1-8-2016

Results of the December Survey of Nebraska Business: January 8, 2016

Eric Thompson
University of Nebraska-Lincoln, ethompson2@unl.edu

Results of the December Survey of Nebraska Business: January 8, 2016

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

Author: Dr. Eric Thompson

Summary: *Respondents to the December Survey of Nebraska Business have a positive outlook for employment and a neutral outlook for sales over the next six months. To be specific, 26 percent of respondents to the December 2015 survey expect to increase sales over the next 6 months and the 26 percent expect to decrease sales. At the same time, 13 percent of respondents expect to grow employment compared to 2 percent who expect to reduce it. Looking across the state, businesses are more optimistic in the Nebraska's urban regions. The outlook is strongest in the Omaha region, closely followed by the Southeast Nebraska region, which includes Lincoln, and the Central Nebraska region, which includes Grand Island. Businesses in Northeast Nebraska have a somewhat positive outlook and the outlook in West Nebraska is neutral. When asked about the most important issue facing their business, customer demand is the top issue named by 39 percent of respondents. Government regulation is selected by 13 percent of respondents while the availability and quality of labor is named as the top issue by 11 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 December, responses were received from 128 of the 500 surveyed businesses. This 26% response rate is sufficient for analysis of the results.

As seen in Table 1 below, respondents to the December 2015 *Survey of Nebraska Business* are positive in their outlook for employment but neutral in their outlook for sales. Nearly half of December respondents expect no change in sales over the next six months, while 26 percent expect sales to increase and the same percent expect sales to decrease. For employment, 13 percent of December respondents expect to add jobs over the next 6 months while 2 percent expect to reduce employment, a positive 11 percent gap. This neutral outlook for sales is weak relative to the positive outlook observed during November.

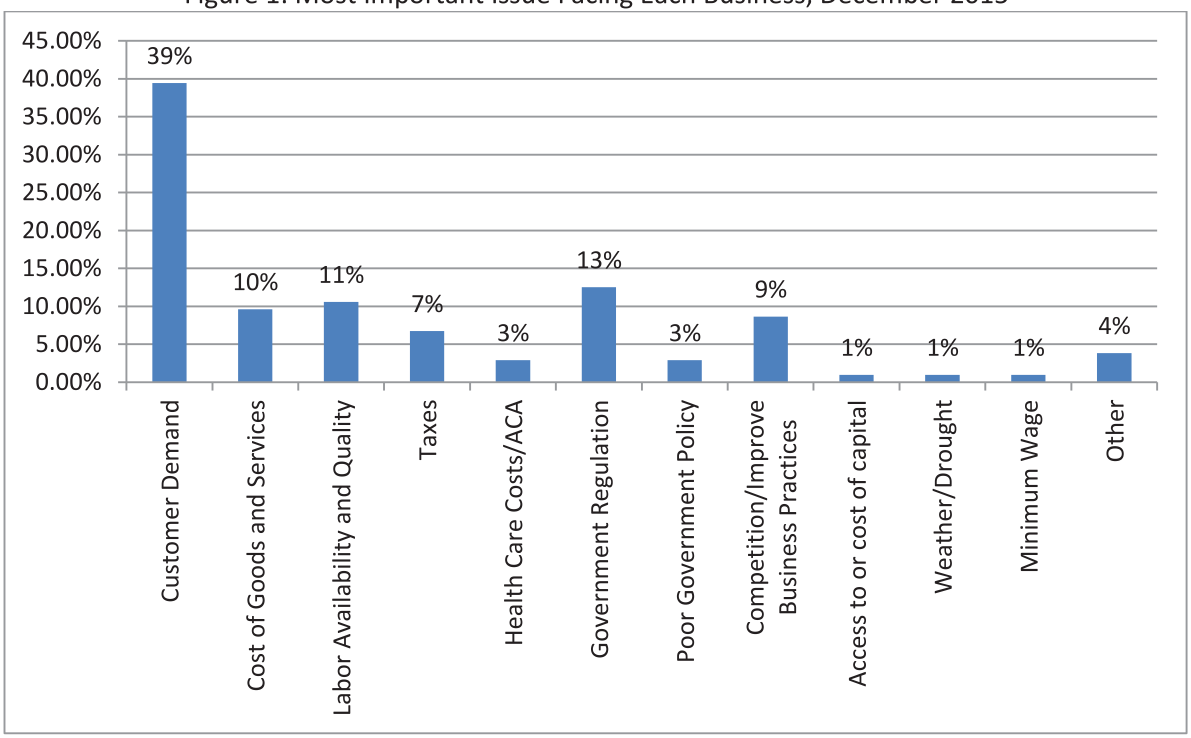
Table 1: Business Expectations for the Next Six Months, December 2015

