

Optimism Among County Businesses Retreats to Five-Month Low

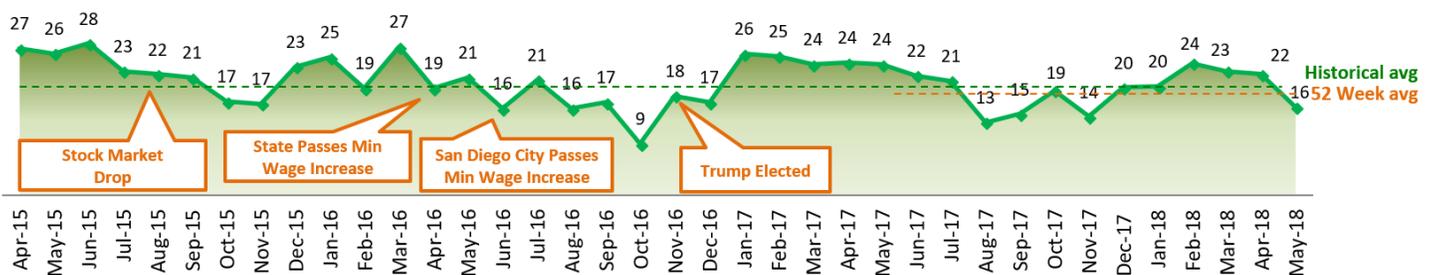
Flexible work schedules seen by majority of businesses as a benefit to both employee and employer

Highlights:

- Local business optimism takes a step back to a BOI of 15.9
- Expectations regarding hours offered to workers have ebbed
- Government regulations, staffing, and competition are top business challenges
- Half of firms believe flex schedules help “a lot” with retention, recruitment, and productivity
- 80% believe both companies and employees benefit from flexible scheduling

Optimism waned significantly between April and May, as the Business Outlook Index (BOI) dipped six points to 15.9 in this month’s Business Forecast sponsored by CalPrivate Bank. All index metrics held steady or improved during the previous five-months, but expectations about the number of hours offered to workers have now ebbed. Optimism about hiring, revenue, and business conditions continue to hold firm, however.

Business Outlook Index Over Time



While coastal firms were stand-outs last month with a stellar BOI of 50, they now sit at 13 on the Index. Their flagging confidence relates to staffing issues, as they are less optimistic about hiring and the hours they’ll be offering their workers as we get through the summer.

There are several bright spots across industries. The hospitality/restaurant segment and law/legal/security firms are optimistic about revenue in the coming months, while those operating in the business consulting arena report more enthusiasm for business conditions in their field.

Government regulations, staffing issues and competition all sit atop the list of new and challenging issues at 6 percent each. One person in the financial sector concerned about government regulations told us “*regulatory uncertainty*” is their issue, while another respondent in the same industry lamented the “*government*”

oversight, restrictions and government bureaucracy that we have to deal with." Still others focus on "overregulation." Government regulations are a long-standing top challenge facing local companies, but this is the third month in a row in which staffing and competition join regulations as a top challenge.

Those focused on staffing say it is increasingly difficult to hire "qualified," "good," or "quality" employees, and this is not limited to any single industry. "Competition" is prominent across responses, demonstrating how much it now weighs on the local business community. One person working in cyberspace explained, "competition has gotten more intense in my industry." Another in advertising/promotions told us "competition [is] lowering the price of services, affecting the industry and the market." While staffing issues lead to inflationary pressure, competition will act as a check, which should keep the local jobs market relatively stable.

This month we asked about flexible work schedules and whether they help a lot, some, only a little, or not at all when it comes to employee retention, recruitment of qualified employees, and overall productivity. First, we find a huge consensus around the belief that flex schedules benefit both companies and employees. Just 8 percent of business people believe they only benefit employees and only one person in the survey said flex scheduling only helps companies. Another 8 percent believe the option benefits neither the employee nor the company, and a small 3 percent are unsure what to make of flex schedules.

The belief that flex schedules are good for both businesses and employees wanes in certain industries. Only two-thirds of business people in transportation firms believe both sides benefit, and we find even less of that among manufacturing firms and maintenance companies.

As to how much help flex scheduling provides when it comes to recruitment, retention and productivity, half think providing employees with the option to flex their hours helps a lot and just over 30 percent agree it helps some. This makes for 82 percent who believe flexible work schedules provide the company offering them with specific, bottom-line benefits.

In your industry, do you think providing employees with flexible work schedules generally helps a lot, some, only a little, or not at all when it comes to employee retention, recruitment of qualified employees, and overall productivity?



The key here is whether a businessperson believes companies and employees both benefit from a flexible arrangement. Those who do see it that way usually perceive flexible scheduling as a big help in recruitment, retention and productivity and very few see it as less than somewhat helpful. However, when businesspeople see employees only benefitting from flex schedules, just 38 percent believe they help recruitment, retention and productivity a lot. The results decline further when businesspeople think neither employers nor their workers benefit from flex schedules.

About the Business Forecast

The San Diego County Business Forecast, sponsored by [CalPrivate Bank](#), is a scientific look at where our region's economy is headed. The survey for this month's installment was fielded May 18-29, 2018 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 CalPrivate Bank and Private Bancorp of America, Inc.

Private Bancorp of America, Inc. (OTCQX:PBAM), is the holding company for CalPrivate Bank, the new name for San Diego Private Bank. CalPrivate 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. CalPrivate Bank is a SBA Preferred Lender and provides a full array of sophisticated treasury management and deposit products. www.calprivate.bank Please contact Paul Azzi, EVP and Market President at Paul@calprivate.bank 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.