



Tennessee Business Barometer

In partnership with the Tennessee Chamber of Commerce & Industry

Office of Consumer Research

Director Timothy R. Graeff, Ph.D., Tim.Graeff@mtsu.edu, 615-898-5124

January 24, 2021

Outlook Improves, Amid Frustrations and Worries

Outlook among Tennessee Business Leaders improved in the last three months. Even though political and economic uncertainties remain regarding labor shortages and supply chains, concerns about rising inflation continue, and Tennessee business leaders feel frustrated and worried about the economy and disapprove of the way Joe Biden and the U.S. Congress are handling the economy, outlook for the future of the economy has improved. The Tennessee Business Barometer improved to 287 from 207 in October 2021.

The Current Situation Index rose to 173 from 156. The Business/Firm Performance Index also gained to 99 from 88. However, the largest improvement was in the Future Expectations Index which rose to 32 from -20. This suggests business leaders are becoming more optimistic about the future of the economy. The Employment Situation Index remained relatively unchanged in the negative range at -17.

Tennessee Business Barometer Index and Sub-Indices

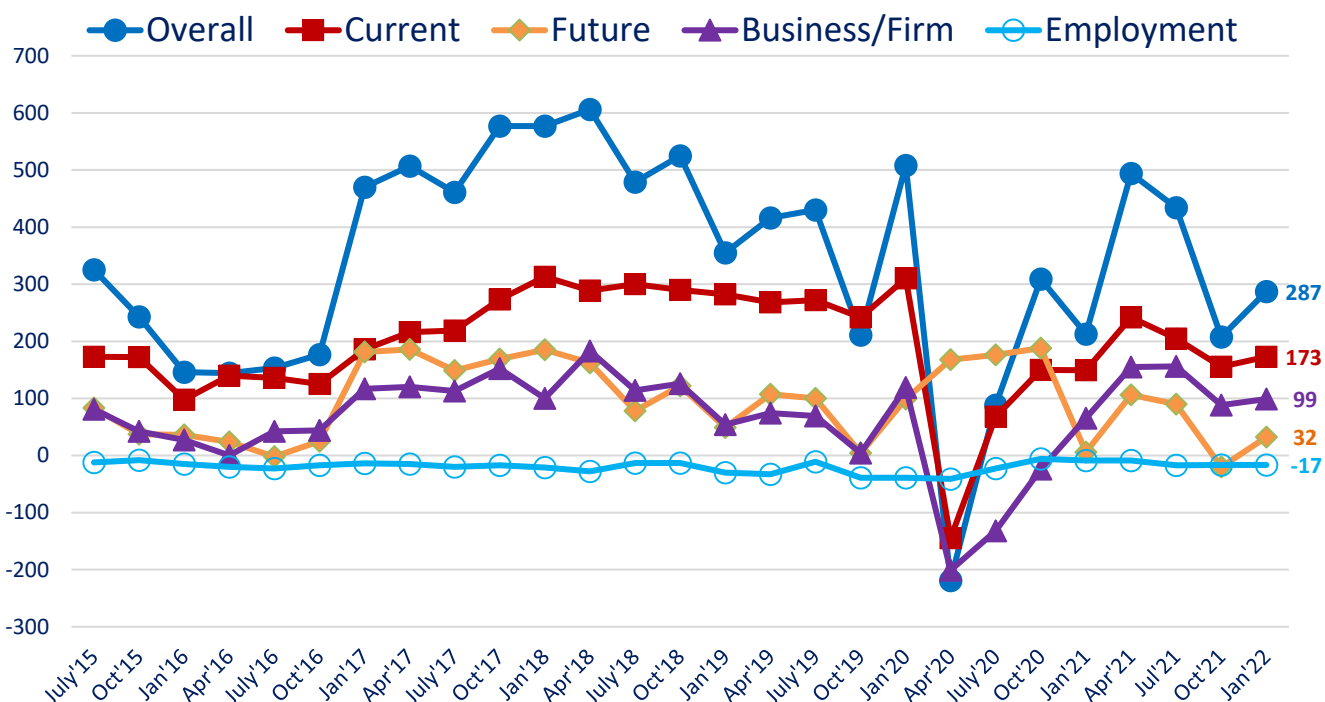
	Jan. 2021	April 2021	July 2021	Oct. 2021	Jan. 2022 ¹	Change from Oct
Overall Business Barometer	212	494	434	207	287	+80
Current Economic Situation Index	150	242	205	156	173	+17
Future Economic Expectations Index	6	106	90	-20	32	+52
Business/Firm Performance Index	65	155	156	88	99	+11
Employment Outlook Index	-9	-9	-17	-16	-17	-1

¹ The Tennessee Business Barometer Index scores are based on business leaders' responses to 17 questions measuring their perceptions of the current and future economic and regulatory conditions for the country as a whole, Tennessee, their industry, and their individual firm/business. Five questions make up the Current Economic Situation Index. Five questions make up the Future Economic Expectations Index. Five questions make up the Business/Firm Performance Index. Two questions make up the Employment Outlook Index. The Overall Business Barometer Index is based on all 17 questions combined. The complete questions are shown at the end of this report.

The scores for each index are computed by adding the percentage of favorable responses to each question and subtracting the percentage of negative responses to each question. A net score of zero would indicate the percentage of business leaders who hold negative views of the economy is equal to the percentage of business leaders who hold positive views of the economy. A net positive score would indicate that business leaders who hold positive views of the economy outnumber those who hold negative views of the economy.

