



# Tennessee Business Leaders Survey

Winter 2025 Results



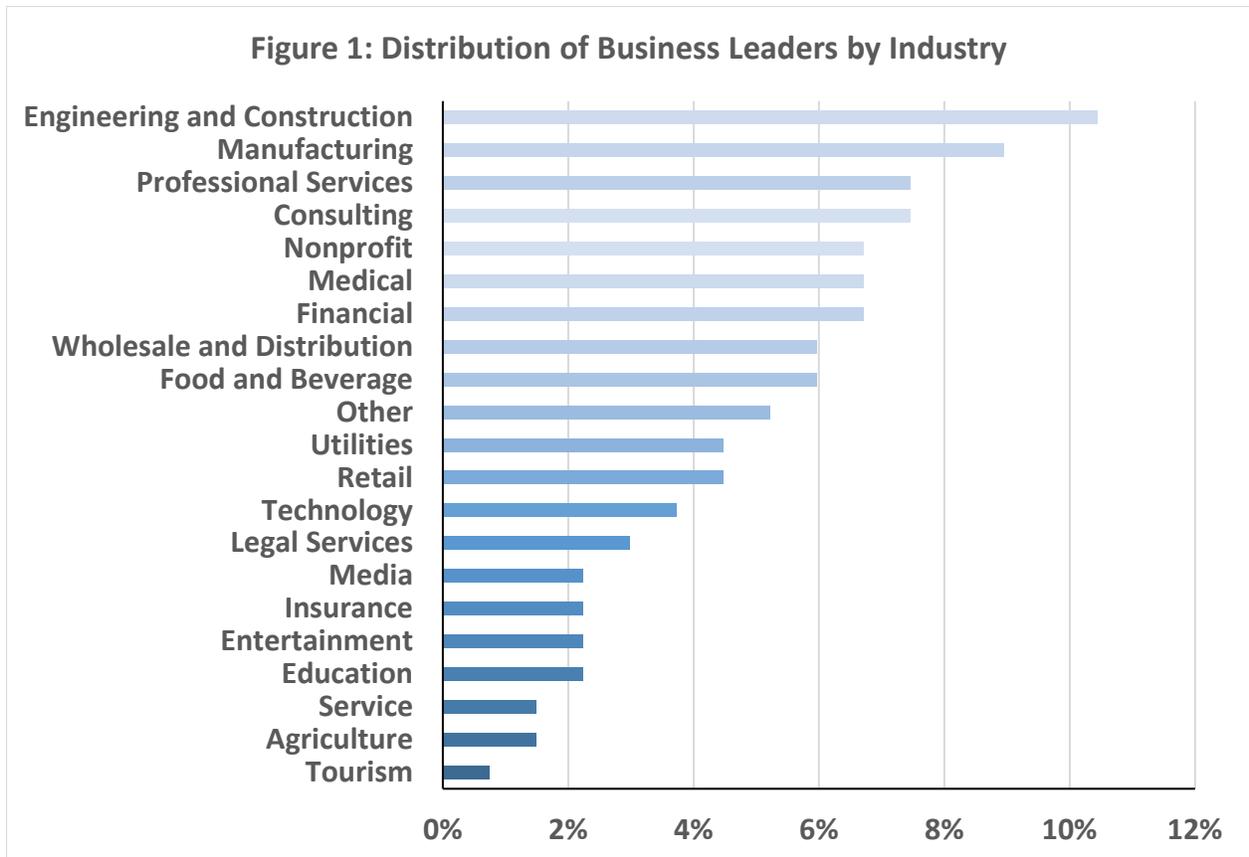
THE UNIVERSITY OF  
**TENNESSEE**  
KNOXVILLE

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 January 8 and January 31, 2025. 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.



