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Eric Thompson

University of Nebraska-Lincoln, ethompson2@unl.edu

Shannon McClure

University of Nebraska-Lincoln, smcclure@steiergroup.com

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Results of the June Survey of Nebraska Business: July 3, 2014

Prepared by the UNL College of Business Administration, Department of Economics

Author: Dr. Eric Thompson

Graduate Research Assistants: Shannon McClure

***Summary:** Respondents to the June 2014 Survey of Nebraska Business are positive in their outlook for sales and employment at their business. More respondents expect sales to rise (33%) than decline (18%) in the next six months. Similarly, more expect to increase (16%) rather than reduce (3%) employment. These June results mark the fifth consecutive month in which Nebraska businesses held a positive outlook. Within the state, respondents located in the Omaha Metropolitan Area were especially positive in their outlook for sales. As might be expected during a period of growth, businesses were very focused on the individual challenges facing their businesses, rather than public policy issues. When asked about the most important issue facing their business, nearly 8 in 10 focused on core business operations issues such as customer demand, the cost of supplies, labor quality and availability, competition, improved business practices, and credit availability. The issue of labor quality and availability was named by 15 percent of businesses, the largest percentage for this category in recent surveys. Just 2 in 10 named taxes, the Affordable Care Act or other regulations as the most important issue facing their business. Similar shares were identified for businesses from the Omaha Metropolitan Area.*

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

Respondents to the June 2014 *Survey of Nebraska Business* remain positive in their outlook for sales and somewhat positive in their outlook for employment. Responses are summarized in Table 1 below.

Results indicate that just under half of respondents expect that sales will remain unchanged over the next six months, while 33 percent expect sales to increase and 18% sales to decline. This is a 15 percent gap in the share of respondents expecting an increase rather than a decline in sales. For employment, 81% anticipate no change in employment over the next 6 months, while 16 percent expect to add jobs and 3 percent to reduce employment. This is a 13 percent gap. Thus the outlook is consistently positive for both sales and employment. This is also the fifth straight month in which businesses indicated a positive outlook.

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

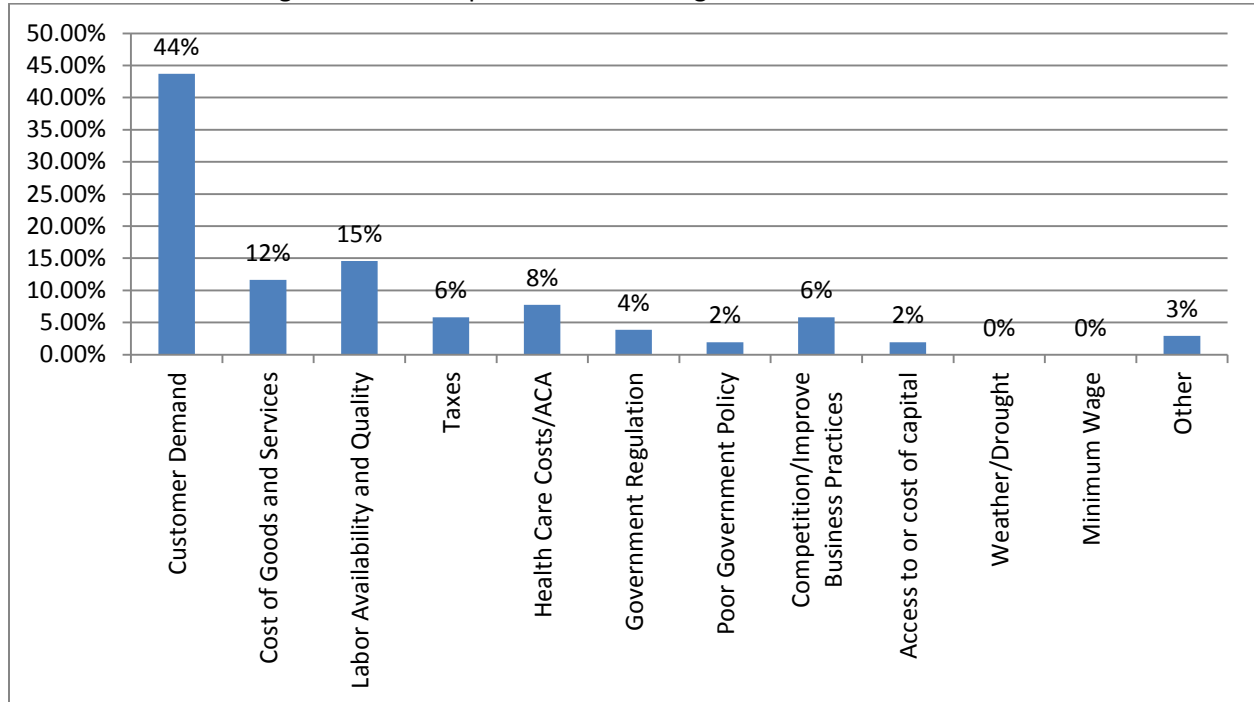
	Change Over the Next Six Months	
	Sales	Employment
Increase	33%	16%
Stay the Same	48%	81%
Decrease	18%	3%

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. 8 in 10 responses were related to business operations issues such as customer demand for business products or services, the cost of supplies, labor quality, competition, improved business practices, and credit availability. Such a focus on business management issues might be expected during a period when businesses are anticipating growth. Customer demand was the most common concern, with 44 percent of respondents naming a customer demand issue. Concern about the availability and quality of labor was named by 15 percent of respondents, the highest share for this category in recent months. The rising cost of goods and services was the top concern for 12 percent of businesses while 6 percent named competition from other businesses or a need to improve their own businesses practices.

