

# Tennessee Business Barometer

Winter 2024 Results & Spring Outlook



Jones College of Business  
Office of Consumer Research

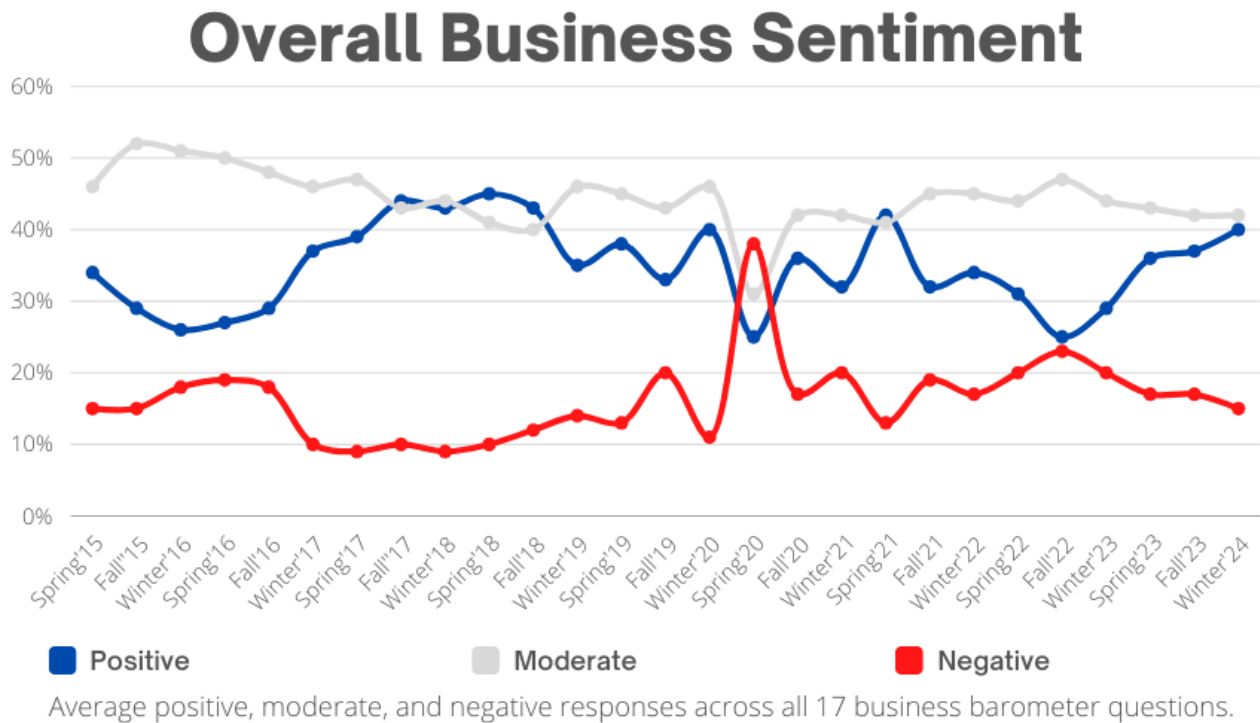
## Introduction

We're very excited to have you here! We hope you enjoy the Winter 2024 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.

## Business leaders' sentiment nears three-year high

After positive sentiment decreased in 2020 due to the economic effects of COVID-19, it rebounded in 2021 as economic activity resumed. In 2022, Tennessee business leaders had become more pessimistic again and positive sentiment tapered off due to surging inflation and rising interest rates. Last year, in 2023, positive sentiment made steady gains as businesses were able to better adapt to increased costs and navigate several other business challenges. Most recently, in 2024, positive sentiment increased from 37% to 40%, and negative sentiment decreased from 17% to 15% (see Figure 1).

**Figure 1. Business sentiment on economic conditions is trending positive**



The trend of positive sentiment reflects a perception that the worst may be behind us, and Tennessee business leaders are looking forward to future growth. One year ago,

Tennessee business leaders had become significantly concerned about the uncertainty surrounding the economy and business environment. However, in the past 12 months, that trend has flipped, and the Overall Business Barometer Index has gained 275 points to 431 (the highest since Spring of 2021), including 98 points since the previous survey.

