

# Eastern Shore Business Sentiment Survey

## Summary Report JUNE 2022



Optimism about the economy is waning according to a recent survey of Eastern Shore business owners and managers conducted by BEACON (Business Economic and Community Network) at Salisbury University.

Economic development organizations in the region surveyed businesses in their counties from mid-May to mid-June, asking for input on current conditions and the economic outlook over the next 12 months. This is the third survey of Eastern Shore businesses, but the first to include all nine counties. The decline in optimism about the economy is startling.

The survey asked business professionals across the Eastern Shore more than 50 questions and allowed business leaders to share their thoughts and concerns on a range of topics, from general business concerns to conditions in their own industries. Respondents evaluated business conditions locally, regionally, in the state, and nationwide for the coming year. In addition, they shared views related to their specific industries and on issues from labor supply to regulations.

Eastern Shore business owners and managers shared their views on current conditions and their economic outlook over the next 12 months. Compared to the prior two surveys, economic optimism has waned, mirroring national trends.

In the key question of the survey that asks respondents to predict business condition in their county or on the Eastern Shore for the next 12-month period, almost 44 percent selected “Worse or Much Worse.” This compares to 23 percent in December of 2021 and just 6 percent in July of 2021. Correspondingly only 24 percent predicted that conditions would be “Better or Much Better,” versus more than 47 percent in December 2021 and more than 77 percent in July 2021.

The remaining 32 percent predicted conditions to be unchanged, very similar to the 36 percent in December 2021. As in earlier surveys, business leaders were more pessimistic on Maryland and national conditions, with 55 percent predicting worse or much worse conditions nationally, versus 30 percent in December and 13 percent last July.

Nationally the same decline in business optimism is reflected in the May 2022 NFIB Small Business Economic Trends survey showing: “Owners expecting better business conditions over the next six months decreased 4 points to a net negative 54 percent, the lowest level recorded in the 48-year-old survey. Expectations for better business conditions have deteriorated every month since January<sup>1</sup>.”

The declining optimism is mirrored in predictions for unemployment. Participants believe conditions will be unchanged, with 46 percent choosing that answer, almost the same as December 2021 (42 percent). However, 32 percent are predicting that unemployment will be worse or much worse, versus 19 percent in December and just 9 percent last July. The, May

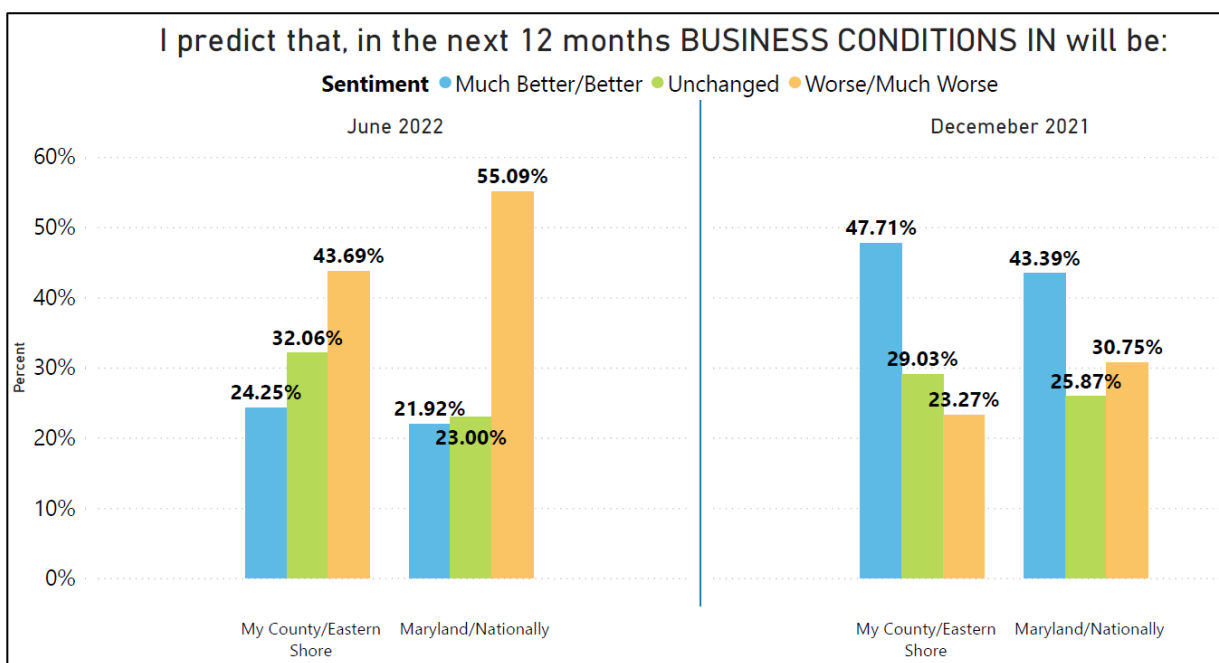
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<sup>1</sup> NFIB, & Dunkelberg, W. (2022, May). *May 2022 NFIB Small Business Economic Trends* (SIBS #0940791-24-2). NFIB. <https://assets.nfib.com/nfibcom/SBET-May-2022.pdf> © NFIB Research Center.

