

# Eastern Shore Business Sentiment Survey

## Summary Report June 2023



## **Survey Shows Eastern Shore Businesses Are Increasingly Optimistic About the Economy**

Business leaders are more optimistic in both the short-term and long-term about the economy compared to the December 2022 survey, according to a survey conducted in June 2023 by the Business Economic and Community Outreach Network at Salisbury University (BEACON). One of the areas that showed the largest increase in business optimism is business leaders' predictions for the conditions in their sector in the next 3 months. In the June 2023 survey, 34 percent of business leaders said that conditions in their sector would improve over the next 3 months compared to just 18 percent in December 2022. Business leaders are also increasingly optimistic about the standard of living on the Eastern Shore of Maryland over the next 5 years. Only 20 percent of business leaders believe that the standard of living will fall, compared to 36 percent of business leaders believing the standard of living would fall in the economic sentiment survey 6 months ago.

BEACON conducts an economic sentiment survey of Eastern Shore business stakeholders every 6 months and has been doing so since June 2021. Survey respondents have fairly neutral opinions on the current state of the economy. The highest percentage of business owners believe that America's economy is stagnating.

Showing positive expectations for their own operation, 79 percent of business leaders believe that their firm will be operating locally in the next five years and about 34 percent of respondents believe that in five years their firm will be bigger than it is today. Only 6 percent do not believe their business will be operating locally in five years.

As with past surveys, the June 2023 survey asked businesses on Maryland's Eastern Shore about their perceptions of the current business environment and their economic outlook for the next 12 months. Respondents were asked to evaluate their opinions of business conditions on a county, regional, state, and national level. Business leaders also provided feedback for their specific industries.

Business leaders who completed the economic sentiment survey expect conditions to remain the same or improve at the county, regional, and state level, but expect conditions to remain the same or worsen at the national level. The highest concerns of the respondents are inflation, labor force issues, and finances/ funding.

Business leaders shared their predictions on business conditions in their county and on the Eastern Shore for the next 12-month period and more than 40 percent of business leaders believe conditions will not change, 35 percent answered "Better or Much Better," and 25 percent answered "Worse or Much Worse."

When predicting business conditions for Maryland and the United States, business leaders possess a more negative outlook compared to the Eastern Shore and their individual counties, with 37 percent of business leaders predicting "Worse or Much Worse" economic conditions in

the state and nationally. However, this is an improvement compared to the 49 percent of respondents giving the same answer to this question 6 months ago.

Similar to the increase in positive sentiment about the local economy, there has also been an increase in positive sentiment indicated by various national measures. According to the July 2023 NFIB Small Business Economic Trends Survey, the number of small business owners expecting better business conditions over the next six months improved 10 points from May to a net negative 40 percent.<sup>1</sup>

Business leaders' sentiment about unemployment levels has slightly improved compared to their sentiment in the December 2022 survey: 52 percent of the participants believe conditions in their county will remain unchanged, 25 percent believe unemployment conditions will be "Much Better/Better," and 23 percent believe conditions will be "Worse or Much Worse." The May 2023 seasonally adjusted unemployment rate in Maryland was 2.4 percent, which is slightly lower than December 2022's rate of 3.0 percent.<sup>2</sup> Maryland's unemployment rate showed a year-over-year improvement of 0.7 percent.<sup>2</sup>

