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Results of the January Survey of Nebraska Business: February 12, 2014

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Results of the January Survey of Nebraska Business: February 12, 2014

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Summary: Respondents to the January Survey of Nebraska Business were cautious in their outlook for sales and employment at their own business. More respondents expected sales to decline (29%) than rise (21%) in the next six months while slightly more expected to add employees (7%) than to reduce employees (6%). When asked about the most important issue facing their business, half of businesses named ongoing business concerns such as customer demand, competition, the costs of goods and services and labor availability and quality. But, nearly as many businesses named public policy concerns including taxes, the Affordable Care Act and other regulations.

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 from proprietors without employees to large businesses with hundreds of employees. Responses were received from 110 of the 500 businesses which were surveyed in January.

Respondents to the January 2014 *Survey of Nebraska Business* were cautious in their outlook for employment and negative in their outlook for 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 21% expect sales to increase and 29% sales to decline. Thus more respondents expect a decline in sales than an increase. For employment, 88% anticipate no change in employment. This higher percentage makes sense since a modest decline or increase in sales may not be enough to encourage an employer to change the number of employees. At the same time, 7% of respondents expect to add employees over the next 6 months, while 6% of businesses expect to reduce employment.

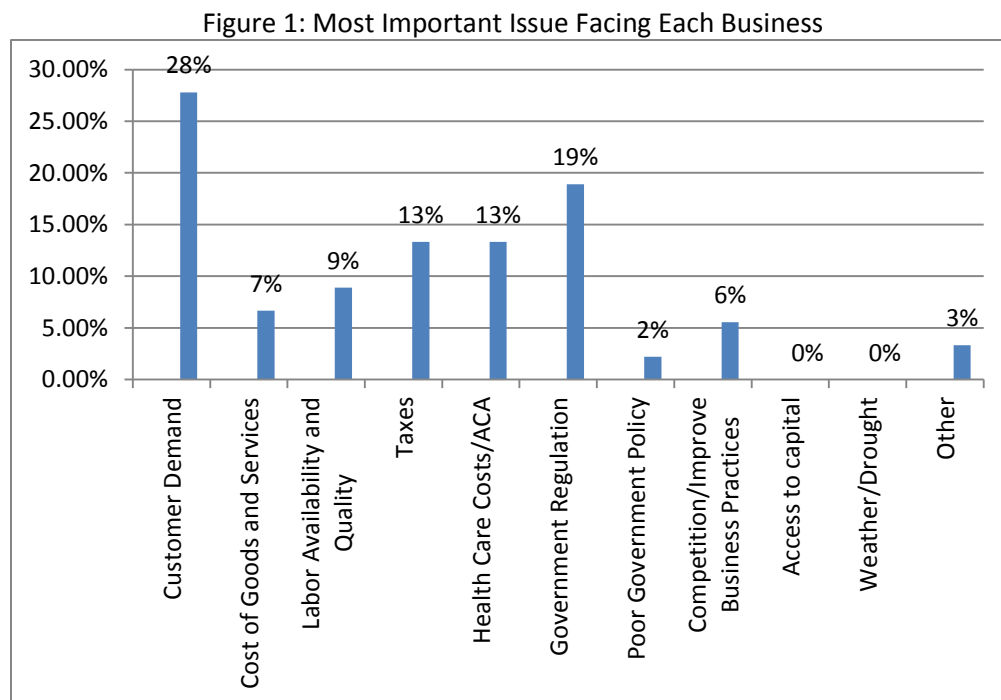
Table 1: Business Expectations for the Next Six Months

	Change Over the Next Six Months	
	Sales	Employment
Increase	21%	7%
Stay the Same	50%	88%
Decrease	29%	6%

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

Results show that the top concerns of half of responding owners and managers center around familiar businesses issues: 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 28% 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. Another 6% named competition or a need to improve business practices. Relatively few named a business costs with only 7% naming the cost of purchased goods and services as their top issue. Workforce availability and quality was cited as the top issue by 9% of respondents. Interestingly, no responding businesses cited concerns with obtaining credit as their top issue. Drought conditions also were not mentioned. This obviously had been a common choice of respondents to the survey in 2012 and to a lesser extent during the summer of 2013.

There also were significant concerns regarding government policy, such as regulation and taxes. In some cases, the cited increases in the cost-of-doing business were thought to be related to government policy. A significant share of respondents (13%) focused on health care costs and many of those concerns were specifically about the Affordable Care Act (ACA). Another 19% of respondents named other regulations such as environmental rules as their top issue or regulations in general. Taxes were named as the top issue by 13% of respondents and many of these were concerned about property taxes.



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