



# Tennessee Business Barometer

In partnership with the Tennessee Chamber of Commerce & Industry

Office of Consumer Research

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## Outlook Among Tennessee Business Leaders Surges

As we approach the presidential elections in November, Tennessee business leaders' outlook has surged higher. The Tennessee Business Barometer Index rose significantly to 309 from 88 in July. Perceptions of the current economy improved dramatically since July, validating increased optimism found in surveys earlier this year. While outlook for the future did not improve dramatically since July, it continued its steady rise. The Business/Firm Performance Index also rose, indicating business leaders expect improvements in growth, investments, sales, profitability, and inventories. Increased investments and purchases to build up inventories can provide additional stimulus to a recovering economy.

Even with the economic shutdowns earlier this year, the overall Business Barometer Index is now higher than it was this time last year. Although perceptions of the current economy are lower than they were one year ago, this is offset by significantly higher expectations for future growth.

Although business leaders expressed concerns about political and economic uncertainty, they overwhelmingly support President Trump when it comes to handling COVID-19, handling the overall U.S. economy, and when it comes to the candidate who will most likely have the greatest positive effect on their firm/business succeeding in the future.

## Tennessee Business Barometer Index and Sub-Indices

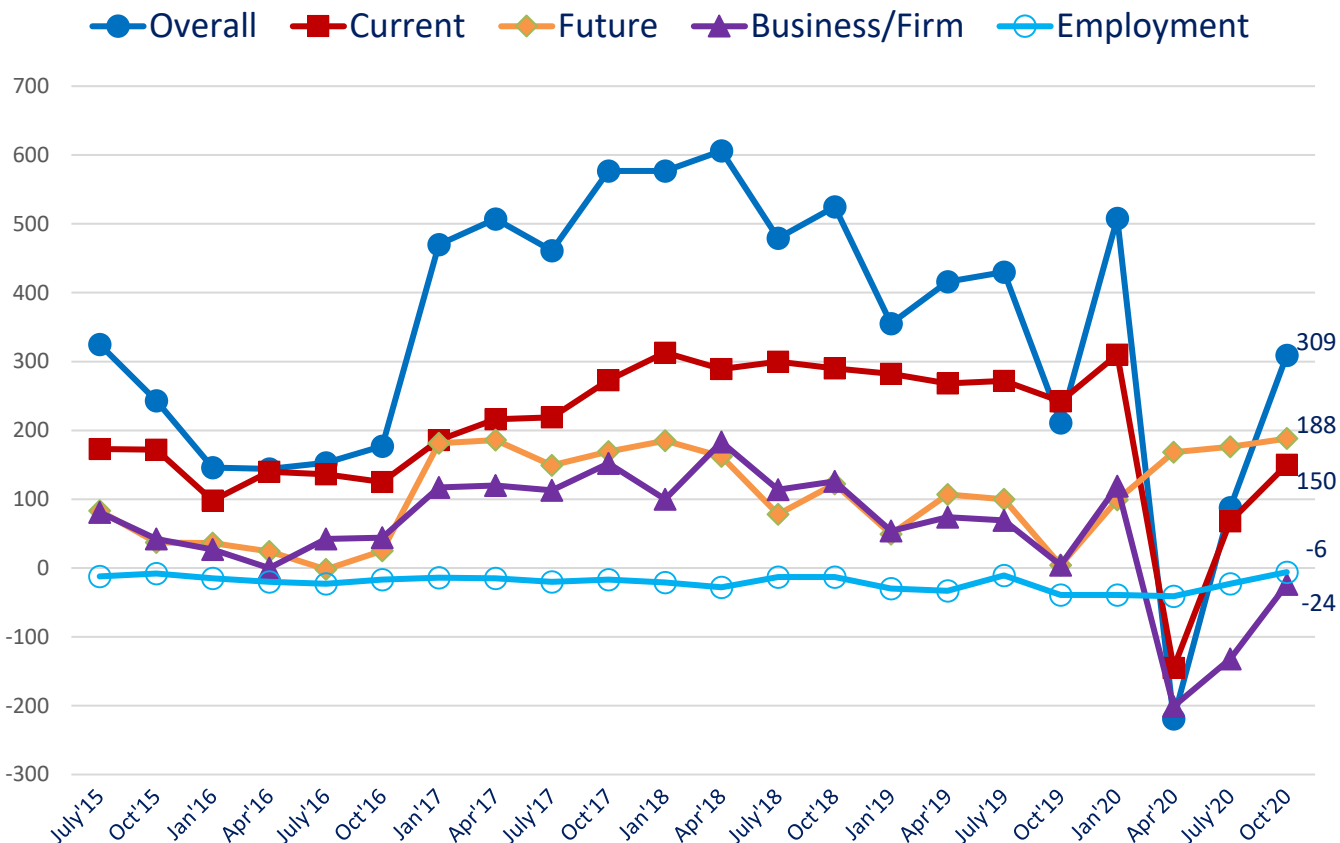
	October 2019	January 2020	April 2020	July 2020	October 2020 <sup>1</sup>
Overall Business Barometer	211	508	-219	88	309
Current Economic Situation Index	242	310	-145	68	150
Future Economic Expectations Index	4	99	168	176	188
Business/Firm Performance Index	4	119	-201	-132	-24
Employment Outlook Index	-12	-39	-41	-23	-6