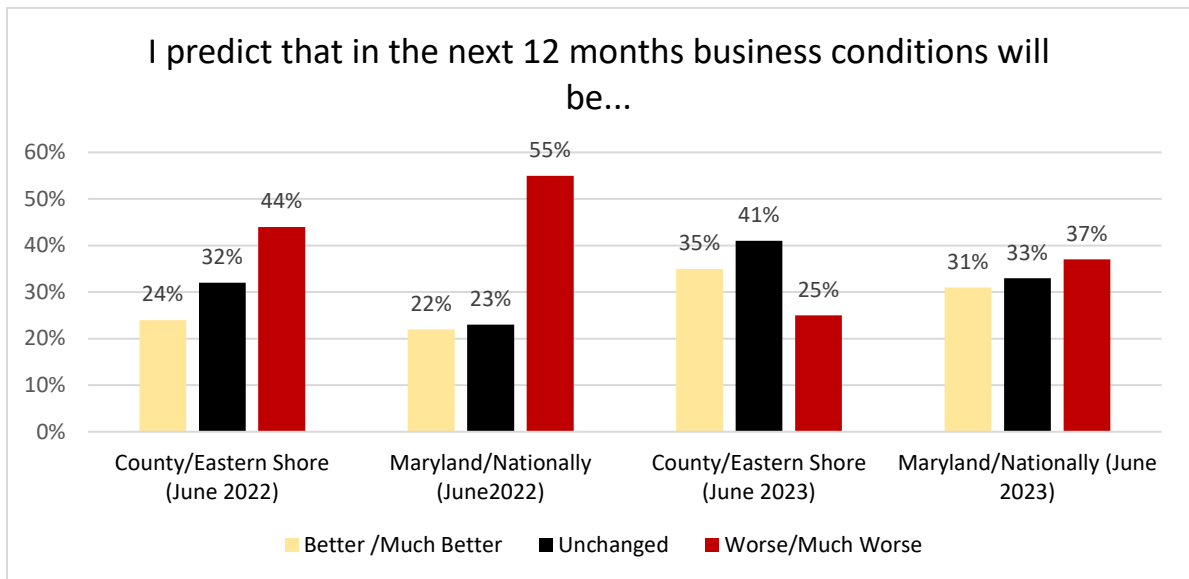
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<sup>1</sup> NFIB. (2023, July 11). Small Businesses Raising Prices Falls to Lowest Level Since March 2021. [https://www.nfib.com/content/press-release/economy/small-businesses-raising-prices-falls-to-lowest-level-since-march-2021/?mod=djemRTE\\_h](https://www.nfib.com/content/press-release/economy/small-businesses-raising-prices-falls-to-lowest-level-since-march-2021/?mod=djemRTE_h).

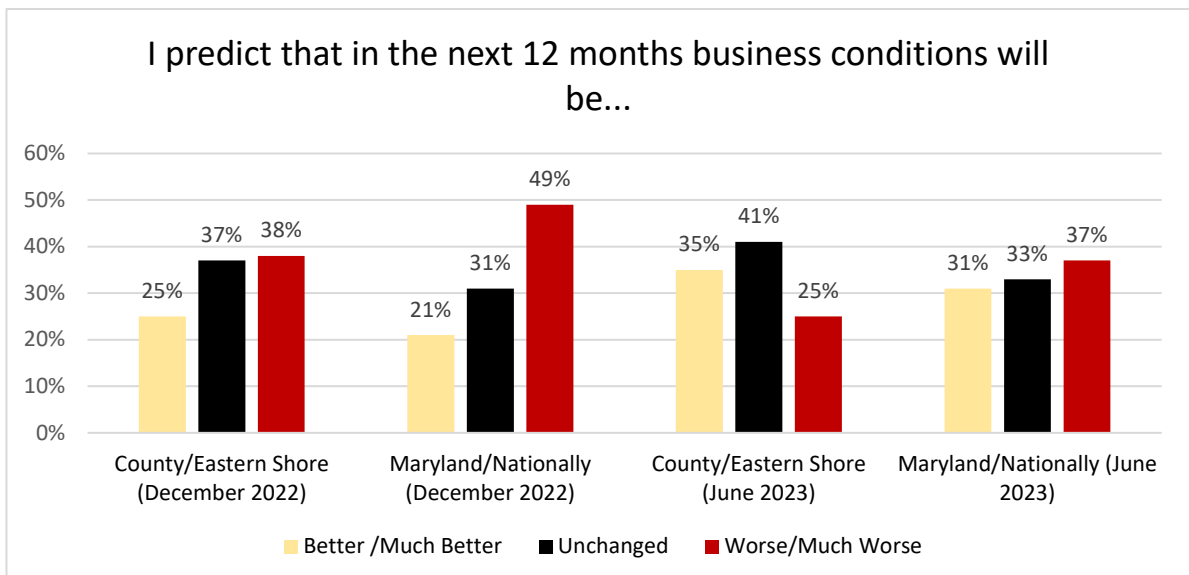
<sup>2</sup> U.S. Bureau of Labor Statistics. (2023, July 18). Bureau of Labor Statistics Data. <https://data.bls.gov/timeseries/LASST240000000000003>.