2022 seasonally adjusted unemployment rate for Maryland is 4 percent versus 5.4 in December 2021, and 6.1 percent in July 2021.

## KEY FINDINGS

- Optimism about business conditions in respondents' respective counties over the next 12 months, has declined dramatically with almost 43 percent answering worse or much worse compared to 18 percent in December of 2021 and 6 percent in July of 2021. They predict that conditions will be worse statewide and nationally.



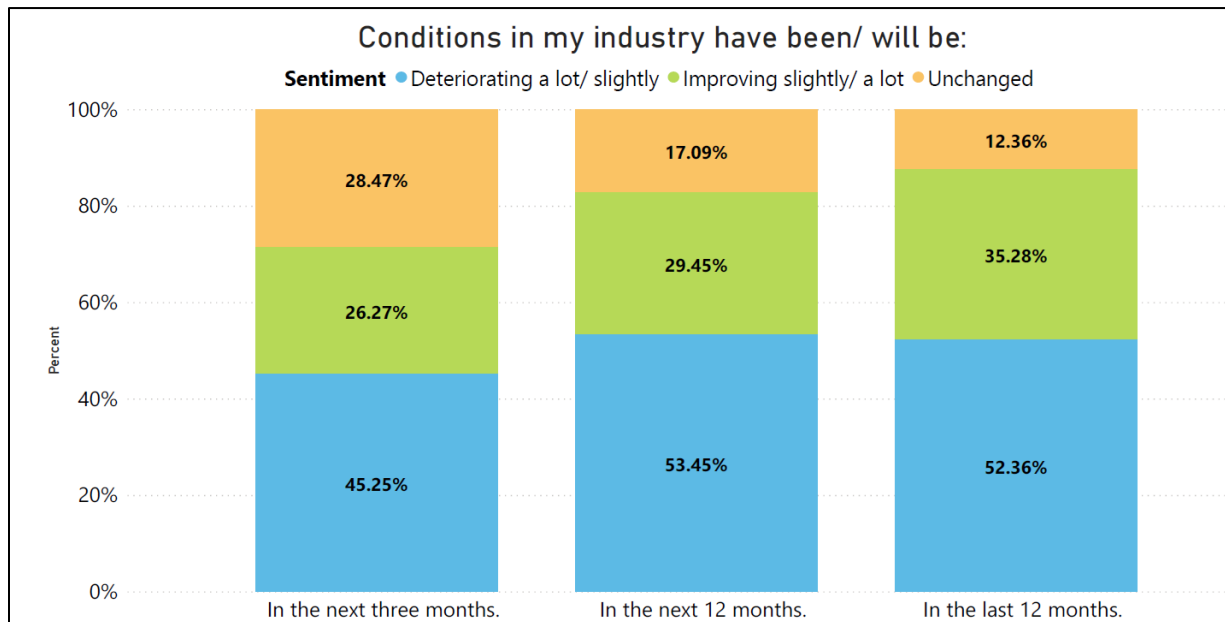
Source: June 2022 and December 2021 Eastern Shore Business Sentiment Survey Business Economic and Community Outreach Network (BEACON)

- Respondents indicate that COVID-19 has caused new problems for businesses and has exacerbated existing problems, particularly related to workforce, a response that reflects national trends. According to a recent *Wall Street Journal* article, more than three-quarters of small-business owners who reported difficulty recruiting qualified workers said they are struggling to compete with larger employers on pay and benefits<sup>2</sup>.
- Reflecting on their individual industry sectors, respondents were cautious about conditions in the next three months. In December 2021 almost, 73 percent predicted conditions would be the same (35 percent) or worse (38 percent). In June 2022 the

<sup>2</sup>Simon, Ruth. *Small Businesses Project Economy To Worsen*. The Wall Street Journal. 22 May, 2022. [Small Businesses Lose Confidence in U.S. Economy \(wsj.com\)](https://www.wsj.com/articles/small-businesses-project-economy-to-worsen-11653288000)

prediction of worse conditions is up, with over 45 percent saying they expect worse conditions in the next three months, and 28 percent predicting same.