The current online survey of 92 business leaders from across Tennessee was conducted in partnership with the Tennessee Chamber of Commerce & Industry between January 13 and January 22. The sample of respondents includes business owners (27%), vice presidents (9%), senior managers (36%), and managers/others (27%) at firms of various sizes. The next Tennessee Business Barometer survey is scheduled for April 2022.

Tennessee Business Barometer



Views of the Overall Economy

Perceptions of the current U.S. economy remained steady. However, this was the results of offsetting trends. While the percent who said economic conditions in the country as a whole are "good" rose to 24 from 18, the percent who said conditions are "bad" also rose to 29 from 23. Perceptions of the Tennessee economy did not change noticeably. The percent who said conditions in Tennessee are "good" improved slightly to 50 from 48, while the percentage who said they are "bad" held steady at 5.

Outlook for the Future

Outlook for the future has improved. The percent who expect economic conditions in the US to be "better" 12 months from now gained to 24 from 21, while the percent who said conditions will be "worse" dropped to 37 from 46. The percent who expect economic conditions in Tennessee to be "better" rose to 30 from 28, while the percent who expect conditions will be "worse" fell to 15 from 29.

Industry, Regulatory Conditions, and Business/Firm Performance

In addition to improving optimism for the overall economy, there were significant net improvements in outlook for regulatory conditions and economic conditions for individual firms/businesses. Although there was a net decrease in the percent of business leaders who expect to see their firms grow this year, there were net improvements in the percent who expect their firms to invest more, increase sales, be more profitable, and increase inventories. Increasing business investments to increase inventories can stimulate further economic growth.

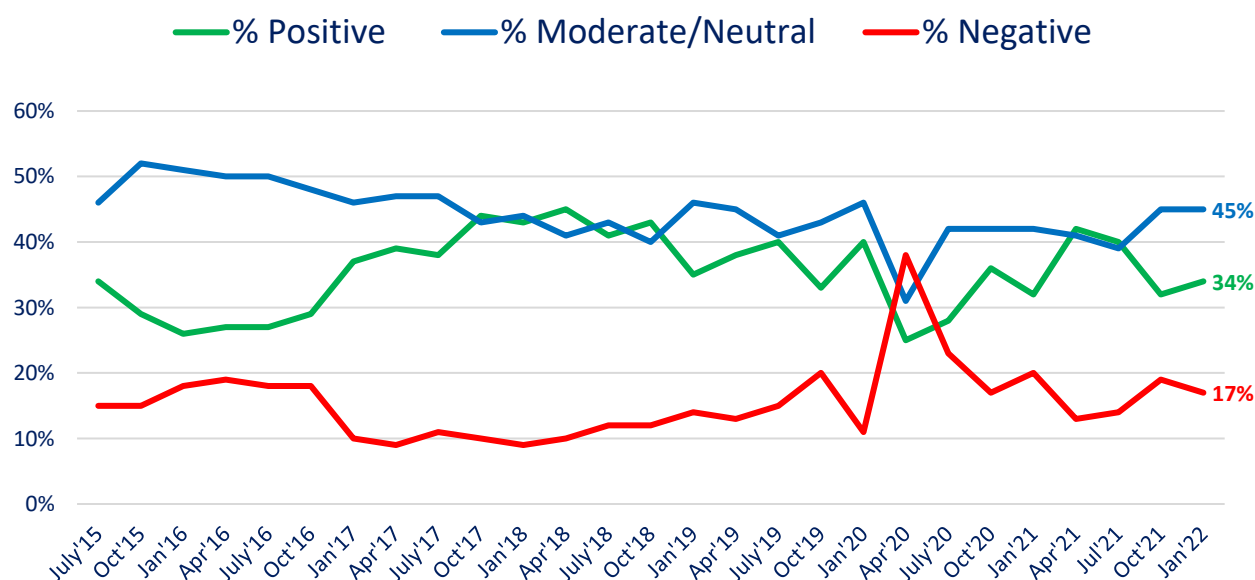
Employment and Hiring

Many Tennessee businesses continue to struggle to find qualified employees. Even though the percent of firms expecting to increase employment dipped to 46 from 53, the percent who said qualified employees are "hard to find" also declined to 63 from 67. Only 2 percent said qualified employees are "easy to find."

Overall Positive vs. Negative Outlook

Perceptions of Tennessee business leaders remain relatively positive. The chart below shows the average percentage of positive, moderate/neutral, and negative responses to all 17 questions that make up the Tennessee Business Barometer Index. Since its inception in 2015, most responses have been either positive or moderate/neutral. Overall, business leaders hold more positive views compared to negative views. However, almost half (45%) currently hold relatively moderate, or neutral views of the economy.

