

Fourth Quarter Outlook For County Business Climate Steadily Positive

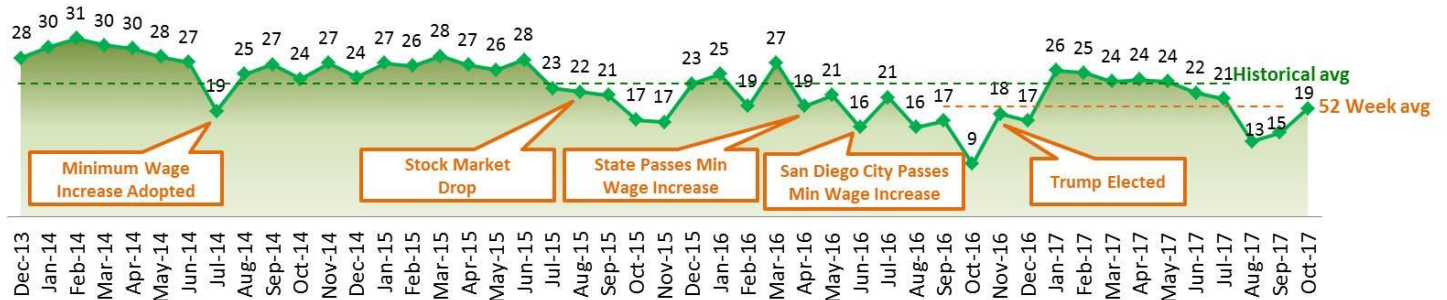
Lack of consensus among county firms on value of corporate social responsibility efforts

Highlights:

- At 19.0, the Business Outlook Index remains in positive territory
- Optimistic expectations about revenue are main driver
- No consensus on how much corporate responsibility efforts help a company
- As in 2016, most companies frequently engage in corporate responsibility efforts
- Large companies implement CSR efforts far more often

The San Diego County Business Forecast, sponsored by San Diego Private Bank, shows October’s Business Outlook Index (BOI) remains squarely in positive territory at 19.0. This is a huge improvement from this time last year when the index hit its all-time low of 9.3 in the thick of the contentious presidential campaign. Although not significantly improved from last month’s BOI of 14.7, confidence remains steadily optimistic as we enter 2017’s last quarter.

Business Outlook Index Over Time



The BOI’s continued position in positive territory is due mainly to positive expectations about revenue, while outlook on hiring, hours offered to workers, and business conditions have held steady.

The trend over the last twelve months has remained positive for small, medium and large firms, though micro firms – where the owner is the only employee – have not shared this moderately increasing optimism. Businesses in the City of San Diego have remained optimistic and those in the northern part of the city have been particularly upbeat. Coastal businesses have also shared this year-long outlook.

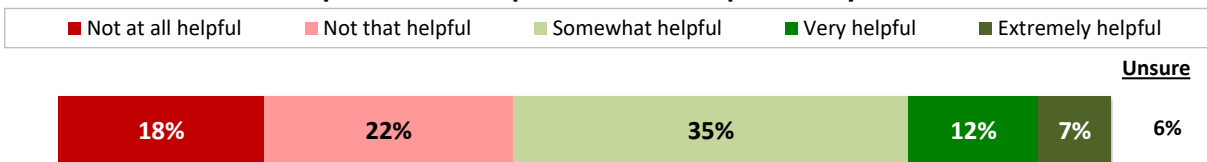
When it comes to new, challenging issues facing businesses this month, no single issue rises to the top. Instead, government regulations, business specific issues, staffing, and changes in the political climate garner

5 percent each, indicating that concerns currently run the gamut. In fact, firms in the hospitality/restaurant sector cite no new challenges this month – a factor that is likely driving their bullish outlook. The same is true for north coastal businesses, which anticipate improved business conditions in the near term. Businesses in this area also cite no new issues.

This month, like October of last year, we again asked respondents about corporate social responsibility efforts. These refer to business practices that benefit society, such as environmental efforts, philanthropy, and youth and community programs and volunteering, rather than business practices that directly benefit the company. Specifically, we asked how much investing more in CSR efforts would help with employee retention, recruitment, and overall productivity. Forty percent say that would not be helpful, while 35 percent say it would be somewhat helpful and 6 percent are unsure what the effect of increasing CSR efforts would be. A much smaller proportion, 19 percent, say increasing CSR efforts would be very or extremely helpful. While reactions vary, the sense is that these efforts generate a modest bottom-line payoff for the company, if any.

