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 business leaders feel that the worst is here

Tennessee business leaders had become pessimistic over the last several quarters, but sentiment moved in a positive direction this quarter. Positive sentiment increased from 25% to 29%, and negative sentiment decreased from 23% to 20% (see Figure 1).

Figure 1. Business sentiment on economic conditions is trending positive

The overall business sentiment reflects a perception that the current conditions may be the worst part of the storm business leaders must weather. Though the Current Economic Situation Index plummeted, the Overall Index rose 114 points after consecutive
quarters of decline. The Overall Index, Future Expectations Index, Business/Firm Performance Index, and Employment Outlook Index are all higher, coming in at 156, 28, 82, and -4, respectively.

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

Table 1 provides more context to the trend lines found in Figure 2. Over the past year, business leaders had become increasingly more concerned about the uncertainty surrounding the economy and business environment, but they now perceive that the worst is here. The Current Economic Situation Index fell 98 points to a three-year low of 50. Yet, the Future Expectations Index rose 117 points, suggesting that business leaders are relatively optimistic about their future expectations of the economy.

**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>Fall 2022</td>
<td>Spring 2022</td>
</tr>
<tr>
<td>Overall Business Barometer</td>
<td>156</td>
<td>114</td>
<td>-24</td>
</tr>
<tr>
<td>Current Economic Situation Index</td>
<td>50</td>
<td>-98</td>
<td>-90</td>
</tr>
<tr>
<td>Future Expectations Index</td>
<td>28</td>
<td>117</td>
<td>62</td>
</tr>
<tr>
<td>Business/Firm Performance Index</td>
<td>82</td>
<td>72</td>
<td>-14</td>
</tr>
<tr>
<td>Employment Outlook Index</td>
<td>-4</td>
<td>23</td>
<td>18</td>
</tr>
</tbody>
</table>
Key indicators signal possible optimism in the near future

Tennessee business leaders also provided feedback on many key indicators for predicting economic growth related to economic uncertainty, inflation, staffing, etc. As shown in Figure 3, business leaders are still very concerned about economic uncertainty.

Figure 3. Business leaders are uncertain about the near future

![Concerns about Economic Uncertainty](image)

Though economic uncertainty exists among business leaders, many of their concerns are providing mixed signals. As shown in Figure 4, concerns about the impact of inflation are still very high (89%, a change of +10%). Yet, the challenges of staffing/hiring continue to decrease (48%, a change of -15%), reducing fears of a wage-price spiral.

Figure 4. Business leader’s primary concerns

![Primary Concerns](image)

As business leaders navigate concerns about inflation, the risk of recession, and staffing decisions, these challenges make it difficult to forecast sales and plan for future demand. However, many business leaders believe it won’t be too long before it is safe again to increase business investments. Some are even seeing opportunities for growth.
in the current economic climate. By remaining vigilant and adaptable, many Tennessee business leaders are confident that they will be able to weather the storm and come out on the other side as a stronger and more efficient enterprise.

**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 Barometer\(^1\)) 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.

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\(^1\) 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).