## Key Findings

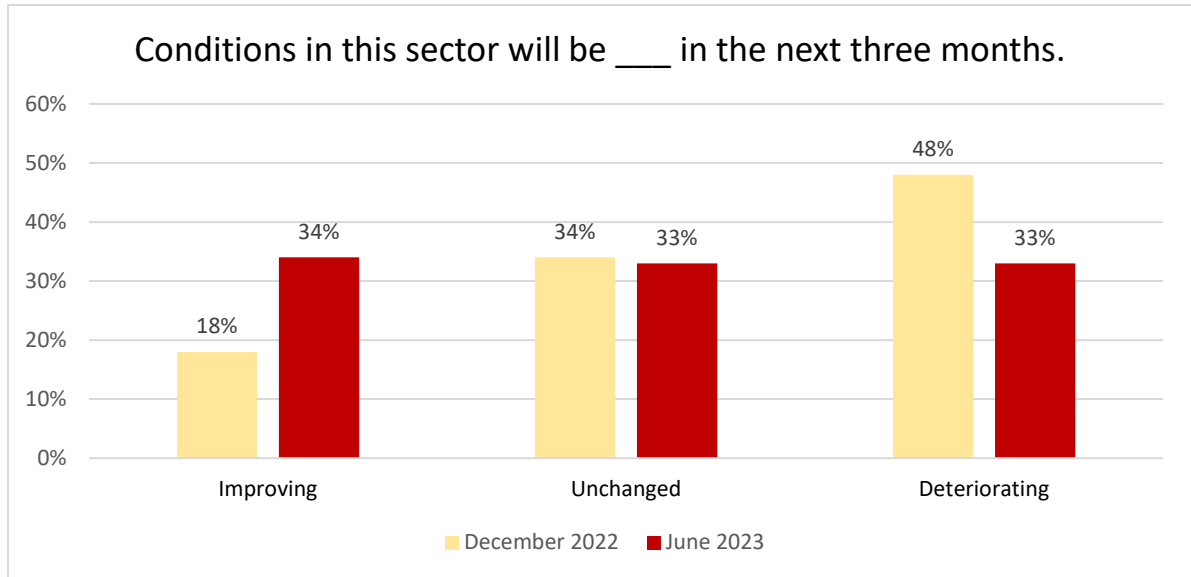
- The 12-month outlook for business conditions in participants' respective counties is significantly better than in June 2022. When asked to predict the business conditions in their counties and on the Eastern Shore, 25 percent responded that they believe economic conditions will worsen, compared to 44 percent in June of 2022. Those responding "Much Better/Better" have increased by 11 points over the past 12 months. On a national level, 44 percent of participants believe economic conditions will be worse, compared to 63 percent in June 2022.



