



# Tennessee Business Leaders Survey

Summer 2024 Results



THE UNIVERSITY OF  
**TENNESSEE**  
KNOXVILLE

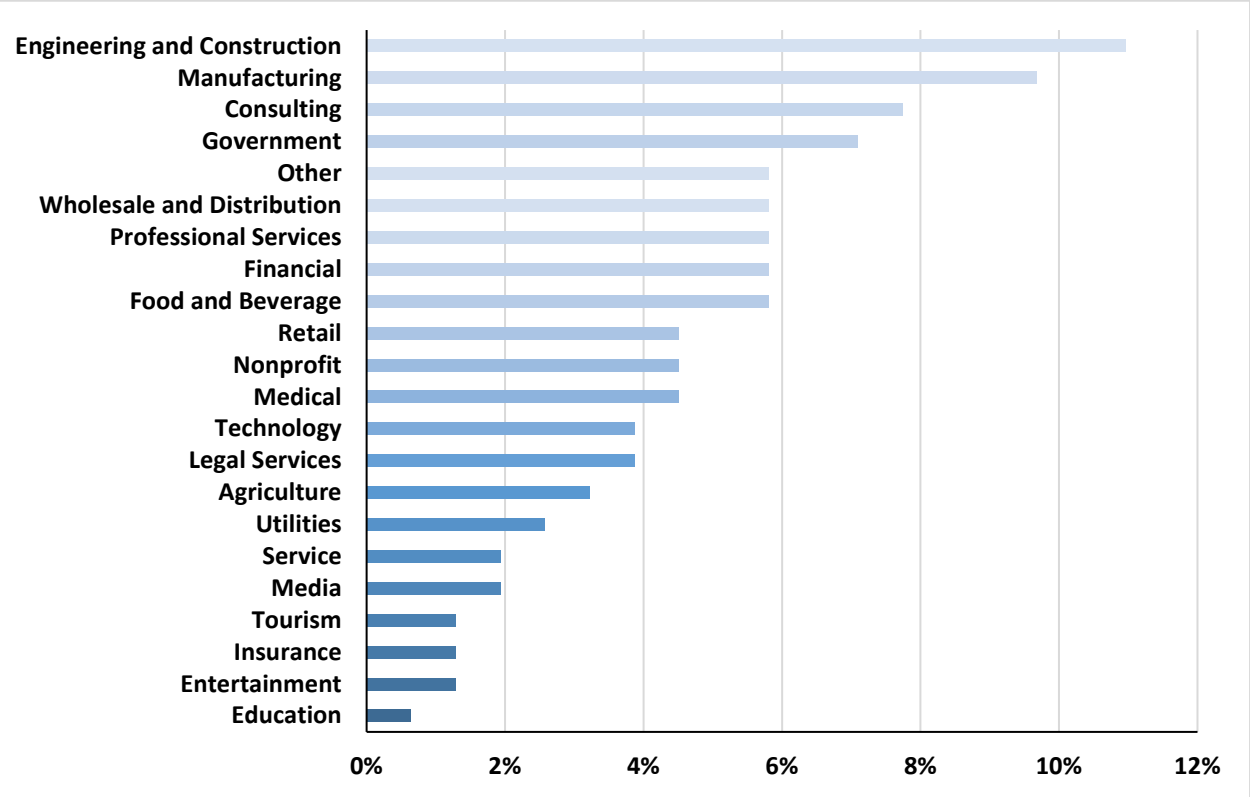
BOYD CENTER FOR BUSINESS  
AND ECONOMIC RESEARCH

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**Introduction**

Many business leaders from across Tennessee responded to the Boyd Center’s semi-annual Business Leaders Survey, providing a unique perspective on the Tennessee and US economies. Responses were provided between July 31 and August 21, 2024. Respondents represent a broad sample of Tennessee’s businesses, both by size and by industry. Responses were received from firms ranging in size from less than 50 to over 5,000 employees with representation from leaders across all industries (see Figure 1). Business leaders have somewhat divergent views on economic issues, likely because they come from different industries and parts of the state. In this brief report, we summarize key themes that emerge from the survey data.