<sup>1</sup> 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 68 business leaders from across Tennessee was conducted in partnership with the Tennessee Chamber of Commerce & Industry between October 5 and October 12. The sample of respondents includes business owners (31%), vice presidents (12%), senior managers (31%), and managers/others (26%) at firms of various sizes. The next Tennessee Business Barometer survey is scheduled for January 2021.

## Tennessee Business Barometer



### Improving Perceptions of the Current Economy

Perceptions of the current economic situation are improving. The percent who said economic conditions in the U.S. are “good” continued to rise, gaining to 15 from 9 in July. Additionally, the percent who said conditions are “bad” continued to decline, dropping to 18 from 25.

Similar net gains were found regarding perceptions of current conditions for the Tennessee economy and individual industries. The percent who said economic conditions in Tennessee are “good” rose to 34 from 23, while the percent who said conditions in Tennessee are “bad” dipped to 7 from 10. The percent who said economic conditions for their industry are “good”

grew to 54 from 32, while the percent who said conditions for their industry are “bad” dropped to 12 from 17.

Continued positive effects of reopening the economy are being felt at the individual business level. The percent who said economic conditions for their firm/business are “good” rose to 52 from 36 in July. The percent who said conditions are “bad” declined to 10 from 15. Specifically, there were large net improvements in perceptions related to individual firm/business growth, investments, sales, profitability, and inventories. The economic recovery is under way and is having substantial positive effects across many different industries and businesses in Tennessee.

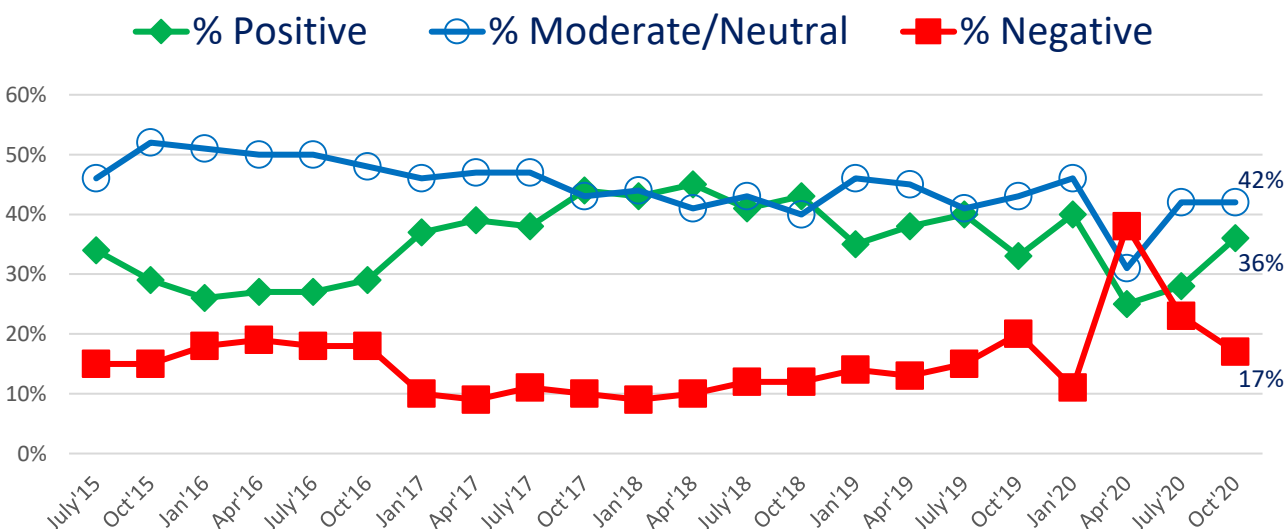
## Strong Optimism

As perceptions of the current economy continue to recover, outlook for the future economy continues to steadily improve. The majority of business leaders surveyed expect 12 months from now to see improvements in the overall U.S. economy (60%), the Tennessee economy (53%), and economic conditions for their individual firm/business (55%).

