



Maryland Business Climate Survey 2018

Pilot Survey

A Project By

The Maryland Public Policy Institute

University of Baltimore /
The Jacob France Institute

Media Partner

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Maryland Business Climate Survey Pilot Survey



The Maryland Public Policy Institute and the University of Baltimore's Jacob France Institute are partnering to bring back the Maryland Business Climate Survey. This Pilot Survey, conducted at the close of 2017 and start of 2018, is the first in what will be a quarterly survey on the performance of the state's economy and business perceptions on Maryland as a place to do business. The Maryland Business Climate Survey was previously conducted from 1995 through 2005 and again in 2010 and 2011. The goal of the survey is to provide timely data on the performance and direction of the state's economy.

This is a quarterly survey produced by the Jacob France Institute, the economic research arm of the Merrick School of Business, in partnership with the Maryland Public Policy Institute, a nonpartisan public policy research and education organization that focuses on state policy issues.

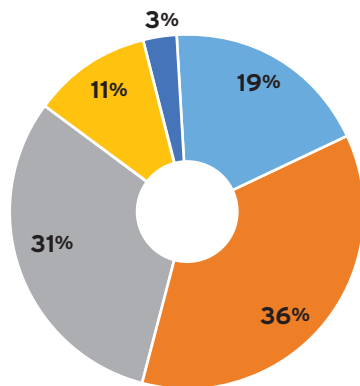
The quarterly survey of 250 Maryland companies was designed to collect information on Maryland's business climate, economic performance and competitiveness. This report highlights the survey responses on Maryland's economic performance and business climate. A full comprehensive report highlighting the findings from the entire survey will be provided in January 2019.



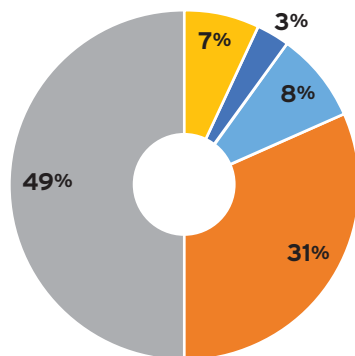
Economic Growth

In the pilot survey period, Maryland firms reported steady growth in both sales and employment when compared to last year.

- >> *Fifty-four percent of firms reported an increase in sales compared to the previous year, while 13 percent reported a decrease.*
- >> *Thirty-nine percent of firms reported growth in employment and 10 percent of firms reported decreases in employment when compared to the last year.*



Current Sales



Current Employment

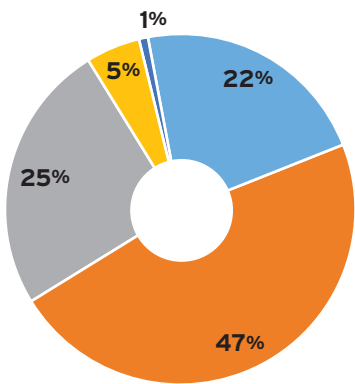
- Greatly expanded
- Slightly expanded
- Stayed about the same
- Slightly contracted
- Greatly contracted



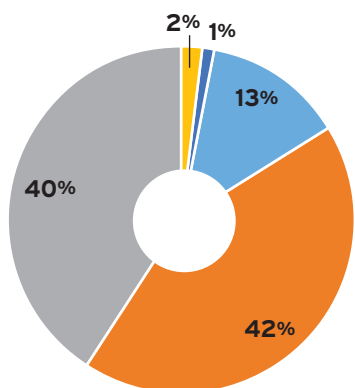
Market Expansion

A majority of firms surveyed expect the market for their products and services to expand in 2018 (65 percent), with only 6 percent expecting a market contraction.

- >> *Sixty-seven percent of firms surveyed expected to see an increase in their sales in the coming year, while 6 percent expect their revenues to decline.*
- >> *Fifty-five percent of the businesses surveyed expected to see an increase in their employment in the next year, while 3 percent expected that their employment will decline.*



Future Sales



Future Employment

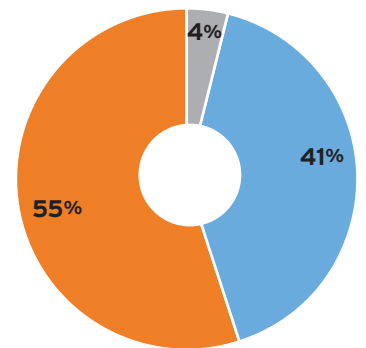
- Greatly expand
- Slightly expand
- Stay about the same
- Slightly contract
- Greatly contract

Worker Shortages

In the past year, 55 percent of business surveyed reported that their companies had experienced difficulties in obtaining workers with the skills necessary to fill specific job requirements. Forty-one percent reported no difficulties.