**Figure 1: Respondents to the Boyd Center Business Leaders Survey represent a broad sample of Tennessee businesses**

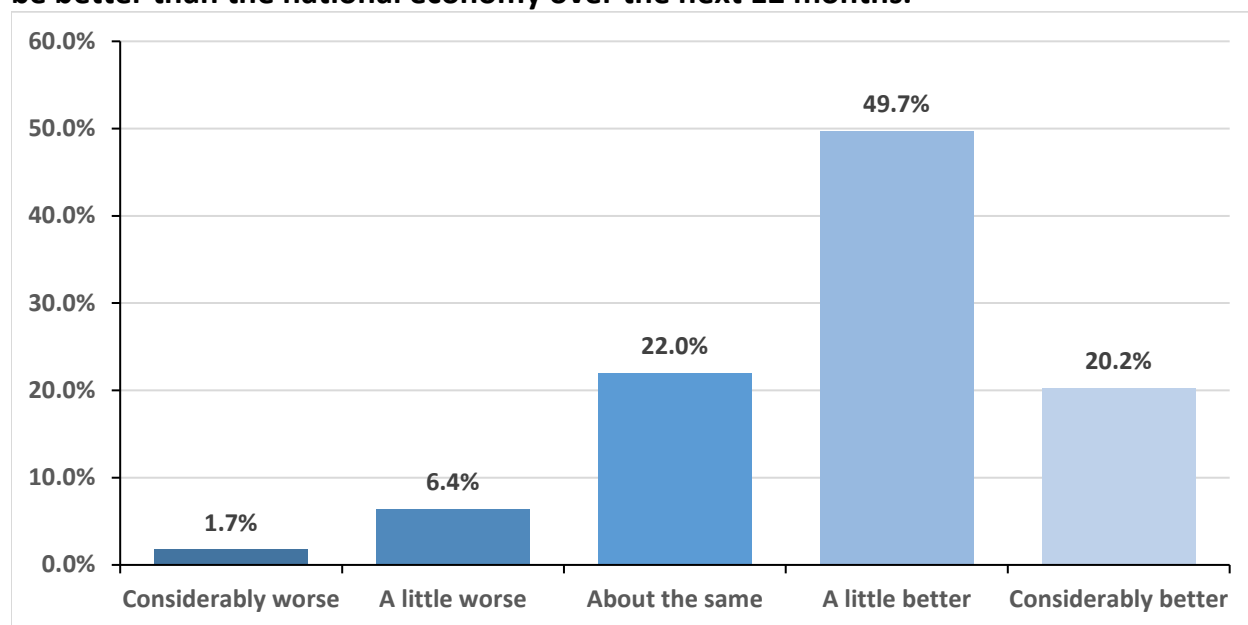


**U.S. and Tennessee Economy**

Business leaders are more likely to think the U.S. economy is worse right now than over the last year (44 percent) compared with those who think it is better (30 percent). Leaders have mixed feelings about whether things will improve, with 36 percent saying the economy will worsen over the next year and another 36 percent believing the economy will improve. However, 70 percent of respondents expect Tennessee’s economy to improve more rapidly than the national economy over the next year, with only 8 percent seeing the U.S. doing better (see Figure 2). The perspective on Tennessee’s relative economic strength is very similar to that expressed in previous surveys. Good business investment and strong government leadership are the primary reasons that Tennessee will grow faster than the nation. Separately, a majority (76 percent) believe Tennessee is headed in the right direction, and 67 percent

see Tennessee’s state government doing an excellent or good job of creating a solid business environment, compared with only about 7 percent seeing the state doing poorly. These demonstrate a consistently positive perspective on the state. Respondents were permitted to identify up to three areas where Tennessee could improve its business climate. Enhanced workforce development (59 percent) and infrastructure development (56 percent) led the responses with technology infrastructure (33 percent) and energy infrastructure (30 percent) listed by a large share of respondents as well.

