less likely to foresee a decline in sales over the next 6 months. For employment, 29 percent of Omaha respondents expected to add jobs over the next 6 months, which is 10 percent higher than the share in other parts of the state.

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

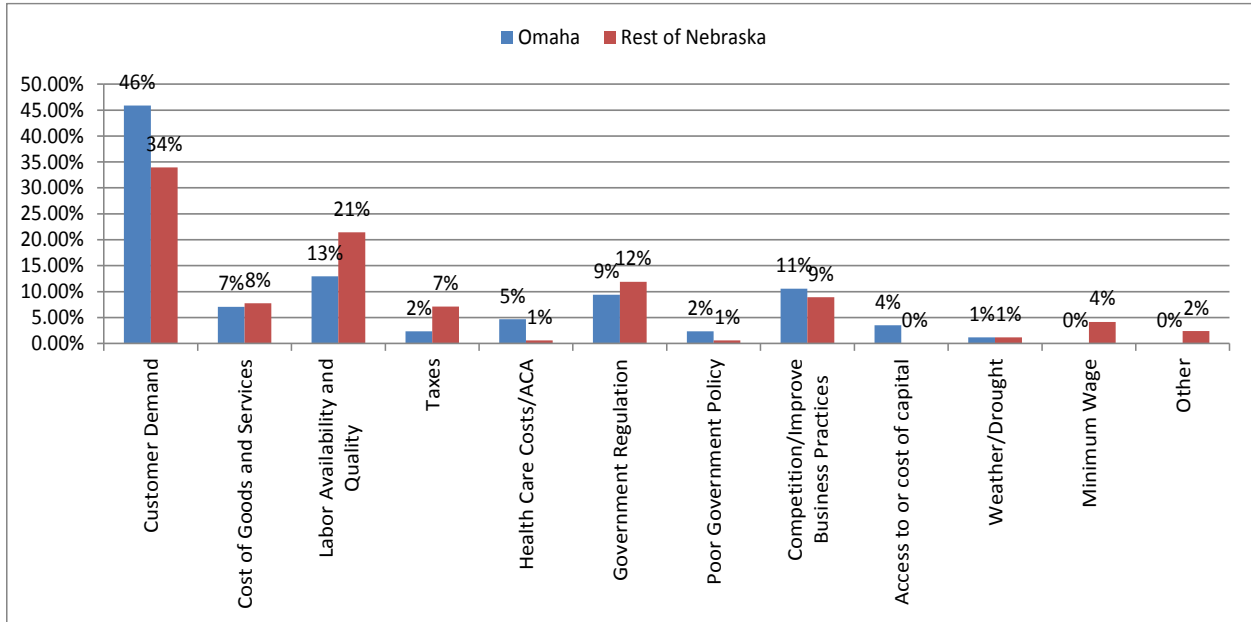
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	33%	34%	1%
Stay the Same	46%	57%	11%
Decrease	21%	10%	-11%
	Employment		
Increase	19%	29%	10%
Stay the Same	77%	68%	-10%
Decrease	4%	4%	0%

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 March and April with those from businesses located in other parts of Nebraska. Omaha area respondents were much more likely to be concerned with customer demand but much less likely to be concerned about the availability and quality of labor. The latter result may reflect stronger population growth in the Omaha area, which supports growth in labor supply.

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

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, March and April, 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 March and April 2015 surveys, in order to generate a sufficient sample size. There were a combined 70 responses from Southeast Nebraska businesses during March and April.

As seen in Table 3, Southeast Nebraska businesses were slightly less optimistic than business in the balance of the state during March and April. For sales, 31 percent expected sales to increase and 20 percent sales to decrease in the next 6 months. For employment, 19 percent of businesses expected to add employment over the next 6 months while 7 percent expected to reduce it. This outlook is optimistic but less optimistic than in the balance of the state.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, March and April, 2015