**Figure 2. Current and future economic conditions continue their positive trend in 2024**

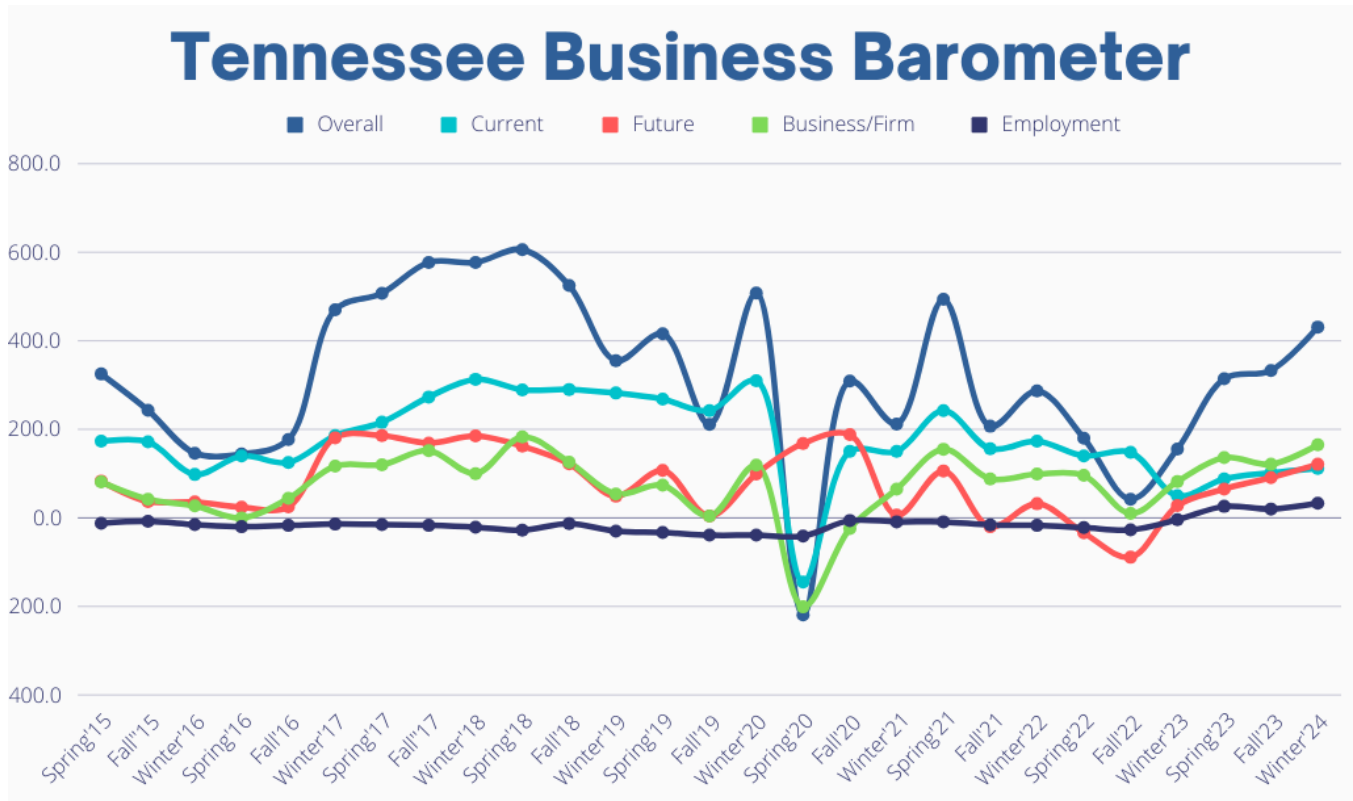


Table 1 provides more context to the trend lines found in Figure 2. Since the previous survey, the Current Index gained 98 points and the Future Expectations Index gained 30 points. Further, the Business/Firm Performance Index and the Employment Outlook Index are both higher this quarter compared to the previous results. This could signal that business leaders are optimistic, and sensitivities of uncertainty are weakening.