## The Overall Positive Outlook

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. The relatively large percentage of negative responses observed immediately after the economic shutdowns began (38% in April) has now dissipated to only 17 percent.

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



## What is on Business Leaders' Minds?

The word clouds below show the 15 words most often given when asked to report what came to mind when thinking about the future of the overall U.S. economy, the Tennessee economy, and their individual firm/business. The size of each word reflects the relative frequency with which it was mentioned.

As we approach the presidential election, political uncertainty clearly dominates the thoughts of business leaders when thinking about the overall U.S. economy. More results related to the upcoming election are presented on the next two pages of this report. Business leaders are noticeably more optimistic about growth amid uncertainties surrounding the upcoming election when thinking about the Tennessee economy and their individual firm/business.

What word(s) come to mind when you think about the future of the overall U.S. economy?



What word(s) come to mind when you think about the future of the Tennessee economy?



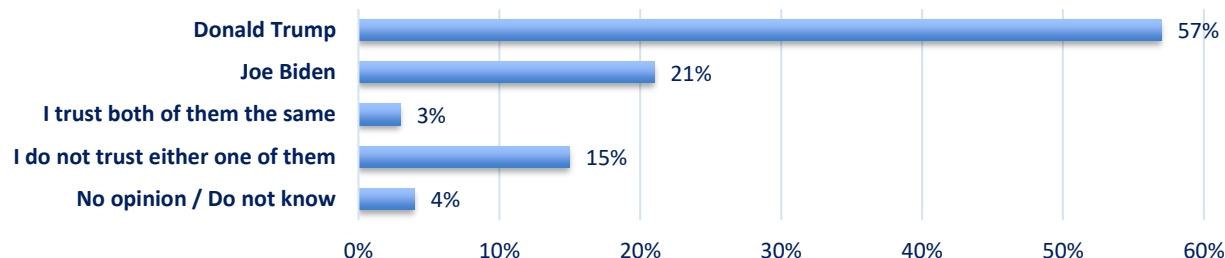
What word(s) come to mind when you think about the future of your firm/business?



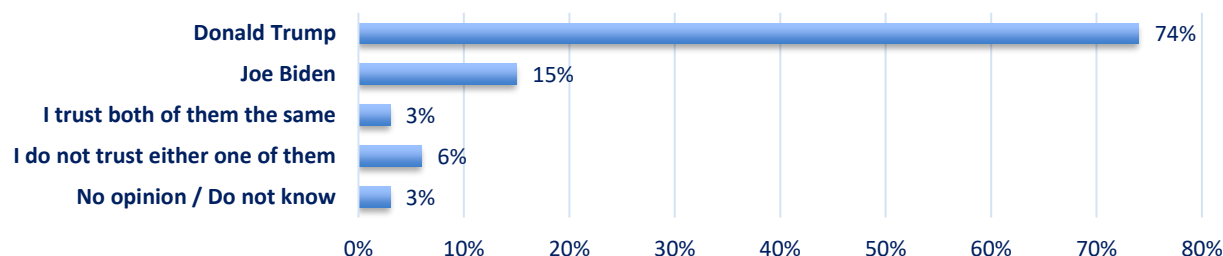
## The Presidential Elections

Tennessee business leaders overwhelmingly support President Trump, compared to Joe Biden, when it comes to the candidate best suited to handle the situation with COVID-19 and the overall U.S. economy, and the candidate who is likely to have the greatest positive effect on their individual firm/business.

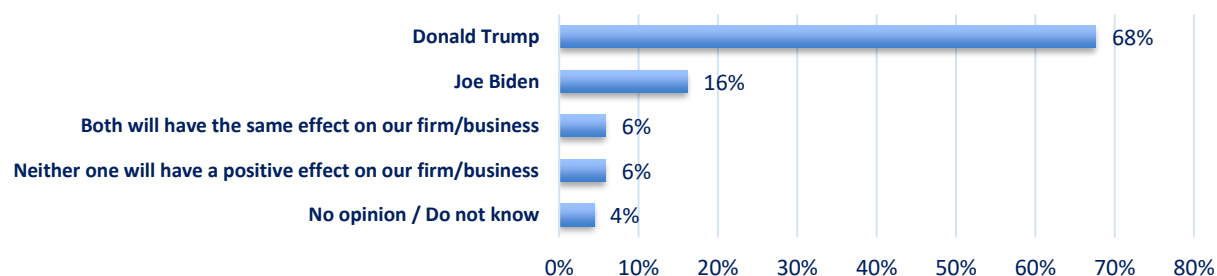
**Which of the following presidential candidates do you trust the most with respect to handling the situation with the coronavirus/COVID-19?**