	Change Over the Next Six Months	
	Sales	Employment
Increase	26%	13%
Stay the Same	47%	86%
Decrease	26%	2%

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. Three of four 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 39 percent of respondents. For the first time in more than a year, the availability and quality of labor is the third most cited top concern, at 11 percent, rather than the second most cited concern. While concerns about labor availability waned in December, other costs concerns rose. In particular, the cost of goods and services was chosen by 10 percent of respondents. One in four businesses list public policy issues as their top concern. Regulation was chosen as the top concern by 13 percent of respondents, making it the second most cited business concern. Taxes are the top concern of 7 percent of businesses.

Figure 1: Most Important Issue Facing Each Business, December 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 November and December 2015 surveys. Responses are combined from the last two months in order to generate a sufficient sample size. There are a combined 69 responses from Omaha Metropolitan Area businesses during November and December.

As seen in Table 2, the outlook of Omaha Metropolitan Area businesses (Nebraska portion only) is more positive than that of businesses from other parts of the state. For sales, 32 percent expect sales to increase over the next six months and 22 percent sales to decline. This is a 10 percent gap, above the 5 percent gap in other parts of the state. For employment, 18 percent of Omaha respondents expect to add jobs over the next 6 months compared to 4 percent who expect to reduce jobs. This 14 percent gap is slightly more positive than in the rest of the state.

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

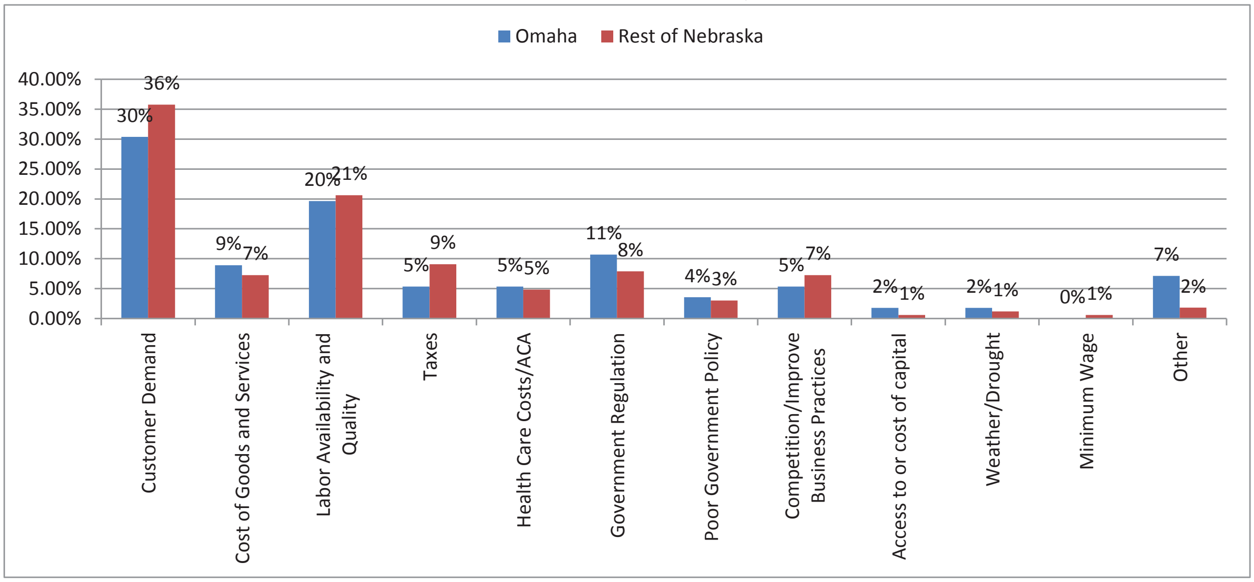
	Change Over the Next Six Months		
	Rest of Nebraska	Omaha Area	Difference
	Sales		
Increase	27%	32%	5%
Stay the Same	51%	46%	-5%
Decrease	22%	22%	0%
	Employment		
Increase	15%	18%	3%
Stay the Same	82%	78%	-4%
Decrease	3%	4%	2%

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 November and December 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.

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

Figure 2: Most Important Issue Facing Omaha Metro Area Businesses, November and December, 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 November and December 2015 surveys, in order to generate a sufficient sample size. There are a combined 61 responses from Southeast Nebraska businesses during November and December.