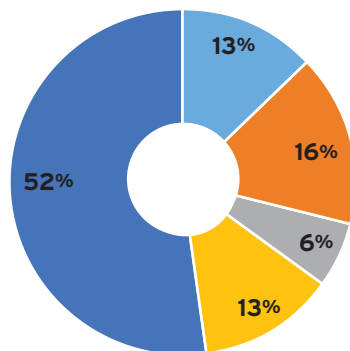
- No
- Yes
- Don't know



Worker Shortages



- Income taxes
- Payroll taxes
- Sales or use taxes
- Property taxes
- Taxes in general



Tax burden

Impact of State Taxes

Businesses were asked to what extent state or local taxes hindered their ability to meet their strategic goals. In the pilot survey period, 63 percent of businesses reported that taxes had some negative impact on their operations. Results from the survey period include:

- >> *Twenty-seven percent of firms indicated taxes had no impact.*
- >> *Twenty-six percent of firms indicated that taxes had little impact.*
- >> *Twenty-seven percent of firms indicated taxes had a moderate impact.*
- >> *Ten percent of firms indicated taxes had a great impact.*

When asked which tax business they found most burdensome to their companies, 45 percent responded taxes in general, 14 percent responded payroll taxes, 11 percent responded income taxes, and 11 percent responded property taxes.

Businesses Indicate Friendly View of State's Business Climate

Businesses were asked to rate Maryland's overall business climate within the state.

- >> *Forty-seven percent of firms rated Maryland's overall business climate as either pro-business or business-friendly.*
- >> *Thirty-three percent of firms rated Maryland's overall business climate as neutral.*
- >> *Seventeen percent of firms rated Maryland's overall business climate as either unfriendly or anti-business.*

Businesses were asked whether labor market conditions in the state hindered the ability of their business to meet their goals.

- >> *Twenty-nine percent responded that labor market conditions helped their business either a great deal or somewhat.*

>> *Forty-five percent responded that labor market conditions had no impact on their businesses.*

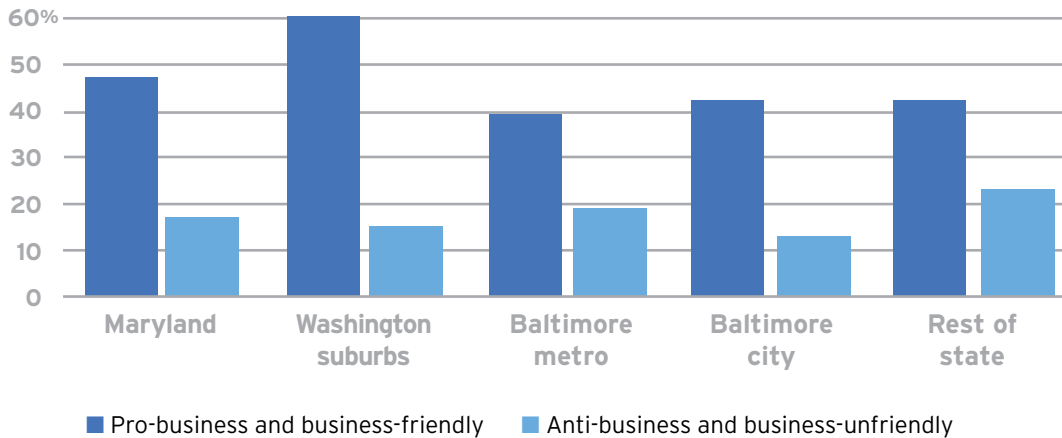
>> *Eighteen percent responded that labor market conditions either hurt their business somewhat or hurt their business a great deal.*

When analyzing the business climate regionally:

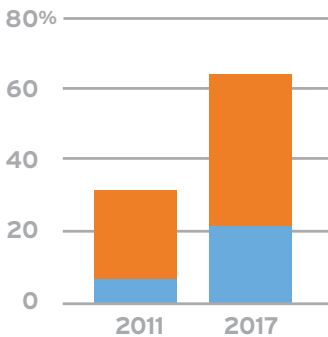
>> *Sixty percent of firms in the Washington suburbs had a positive view of the business climate.*

>> *Thirty-nine percent of firms in the Baltimore metropolitan area had a positive view of the business climate.*