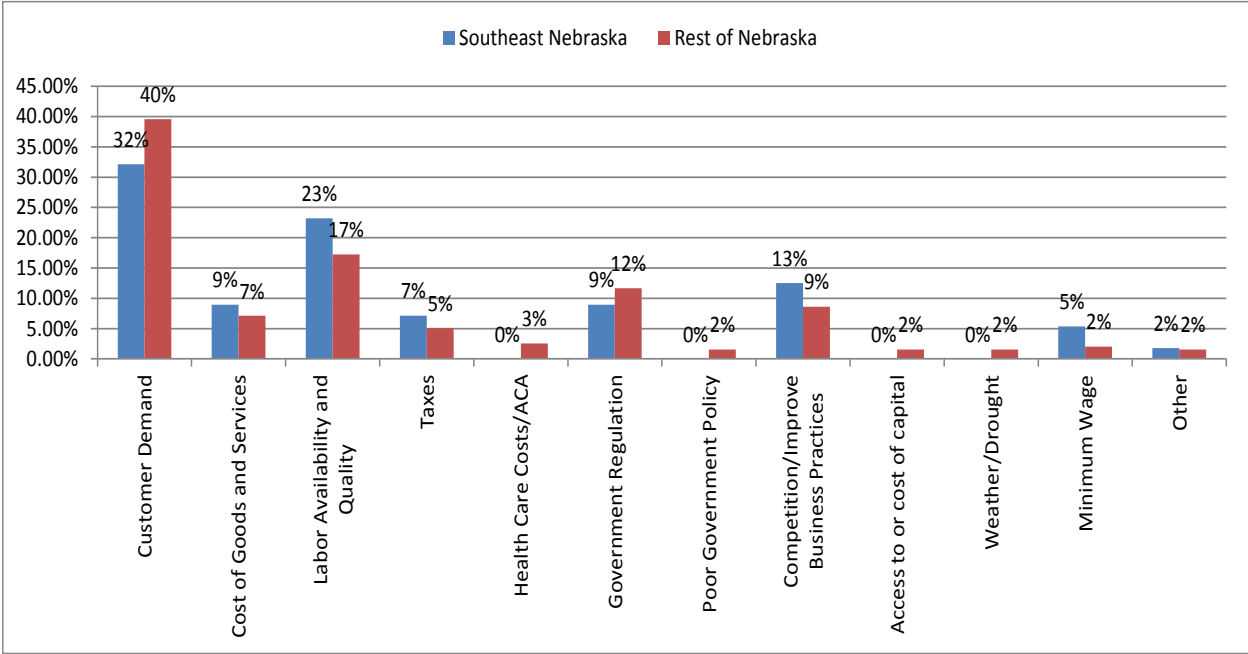
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	34%	31%	-2%
Stay the Same	50%	49%	-2%
Decrease	16%	20%	4%
	Employment		
Increase	22%	19%	-4%
Stay the Same	74%	74%	0%
Decrease	4%	7%	3%

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

Figure 3 compares the top business concerns of Southeast Nebraska respondents from March and April with those from businesses located in other parts of the state. Southeast Nebraska businesses were less concerned about customer demand but more concerned about the availability and quality of labor. Labor issues, in fact, were the top concern of nearly one quarter of responding businesses. The minimum wage was mentioned as the top concern by 5 percent of Southeast Nebraska businesses.

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, March and April, 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 March and April 2015 surveys, in order to generate a sufficient sample size. There were a combined 48 responses from Central Nebraska businesses during March and April.

Central Nebraska businesses were slightly more optimistic in their outlook for sales and employment than businesses located in other parts of the state. As seen in Table 4, 35 percent of Central Nebraska businesses expected sales to rise in the next six months while 17 percent expected sales to decline. For employment, 23 percent of Central Nebraska businesses planned to expand employment while no businesses planned to reduce it. This employment outlook was especially optimistic.

Table 4: Central Nebraska Business Expectations for the Next Six Months, March and April, 2015

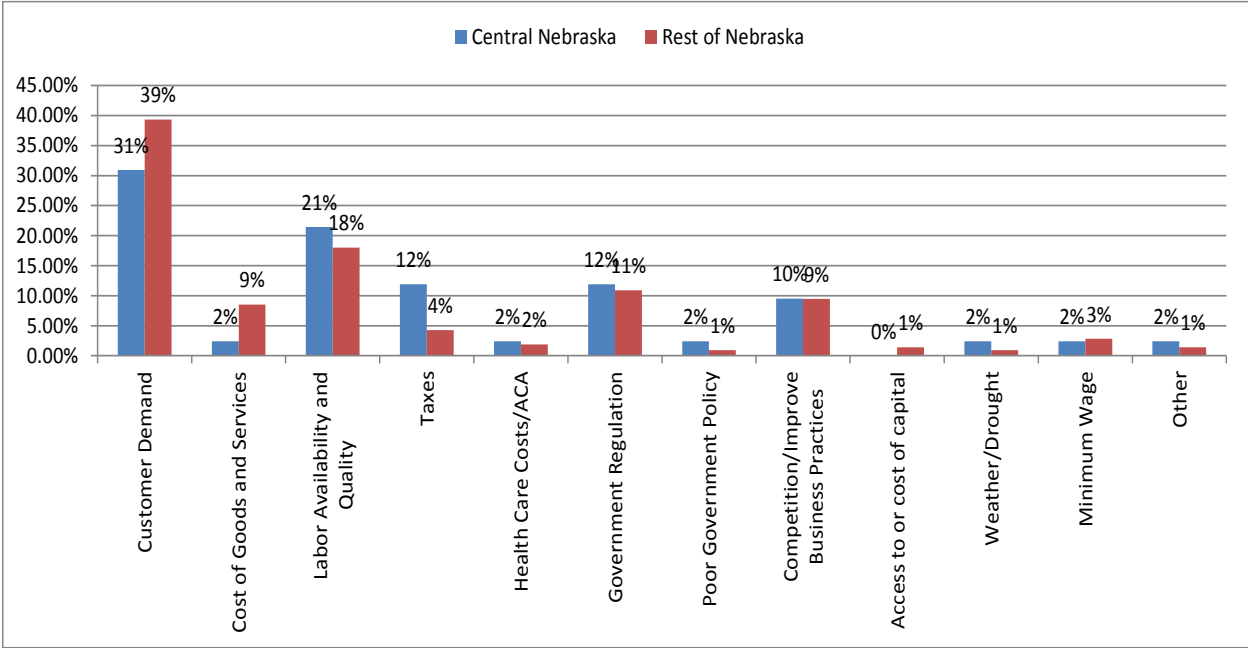
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	33%	35%	3%
Stay the Same	50%	48%	-2%
Decrease	17%	17%	-1%
	Employment		
Increase	22%	23%	1%
Stay the Same	73%	77%	4%
Decrease	5%	0%	-5%

