



Tennessee Business Leaders Survey

Summer 2026 Results



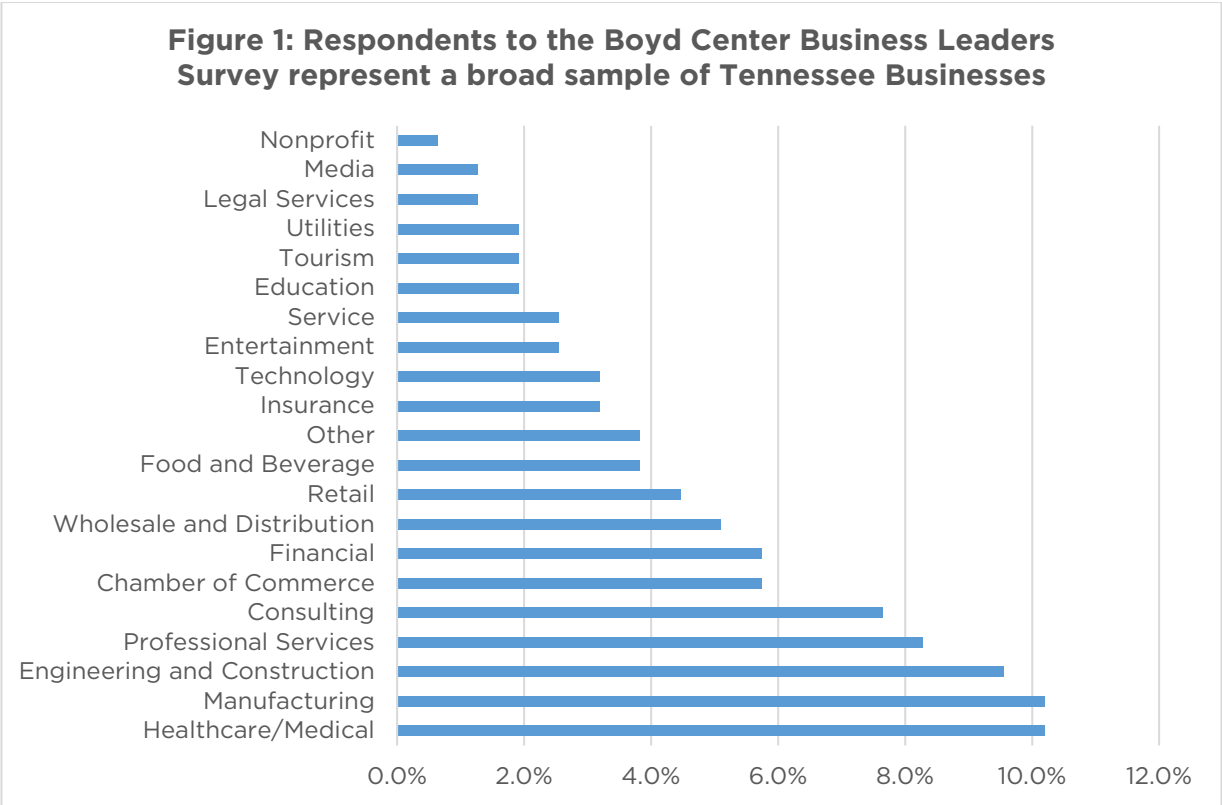
THE UNIVERSITY OF
TENNESSEE
KNOXVILLE

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. The survey was conducted between August 5 and August 28, 2026. Respondents represent a broad sample of Tennessee’s businesses, both by size and by industry. Firms ranging in size from fewer than 50 to more than 5,000 employees, with representation from leaders across all industries (see Figure 1), participated in the survey. 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.



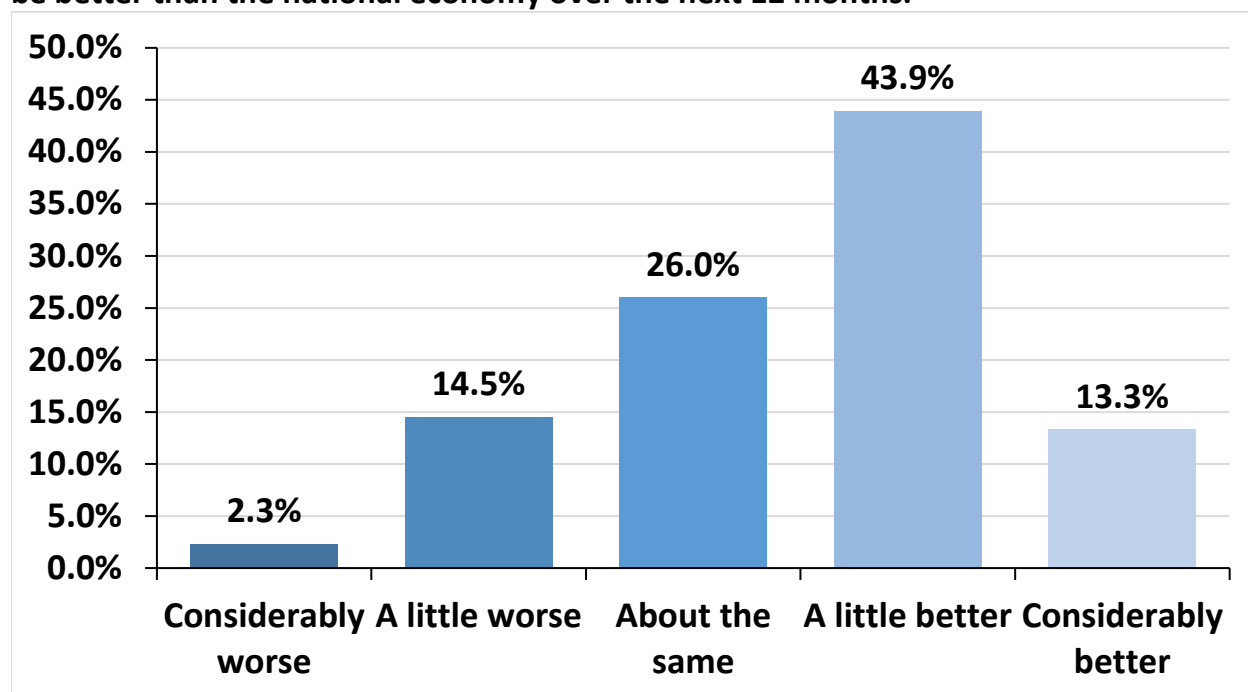
Note: Government responses are excluded from Figure 1. The remaining results include government responses.