As seen in Table 3, Southeast Nebraska businesses have a more positive outlook for sales than businesses located in other parts of the state. For sales, 33 percent expect to increase sales and 16 percent to decrease sales in the next 6 months. This 17 percent gap is more optimistic than in other parts of the state. For employment, 16 percent of businesses expect to add employment over the next 6 months while just 3 percent expect to reduce it. This result is in line with the outlook in other parts of the state.

Table 3: Southeast Nebraska Business Expectations for the Next Six Months, November and December, 2015

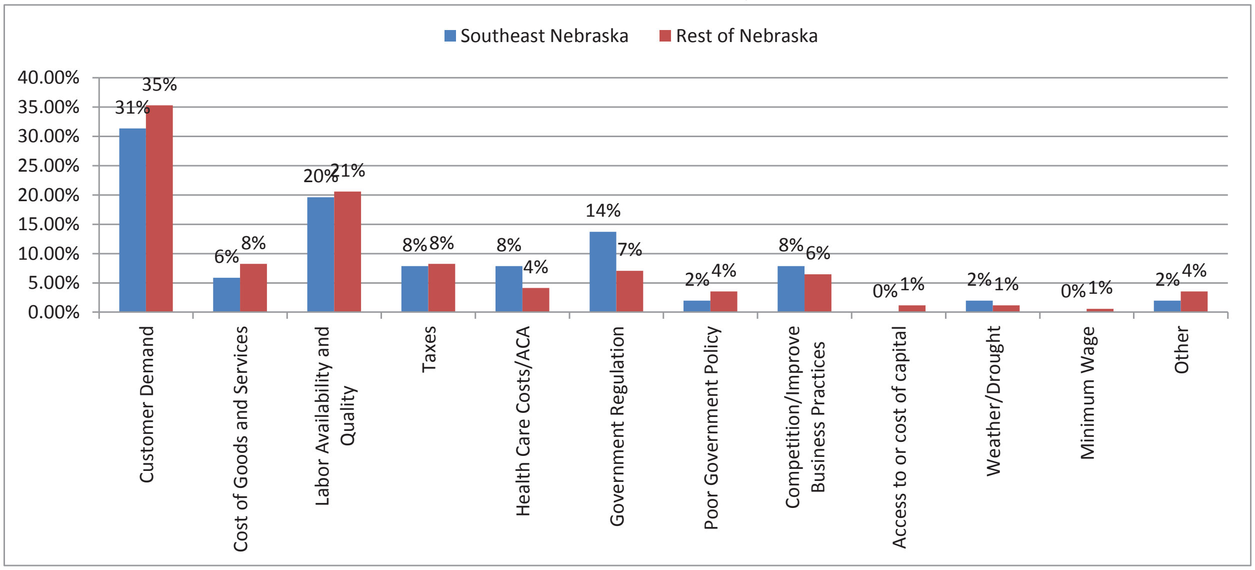
	Change Over the Next Six Months		
	Rest of Nebraska	Southeast Nebraska	Difference
	Sales		
Increase	27%	33%	6%
Stay the Same	49%	51%	2%
Decrease	24%	16%	-7%
	Employment		
Increase	17%	16%	0%
Stay the Same	81%	80%	0%
Decrease	3%	3%	0%

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

Figure 3 compares the top business concerns of Southeast Nebraska respondents from November and December 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. The primary difference is that Southeast Nebraska business are more likely to be concerned about government regulation.

[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, 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 November and December 2015 surveys, in order to generate a sufficient sample size. There are a combined 52 responses from Central Nebraska businesses during November and December.

Central Nebraska businesses have a more positive outlook for sales than businesses located in other parts of the state. As seen in Table 4, 30 percent of Central Nebraska businesses expect sales to rise in the next six months compared to 18 percent expecting sales to decline. This gap is 7 percent greater than for businesses located in other parts of the state. For employment, 16 percent of Central Nebraska businesses plan to expand employment while 2 percent plan to reduce it. This employment outlook is similar to that of businesses located in other parts of the state.