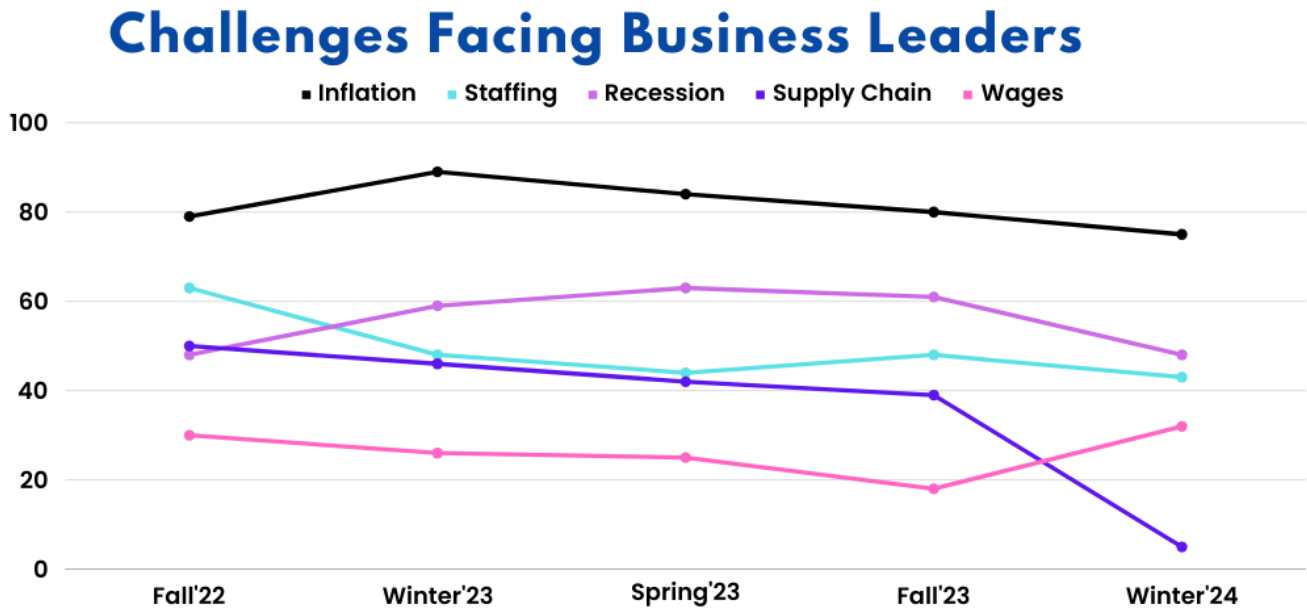
**Table1. Current results and changes in the Business Barometer Indexes**

	Current Results Winter 2024	Change from Fall 2023	Change from Winter 2023
Overall Business Barometer	431	98	275
Current Economic Situation Index	112	10	62
Future Expectations Index	121	30	93
Business/Firm Performance Index	165	44	83
Employment Outlook Index	33	13	37

