



**FUTURE FORUM
AND ANNUAL MEETING**
a program of the Michigan Chamber Foundation



Communications
& Research

Michigan Chamber of Commerce
Future Forum Business Survey
Final Version

Executive Summary

Survey background and overview

For the fifth year in a row, the Michigan Chamber of Commerce invited Michigan employers (chamber members) to share their views on the current challenges of doing business in the state. In general, employers are not as optimistic today as they were in 2007 or 2006, with a majority (63 percent) now saying the economy is in a decline rather than holding steady. Employers face a host of perceived problems, from high taxes and burdensome government regulations to the cost of energy, particularly gasoline. Below is insight garnered from the 291 Michigan businesses that participated in the survey. The survey has a margin of error of plus or minus 5.6 percentage points.

Key Findings

Michigan's economic challenges

In recent years, Michigan's shrinking manufacturing sector was identified as the biggest problem impacting the state's economy. In 2008, 69 percent of those surveyed identified high taxes as the "major problem," up 28 percent from 2007. In Michigan's declining economy, finding skilled workers continues to diminish as a "major problem." Unions continue to be listed as a "major problem" by more than half (57 percent) of the study group.

Employers concerned about gas prices

The cost of gasoline is the energy issue that most worries employers. Sixty-four percent of respondents said they are "very concerned" about gasoline, as compared with those who are "very concerned" about natural gas (33 percent) and electricity (31 percent). Expanding "renewable sources" ranked highest (72 percent) as the most supported energy expansion. Other expansions included "off-shore drilling" (supported by 65 percent), "nuclear plants" (supported by 70 percent), and "new clean coal plants" (supported by 58 percent).

Michigan business tax a big concern

When asked to rank the effect of Michigan's new business tax, a decisive 54 percent agreed it is "worse for my company." In contrast, when asked this question last year, 50 percent reported "not sure how it will affect my company."

Aggressive action being considered to address high taxes

Aggressive approaches will be taken to address the negative effects of the new business tax, including “delay or cancel capital investment” (28 percent); “delay or cancel wage increases” (27 percent); “absorb the cost” (20 percent); “layoff employees” (17 percent); and “move or cancel Michigan location/expansion” (9 percent).

State’s regional economies continue a three-year decline

For the third year in a row, a growing number of business leaders describe their regional economy as in a decline. In 2008, 63 percent of respondents said their regional economy was declining, 26 percent stated growth was flat, and 9 percent stated growth was slow. Only 1 percent of respondents reported robust growth.

Looking outside of Michigan for their competitive edge

Forty-three percent of those surveyed felt that “many businesses are considering building new branch offices/plants in other states.” Thirty-three percent felt Michigan businesses will take a more time-honored approach to address the weak economy by “...retooling the products or services they provide.” The remaining 25 percent felt businesses “...are waiting out Michigan’s slow economy and staying put.”

A mixed bag of industries and traditional stand-bys will drive the economy

Forty-six percent of respondents felt that Michigan’s “current mix of industries will still dominate our economy for the next 15 years.” The remaining respondents felt that a variety of industries will drive Michigan’s economy, including “advanced automotive manufacturing” (22 percent), “life sciences, homeland security and defense” (16 percent), and “alternative energy” (16 percent).

Methodology

The survey was posted online by a commercial service. Members of the Michigan Chamber of Commerce were alerted to the survey and were invited to participate. Since the respondents were not randomly selected, the survey did not adhere to strict scientific survey procedures. However, with 291 responses, the survey provides a strong compass reading of Michigan business leaders’ thinking as well as a potential indicator of yearly trends. The survey has a margin of error of plus or minus 5.6 percentage points.

For more information about the study, contact Joe Ross at Communications & Research at 517.333.3133 or joe@joerosspr.com. C&R is a public relations firm specializing in connecting complex products and services to highly specialized audiences. We assist clients in decision making through needs-assessment analysis and market forecasting. C&R gets answers, formulates action plans and motivates change. Learn more at www.PrCR.biz.