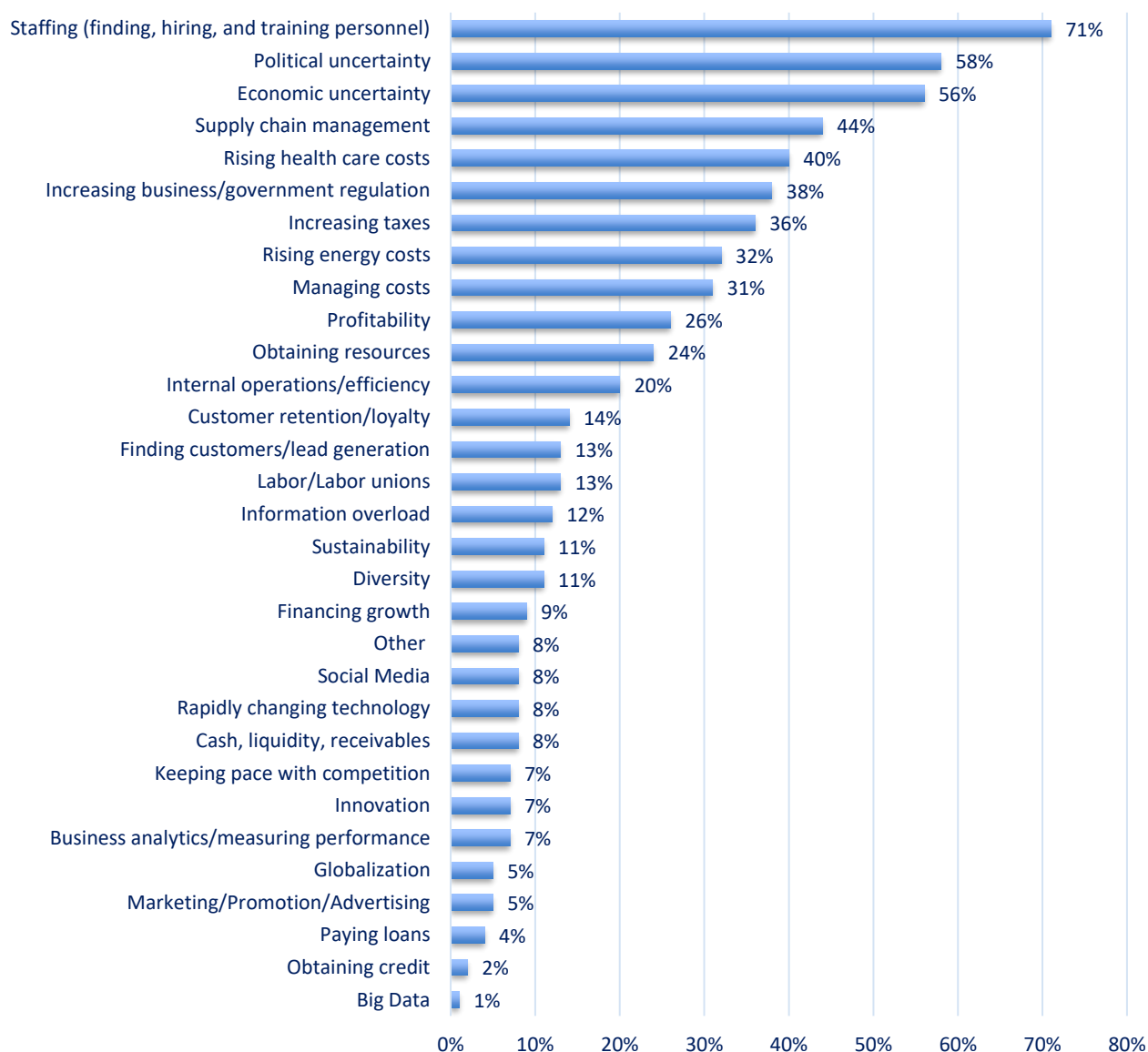
Average Percentage of Positive, Moderate/Neutral, and Negative Responses to all 17 Business Barometer Questions



Business Concerns and Challenges

Respondents identified the areas in which their firm/business is currently facing challenges. The chart below shows the percentage of respondents who selected each issue. Labor and staffing remain the most often cited concern, followed by political and economic uncertainty. Concerns also exist regarding supply chain management, rising health care costs, and increasing business/government regulation. A shortage of workers and restrictions in supply chains can further stifle economic activity and growth.

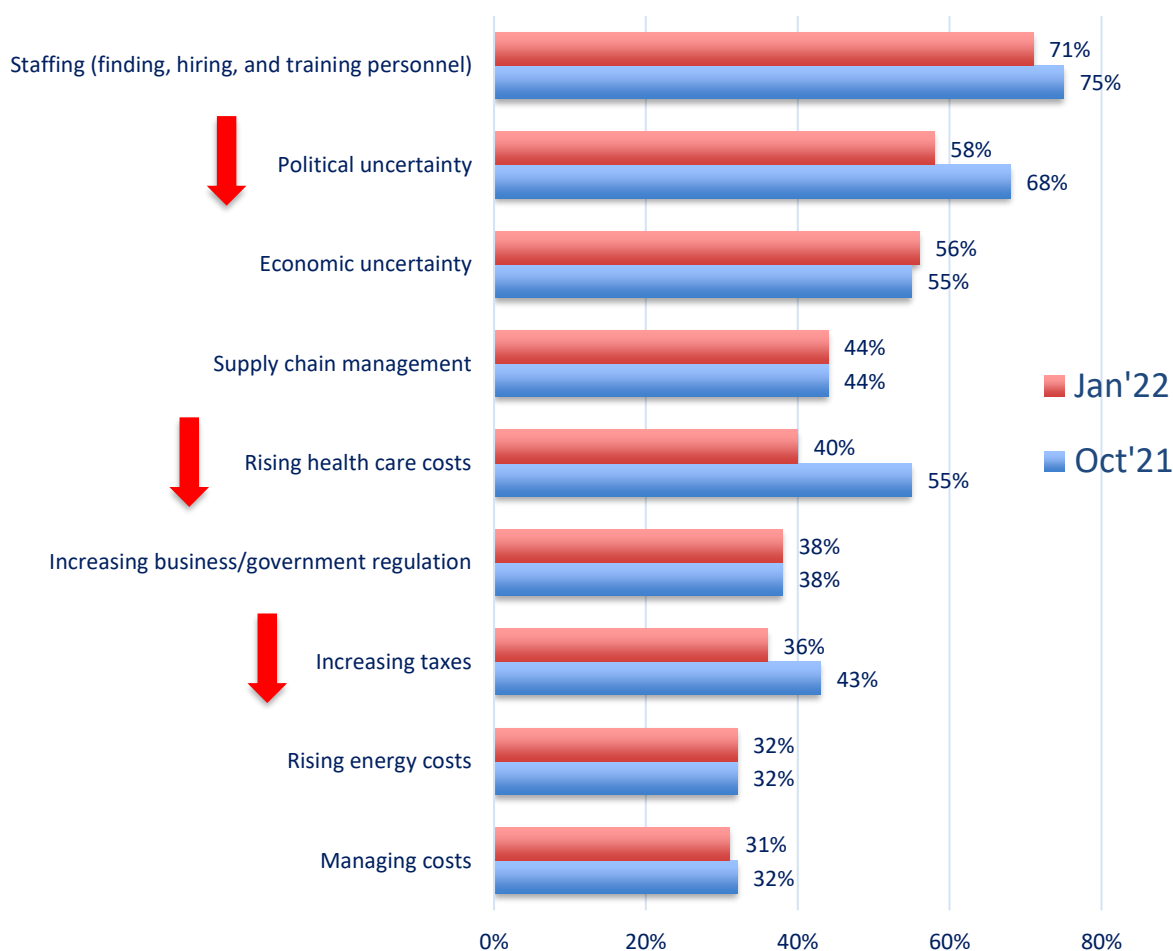
In which of the following areas is your firm/business currently facing concerns, issues, or challenges? (Check all that apply)