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

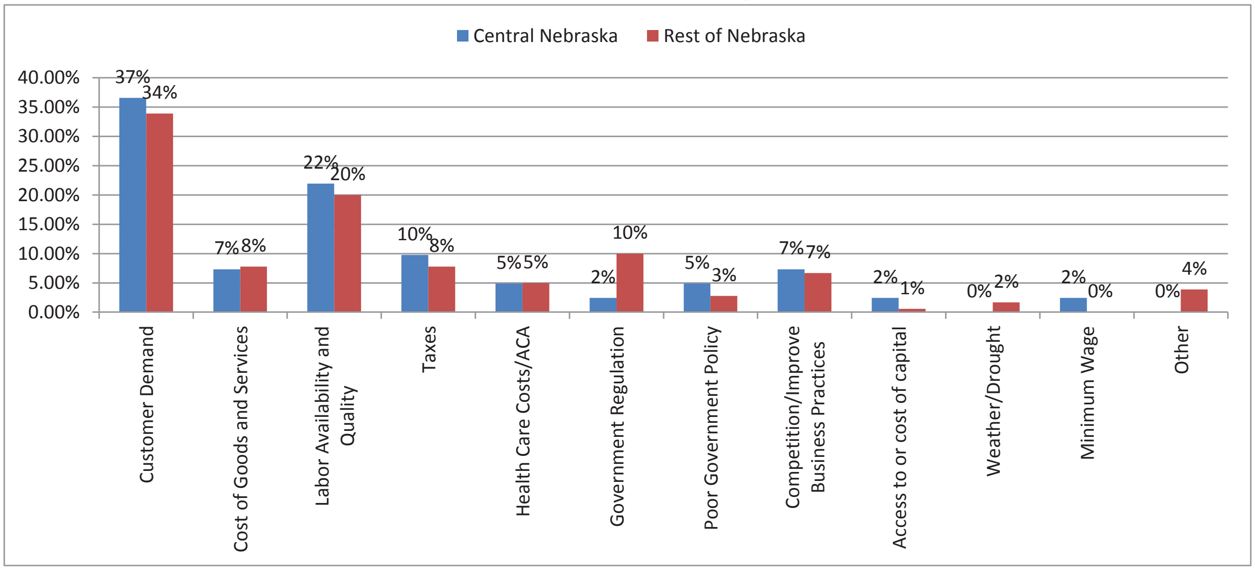
	Change Over the Next Six Months		
	Rest of Nebraska	Central Nebraska	Difference
	Sales		
Increase	28%	30%	2%
Stay the Same	49%	52%	3%
Decrease	23%	18%	-5%
	Employment		
Increase	16%	16%	0%
Stay the Same	81%	82%	1%
Decrease	3%	2%	-1%

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

Figure 4 compares the top business concerns of Central Nebraska respondents from November and December with those from businesses located in other parts of the state. Responses from Central Nebraska businesses are largely consistent with those from respondents in other parts of the state. The primary difference is that Central Nebraska business are less likely to be concerned about government regulation.

[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, 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 November and December 2015 surveys, in order to generate a sufficient sample size. There are a combined 54 responses from Northeast Nebraska businesses during November and December.

Northeast Nebraska businesses have a positive outlook for sales and employment. For sales, 25 percent of respondents expect sales to rise over the next six months and 22 percent expect sales to fall. For employment, 12 percent of businesses expect to add employees in the next six months while 4 percent expect to reduce employment. The outlook is positive, but in both cases less positive than in other parts of the state.

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

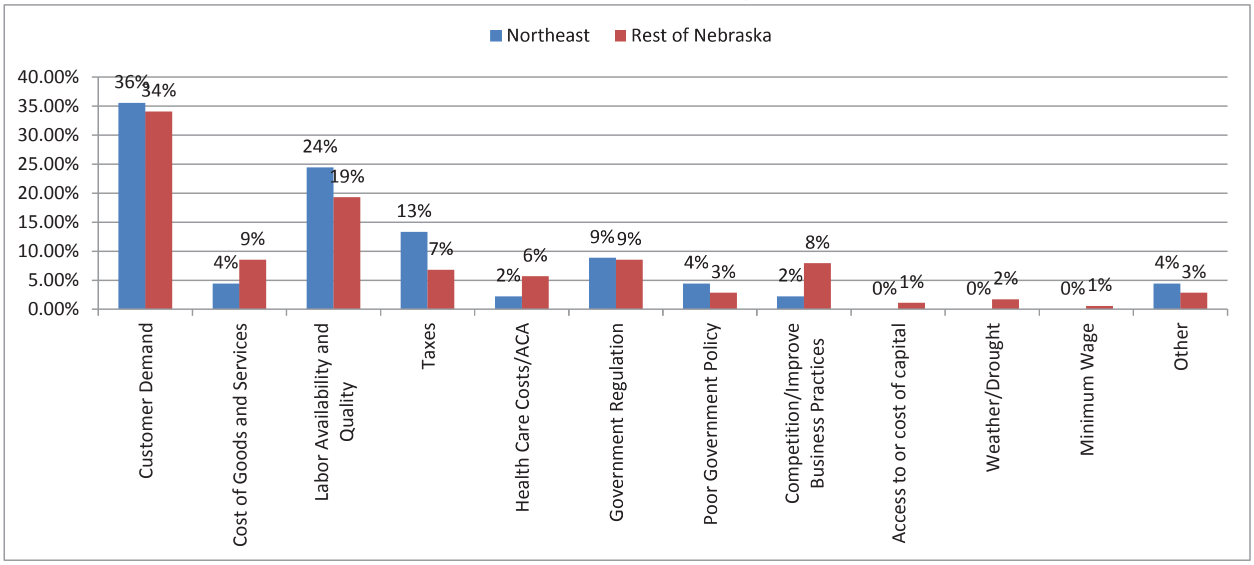
	Change Over the Next Six Months		
	Rest of Nebraska	Northeast Nebraska	Difference
	Sales		
Increase	29%	25%	-4%
Stay the Same	49%	53%	4%
Decrease	22%	22%	0%
	Employment		
Increase	17%	12%	-6%
Stay the Same	80%	85%	5%
Decrease	3%	4%	1%