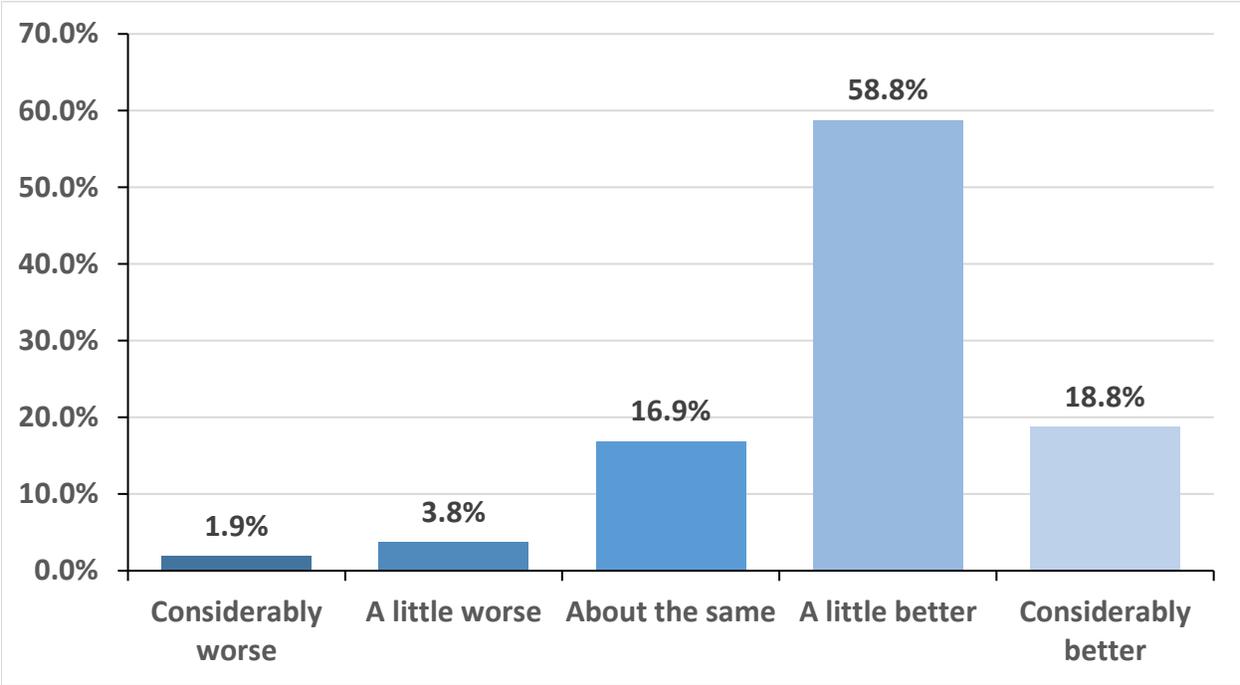
*Note: As is typically the case, several government leaders also responded to our survey. Responses from those government leaders are excluded from Figure 1 but are included in the remainder of this report.*

## U.S. and Tennessee Economy

Business leaders are more likely to think the U.S. economy is better right now than over the last year (44.5 percent) compared with those who think it is worse (19.1 percent). Leaders are optimistic about the future, with 66.7 percent saying the economy will improve over the next year. An even larger share of leaders (77.6 percent) expect Tennessee’s economy to improve more rapidly than the national economy over the next year, with only 5.7 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 (75.9 percent) believe Tennessee is

headed in the right direction, and 72.8 percent see Tennessee’s state government doing an excellent or good job of creating a solid business environment, compared with only 4.4 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 (67.5 percent) and infrastructure development (60.5 percent) led the responses with energy infrastructure (37.6 percent), technology infrastructure (36.3 percent), and business development incentives (34.4) listed by a large share of respondents as well.

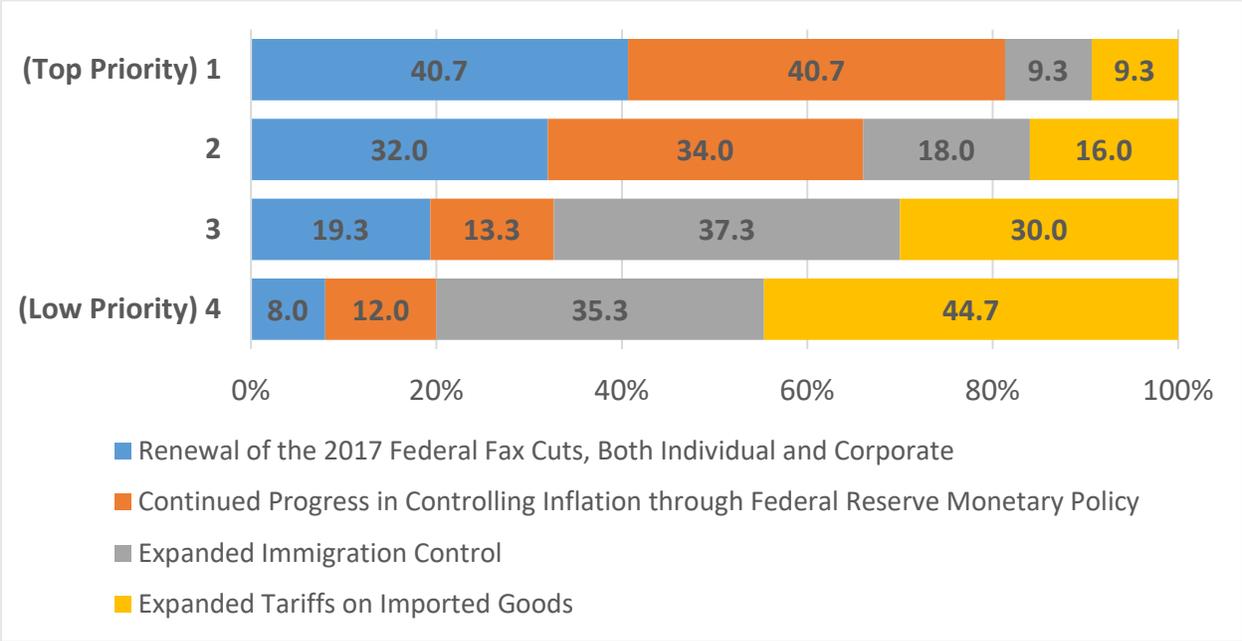
**Figure 2: A majority of Tennessee business leaders expect the Tennessee economy to be better than the national economy over the next 12 months.**