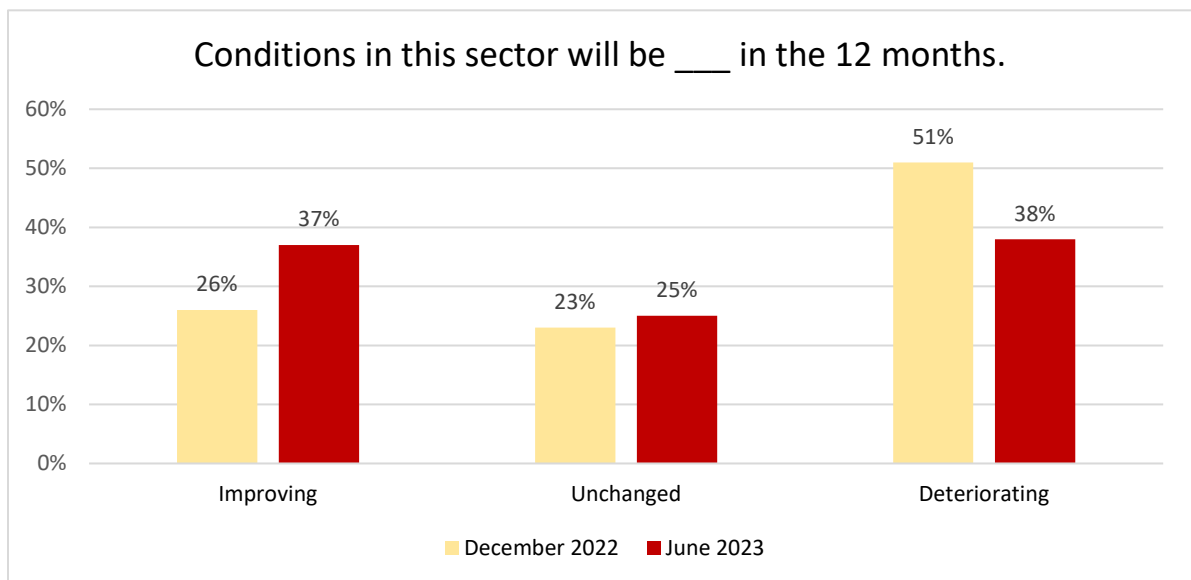
- Expectations for business conditions locally have significantly improved from December 2022 to June 2023. As illustrated in the chart below, "Much Worse/Worse" responses for the county level and the Eastern Shore fell from 38 percent in December 2022 to 25 percent in June 2023. "Unchanged" responses increased to 41 percent in June 2023 after being 37 percent in December 2022, and "Much Better/Better" responses increased significantly to 35 percent from 25 percent in December 2022.



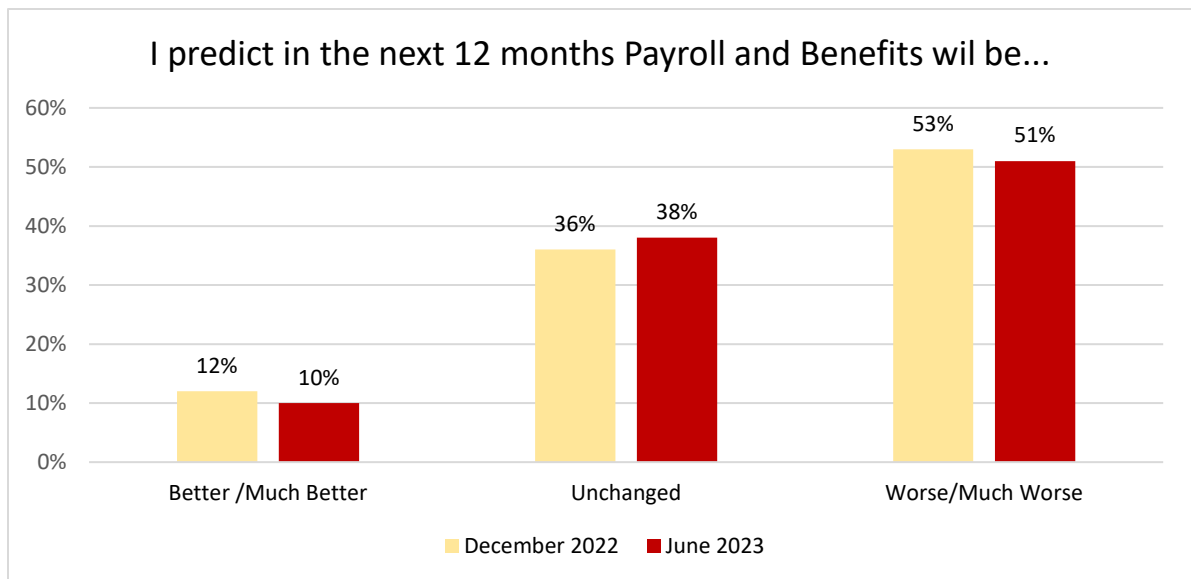
- Reflecting on their individual industry sectors, 44 percent of respondents believe business conditions have “Deteriorated A Lot/Deteriorated Slightly” over the past 12 months.
- Respondents are optimistic about the short-term future, with 34 percent believing business conditions in their sector will “Improve Slightly/ Improve A Lot” over the next three months.