>> *Forty-two percent of firms in Baltimore City had a positive view of the business climate.*



Comparisons to Past Surveys

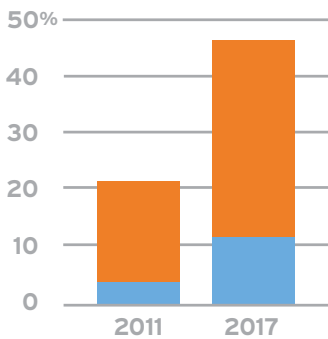


Growth Outlook

- Greatly Expand
- Slightly Expand

Improved Growth Outlook

In the pilot survey period, 65 percent of businesses reported that they expected a greatly or slightly expanded market for their products and services in the next year. This represents a more positive outlook on growth compared to the fourth quarter of 2011, when 47 percent of businesses expected an expanded market for their products and services. Of the firms surveyed in the fourth quarter of 2017, 67 percent expected to see an increase in their sales in the coming year compared to 23 percent of firms in the fourth quarter of 2011.



Business Climate Perception

- Business-Friendly
- Pro-business

Perceptions of Business Climate Up

In the pilot survey period, businesses indicated a shift in attitude towards the business climate in Maryland. The percentage of firms viewing the state as business-friendly increased from 22 percent in the fourth quarter of 2011 to 47 percent in the pilot survey. The percentage of businesses with a negative view of the state's business climate decreased from 43 percent in the fourth quarter of 2011 to 17 percent in this most recent survey.



Tax Burden Perception

- Moderate to great impact
- No to little impact

Perception of Tax Burden Down

Businesses were asked to what extent state or local taxes hindered their ability to meet their strategic goals. Thirty-seven percent of firms surveyed in the pilot survey indicated moderate to great impact. This is a decrease from the 49 percent of businesses surveyed in the fourth quarter of 2011, indicating moderate to great impact of taxes in hindering their ability to meet their strategic goals.

Maryland Business Climate Survey Methodology

The Maryland Business Climate Survey offers an unparalleled resource for analyzing both the direction and perception of the state's economy. The Jacob France Institute introduced the survey in the second quarter of 1995, inspired by work it was doing for the Maryland Chamber of Commerce and some of the state's leading corporations in developing a business-oriented strategic plan for Maryland. For more than a decade, the survey took the pulse of the business community and contributed to a better understanding of the issues facing businesses in all corners of the state. The survey was again conducted in 2011 and 2012, but was discontinued in 2013.

Now, the University of Baltimore's Merrick School of Business and the Jacob France Institute have teamed up with the Maryland Public Policy Institute to bring back and disseminate the results of the Business Climate Survey to a significantly wider audience. Each quarter, telephone interviews are conducted with senior executives in 250 businesses with 10 or more employees.

Our goal is to have 1,000 completed surveys by the end of the calendar year—a standard sample size for many types of surveys seeking a margin of error of 3 percent. But we feel strongly that releasing a quarterly update—culled from a smaller sample—provides insights into the state business conditions on a more timely basis. Therefore, each quarter's update should be considered a partial report rather than a more conclusive year-long assessment.

Updates to the Maryland Business Climate Survey will be released at the end of each quarter, and at the end of the year, a full report will be produced that compiles the result of the previous four quarters.

Richard Clinch, Ph.D., *director of economic research at the Jacob France Institute at the University of Baltimore*

Christopher B. Summers, *president and chief executive officer of the Maryland Public Policy Institute.*



Appendix

Description of Businesses Surveyed

The Pilot Survey and 2018 Maryland Business Climate Survey used firm information purchased from Dun and Bradstreet. This database included business name, industry, and contact information for selected businesses. The sample of businesses that was used for the survey included firms that:

- >> *Were located in Maryland*
- >> *Were private businesses*
- >> *Had over 10 employees;*
- >> *Were in selected “mobile” industries that include:*

Manufacturing (NAICS 31-33)

Wholesale trade (NAICS 42)

Transportation and warehousing (NAICS 48)

Information (NAICS 51)

Finance and insurance (NAICS 52)

Professional, scientific, and technical Services (NAICS 54)

Management of companies and enterprises (NAICS 55)

Telephone call centers (NAICS 5614)

Each quarter, the Schaefer Center at the University of Baltimore will conduct telephone interviews with senior executives in 250 businesses with 10 or more employees from across Maryland. This survey has a total of 1,000 completed interviews by the end of the four quarter survey period—a standard sample size for many types of surveys seeking a margin of error of 3 percent.

