Tennessee Business Barometer

Spring 2023 Results
Introduction

We're very excited to have you here! We hope you appreciate the Spring 2023 Tennessee Business Barometer results and outlook. In collaboration with the Tennessee Chamber of Commerce & Industry, business leaders from across Tennessee responded to the Jones College of Business, Office of Consumer Research, Business Barometer Survey, providing a business perspective on the current and upcoming outlook of business and the economy.

Tennessee leaders believe the worst may be behind us.

Sentiment of Tennessee business leaders continues to improve over the last two quarters. Positive sentiment increased from 29% to 36%, and negative sentiment decreased from 20% to 17% (see Figure 1).

Figure 1. Business sentiment on economic conditions is trending positive

The overall business sentiment reflects a perception that the worst may be behind us, and Tennessee business leaders have weathered the worst of the storm. All indicators improved this quarter, as the Overall Index rose 158 points to 314, the highest since Spring
of 2021. The Current Index, Future Expectations Index, Business/Firm Performance Index, and Employment Outlook Index are all higher, coming in at 88, 65, 136, and 26, respectively.

**Figure 2. The Business Barometer signals a negative current economic situation**

![Tennessee Business Barometer graph](image)

Table 1 provides more context to the trend lines found in Figure 2. Over the past year, business leaders had become very cautious and pessimistic. Conversely, over the next 12 months, business leaders now expect improvements in economic and regulatory conditions, and increases in firm-related investments, sales, and profitability. They also believe that qualified employees are much easier to find and don’t expect any supply chain issues.

**Table 1. Current results and changes in the Business Barometer Indexes**

<table>
<thead>
<tr>
<th></th>
<th>Current Results</th>
<th>Change from</th>
<th>Change from</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Spring 2023</td>
<td>Winter 2023</td>
<td>Fall 2022</td>
</tr>
<tr>
<td>Overall Business Barometer</td>
<td>314</td>
<td>158</td>
<td>272</td>
</tr>
<tr>
<td>Current Economic Situation Index</td>
<td>88</td>
<td>38</td>
<td>-60</td>
</tr>
<tr>
<td>Future Expectations Index</td>
<td>65</td>
<td>37</td>
<td>153</td>
</tr>
<tr>
<td>Business/Firm Performance Index</td>
<td>136</td>
<td>54</td>
<td>126</td>
</tr>
<tr>
<td>Employment Outlook Index</td>
<td>26</td>
<td>30</td>
<td>53</td>
</tr>
</tbody>
</table>
Key indicators signal optimism.

Tennessee business leaders also provided feedback on many key indicators for predicting economic growth related to economic uncertainty, inflation, staffing, etc. The Spring 2023 results reveal less economic uncertainty compared to Winter 2023 (see Figure 3). Optimism increased by nine percentage points (26.7% to 35.6%) and fear and worry decreased by 20 percentage points (65.1% to 45%).

Figure 3. Business leaders are uncertain about the near future

![Concerns about Economic Uncertainty](image)

Though economic uncertainty still exists among business leaders, concerns are lessening. As shown in Figure 4, concerns about the impact of inflation are falling, but still very high (84%, a change of -5%). Yet, the challenges of staffing/hiring continue to decrease (44%, a change of -4%), reducing fears of a wage-price spiral.

Figure 4. Business leader’s primary concerns

![Primary Concerns](image)
Business leaders are still navigating concerns about inflation and the potential risk of recession. However, many business leaders are becoming optimistic and expect an increase in business investments over the next 12 months. By remaining vigilant and adaptable, many Tennessee business leaders are confident that their organizations will be a stronger and more efficient enterprise that is ready to grow into the future.

Collaborate with us
The Office of Consumer Research (OCR), in collaboration with the Tennessee Chamber of Commerce & Industry, collects data throughout the year to measure Business Leaders' (Tennessee Business Barometer1) and Tennessee consumers' (Tennessee Consumer Outlook Index) perceptions of the economy. We welcome your comments, questions, and suggestions. Please contact Dr. Michael Peasley for more information.

Michael Peasley, Ph.D.
Director, MTSU Office of Consumer Research
Email: michael.peasley@mtsu.edu

---

1 The Tennessee Business Barometer scores are based on business leaders’ responses to 17 questions measuring their perceptions of the current economy, the future economy, regulatory conditions, economic conditions related to their firm and business industry, and staffing/hiring decisions. Five questions make up the Current Economic Situation Index, five questions make up the Future Expectations Index, five questions make up the firm performance index, and two questions make up the Employment Outlook Index. The Overall Outlook Index is based on all 17 questions combined.

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 indicates the percentage of business leaders who hold negative views of the economy is equal to the percentage who hold positive views of the economy. A net positive score indicates business leaders who hold positive views of the economy outnumber those who hold negative views of the economy (vice versa for a net negative score).