U.S. and Tennessee Economy

Business leaders are negatively skewed in their assessments of the U.S. economy, with 18.5 percent saying conditions are better than a year ago and 44.9 percent saying they are worse. Leaders are pessimistic about the future, with 42.1 percent saying the economy will be worse over the next year. Nonetheless, a larger share of leaders (57.2 percent) expects Tennessee’s economy to improve more rapidly than the national economy over the next year, with 16.8 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 stated reasons that Tennessee will grow faster than the nation. Separately, the majority (63.6 percent) believe Tennessee is headed in the right direction, and 61.3 percent see Tennessee’s state government doing an excellent or good job of creating a solid business environment, compared with 9.2

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 (63 percent) and enhanced workforce development (47 percent) led the responses, with energy infrastructure (42 percent), business development incentives (35 percent), technology infrastructure (23 percent), and business income tax reform (22 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 higher fuel or gas prices, and the results were on the same order as our previous question about tariffs in the winter survey. While a slim majority (52.5%) reported passing none of these higher costs on to customers, 37.3% reported passing on a little and 10.1% reported passing on a lot (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 49.4 percent believe that there is less than a 25% chance, while 31.6 percent believe there is a 26% to 50% chance. Consistent with the last report, 13.3 percent believe the chance is higher, but still below 75%. Just 5.7% believe the chance is between 75 and 100% (see Figure 3b).