Shifting Concerns and Challenges

The chart below shows the nine challenges most often cited by business leaders in January 2022 compared to the percent who cited these same challenges in October 2021. There are notable decreases in the percentage of business leaders expressing concerns about political uncertainty, rising health care costs, and higher taxes.

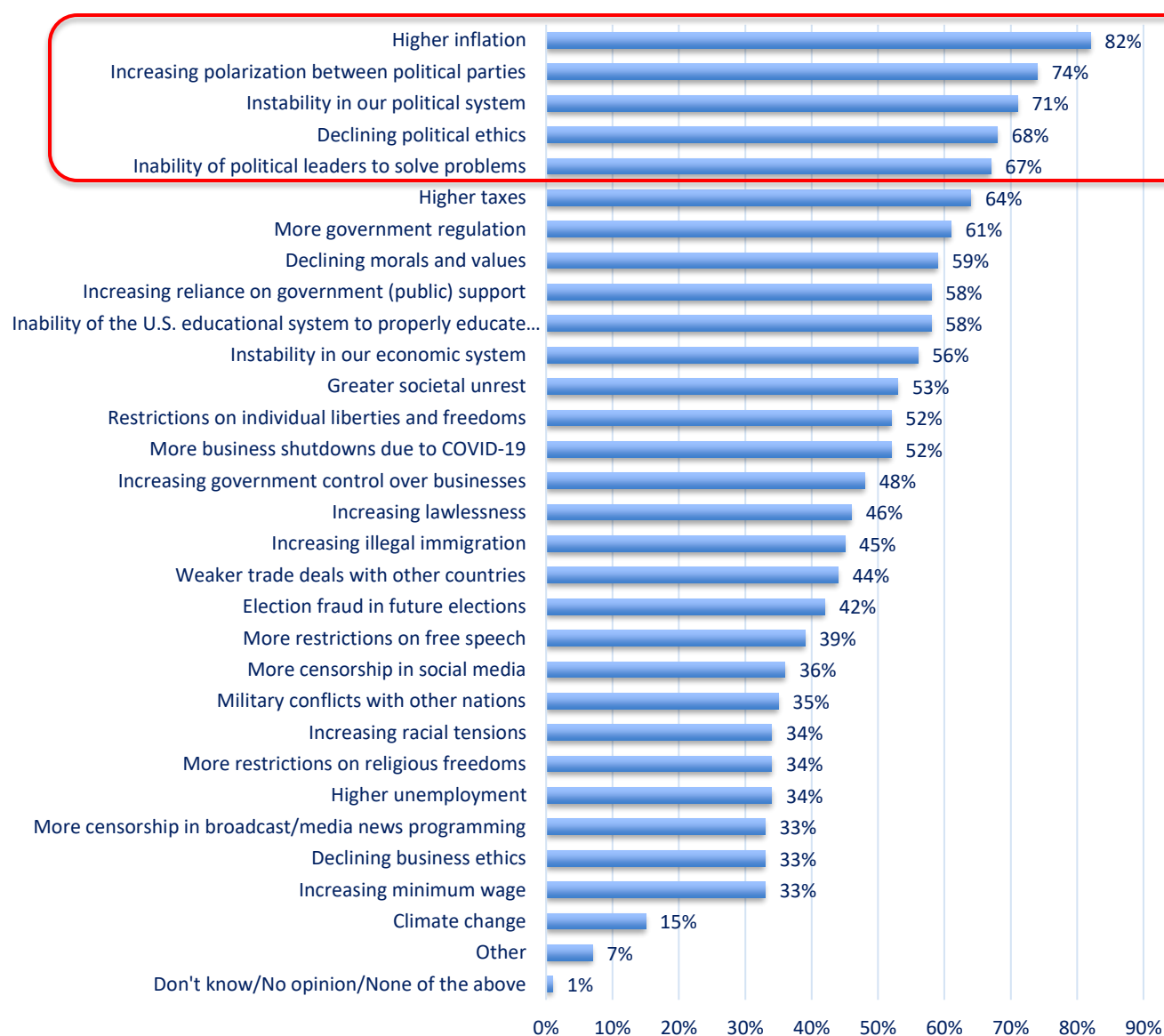
Most Often Cited Challenges: Percent Selecting Each Challenge in January 2022 Compared to October 2021 (Greater than five percent change indicated by arrow)



Concerns or Worries for the Future of Our Nation or Our Economy

In addition to citing concerns or challenges facing their firm or business, respondents indicated any concerns or worries they have for the future of our nation or our economy. Higher inflation remains the most often cited concern or worry. This was followed by concerns regarding increasing polarization between political parties, instability in our political system, declining political ethics, and the inability of political leaders to solve problems. Aside from rising inflation, political-related issues are of most concern for Tennessee business leaders.

