Introduction
We're very excited to have you here! We hope you enjoy the Fall 2023 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’ overall sentiment remains unchanged
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. This year, in 2023, positive sentiment has made steady gains as businesses have been able to better adapt to increased costs and navigate several other business challenges. Most recently, positive sentiment increased from 36% to 37%, and negative sentiment held constant at 17% (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 have weathered the worst of the storm. 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 292 points to 333 (the highest since Spring of 2021), including 19 points since the previous survey.

**Figure 2. Current and future economic conditions continue their positive trend in 2023**

Table 1 provides more context to the trend lines found in Figure 2. Since the previous survey, the Current Index gained 14 points and the Future Expectations Index gained 27 points. However, though the Business/Firm Performance Index and the Employment Outlook Index are higher than one year ago, both are down from the previous survey. This could signal that though business leaders are optimistic, sensitivities of uncertainty still exist.

**Table 1. Current results and changes in the Business Barometer Indexes**

<table>
<thead>
<tr>
<th>Index</th>
<th>Current Results Fall 2023</th>
<th>Change from Spring 2023</th>
<th>Change from Fall 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Business Barometer</td>
<td>333</td>
<td>19</td>
<td>292</td>
</tr>
<tr>
<td>Current Economic Situation Index</td>
<td>102</td>
<td>14</td>
<td>-46</td>
</tr>
<tr>
<td>Future Expectations Index</td>
<td>91</td>
<td>27</td>
<td>180</td>
</tr>
<tr>
<td>Business/Firm Performance Index</td>
<td>121</td>
<td>-15</td>
<td>111</td>
</tr>
<tr>
<td>Employment Outlook Index</td>
<td>20</td>
<td>-6</td>
<td>47</td>
</tr>
</tbody>
</table>
Key indicators signal possible optimism

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

Figure 3. Potential Concerns and Challenges facing Tennessee business leaders

![Challenges Facing Business Leaders](chart1)

Though most concerns are lessening, economic uncertainty still exists among business leaders. As shown in Figure 4, optimism increased by eight percentage points (35.6% to 44%), but worry also increased by eight percentage points (45% to 52.5%).

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

![Business & Economy Confidence Index](chart2)
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

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, a recession, or different challenges?
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\(^1\)) 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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\(^1\) 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).