**Which of the following presidential candidates do you trust the most with respect to handling the U.S. economy?**

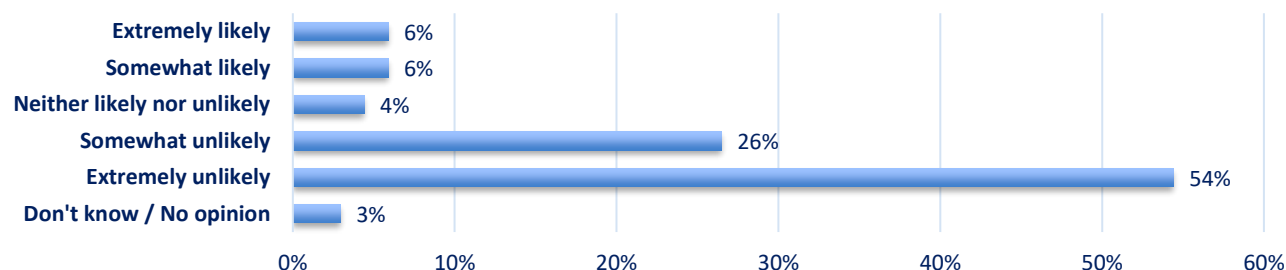


**Which of the following presidential candidates will likely have the greatest positive effect on your firm/business succeeding in the future?**

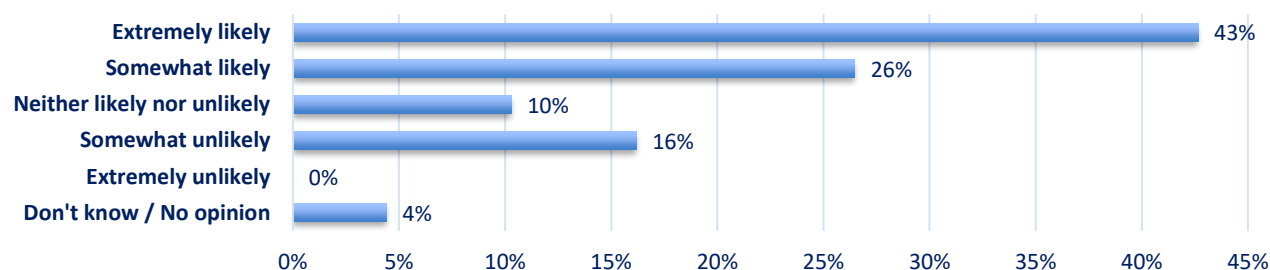


President Trump is also seen as the candidate least likely to shut down the U.S. economy again. Only 12 percent said it is somewhat likely, or extremely likely the U.S. economy will be shut down again if President Trump wins reelection. Conversely, 69 percent said it is somewhat likely, or extremely likely the U.S. economy will be shut down again if Joe Biden wins the election.

### If President Trump wins the presidential election, how likely is it the U.S. economy will be shut down again?



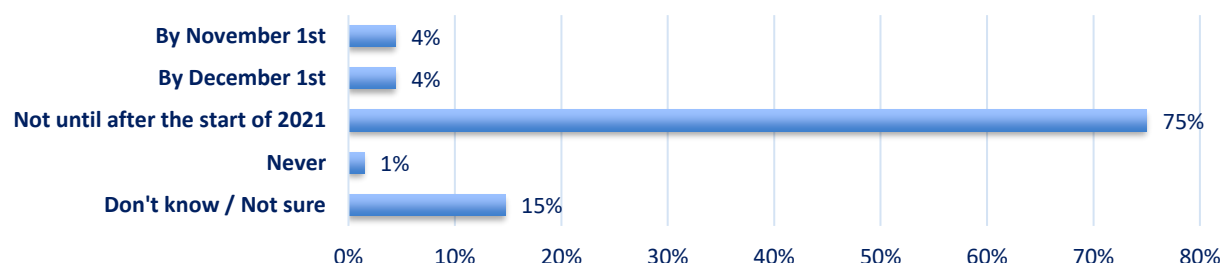
### If Joe Biden wins the presidential election, how likely is it the U.S. economy will be shut down again?