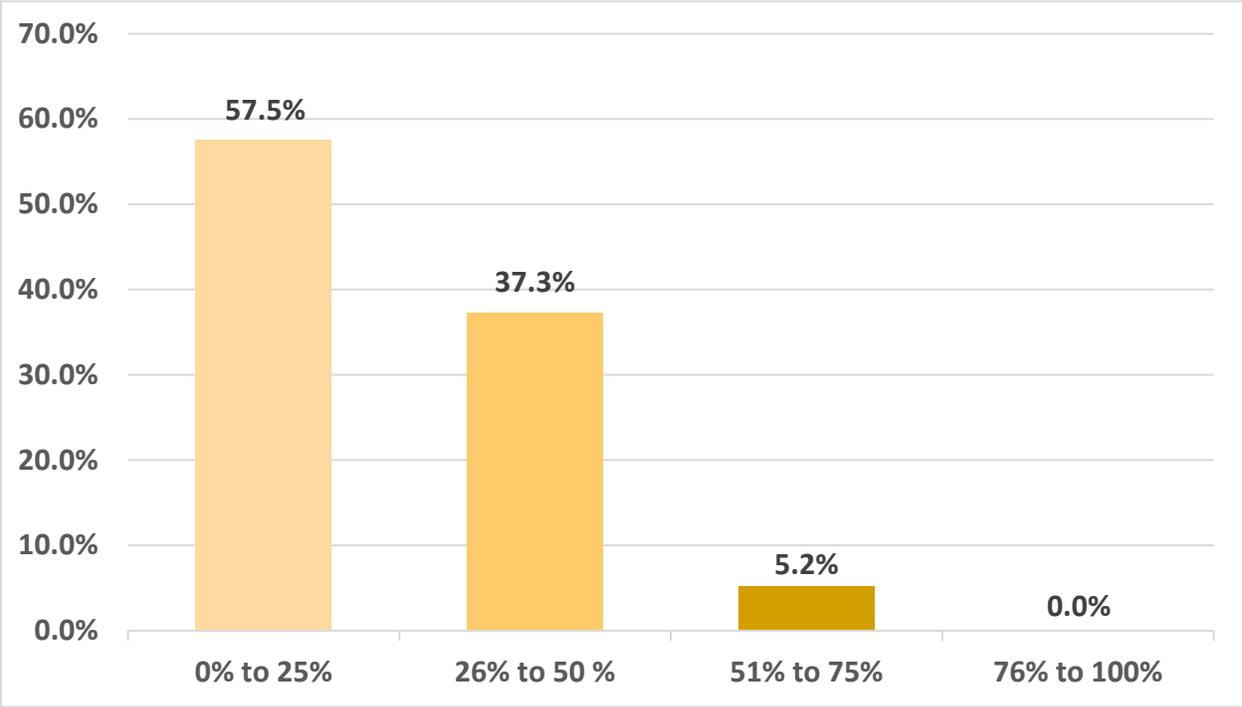
Respondents were asked their perspective on presidential administrative changes and the possibility of a recession. Over 80 percent of respondents indicated that the renewal of the 2017 federal tax cuts or controlling inflation through monetary policy are the highest priority to the success of their business in Tennessee. Expanding tariffs on imported goods and immigration control were listed as a top priority for the fewest respondents (see Figure 3a).

Very few leaders believe there is a high chance that the U.S. will fall into a recession in the next year. About 57.5 percent believe that there is less than a 25 percent chance, while 37.3 percent believe there is a 26 percent to 50 percent chance. Just 5.2 percent believe the chance is higher than 50 percent, and none believe the chance is between 75 percent and 100 percent (see Figure 3b).

**Figure 3a: Business leaders were asked to rank potential changes with the incoming presidential administration, and a majority believe renewing the 2017 federal tax cuts and controlling inflation are most important to their company’s success in Tennessee.**



**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 61.5 percent are expecting their revenues to grow, while 52.5 percent expect profitability to grow. A vast majority of respondents believe that they will either maintain the same employment levels (52.6 percent) or experience moderate growth (37.8 percent) in employment. Similarly, they believe that capital expenditures will stay about the same (43.6 percent) or grow moderately (44.9 percent). Stronger market demand (57.4 percent) is the primary hope by far for expecting greater profitability, followed by new technology (20.6 percent) and cost reductions (15.5 percent).

Respondents were asked about the challenges that their businesses face and were permitted to identify up to three. The leading challenges were adverse economic conditions (38.7 percent) and governmental regulation (36.8 percent). One in four respondents listed global political instability, supply chain, human resources, and healthcare costs as a concern. In addition to these statewide concerns, a quarter of Middle Tennessee leaders are concerned about taxation and 35 percent of West Tennessee leaders are concerned about U.S. trade agreements.

## **Labor Force**

Respondents were asked several questions about Tennessee's labor force. About 66 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. Nearly 50 percent of 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. Three out of ten leaders listed quality of local schools as a reason. The availability of housing and child care services were also reasons listed by about a quarter of all respondents. Roughly half of East and Middle Tennessee leaders are most concerned with the cost of housing, while the quality of local schools was most important for 40 percent of West Tennessee leaders.