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

Figure 4 compares the top business concerns of Central Nebraska respondents from March and April with those from businesses located in other parts of the state. Central Nebraska businesses were less often concerned about the issues of customer demand and the price of goods and services. This suggests that concerns about agricultural prices may be easing. Central Nebraska business, however, were much more likely to be concerned about taxes. Property taxes were the chief 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, March and April, 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 March and April 2015 surveys, in order to generate a sufficient sample size. There were a combined 47 responses from Northeast Nebraska businesses during March and April.

Responding businesses in Northeast Nebraska were optimistic in their outlook for sales and employment but less optimistic than businesses from other parts of the state. For sales, 36 percent of respondents expected sales to rise over the next six months, compared to 26 percent who expected sales to fall. The share of respondents who expected a decline in sales was much higher in Northeast Nebraska than the rest of the state. This may reflect continued concern about crop prices among some respondents. For employment, 15 percent of businesses expected to add employees in the next six months, a smaller share than in the balance of the state.

Table 5: Northeast Nebraska Business Expectations for the Next Six Months, March and April, 2015

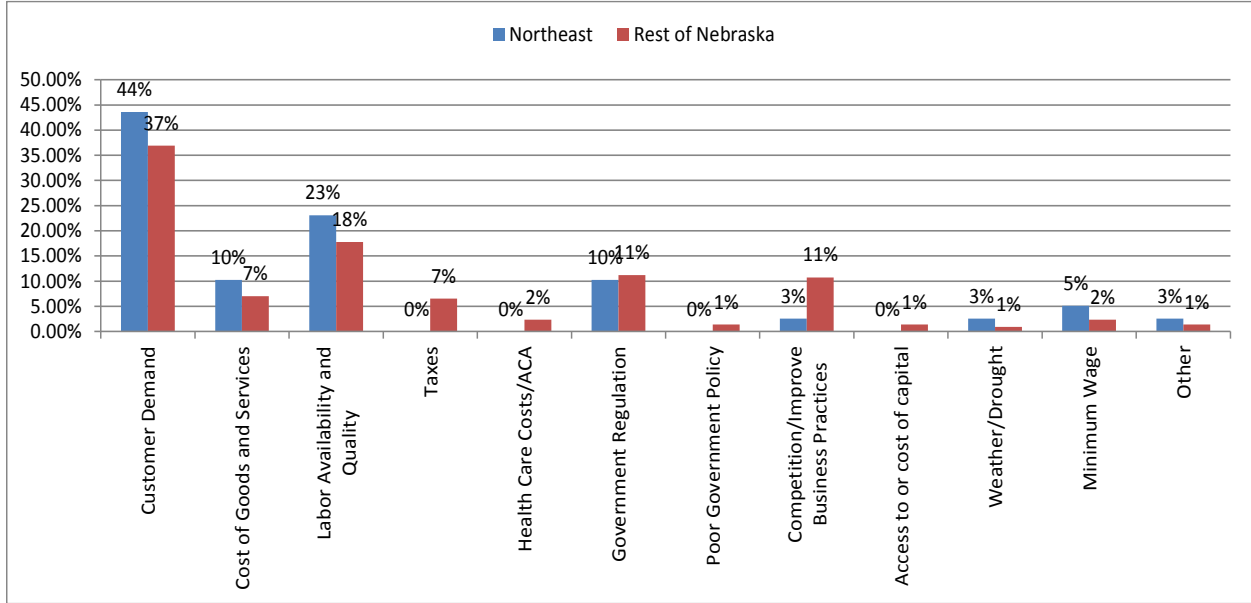
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	33%	36%	4%
Stay the Same	52%	38%	-13%
Decrease	16%	26%	10%
	Employment		
Increase	23%	15%	-8%
Stay the Same	73%	80%	8%
Decrease	4%	4%	1%