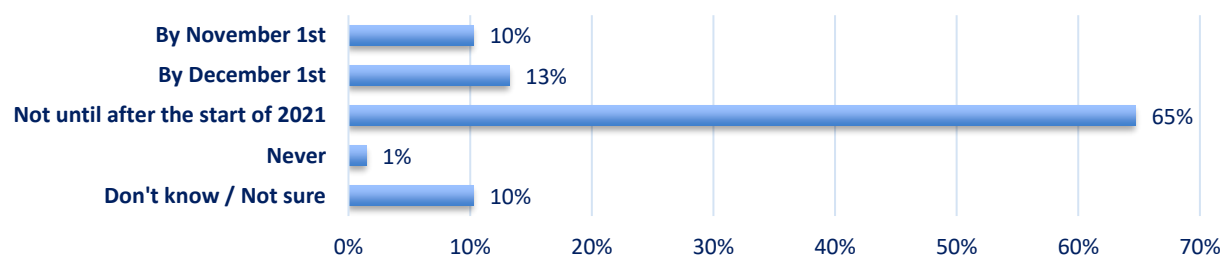


## Reopening the Economy

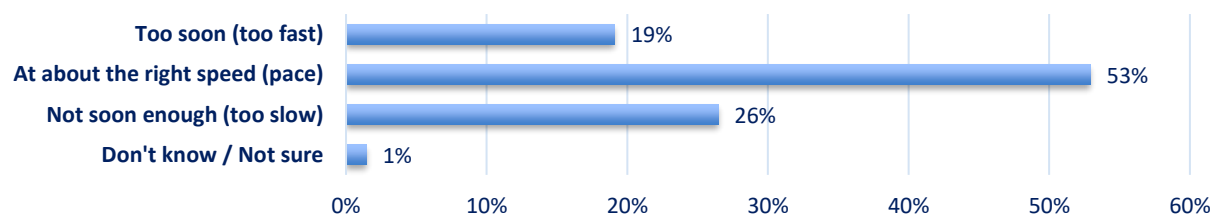
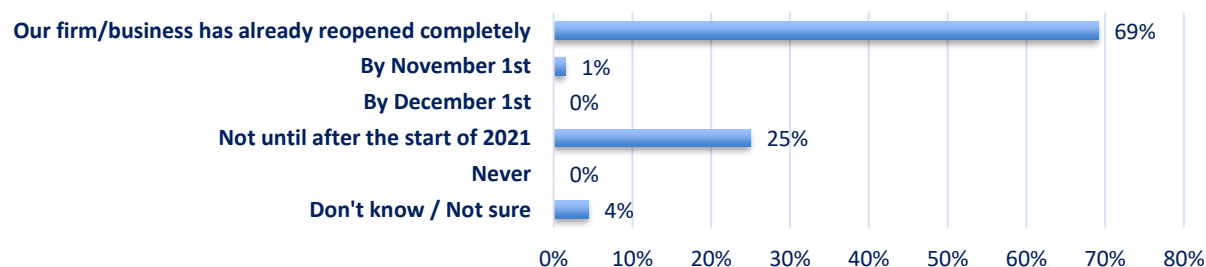
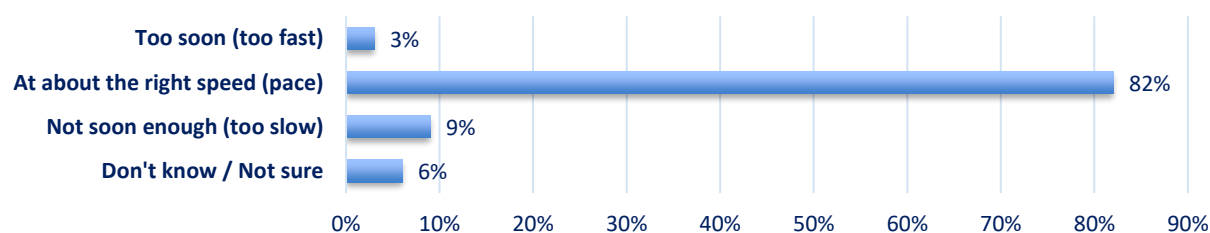
The vast majority (75%) of business leaders expect the overall U.S. economy will not be able to reopen completely until after the start of 2021. However, they are slightly more optimistic about the speed with which the Tennessee economy will be able to reopen.