- Predictions of better conditions are virtually unchanged, dropping to 26 percent from 27 percent in December 2021. Predictions for the next 12 months have also dropped, with 53 percent selecting worse or much worse compared to 34 percent in December and 12 percent last July. This round only 30 percent predict improving conditions in 12 months compared to 45 percent in December and 68 percent last July.



Source: June 2022 Eastern Shore Business Sentiment Survey Business Economic and Community Outreach Network (BEACON)

- Concerns about inflation remain the highest concern as a barrier to starting or expanding business in the respondent's sector, but labor force issues are of equal concern. Supply chain issues are third for both expanding and starting a new business.
- The industry with the biggest concerns for conditions in the next 12 months was real estate, followed by transportation. Funding and inflation were driving concerns in real estate. Inflation (fuel costs) and labor force issues were the biggest concerns to the transportation industry.
- Business owners and managers continue to express that COVID-19 has had a significant impact on their businesses, just not as high as in December and remain supportive of the range of tools that economic development offices have deployed.
- The majority (78 percent) of responses came from owners or senior executives, and 79 percent were from firms with less than 50 employees. Responses were from a wide

range of industries, and only accommodations, food services, arts, entertainment, and recreation (formerly "tourism and hospitality") accounted for more than 10 percent.

BEACON and its partners released the first survey in June 2021 in the Mid-Shore and conducted the same survey in December 2021, adding the three Lower Shore counties at that time. The June 2022 survey expanded the geographic distribution again, expanding to Queen Anne's, Kent and Cecil counties. This now gives a picture of the entire Eastern Shore of Maryland, with results now informing a larger group of economic development professionals, policymakers, and support organizations.

"We are pleased the survey includes the business community in the Upper Shore Counties this year," said Jamie Williams, Kent County's Director of Economic and Tourism Development. "This will allow the Upper Shore to better articulate the concerns of our businesses to our legislators, and allow us to better serve their needs."

Heather Tinelli, Director of Economic and Tourism Development for Queen Anne's County agreed, saying, "We are glad that the survey includes the business community in Queen Anne's County this year. It will allow the Upper Shore to serve the needs of our business community."

Scott Warner, executive director of the Mid-Shore Regional Council, expressed his support for the broader area. "When we sponsored the first survey in July of last year, our goal was to eventually incorporate all three regional councils on the Eastern Shore," he says, "We are so pleased that BEACON and the other councils were able to quickly expand the geography and include all nine counties in this study."

The changes reflected in the survey give concrete evidence of the shared concerns of Eastern Shore businesses.

Caroline County Economic Development Director Debbie Bowden agrees. "Timely feedback from businesses is necessary now as they are dealing with outside pressures and influences that change regularly."

Being able to understand the mood of the business community is priceless to those in the economic development profession.

"This information is useful on so many levels," says Cassandra Vanhooser, director of Talbot County's Department of Economic Development and Tourism. "The survey results not only give us an understanding of what's going on in the region, but we also have a behind-the-scenes dashboard that enables us to drill down to the county level. We're sincerely grateful for those who take the time to answer our questions."

Designed to gauge the opinions of the region's business leaders, this survey is just one of the tools that has grown out of the Eastern Shore Economic Recovery Project, a venture made possible by a \$507,000 grant from the United States Economic Development Administration

(EDA) to the Mid-Shore and Lower Shore regional councils. The results of the survey are featured on the project's website, along with other data tools designed to gauge economic resiliency.