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

Figure 5 compares the top business concerns of Northeast Nebraska respondents from March and April with those from businesses located in other parts of the state. Business in Northeast Nebraska were more concerned about customer demand and the quality and availability of labor. Labor shortages might be expected given weak population growth in the northeast region of the state. Northeast Nebraska businesses were less concerned about competition and the need to improved business practices.

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, March and April, 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 March and April 2015 surveys, in order to generate a sufficient sample size. There were a combined 38 responses from West Nebraska businesses during March and April.

Responding businesses in West Nebraska were optimistic in their outlook for sales and employment over the next 6 months, but less optimistic than in other parts of the state. For sales, 29 percent of West Nebraska respondents expected sales to increase at their business over the next six months while 21 percent expected sales to fall. For employment, 18 percent expected to increase employment while just 3 percent expected to decrease it. Overall, West Nebraska businesses were less likely to expect an increase in sales and employment.

Table 6: West Nebraska Business Expectations for the Next Six Months, March and April, 2015

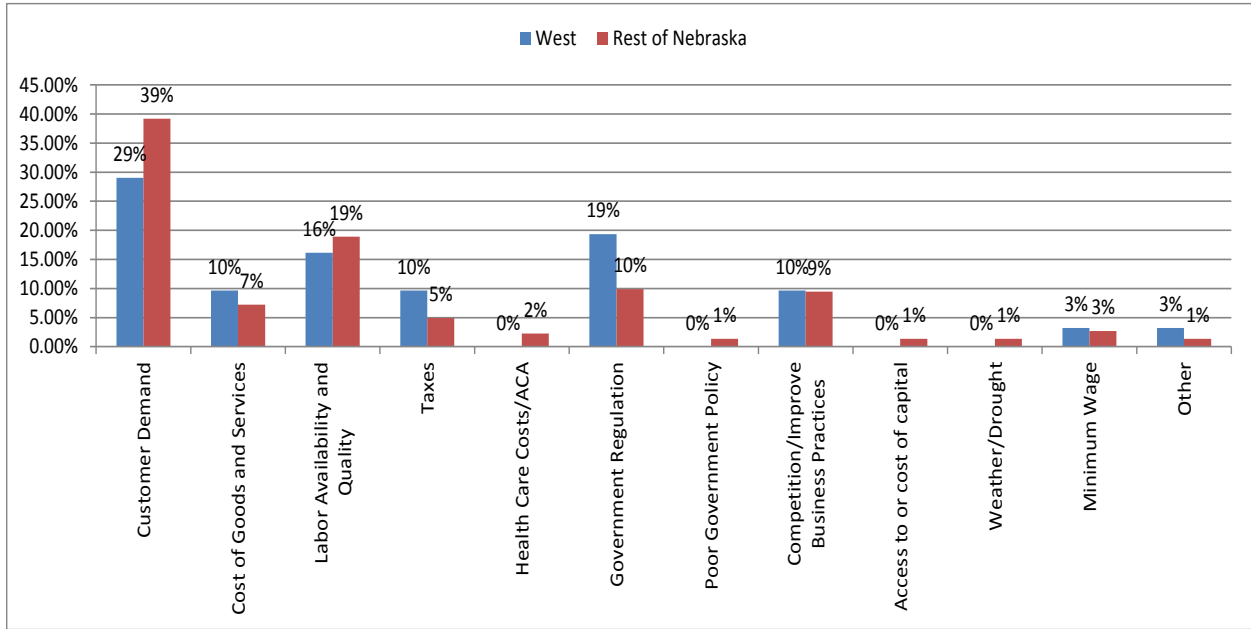
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	34%	29%	-5%
Stay the Same	50%	50%	0%
Decrease	17%	21%	4%
	Employment		
Increase	23%	18%	-4%
Stay the Same	73%	79%	6%
Decrease	4%	3%	-1%

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

Figure 6 compares the top business concerns of West Nebraska respondents from March and April with those from businesses located in other parts of the state. West Nebraska respondents were more concerned about public policy issues such as regulation and taxes. West Nebraska businesses were twice as likely to list taxes and regulation as their top concern than businesses located in other parts of the state.

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, March and April, 2015



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