### Approximately, when do you expect the overall U.S. economy will be able to reopen completely?



**Approximately, when do you expect the Tennessee economy will be able to reopen completely?****Reopening Businesses**

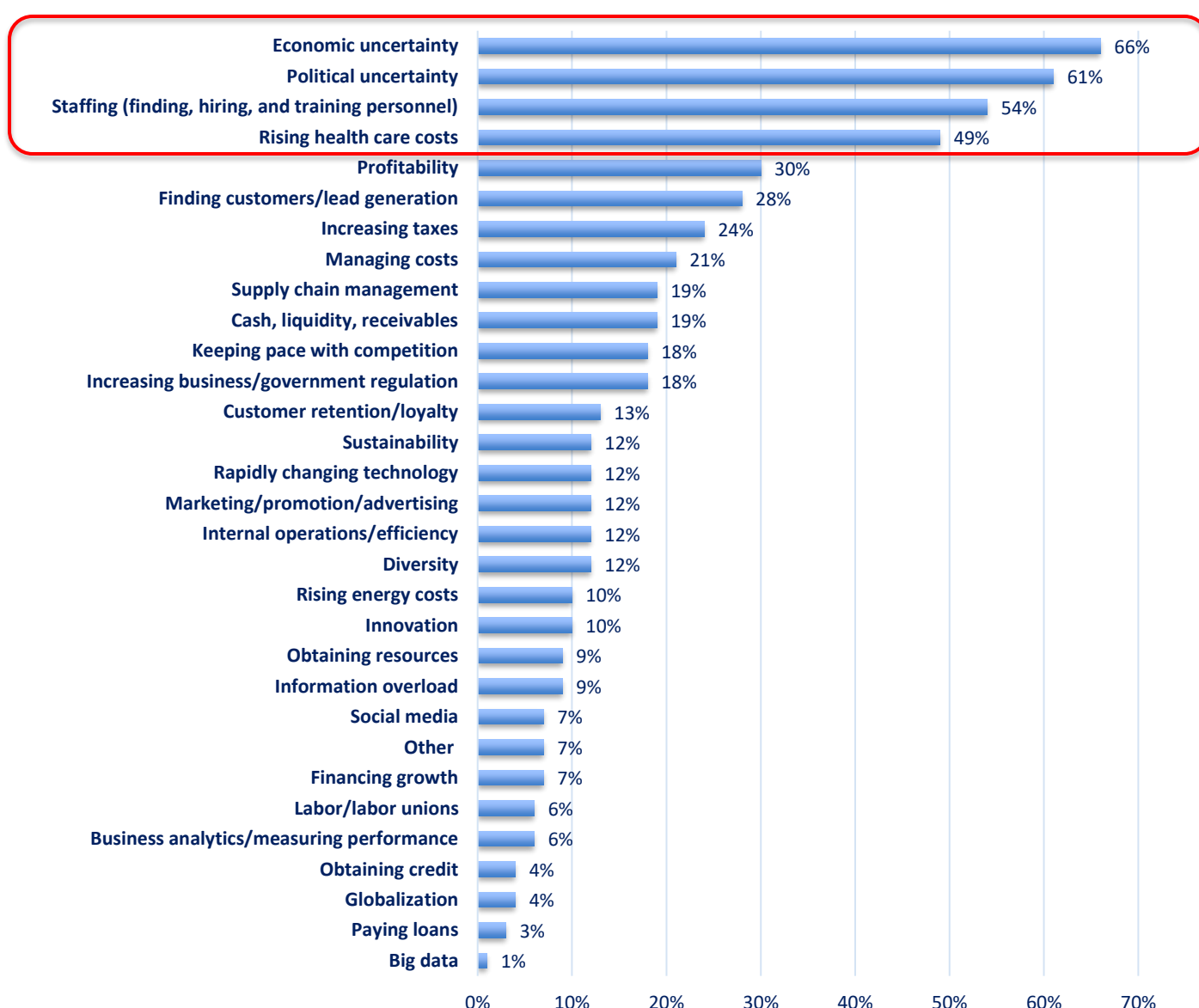
While most (53%) said businesses in Tennessee are reopening “at about the right speed (pace),” one in four (26%) said they are reopening “not soon enough (too slow).” The majority (69%) of business leaders said their firm/business has already reopened, and even more (82%) said their business is reopening “at about the right speed (pace).”

**With respect to the speed with which businesses in Tennessee are reopening, would you say Tennessee businesses are reopening:****Approximately, when do you expect your firm/business will be able to reopen completely?****With respect to the speed with which your firm/business is reopening, would you say your firm/business is reopening:**

## Business Challenges

Respondents identified the areas in which their firm/business is currently facing challenges. The chart below shows the percent of respondents who selected each issue. As expected this close to a presidential election, economic and political uncertainty were the most often cited challenges and concerns for Tennessee business leaders. This is followed by concerns related to staffing and rising health care costs.