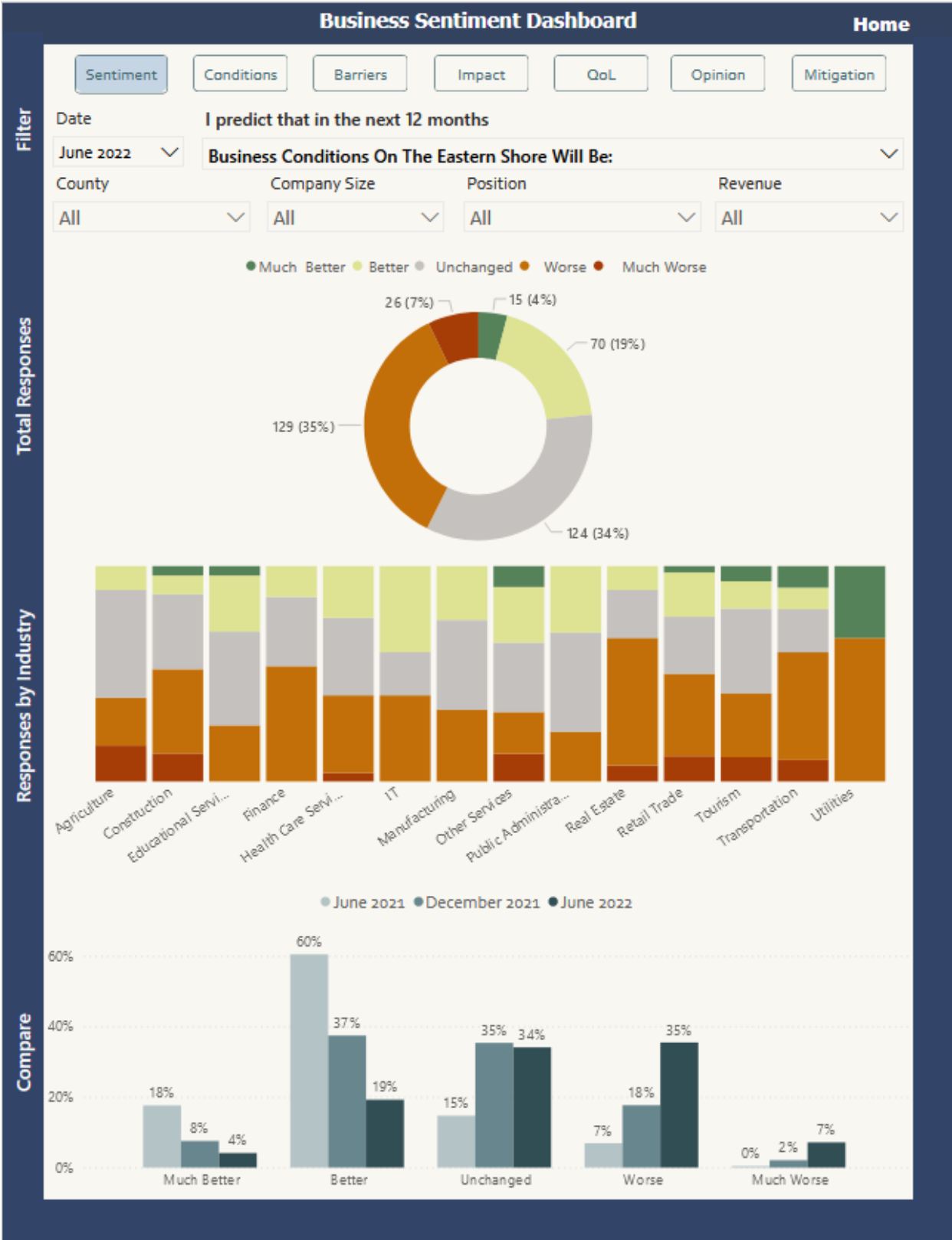
The Eastern Shore Regional GIS Cooperative, which manages many of the tools on the website has created an infographic that can be found on the site, summarizing findings from the survey. The project received an award from The Maryland Economic Development Association (MEDA) at its annual meeting in April 2022 for the work conducted by this grant, specifically the website and the tools imbedded there.

"Working with the Mid-Shore Regional Council and partners has been wonderful" says ESRGC Project Manager Erin Silva. "We have been able to get direction from our partners in this project that have resulted in tools that assist not only the Mid-Shore, but also the Eastern Shore as a whole. The concerns voiced by survey respondents may be used to develop decision tools to incorporate into the website, such as price trends for labor or raw materials."

The Mid-Shore Regional Council and the Tri-County Council of the Lower Eastern Shore are both recognized as Economic Development Districts by the EDA. Counties on the Eastern Shore will continue to conduct the Eastern Shore Business Sentiment Survey every six month, with the data used to identify challenges facing the region, to assist in long-term planning, and to guide the development of public policy.

"We continue to gain insight and understanding into local and regional sentiment, growth barriers, and industry specific concerns," says Susan Banks, director of Dorchester County Economic Development. "The health of the economy can change rapidly so watching these trends and interpreting the survey feedback is helpful in positioning our time and resources.

