



Tennessee Business Leaders Survey

Summer 2025 Results



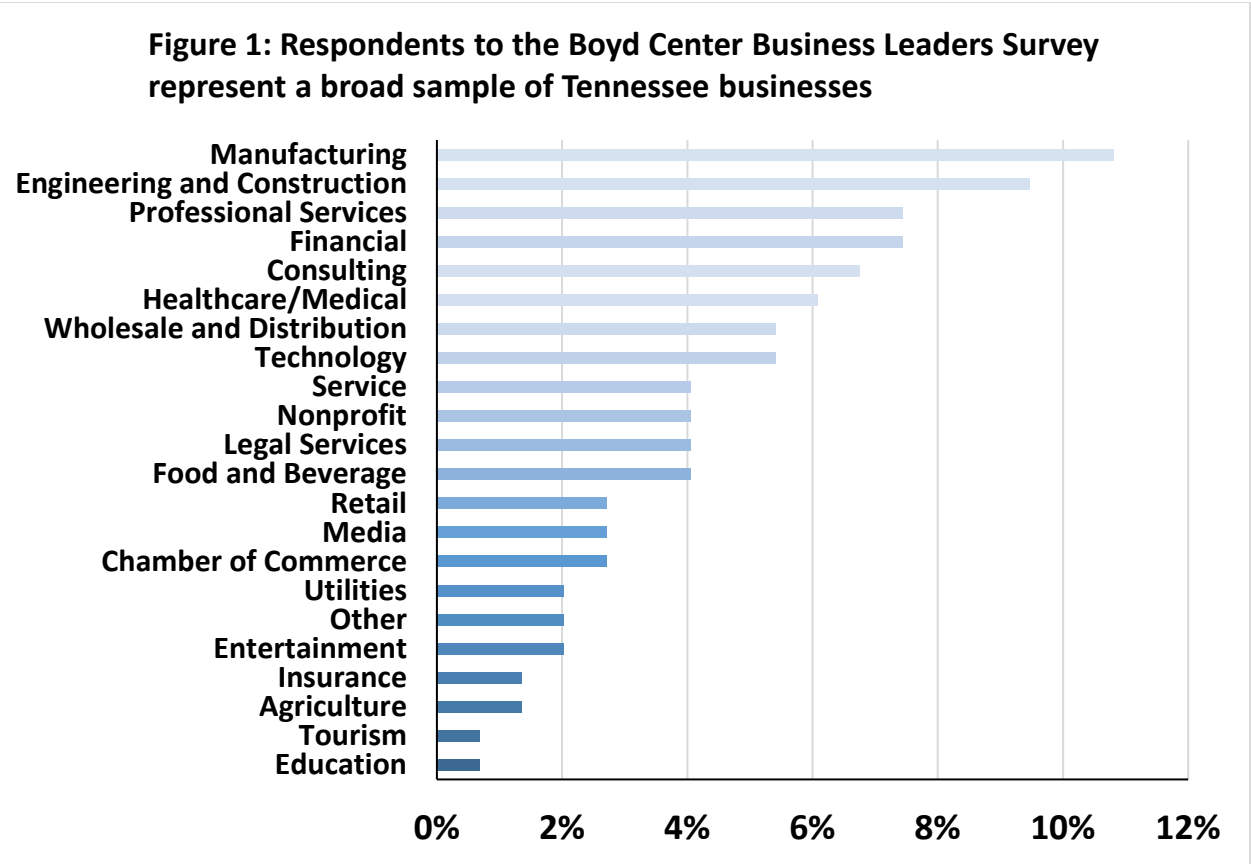
THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

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 U.S. economies. Responses were provided between July 31 and August 22, 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.