## Key indicators signal optimism

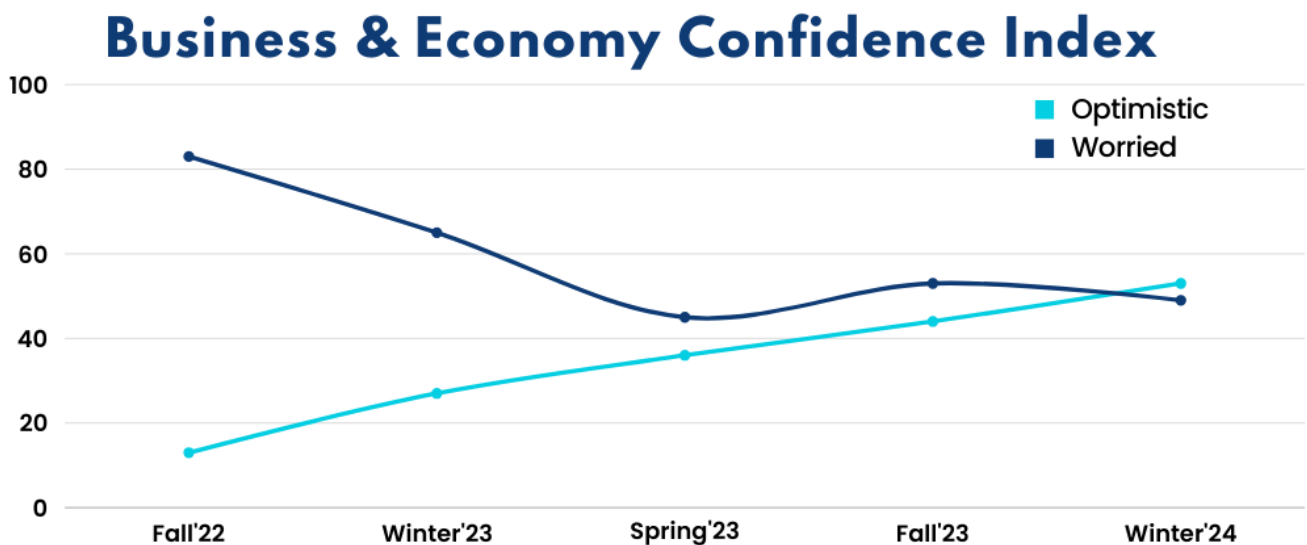
Tennessee business leaders also provided feedback on many challenges and key indicators for predicting economic growth related to inflation, staffing, etc. The Winter 2024 results show that concerns are lessening when compared to Fall and Spring of 2023 (see Figure 3).

Figure 3. Potential Concerns and Challenges facing Tennessee business leaders



Though uncertainty still exists, business leaders are more optimistic than worried for the first time in nearly three years. As shown in Figure 4, optimism increased by nine percentage points (44% to 53%) and worry decreased by four percentage points (53% to 49%).

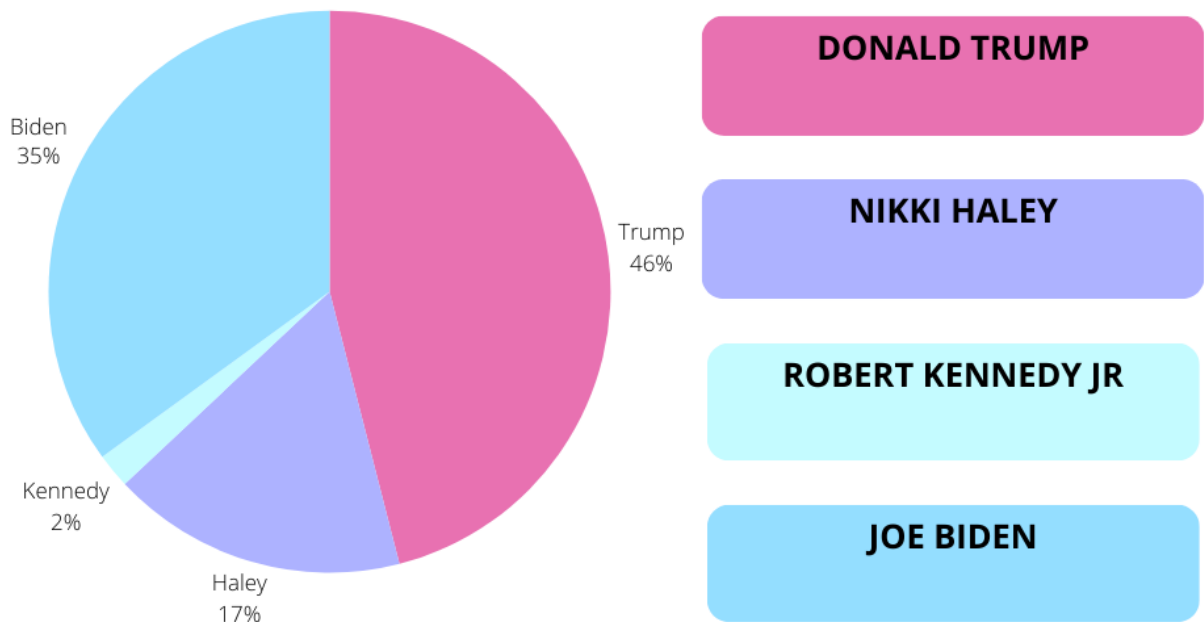
Figure 4. Business leaders are more optimistic about the near future



## Who do Tennessee business leaders prefer for President?

Tennessee business leaders are primarily focused on running their businesses. Yet, many still take interest in politics and the effects that each election may have on the macro economy and their business. As shown in Figure 5, Tennessee business leaders have a variety of candidates that they prefer to win the 2024 election.