Which of the following concerns or worries do you have for the future of our nation or our economy? (Check all that apply)



In Their Own Words

Respondents were asked to indicate why they evaluated the economy as they did. The verbatim comments below illustrate Tennessee business leaders' concerns in their own words.

Supply Chain Concerns

- *Supply chain disruptions will take at least a year to stabilize*
- *Tremendous uncertainty with supply chain and inflation*
- *Based on the Global COVID conditions that are impacting freight and supply lines on a global basis, I do not see it ending prior to Q3 this year. Thus, it will be another taxing year in the Automotive Industry.*

Political Uncertainty, Frustrations, and Gridlock

- *Presidential Uncertainty.*
- *Washington gridlock.*
- *Our country is in the middle of a political nightmare and I do not see it getting better anytime soon.*
- *Due to the country's leadership in office is horrible - continues to trend in that direction.*
- *Government leadership and overall views of people wanting to be socialist!*
- *Inflation is on the rise, and our government leaders are insistent on working against each other.*
- *Because our Government does not understand the current Supply Chain issue. Our economy is too dependent of foreign manufactured goods.*
- *Incompetent Administration.*
- *So much doubt, no confidence in the direction we are headed as a Nation*
- *No confidence in political leadership. Anti-capitalist/free market sentiment among younger generations.*
- *Government will not get out of the way - They think they are the answer, yet they are the problem.*
- *Our administration, our response to COVID (overkill), paying people to not work.*

Inflation

- *Inflation and government spending.*
- *Inflation, poor leadership from White House*
- *Inflation, lack of a dependable workforce, supply chain issues*
- *Retail activity is great, I am just not sure how much the economy can grow with the pressure of inflation.*
- *Prices continue to increase and it's still hard to get some products that I need to my industry.*

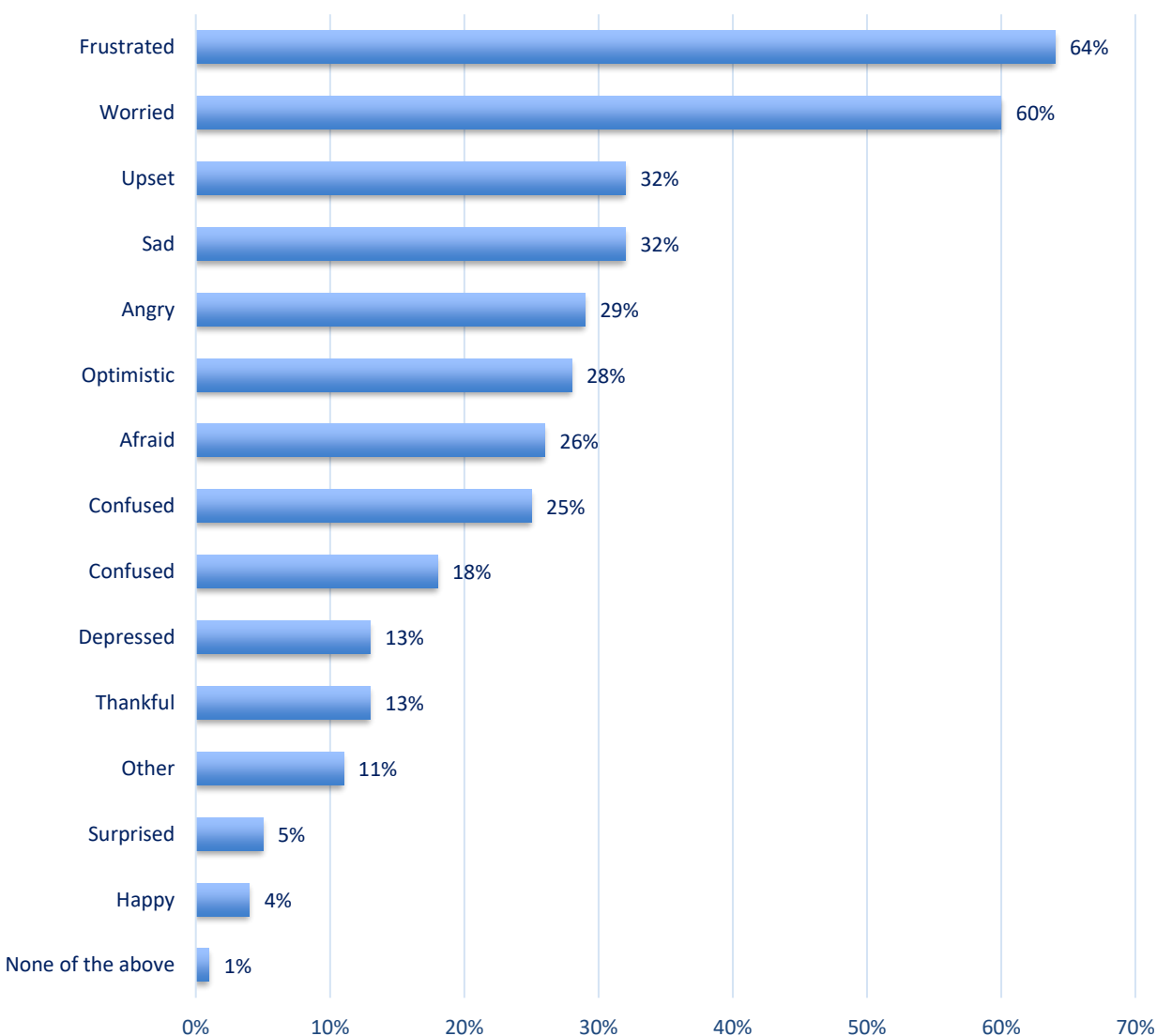
Labor Shortages

- *No one wants to work, prices are too high and supplies are in shortage.*
- *There are more jobs than workers available right now. I also expect the COVID issue to improve.*
- *There are many jobs available.*
- *Lack of Labor; people paid to not work.*