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



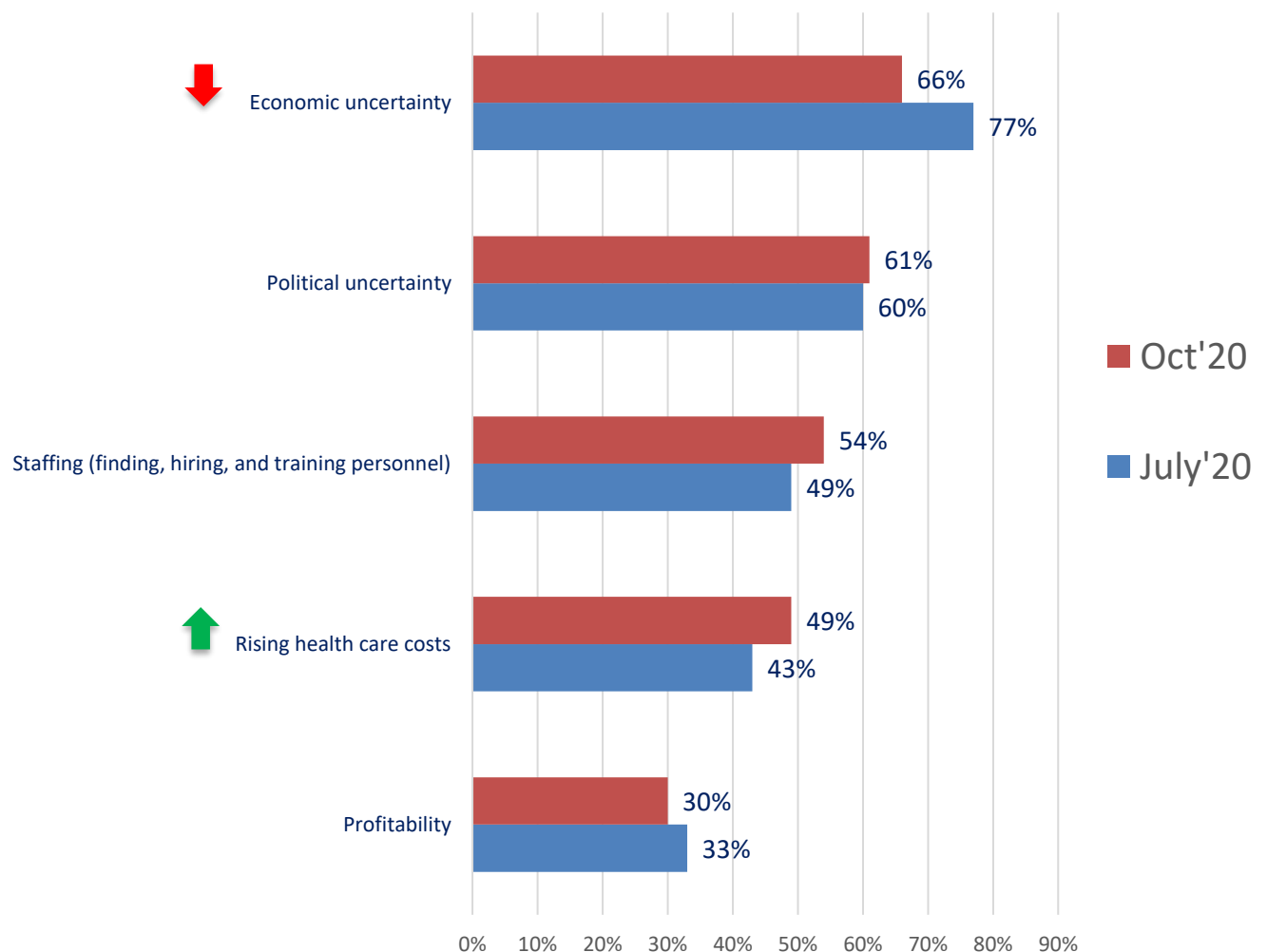


## Shifting Concerns

The chart below shows the five challenges most often cited by business leaders in October 2020. This is compared to the percent who cited these same challenges in July 2020.

As perceptions of the economy improve, concerns about economic uncertainty have declined.