Figure 3a: Business Leaders’ Reported Pass-Through of Fuel and Gas Prices

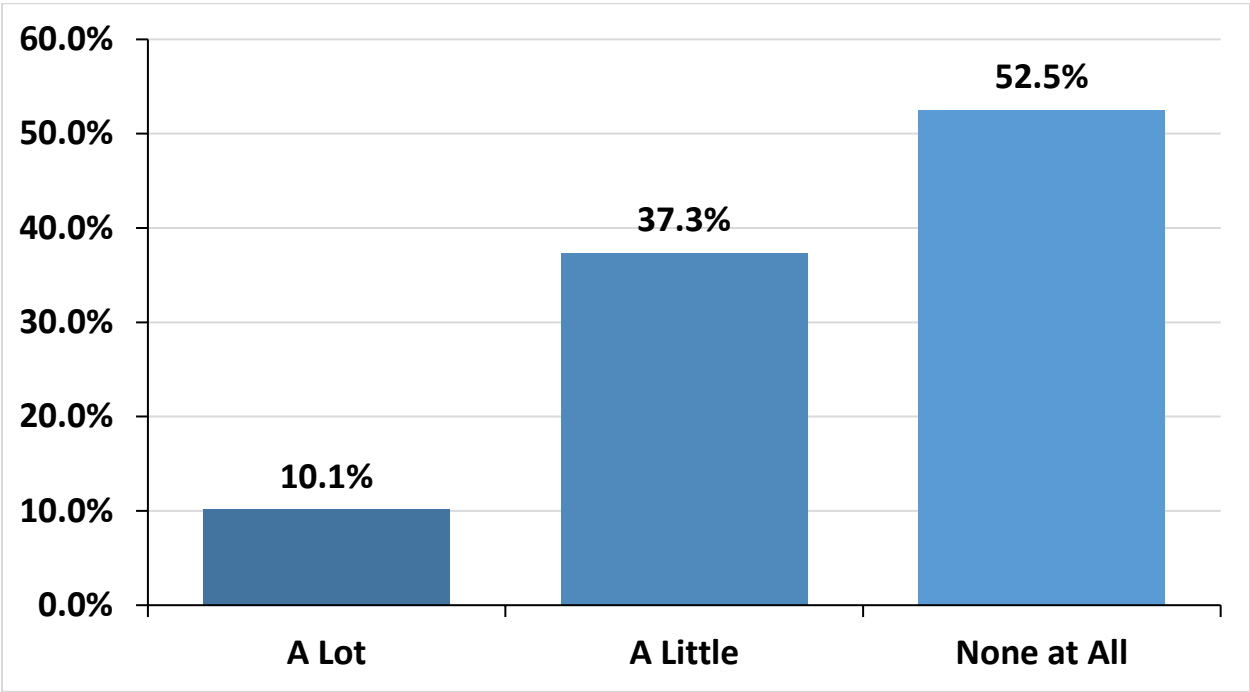
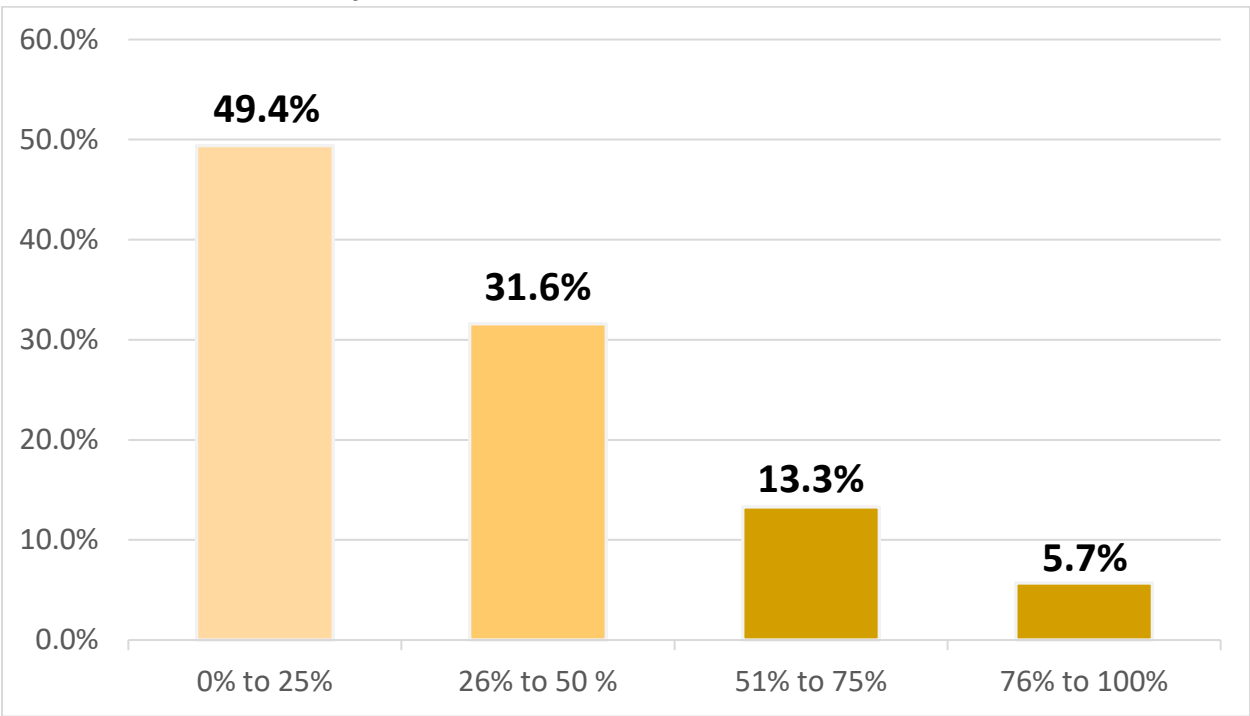


Figure 3b: Most leaders believe there is less than a 50% chance the U.S. economy will fall into a recession this year.



Individual Company Performance

Business leaders are slightly more optimistic about revenue than profitability over the next 12 months. About 45.6 percent are expecting their revenues to grow while 36.5 percent expect profitability to grow. A vast majority of respondents believe that they will either maintain the same employment levels (54.5 percent) or experience moderate growth (28.1 percent) in employment. Similarly, they believe that capital expenditures will stay about the same (44.9 percent) or grow moderately (31.7 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. Global political instability newly emerged as the top concern among business leaders, with 40 percent of respondents citing it as a challenge. Adverse economic conditions remained a leading concern (49 percent) and the cost of health care was the third-most cited issue (33 percent). About a quarter of respondents cited government regulation, human resources and U.S. trade agreements as well.

Labor Force

Respondents were asked several questions about Tennessee's labor force. About 56.8 percent reported an insufficient supply of appropriately trained workers. Almost 60 percent of business leaders believe that improved training and education would help expand the supply of workers. Work ethic (61.1 percent), initiative (44.4 percent) and realistic compensation (43.8 percent) expectations are the largest labor supply concerns. About 43.5 percent of respondents across the state indicated that retaining workers is a challenge, but in West Tennessee, almost 60 percent of business leaders said they struggle to keep workers. Leaders had very different perspectives on what factors make it difficult to retain workers. As in previous surveys, the *cost* of housing and childcare services were the predominant reasons why retaining workers is challenging. The mere *availability* of housing and childcare services, as well as the quality of local schools, were listed as reasons by about a quarter of all respondents as well.