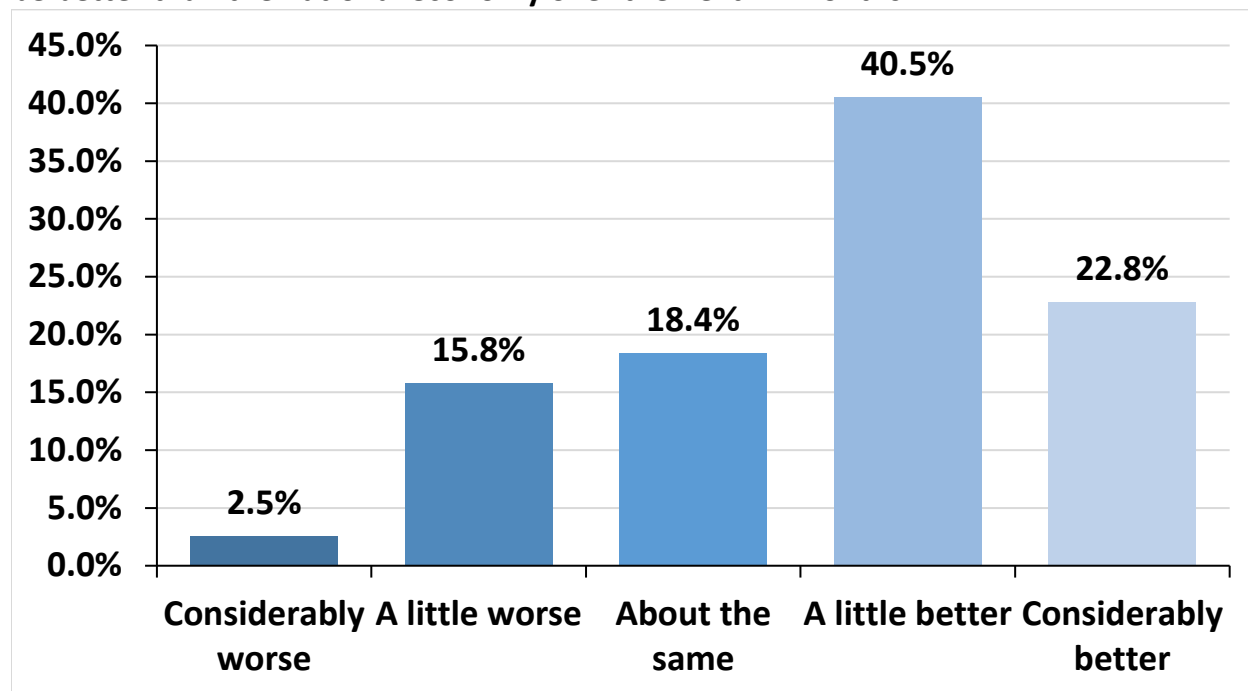
Note: Government responses are excluded from Figure 1. The remaining results include government responses.

U.S. and Tennessee Economy

Business leaders are more likely to think the U.S. economy is worse now than last year (44 percent) compared with those who think it is better (34.5 percent). Leaders are pessimistic about the future, with 43.4 percent saying the economy will worsen over the next year. Conversely, a larger share of leaders (63.3 percent) expect Tennessee’s economy to improve more rapidly than the national economy over the next year, with only 18.3 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. Strong business investment and government leadership are the primary reasons business leaders believe Tennessee will grow faster than the nation. Separately, a majority (69.4 percent) believe Tennessee is

headed in the right direction, and 70.7 percent see Tennessee's state government doing an excellent or good job of creating a solid business environment, compared with only 7.6 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. Infrastructure development (60.9 percent) and enhanced workforce development (53.2 percent) led the responses, with energy infrastructure (45.4 percent), technology infrastructure (34.6 percent), and business development incentives (32.7 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 the effects of tariffs on their business and the extent to which costs were passed on to customers. While only 24.3% of respondents reported no impact at all, more than three quarters said that tariffs impacted their businesses a lot (26.4%) or a little (49.3%, see Figure 3a). Furthermore, nearly half of business leaders reported passing all (12.9%) or some (31.3%) of the tariffs' costs on to customers (see Figure 3b).

Very few leaders believe there is a high chance that the U.S. will fall into a recession in the next year. About 52.0 percent believe that there is less than a 25% chance, while 29.1 percent believe there is a 26% to 50% chance. Increasing from the last report, 15.5 percent believe the chance is higher, but still below 75%. Just 3.4% believe the chance is between 75 and 100% (see Figure 3c).