Just 2 in 10 businesses listed public policy issues as their top concern, well below the share in May and most previous months. Health care costs/Affordable Care Act was selected as the top concern by 8 percent of respondents and other regulatory concerns were named by 4 percent. Taxes were listed as the top concern by 6 percent of respondents while 2 percent mentioned general concerns regarding government policy.

Figure 1: Most Important Issue Facing Each Business June 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). The responses are combined from the May and June 2014 surveys. Responses were combined from the last two months in order to generate a sufficient sample size. There were a combined 42 responses from Omaha Metropolitan Area business over May and June.

As seen in Table 2, Omaha Metropolitan Area businesses (Nebraska portion only) were positive in their outlook for employment and sales. For sales, 38 percent expect sales to increase and just 10 percent sales to decline. For employment, 10 percent expect to add jobs and no respondents expect to reduce employment. Table 2 also shows combined responses for other parts of Nebraska (all parts of the state besides the Omaha Metropolitan Area) from May and June. The Omaha area has been much positive in its outlook for sales than the rest of Nebraska over the last two months; however, outlook for employment is similar.

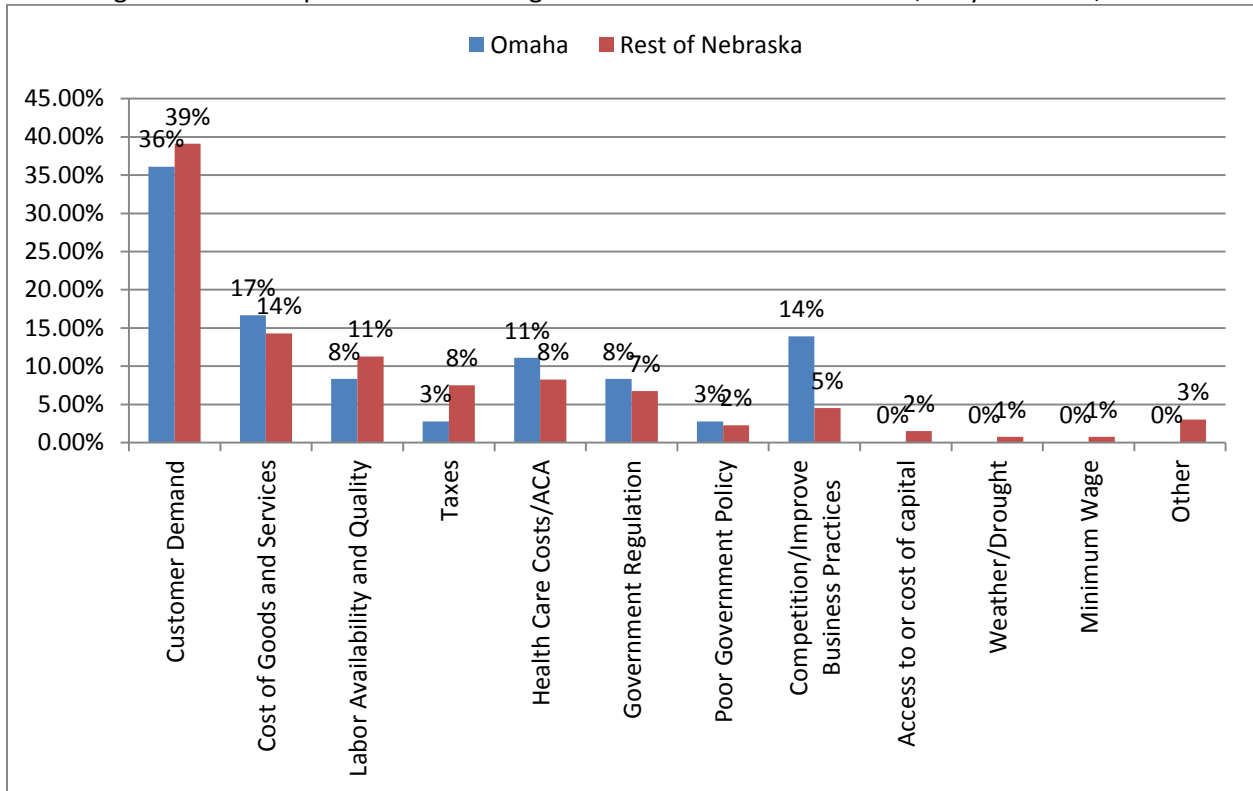
Table 2: Omaha Metro Area Business Expectations for the Next Six Months, May and June, 2014

	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	30%	38%	8%
Stay the Same	50%	52%	3%
Decrease	20%	10%	-11%
	Employment		
Increase	13%	10%	-4%
Stay the Same	83%	90%	8%
Decrease	4%	0%	-4%

Note: Column totals may not sum to 100% due to rounding.
Column differences may not sum to 0% due to rounding.

Figure 2 compares the top business concerns of Omaha Metropolitan Area respondents (Nebraska portion only) from May and June with those from businesses located in other parts of Nebraska. Results indicate that the concerns of Omaha-area businesses are similar to those of other Nebraska business owners. One difference, however, is that a larger share of Omaha area businesses described competition or a need to improve business practices as their top concern, relative to businesses located in other parts of the state.

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, May and June, 2014



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