Economic Outlook and Emotions

Respondents were also asked to indicate the words that best describe how they feel when thinking about the future of our nation or our economy. Tennessee business leaders feel frustrated (64%) and worried (60%) about the future of the economy. Further, nearly one-third are upset (32%), sad (32%) or angry (29%). Only 28 said they feel optimistic and only 4 percent are happy. Any problems with the economy as recognized by these respondents were not unexpected. Only 5 percent said they were surprised.

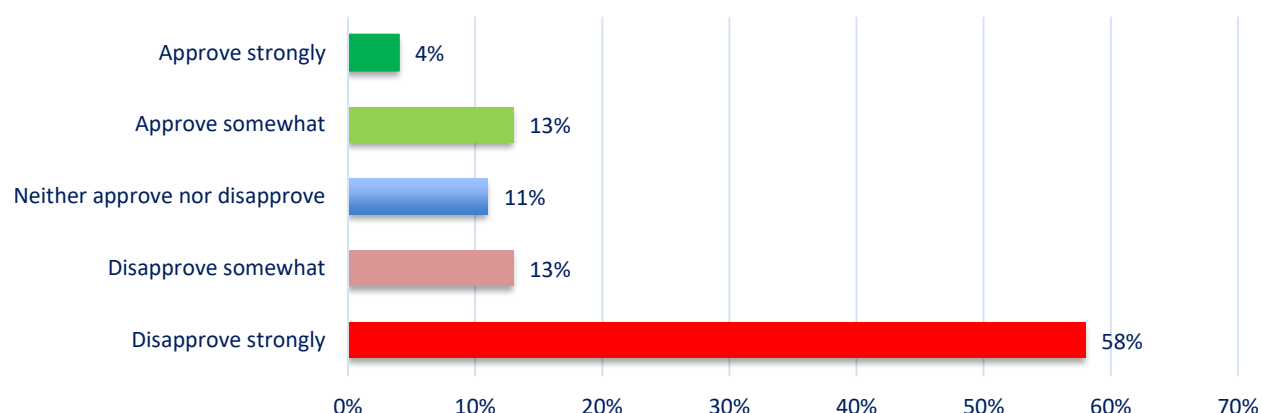
Which of the following words describe how you feel when you think about the future of our nation or our economy? (Check all that apply)



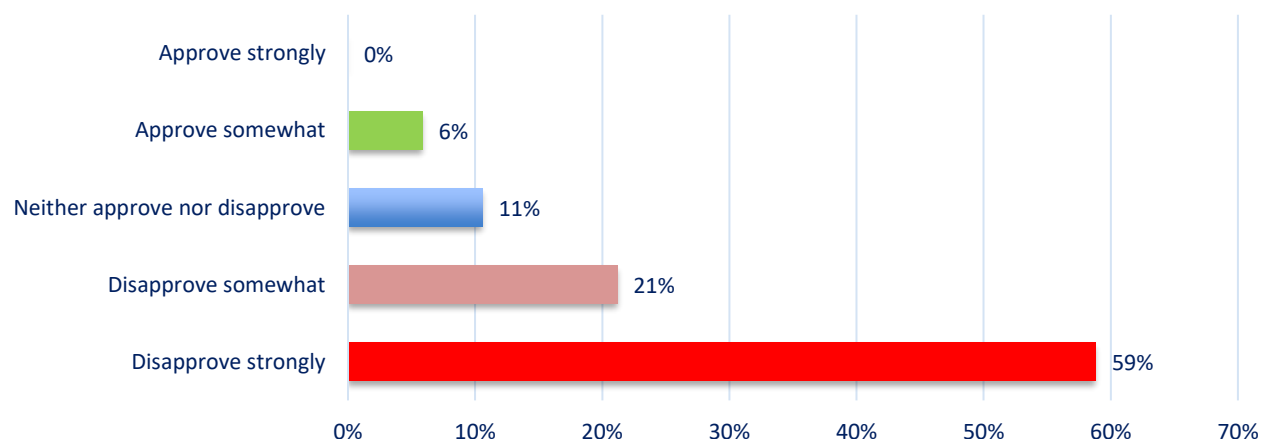
Approval Ratings

Respondents were also asked to indicate the extent to which they approve of the way various political figures and groups were handling the economy. Clearly, Tennessee business leaders hold negative views of the way Joe Biden and the U.S. Congress are handling the economy. The majority of business leaders strongly disapprove of the way Joe Biden (58%) and the U.S. Congress (59%) are handling the economy. Relatively few approve of the way they are handling of the economy.

To what extent do you approve or disapprove of the way Joe Biden is handling the overall U.S. economy?