Figure 3a: Business Leaders' Views on the Impact of Tariffs on Their Business

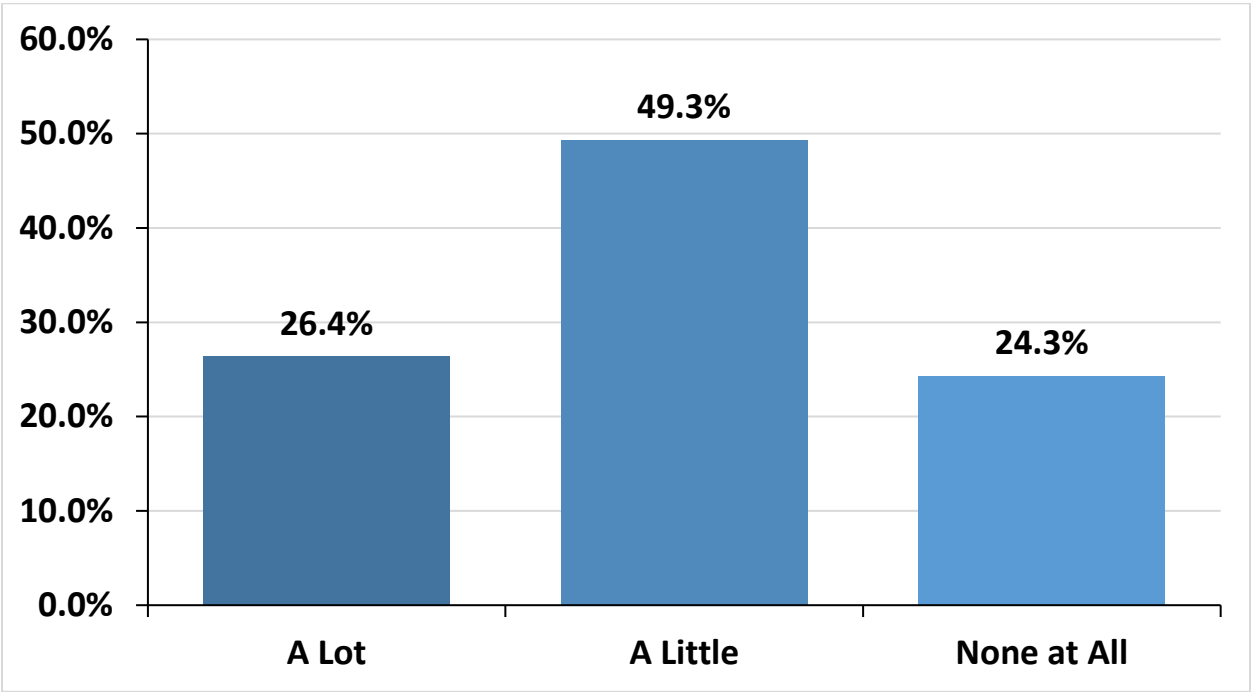


Figure 3b: Reported Pass-Through of Tariffs to Customers

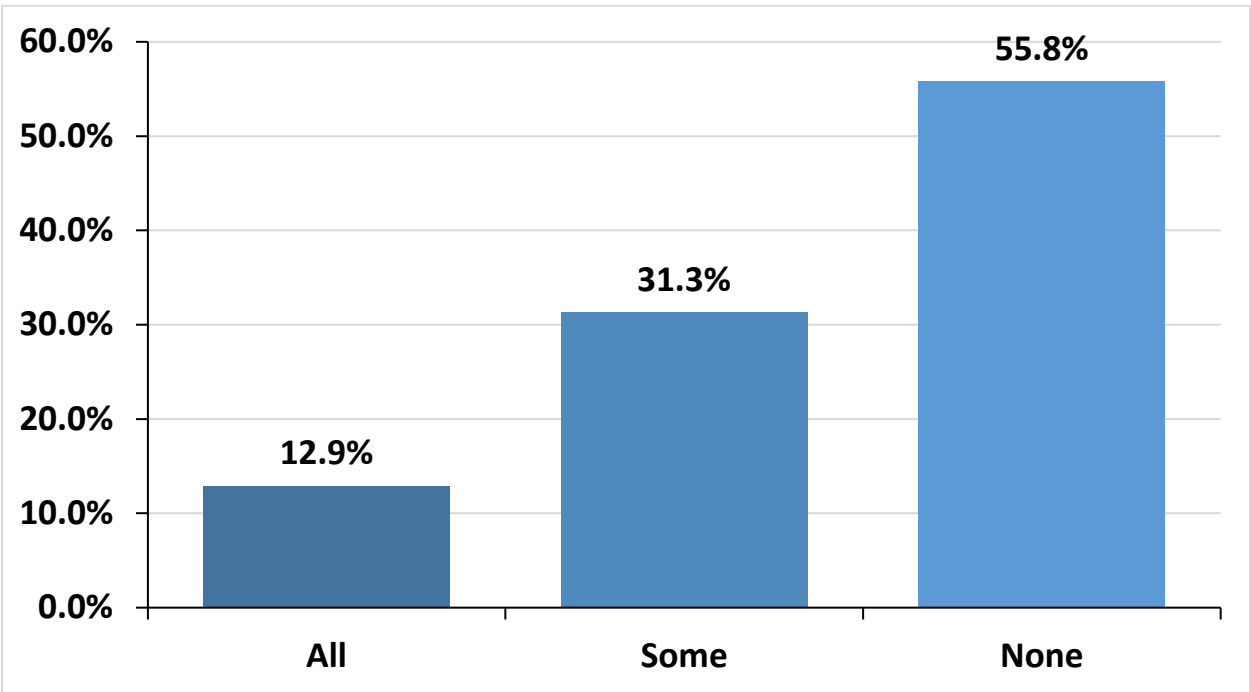
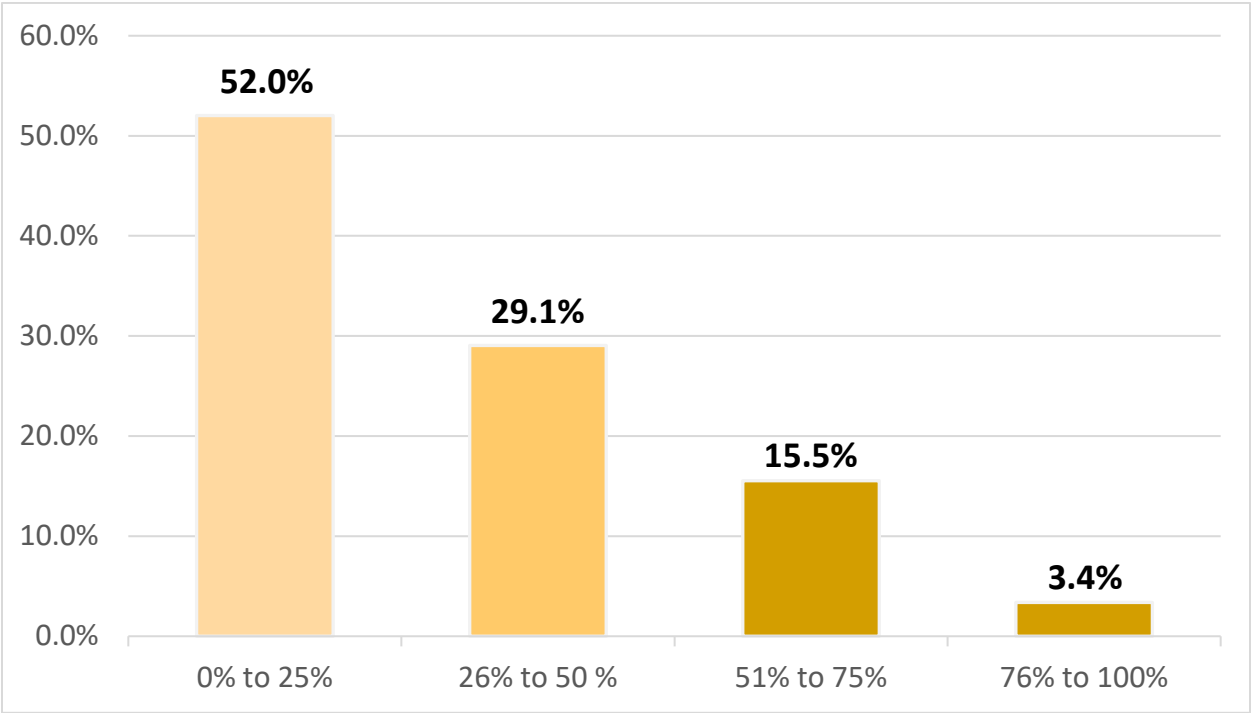


Figure 3c: Most leaders believe there is less than a 50% chance the U.S. economy will fall into a recession this year.



Individual Company Performance

Business leaders are slightly more optimistic about revenue than profitability over the next 12 months. About 51.9 percent are expecting their revenues to grow, while 43.7 percent expect profitability to grow. A vast majority of respondents believe that they will either maintain the same employment levels (52.3 percent) or experience moderate growth (31.8 percent) in employment. Similarly, they believe that capital expenditures will stay about the same (37.1 percent) or grow moderately (35.8 percent). Stronger market demand is the primary hope by far for expecting greater profitability.

Respondents were asked about the challenges that their businesses face and were permitted to identify up to three. Adverse economic conditions remained the leading concern (45%), consistent with previous surveys, but U.S. trade agreements newly emerged as the second most-cited issue (34.9%). Governmental regulation and global political instability were also listed by about one-third of respondents.

Labor Force

Respondents were asked several questions about Tennessee's labor force. About 59.5 percent reported that there is an insufficient supply of appropriately trained workers. Over half of business leaders believe that improved training and education would help the most to expand the supply of workers. The top three skills or attributes missing among labor supply were work ethic (66.2 percent), initiative (43.9 percent), and realistic compensation (43.2 percent). About 36.5 percent of respondents indicated retaining workers is a challenge. Leaders had very different perspectives on what factors make it difficult to retain workers. As in previous surveys, the cost of housing (56.1 percent) and childcare services (33.1 percent) were the predominant reasons why retaining workers is challenging. One out of five leaders listed quality of local schools as a reason. About a quarter of all respondents listed the availability of both housing and childcare services as reasons as well. East and Middle Tennessee leaders are most concerned with the cost of housing, while the quality of local schools was most important for West Tennessee leaders.