- Respondents are optimistic about the long-term future, with 37 percent believing business conditions in their sector will “Improve Slightly/ Improve A Lot” over the next twelve months.

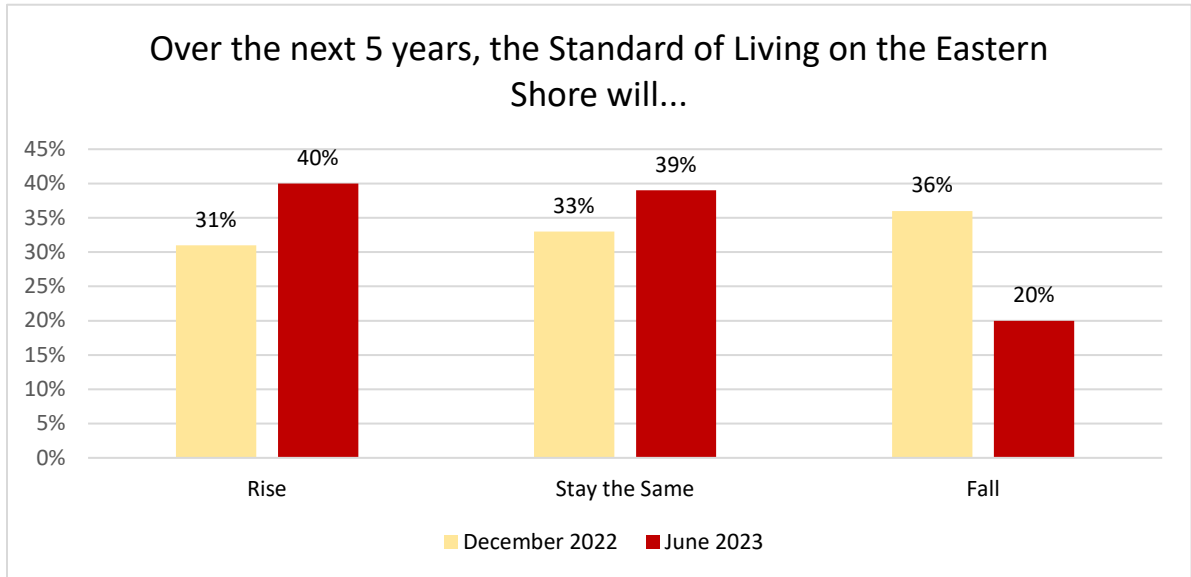


- Respondents assessed inflation as the most significant barrier to expanding in their sector, followed by labor force issues then finances/funding. The highest barrier to starting a new business in their specific sectors was labor force issues, followed by inflation and finances/funding.
- When asked which cost increase in the past six months had the greatest impact on the respondents' businesses, they noted that the increase in fuel/transportation had the highest impact. Close behind, the cost of raw materials and utilities were tied for the second largest impact on local firms.
- Respondents agreed payroll and benefit costs in the next 12 months would be worse or much worse in their county, region, state, and nation. However, "Worse/Much Worse" responses have decreased in the county, region, state, and nation when compared to the December 2022 survey.