**Figure 2: A majority of Tennessee business leaders expect the Tennessee economy to be better than the national economy over the next 12 months.**



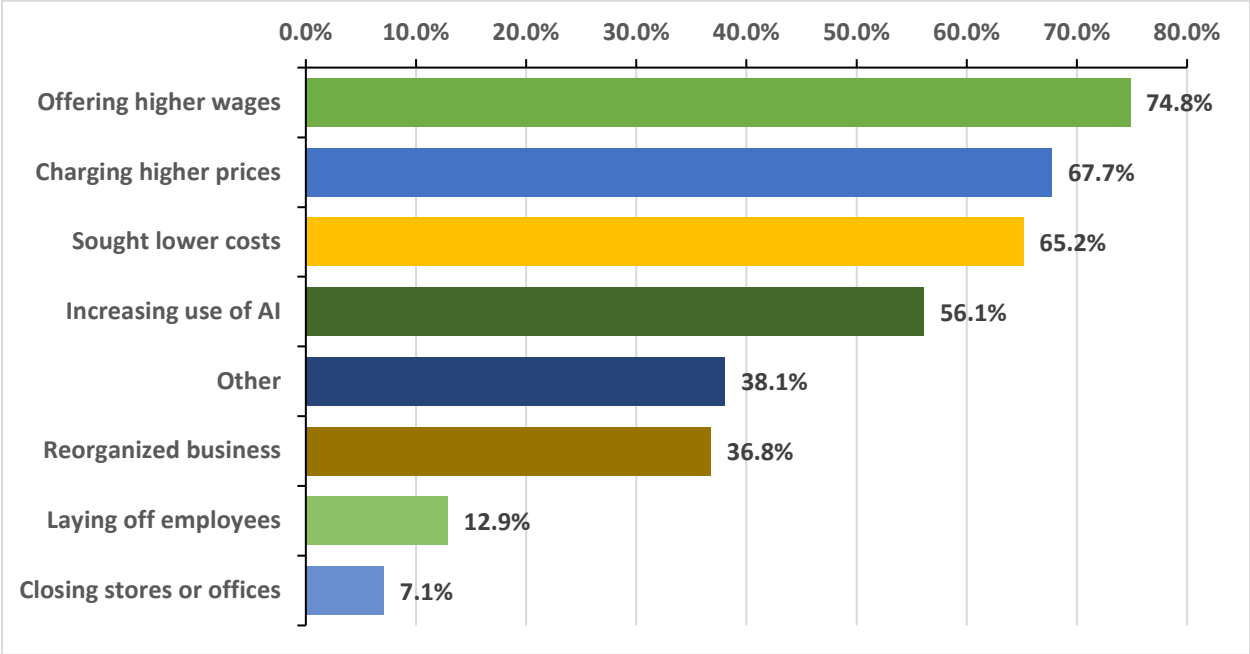
Respondents were asked about their perspective on inflation, the possibility of a recession, and interest rates. In response to inflation over the past year, many companies have offered higher wages (75 percent), charged higher prices (68 percent), and sought lower costs by looking for new supply chain opportunities (65 percent). Inflation has caused more than half of the respondents’ companies to increase the use of artificial intelligence. Some have reorganized their business (37 percent) or laid off employees (13 percent) while few have closed stores and offices (7 percent) in response to inflation (see Figure 3a).

Compared to this past winter, fewer leaders believe there is a high chance that the U.S. will fall into a recession in the next year. About 45 percent believe that there is less than a 25 percent chance while 33 percent believe there is a 26 percent to 50 percent chance. Just 16 percent believe the chance is higher, but still below 75 percent. Very few believe the chance is between 75 and 100 percent (see Figure 3b). Most respondents (88 percent) think that interest rates should be lowered within 3 to 6 months. About 12 percent of respondents believe rates should be lowered within 9 to 12 months. Only 5 percent believe they should be lowered sometime later.