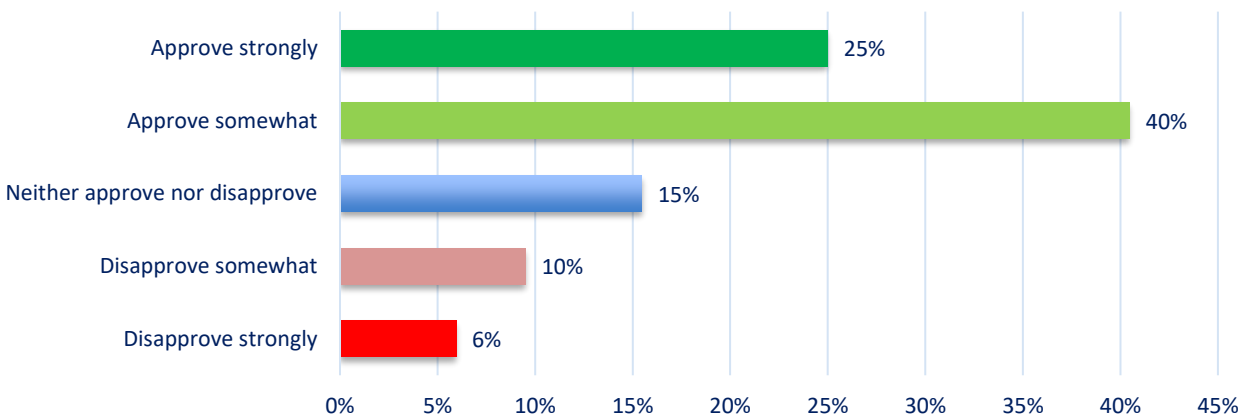
To what extent do you approve or disapprove of the way the U.S. Congress is handling the overall U.S. economy?



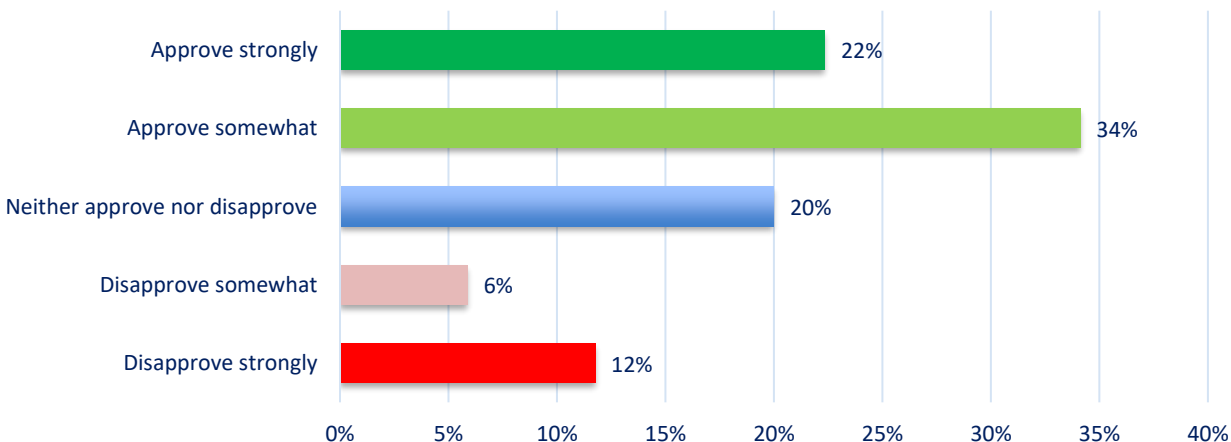
The Tennessee Economy

Alternatively, business leaders have very favorable views of Governor Bill Lee and the Tennessee State Legislature. Almost two-thirds (65%) approve of the way Governor Bill Lee is handling the Tennessee Economy, and more than half (56%) have favorable views of the State Legislature.

To what extent to you approve or disapprove of the way Governor Bill Lee is handling the Tennessee economy?



To what extent do you approve or disapprove of the way the Tennessee State Legislature is handling the Tennessee economy?



Tennessee Business Barometer Results		April 2021 (%)	July 2021 (%)	Oct 2021 (%)	Jan 2022 (%)	Net Change from Oct 2021*
Overall economic conditions in the US are: ^C	Good	34	30	18	24	0
	In between	56	54	57	48	
	Bad	10	15	23	29	
Twelve months from now overall economic conditions in the US will be: ^F	Better	44	41	21	24	+12
	About same	23	26	29	37	
	Worse	33	29	46	37	
Economic conditions in Tennessee are: ^C	Good	64	54	48	50	+2
	In between	36	40	47	45	
	Bad	0	5	5	5	
Twelve months from now economic conditions in Tennessee will be: ^F	Better	48	43	28	30	+15
	About same	45	37	39	52	
	Worse	7	17	29	15	
Economic conditions in your industry are: ^C	Good	61	58	51	51	+2
	In between	34	31	38	39	
	Bad	6	9	12	10	
Twelve months from now economic conditions in your industry will be: ^F	Better	42	41	28	25	0
	About same	52	48	58	62	
	Worse	6	7	13	10	
Regulatory conditions in your industry are: ^C	Good	44	42	42	46	+5
	In between	43	43	40	40	
	Bad	6	8	10	10	
Twelve months from now regulatory conditions will be: ^F	Better	7	6	3	6	+17
	About same	58	64	62	74	
	Worse	28	21	28	14	
Economic Conditions for your firm/business are: ^C	Good	65	64	51	60	+7
	In between	30	29	44	35	
	Bad	4	6	5	6	
Twelve months from now economic conditions for your firm/business will be: ^F	Better	48	41	26	33	+8
	About same	42	47	62	55	
	Worse	9	8	11	10	
Compared to last year will your firm grow: ^{B/F}	More	47	52	38	32	-14
	About same	41	33	43	42	
	Less	10	9	15	23	
Compared to last year will your firm invest: ^{B/F}	More	39	35	29	38	+19
	About same	47	42	46	48	
	Less	10	12	17	7	

