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Results of the February Survey of Nebraska Business: March 10, 2014

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Results of the February Survey of Nebraska Business: March 10, 2014

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Summary: Respondents to the February 2014 Survey of Nebraska Business turned positive in their outlook for sales and employment at their business. More respondents expected sales to rise (28%) than decline (24%) in the next six months. Further, many more respondents expected to add employees (13%) than to reduce employees (5%). Respondents also were more focused on the market challenges facing their businesses. When asked about the most important issue facing their business, nearly 6 in 10 focused on core business issues such as customer demand, the cost of supplies, labor quality and competition while out only 4 in 10 focused on public policy issues such as taxes, the Affordable Care Act and other regulations. Respondents had been evenly split in their focus on business issues versus government policy in the January survey.

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 roughly 10 categories of business and public policy issues. Surveyed businesses are randomly selected from all industries, including agriculture. Businesses of all sizes are surveyed. In February, responses were received from 88 of the 500 surveyed businesses. This is a disappointing response rate, lower than the typical month, but is sufficient for analysis.

Respondents to the February 2014 Survey of Nebraska Business turned positive in their outlook for employment and sales. Responses are summarized in Table 1 below. Results indicate that nearly half of respondents expected that sales will remain unchanged over the next six months, while 28% expect sales to increase and 24% sales to decline. This is an improvement on results in January, when more business respondents had projected a decline in sales. For employment, 83% anticipate no change in employment over the next 6 months, while 13% expect to add jobs and 5% to reduce employment.

Table 1: Business Expectations for the Next Six Months

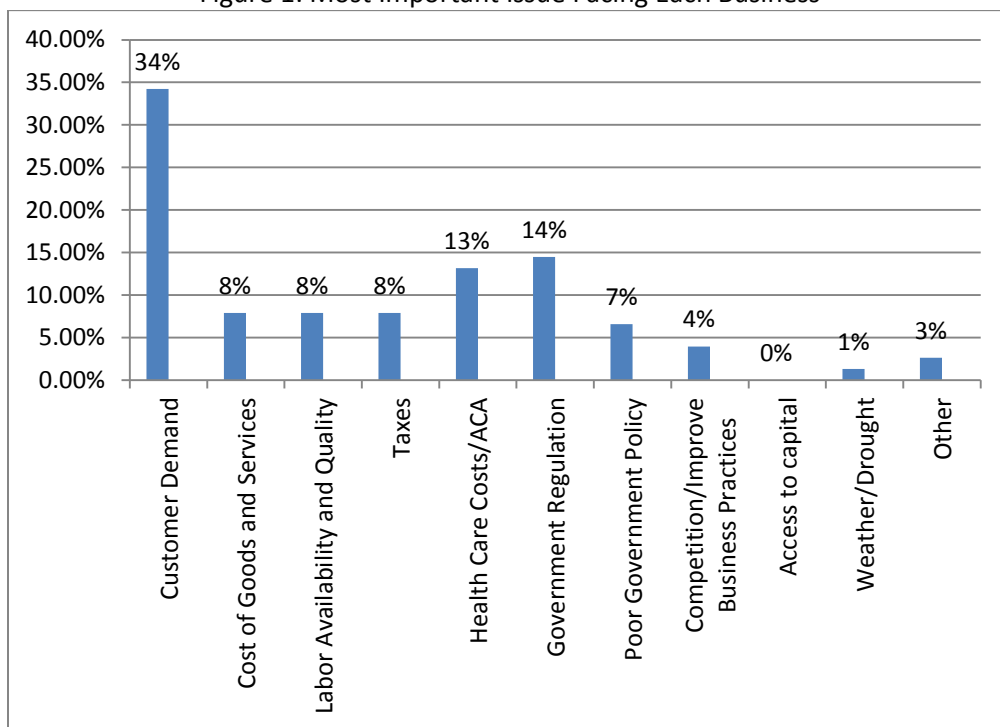
	Change Over the Next Six Months	
	Sales	Employment
Increase	28%	13%
Stay the Same	48%	83%
Decrease	24%	5%

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

Results in Figure 2 show the top concerns of responding business owners and managers. The top concern of roughly 6 in 10 respondents related to business issues such as customer demand for their product or service, competition from other businesses, the cost of doing business, and finding good workers. Customer demand was the most common concern, with one-third (34%) of respondents naming a customer demand issue. Concerns about customer demand were typically focused on the number of customers in the case of non-commodity businesses, and prices-received in the case of commodity businesses. Relatively few respondents, just 8%, named the rising cost of goods and services as the top concern. This result is consistent current low inflation rates for producer prices. Workforce availability and quality was also named by 8% of respondents. Respondents were particularly concerned with finding qualified workers with good work habits. Only 4% of businesses named competition from other businesses or a need to improve their own businesses practices as the top concern, while another 3% listed firm-specific concerns classified in the “Other” category. Only one respondent listed weather as the top concern, despite frigid temperatures in February.

Roughly 4 in 10 businesses listed public policy issues as their top concern. This is a significant share but is down from nearly 5 in 10 in January. This change may reflect the resolution by mid-February of several thorny federal policy debates, particularly the debt ceiling. In February, the top policy concerns were Health care costs/Affordable Care Act (13%), other regulatory concerns (14%), taxes (8%) and poor government policy in general (7%).

Figure 1: Most Important Issue Facing Each Business



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