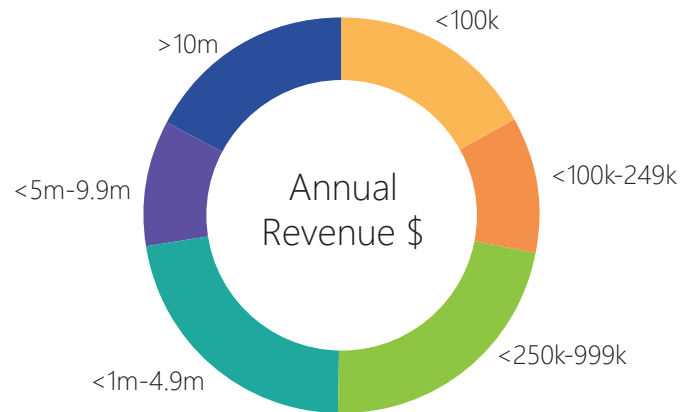
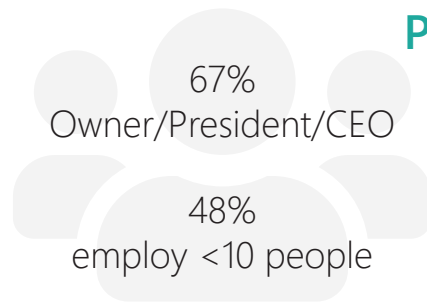
**"To access the Eastern Shore Economic Recovery Project, visit [recovery.delmarvaindex.org](https://recovery.delmarvaindex.org).**



# Business Sentiment Survey

June 2022 survey responses

## PARTICIPANTS

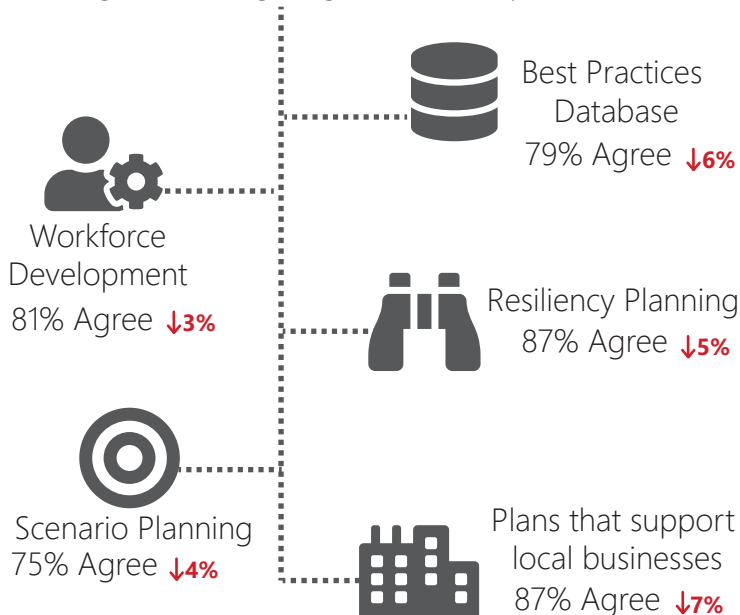


## Tourism



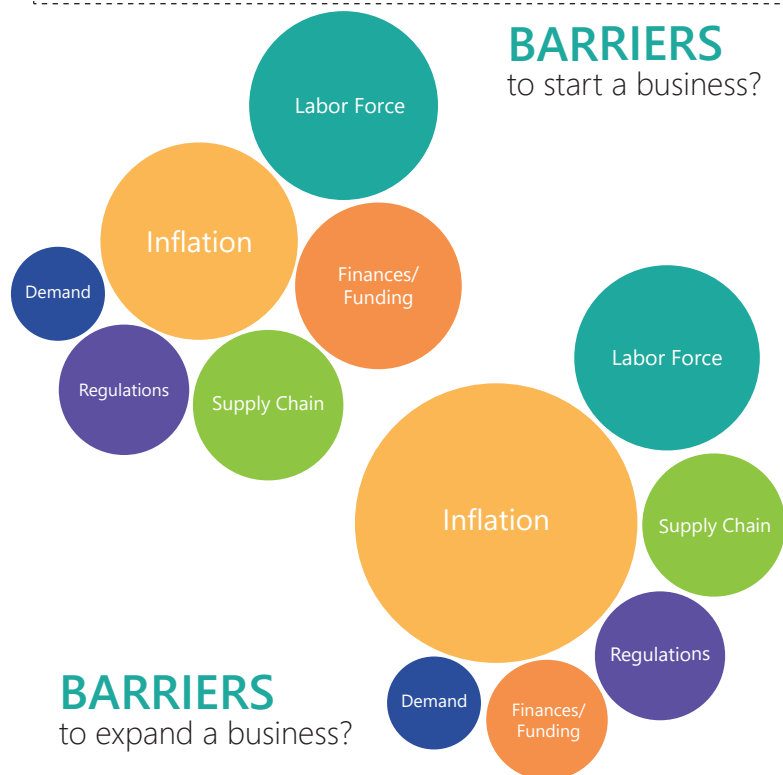
## IMPROVING

Strategies for Mitigating Future Disruptions



\*Percent change represents comparison from previous survey

## BARRIERS to start a business?



## BARRIERS to expand 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.