Tennessee Business Barometer Results		April 2021 (%)	July 2021 (%)	Oct 2021 (%)	Jan 2022 (%)	Net Change from Oct 2021*
Compared to last year will your firm's sales: ^{B/F}	Increase	56	54	50	56	+7
	Stay the same	32	28	36	30	
	Decrease	6	7	11	10	
Compared to last year will your firm's profitability: ^{B/F}	Increase	42	45	31	30	-9
	Stay the same	42	33	49	36	
	Decrease	11	14	17	25	
Compared to last year will your firm's inventories: ^{B/F}	Increase	20	23	20	18	+6
	Stay the same	39	32	37	46	
	Decrease	12	11	19	11	
In the next 12 months will employment at your firm/business: ^E	Increase	48	45	53	46	-6
	Stay the same	47	49	42	50	
	Decrease	3	2	3	2	
Qualified employees are: ^E	Easy to find	4	2	1	2	+6
	Found with effort	32	31	30	30	
	Hard to find	58	62	67	63	

^C Included in the Current Economic Situation Index

^F Included in the Future Economic Expectations Index

^{B/F} Included in the Business/Firm Performance Index

^E Included in the Employment Outlook Index

* The Net Change score for each question is calculated based on the change in percent of both positive and negative responses to a question. The Net Change score increases when there are more positive responses as well as when there are fewer negative responses. For example, if there are 10 percent more positive responses and four percent more negative responses, the net change score is +6. Alternatively, if there are 10 percent more positive responses and four percent fewer negative responses, the net change score is +14. Any differences between the net change score reported in the last column and the numbers shown in the table are due to rounding.

About the Tennessee Business Barometer Survey

The Tennessee Business Barometer survey is a collaborative effort between Jones College of Business at Middle Tennessee State University and the Tennessee Chamber of Commerce & Industry. The survey measures the mood and outlook of business leaders statewide through online surveys. This report is also available on the MTSU Office of Consumer Research website (www.mtsu.edu/consumer).

The results reported here are based on online surveys of 92 business leaders throughout the state of Tennessee. The survey was conducted between January 13 and January 22. With a sample of 92 people, we can say with 95% confidence that the amount of survey error due to taking a random sample instead of surveying all members of the population is $\pm 10\%$. Other factors such as problems with question wording and interpretation can introduce additional bias or error.

The Tennessee Business Barometer Index is based on all 17 survey questions outlined below. The score is computed by adding the percentage of positive responses to each question and subtracting the percentage of negative responses. The Current Economic Situation Index is based on questions 1, 3, 5, 7, and 9. The Future Economic Expectations Index is based on questions 2, 4, 6, 8, and 10. The Business/Firm Performance Index is based on questions 11, 12, 13, 14, and 15. The Employment Outlook Index is based on questions 16 and 17.

For more information about the Tennessee Business Barometer, contact Dr. Timothy Graeff, director of the Office of Consumer Research, at 615-898-5124 or tim.graeff@mtsu.edu.

For more information about the Tennessee Chamber of Commerce and Industry, visit www.tnchamber.org or call 615-256-5141.

The Tennessee Business Barometer

[C] = included in the Current Economic Situation Index

[F] = included in the Future Economic Expectations Index

[B/F] = included in the Business (Firm) Performance Index

[E] = included in the Employment Outlook Index

1. **[C]** The current overall economic conditions in the COUNTRY AS A WHOLE are good, somewhere in between, or bad?
2. **[F]** In the next 12 months, do you expect the overall economic conditions in the COUNTRY AS A WHOLE to be better, stay about the same as they are today, or be worse?
3. **[C]** The current economic conditions in TENNESSEE are good, somewhere in between, or bad?
4. **[F]** In the next 12 months, do you expect the economic conditions in TENNESSEE to be better, stay about the same as they are today, or be worse?
5. **[C]** The current economic conditions for your INDUSTRY are good, somewhere in between, or bad?
6. **[F]** In the next 12 months, do you expect the economic conditions for your INDUSTRY to be better, stay about the same as they are today, or be worse?
7. **[C]** The current regulatory conditions for your industry are good, somewhere in between, or bad?
8. **[F]** In the next 12 months, do you expect the regulatory conditions for your industry to be better, stay about the same as they are today, or be worse?
9. **[C]** The current economic conditions for your FIRM/BUSINESS are good, somewhere in between, or bad?
10. **[F]** In the next 12 months, do you expect the economic conditions for your FIRM/BUSINESS to be better, stay about the same as they are today, or be worse?
11. **[B/F]** With respect to growth, compared to last year do you expect that your FIRM/BUSINESS will grow more than it did last year, grow about the same as it did last year, or grow less than it did last year?
12. **[B/F]** With respect to investing in your business, do you expect that compared to last year your FIRM/BUSINESS will invest more, about the same as last year, or less?
13. **[B/F]** With respect to sales revenues, compared to last year do you expect that your FIRM'S/BUSINESS'S sales revenues will increase, stay about the same as last year, or decrease?
14. **[B/F]** With respect to profitability, compared to last year do you expect that your FIRM'S/BUSINESS'S profitability will increase, stay about the same as last year, or decrease?
15. **[B/F]** With respect to inventories, in the next 12 months, do you expect that your FIRM/BUSINESS will increase inventories, keep inventories the same, or decrease inventories?
16. **[E]** With respect to employment, in the next 12 months, do you expect that your FIRM/BUSINESS will increase employment, keep employment at about the same level as it is today, or decrease employment?
17. **[E]** With respect to your FIRM/BUSINESS being able to find qualified employees in the local labor force, qualified employees are easy to find, can be found with effort, or are hard to find?