Figure 5. Presidential preferences of Tennessee business leaders

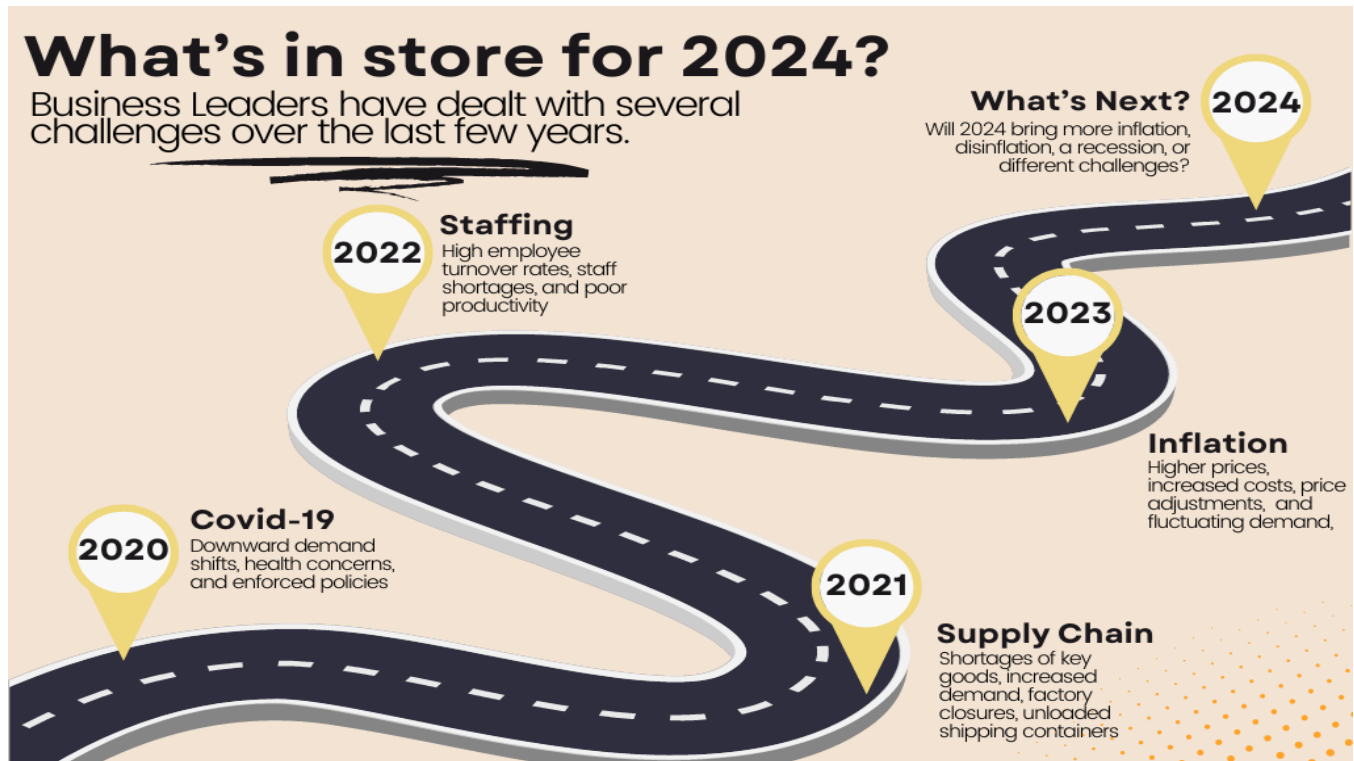


## Presidential Preferences

### What's in store for 2024?

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 will be ready to grow into the future. Yet, we don't yet know what's in store for 2024 (see Figure 6). Will 2024 bring more inflation, disinflation, deflation and a recession, or different challenges?

Figure 6. What's in store for 2024?



## 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<sup>1</sup>) 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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<sup>1</sup> 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).