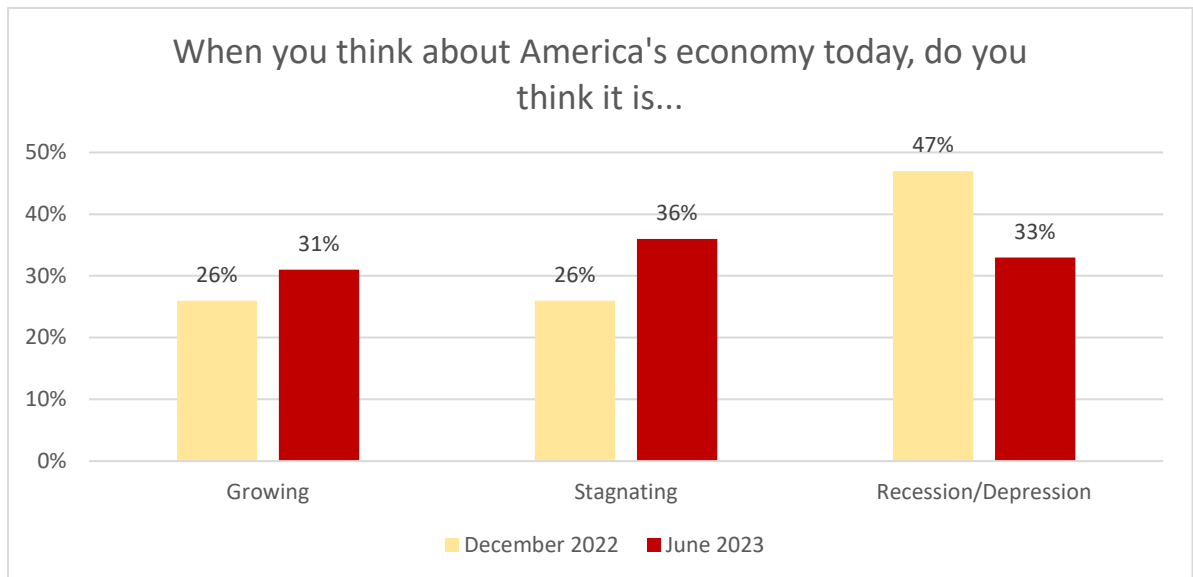


- Businesses are generally confident about their operation on a longer horizon: over 79 percent believe their firm will be operating locally in the next five years, with just 6 percent predicting their business will not be operating locally five years from now.
- Even after the events of COVID-19, a majority of respondents' firms do not have remote workers (75 percent). Of the firms with remote workers, the greatest number of the workers are located in the county in which the business is located.
- Almost 78 percent believe household income for the average American has fallen behind the cost of living, while only 4 percent believe household incomes have surpassed the cost of living.

- Respondents were increasingly optimistic in their expectations of the standard of living in the next five years. Across all areas, 39 percent believe it will remain the same, while 36 percent think it will rise, and 26 percent think it will fall. The number of respondents that said that the standard of living would fall on Maryland’s Eastern Shore over the next 5 years decreased by 16 points since the December 2022 survey.



- Participants had mixed views on the current state of America’s economy, with overall thoughts improving. Participants generally believe the economy is “Stagnating” (36 percent), with 31 percent believing it is “Growing Rapidly/ Growing Slowly”. 33 percent believe the economy is “In a Recession/ In a Depression” which is a significant decline from 47 percent six months ago.



- A majority of responses came from company leadership, with business owners, presidents, CEOs, and managing partners making up 68 percent of the participants. A total of 80 percent of responses were from firms with fewer than 50 employees. Responses came from a wide variety of industries reflecting the economy of the region, with many respondents active in more than one industry.

This is the fifth economic sentiment survey that BEACON and the Eastern Shore Regional GIS Cooperative (ESRGC) at Salisbury University, along with the three Tri-County Councils and the economic development departments on Maryland's Eastern Shore, have conducted. This survey is only one of the tools that was developed as part of the Eastern Shore Economic Recovery Toolkit, a venture made possible by grants from the U.S. Department of Commerce Economic Development Administration (EDA) to the Mid-Shore and Lower Shore regional councils.