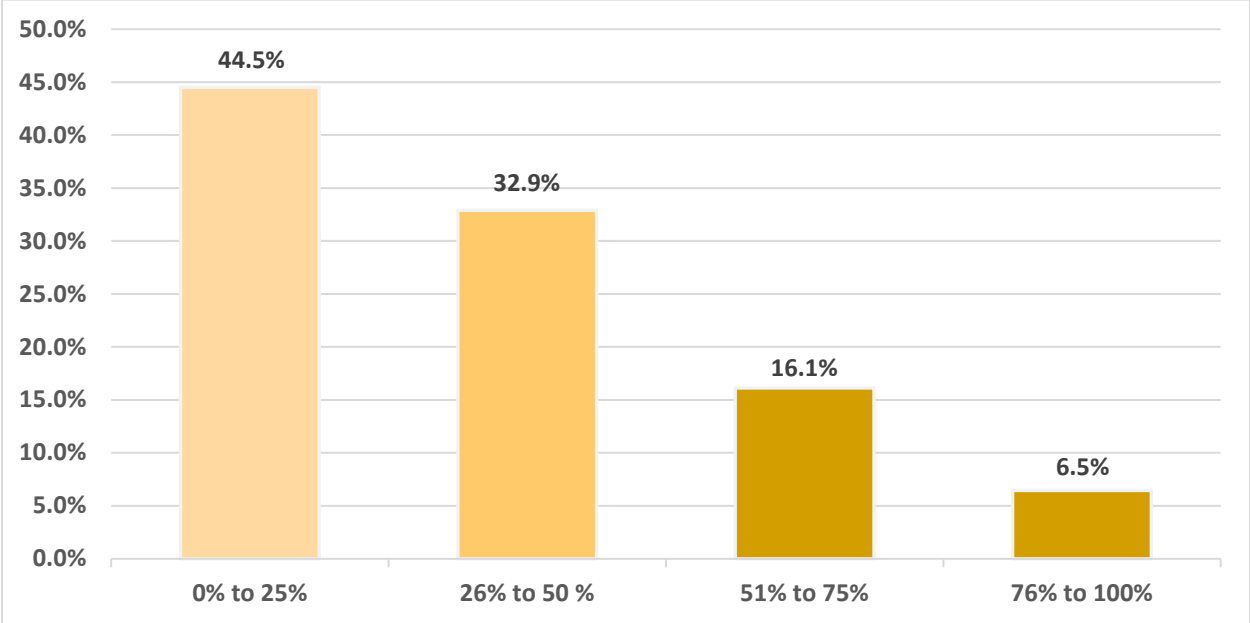
Respondents were also asked about flexible work arrangements. Less than half (43 percent) of respondents indicated that their company only allows for in-person work. A little more than a quarter said they have always had flexibility for remote work and have not changed their policy. About 30

percent of leaders said that their company has expanded opportunities for remote work in recent years. Middle and West Tennessee leaders were more likely to indicate having only in-person work compared to East Tennessee leaders. When asked to elaborate on flexible work arrangements, leaders noted that greater flexibility to work from home has improved employee retention and job satisfaction. However, some are worried about the impact of remote work on productivity, efficiency, and office culture.

**Figure 3a: Companies have increased wages and charged higher prices over the past year due to inflation.**



**Figure 3b: Most leaders believe there is less than a 50 percent chance the U.S. economy will fall into a recession this year.**



## **Individual Company Performance**

Business leaders are slightly more optimistic about revenue than profitability over the next 12 months. About 52 percent are expecting their revenues to grow while 43 percent expect profitability to grow. A vast majority of respondents believe that they will either maintain the same employment levels (58 percent) or experience moderate growth (28 percent) in employment. Similarly, they believe that capital expenditures will stay about the same (51 percent) or grow moderately (28 percent). Stronger market demand is the primary source of optimism by far for expecting greater profitability.

Respondents were asked about the challenges that their businesses face and were permitted to identify up to three. The leading challenge was adverse economic conditions, listed by nearly half of all respondents, which is similar to previous surveys. Concern over governmental regulation grew to 44 percent from 31 percent last winter. Global political instability (33 percent) is also a growing concern. Human resources continues to be listed by more than a third of respondents. In addition to these state-wide concerns, Middle Tennessee leaders are concerned about taxation and West Tennessee leaders are concerned about cash flow and health care costs.

## **Labor Force**

Respondents were asked several questions about Tennessee's labor force. About 61 percent reported that there is an insufficient supply of appropriately trained workers. Many business leaders believe that improved training and education would help expand the supply of workers. Work ethic, technical skills, and workers being realistic about compensation continue to be big labor supply concerns. Four out of ten respondents indicated retaining workers is a challenge. Leaders had very different perspectives on what factors make it difficult to retain workers. The cost of housing and child care services were the predominant reasons why retaining workers is challenging. The availability of housing and child care services were also reasons listed by more than a quarter of all respondents. East Tennessee leaders are most concerned about the availability of housing while Middle Tennessee leaders are more concerned with the cost of housing. The cost of child care services was most important for West Tennessee leaders.