**Most Often Cited Challenges:  
Percent Selecting Each Challenge in October 2020  
Compared to July 2020**  
*(Percent change greater than five percent indicated by arrow)*



Tennessee Business Barometer Results		Jan 2020 (%)	April 2020 (%)	July 2020 (%)	Oct 2020 (%)	Net Change from July 2020*
Overall economic conditions in the U.S. are: <sup>C</sup>	Good	86	3	9	15	<b>+13</b>
	In between	13	20	65	67	
	Bad	2	75	25	18	
Twelve months from now overall economic conditions in the U.S. will be: <sup>F</sup>	Better	19	69	55	60	<b>+10</b>
	About same	68	2	24	16	
	Worse	11	27	18	13	
Economic conditions in Tennessee are: <sup>C</sup>	Good	83	3	23	34	<b>+14</b>
	In between	14	39	67	58	
	Bad	3	53	10	7	
Twelve months from now economic conditions in Tennessee will be: <sup>F</sup>	Better	30	68	54	53	<b>+3</b>
	About same	63	7	33	36	
	Worse	7	24	10	6	
Economic conditions in your industry are: <sup>C</sup>	Good	54	20	32	54	<b>+27</b>
	In between	40	32	49	34	
	Bad	4	44	17	12	
Twelve months from now economic conditions in your industry will be: <sup>F</sup>	Better	30	56	51	46	<b>-2</b>
	About same	62	20	36	40	
	Worse	8	22	9	6	
Regulatory conditions in your industry are: <sup>C</sup>	Good	45	32	43	45	<b>+9</b>
	In between	42	47	42	51	
	Bad	7	7	9	3	
Twelve months from now regulatory conditions will be: <sup>F</sup>	Better	13	14	14	15	<b>-1</b>
	About same	75	68	71	70	
	Worse	5	8	7	9	
Economic Conditions for your firm/business are: <sup>C</sup>	Good	61	20	36	52	<b>+20</b>
	In between	37	36	49	37	
	Bad	3	44	15	10	
Twelve months from now economic conditions for your firm/business will be: <sup>F</sup>	Better	41	59	54	55	<b>+1</b>
	About same	53	22	35	34	
	Worse	4	17	8	7	
Compared to last year will your firm grow: <sup>B/F</sup>	More	39	10	16	28	<b>+28</b>
	About same	41	19	27	28	
	Less	18	71	55	40	
Compared to last year will your firm invest: <sup>B/F</sup>	More	36	19	20	25	<b>+24</b>
	About same	48	29	30	45	
	Less	14	44	40	21	

Tennessee Business Barometer Results		Jan 2020 (%)	April 2020 (%)	July 2020 (%)	Oct 2020 (%)	Net Change from July 2020*
Compared to last year will your firm's sales: <sup>B/F</sup>	Increase	52	10	19	<b>30</b>	<b>+24</b>
	Stay the same	34	32	26	<b>28</b>	
	Decrease	13	54	49	<b>36</b>	
Compared to last year will your firm's profitability: <sup>B/F</sup>	Increase	47	7	18	<b>24</b>	<b>+19</b>
	Stay the same	42	31	29	<b>37</b>	
	Decrease	8	59	47	<b>34</b>	
Compared to last year will your firm's inventories: <sup>B/F</sup>	Increase	12	10	6	<b>15</b>	<b>+14</b>
	Stay the same	50	38	33	<b>43</b>	
	Decrease	14	29	20	<b>15</b>	
In the next 12 months will employment at your firm/business: <sup>E</sup>	Increase	39	22	24	<b>45</b>	<b>+27</b>
	Stay the same	49	46	54	<b>42</b>	
	Decrease	8	31	19	<b>13</b>	
Qualified employees are: <sup>E</sup>	Easy to find	2	10	8	<b>7</b>	<b>-10</b>
	Found with effort	43	42	49	<b>45</b>	
	Hard to find	53	42	36	<b>45</b>	

<sup>C</sup> Included in the Current Economic Situation Index

<sup>F</sup> Included in the Future Economic Expectations Index

<sup>B/F</sup> Included in the Business/Firm Performance Index

<sup>E</sup> 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, then the net change score is +14.

## 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](http://www.mtsu.edu/consumer)).

The results reported here are based on online surveys of 68 business leaders throughout the state of Tennessee. The survey was conducted between October 5 and October 12. With a sample of 68 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  $\pm 11.9\%$ . Other factors such as problems with question wording and interpretation can introduce additional bias or error into the results.

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](mailto:tim.graeff@mtsu.edu).

For more information about the Tennessee Chamber of Commerce and Industry, visit [www.tnchamber.org](http://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?