The data visualizations and tools developed in the first iteration of the project in June 2021 have created new opportunities that have allowed the team to continue building resiliency tools for our region and the entire state of Maryland. ESRGC Project Manager Erin Silva is leading coordination with representatives from across the state to develop more data-driven tools such as a manufacturing dashboard.

The regional data collection provides support organizations, economic development professionals, and policymakers with information to better address the concerns of the business community.

The value of the many data tools developed through the funding has been recognized both regionally and nationally. In addition to an award from The Maryland Economic Development Association (MEDA) in April 2022, the project received national accolades as a recipient of a 2022 International Economic Development Council Silver Award for cross-border collaborations and the 2022 National Association of Development Organizations (NADO) Aliceann Wohlbruck Impact Award.

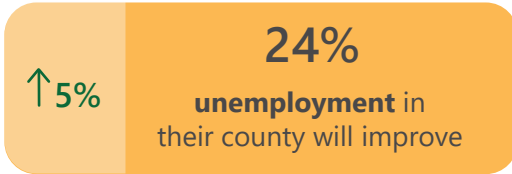
In addition to other data tools designed to gauge economic resiliency, the results of the survey are featured on the project's website. The Eastern Shore Regional GIS Cooperative has created an infographic that can be found on the site that summarizes the findings from the survey.

**To access the Eastern Shore Economic Recovery Project, visit <https://recovery.delmarvaindex.org/>.**



# Business Sentiment: June 2023

Respondents believe in the next 12 months:



## Conditions in primary business sector



**28%**

believe America's economy  
is in a recession

**78%**

believe household incomes  
have fallen behind cost of living

**25%** of firms have remote workers



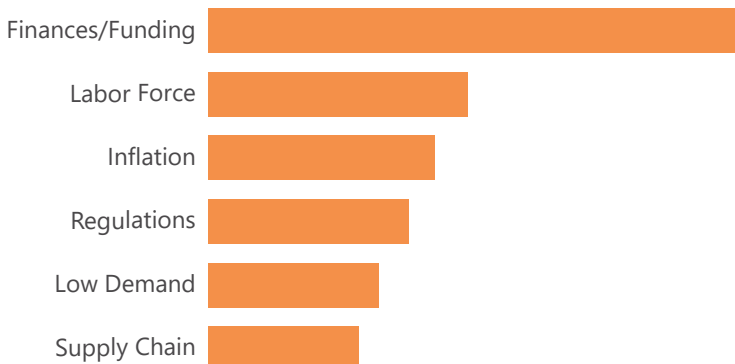
**68%** say remote work has helped  
in recruitment and retention

**43%** remote work is new since COVID-19

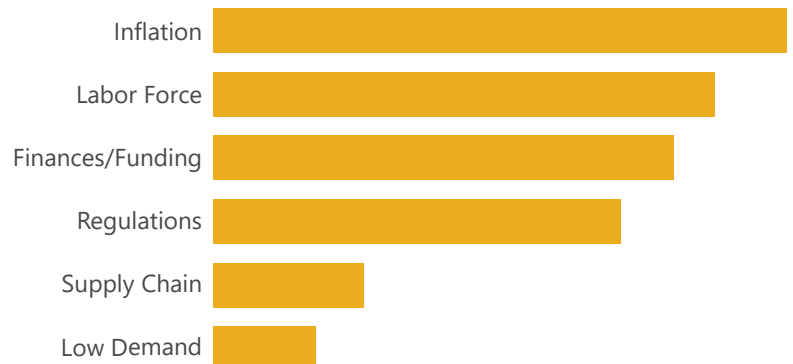
## Top Impacts of Price Increases on Business



## Barriers to Starting a Business



## Barriers to Expanding a Business



We want to hear from you!  
Email us at [delmarvaindex@gmail.com](mailto:delmarvaindex@gmail.com) to participate in the next business survey.