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

Figure 5 compares the top business concerns of Northeast Nebraska respondents from November and December with those from businesses located in other parts of the state. Responses from Northeast Nebraska businesses are largely consistent with those from respondents in other parts of the state. The primary differences are that Northeast Nebraska business are more likely to be concerned about taxes and labor availability and quality but less likely to be concerned about the cost of goods and services.

[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, 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 November and December 2015 surveys, in order to generate a sufficient sample size. There are a combined 35 responses from West Nebraska businesses during November and December.

Responding businesses in West Nebraska are mixed in their outlook over the next 6 months. For sales, 20 percent of West Nebraska respondents expect sales to increase at their business over the next six months while 34 percent expect sales to fall. For employment, 14 percent expect to increase employment while 3 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, November and December, 2015

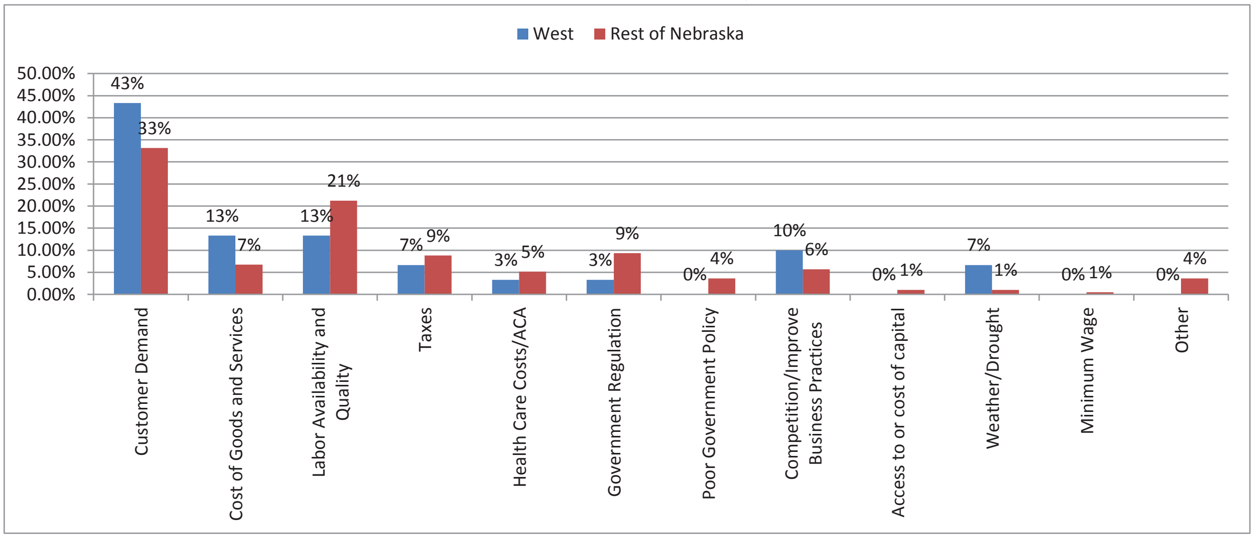
	Change Over the Next Six Months		
	Rest of Nebraska	West Nebraska	Difference
	Sales		
Increase	30%	20%	-10%
Stay the Same	50%	46%	-5%
Decrease	19%	34%	15%
	Employment		
Increase	16%	14%	-1%
Stay the Same	81%	83%	2%
Decrease	3%	3%	-1%

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

Figure 6 compares the top business concerns of West Nebraska respondents from November and December 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 and the cost of goods and services as their top concern and less likely to choose 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,
November and December, 2015



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