“If your company were to invest more in corporate responsibility efforts, how much would that help, if at all, with employee retention, recruitment of qualified employees or overall productivity?”

Helpfulness of Corporate Social Responsibility Efforts



Two factors contribute to the lack of consensus: company size and industry. Half who work in smaller firms with 20 or fewer employees say investing more in CSR would not help, while one-quarter in larger firms with more than 20 employees say the same. After all, larger firms do more recruitment – and possibly have more at stake in employee retention – than their smaller counterparts, so the benefits of CSR programs are more apparent for them. By industry, those in law/legal/security and education companies are more likely to say CSR efforts would be helpful, while those in development and construction and business consulting say it would not.

When asked how frequently one’s company engages in corporate social responsibility efforts, more than half, 55 percent, say their company takes part frequently or all the time, while 28 percent say sometimes. Fewer say their company rarely or never takes part, 10 percent and 5 percent, respectively. There has been no change in how frequently companies engage in CSR efforts since 2016.

Again, company size is the main factor driving regular implementation of CSR programs. As we found last year, those in larger companies say their business often engages in such efforts. Two-thirds in businesses with more than 50 employees say their company engages in these efforts frequently or all the time, while no one in those large firms says their company rarely or never engages in such activities. While half who work in companies with 50 or fewer employees say their company engages in CSR efforts frequently or all the time, 19 percent in these firms say engagement rarely or never occurs.

Beliefs about how helpful increased investment in corporate social responsibility efforts would be are also an important predictor of how frequently a company engages in such efforts. The more that CSR efforts are perceived to help with retention, recruitment, and productivity, the more companies invest into them. For example, 72 percent who believe more investment would be very or extremely helpful say their company engages in CSR efforts at least frequently, while 14 percent say their company rarely or never engages in such activities. On the other hand, 47 percent of those who believe CSR efforts are not helpful say their company engages at least frequently, while 20 percent say it rarely or never occurs. If we want more companies to

adopt CSR practices, demonstrating that they help with retention, recruitment and productivity can partly accomplish that.

About the Business Forecast

The San Diego County Business Forecast, sponsored by [San Diego Private Bank](#), is a scientific look at where our region's economy is headed. The survey for this month's installment was fielded October 16-30, 2017 by [Competitive Edge Research & Communication](#) using responses from 200 randomly selected members of the San Diego, East County, Alpine, Escondido, Lakeside, Vista, Santee, Encinitas and National City Chambers of Commerce. One-third of the members were invited to complete the survey online. Those members who initially did not respond were invited to complete the survey over the phone.

The Business Outlook Index™ (BOI) is comprised of four self-reported assessments regarding the next three months: Will a respondent's business increase or decrease its number of employees, experience an increase or a decrease in revenue, increase or decrease the number of hours its employees work, and experience an improvement or a worsening of business conditions. For each assessment, definite and positive responses are scored 100, probable and positive responses are scored 50, neutral responses are scored 0, probable and negative responses are scored -50 and definite and negative responses are scored -100. The scores are summed and divided by 4 to get a range for the BOI of -100 to +100, with zero being a neutral outlook. Visit <http://sdchamber.org/businessforecast> to see past Business Forecasts.

About San Diego Private Bank and Private Bancorp of America, Inc.

Private Bancorp of America, Inc. (OTCQX:PBAM), is the holding company for San Diego Private Bank. San Diego Private Bank, provides a Distinctly Different banking experience through unparalleled service and creative funding solutions to high net worth individuals, professionals, locally owned businesses and real estate entrepreneurs. Clients are serviced by experienced personal bankers through offices in Coronado, San Diego, La Jolla, Beverly Hills and Newport Beach as well as efficient electronic banking offerings. The Bank also offers various portfolio and government guaranteed lending programs, including SBA and cross-border Export-Import Bank programs. San Diego Private Bank is a SBA Preferred Lender and provides a full array of sophisticated treasury management and deposit products. www.sandiegoprivatebank.net Please contact Paul Azzi, EVP and Market President at Paul@sandiegoprivatebank.net to discuss your financial service needs.

About the Encinitas Chamber of Commerce

The Encinitas Chamber has been powering the business community in Encinitas for over 50 years. We are the gateway to local networking and community events. We hope you have enjoyed reading the San Diego Business Forecast. For more information about our Chamber, send us an email or give us a call at (760) 753-6041.