



Q3 2021

Quarterly Research Update

GAC
GREATER AKRON CHAMBER

Opportunity for Catalytic Economic Growth

Following the onset of the COVID-19 pandemic, our region's economy took a massive hit.

April 2020 employment in Akron MSA was just 288,030, down from 335,429 two months earlier.

By the end of 2020, though, our aggregate regional output seemed to have mostly recovered, with 2020 regional GDP down only 0.3% from 2019. While many businesses in hard-hit industries still struggle today, our regional economy seems to have dodged a bullet.

Our regional peers fared similarly to us, with average GDP loss from 2019 to 2020 just under 1%. But the output of our peers surpass ours; our economy isn't competitive enough with our peer regions. Yes, we have valuable assets and large institutions and promising economic development programs, but so do our peer regions. We're a little behind where we should be, relative to our size, and we haven't been gaining ground.

Significant improvements to our regional competitiveness require catalytic activities and investments. Our regional polymer industry cluster initiative is a catalytic activity that has the potential to activate our cluster – connect stakeholders, convene resources, and support collaborative efforts across the region that can unlock innovation and growth.

Beyond our polymer cluster work, the federal Economic Development Agency launched several new grant opportunities for catalytic investment. We are working with industry and non-profit leaders to design regional proposals to secure funding for investment in workforce development, infrastructure, entrepreneur support, and access to capital valued at over \$100 million.

These are examples of the catalytic activities and investments we're engaged with to spark substantial, sustainable, and equitable growth for our region.

Brian Anderson
Senior Director of Research



In This Issue

Every quarter, your Greater Akron Chamber analyzes key economic indicators important to understanding the regional economy and our standing relative to metropolitan peers. This report covers data collected in Q2 2021.

In this issue, we look at economic output and productivity across our regional peer group, insights from our Q2 2021 Pulse Survey, and valuable resources to help individuals and organizations achieve their goals in professional development and DE&I.

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Regional Economic Trends

Output at different levels of our economy, and how they stack up against our peers.



Business Sentiment

Perceptions of economic recovery and outlook for revenue and employment growth.



Return-to-Work Insights

Measuring employers' response and plans for worker location during the pandemic.



Economic Opportunity & Inclusion

Programs and resources to help meet individual development and DE&I goals.



Akron MSA Regional Economic Output

Regional GDP & Productivity

Akron MSA's GDP has consistently ranked 10th (lowest) in its group of 10 peer metros, despite its ranking 8th in population.

Traded-sector industries (i.e., those producing goods/services for customers outside the region) generate regional wealth. Despite our strong history of manufacturing, our traded-sector GDP ranks 10th in our peer group.

Akron MSA does boast a high concentration of corporate HQs and professional, scientific and technical service companies (classified by NAICS industry codes 55 and 54). These activities, included in the traded-sector, are particularly beneficial to a region given high wages, innovation and growth potential associated with global enterprise. Akron MSA has consistently ranked 4th in our peer group in economic output in these combined sectors.

Peer-Metro GDP Ranking for 2020

| | Total GDP | Traded-Sector | NAICS 55+54 |
|-------------------------|-----------|---------------|-------------|
| Akron, OH | 10 | 10 | 4 |
| Greenville, SC | 5 | 8 | 7 |
| Grand Rapids, MI | 3 | 2 | 5 |
| Greensboro, NC | 7 | 7 | 9 |
| Buffalo, NY | 1 | 3 | 2 |
| Toledo, OH | 9 | 6 | 10 |
| Rochester, NY | 4 | 4 | 1 |
| Birmingham, AL | 2 | 1 | 3 |
| Syracuse, NY | 8 | 9 | 8 |
| Allentown, PA | 6 | 5 | 6 |

Source: EMSI, Gross Regional Product

While total GDP declined in Akron MSA by 0.30% from 2019 to 2020, employment declined over the same period by much more—5.4%. Employers have adapted their processes, and otherwise innovated to do more with less. The result is that regional productivity (i.e., output divided by workers) has increased by over 5% to \$102,532, which ranks 9th in our peer group. Part of this productivity increase reflects the fact that lower-productivity service occupations suffered disproportional losses, and as the service industry recovers, we may expect this to balance back out somewhat.

Polymer Industry Cluster Initiative

Increasing regional economic output to match our population rank of 8th would represent an 11% increase in total GDP relative to our immediate peers. Even with massive gains in new venture creation, expansion and attraction, that could take years or even decades to achieve. This is not an achievable goal through small gains or business-as-usual approaches to economic development.

The Greater Akron Chamber, City of Akron, Summit County, GAR Foundation, Team NEO and University of Akron have collaborated to lead a 12-month initiative to assess our polymer industry cluster, find areas of opportunity to catalyze large and sustainable growth and to develop an action plan for investment, engagement and innovation. The polymer industry cluster, founded on our history of excellence in rubber and plastics, driven by scientific research and process innovation, and capitalizing on global trends like sustainability and the future of mobility, has the potential to catalyze regional growth and enable us to compete with peer economies for generations to come.

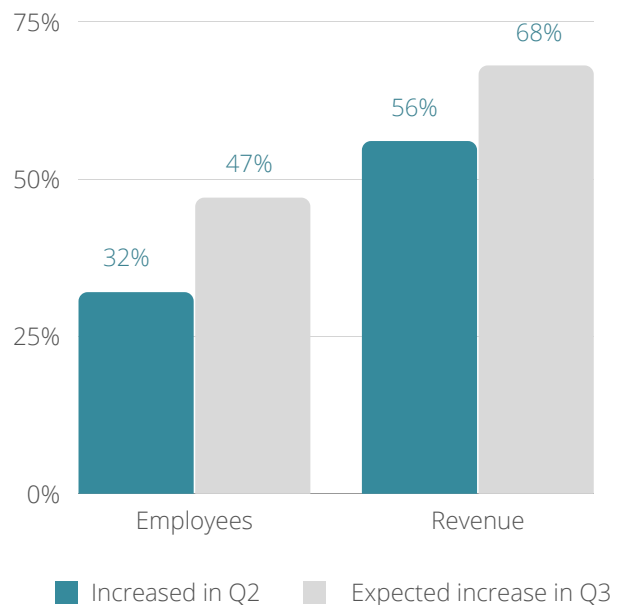
Greater Akron Business Pulse

Business Sentiment

Employers appear optimistic they will both increase revenue and expand employment in Q3, with nearly half expecting to add jobs and over two-thirds expecting revenue gains.

85% of respondents think that Greater Akron is a somewhat good or extremely good place to do business in, with results holding across business-owner demographics and with larger organizations (over \$5 million in revenue) responding more favorably than small organizations (under \$1 million).

For most businesses, regardless of size or other category, the top pain point is finding, hiring, and retaining employees; and the top-stated long-term driver of our regional economy is the growth and recovery of existing small businesses.



Source: GAC Q2 2021 Pulse Survey

COVID-19 Sentiment

Note: This Q3 2021 Business Pulse Survey was conducted at the end of June 2021, and subsequent increases in delta-variant virus transmission may change sentiment among our business community from what is reported here.

Overall concern about the COVID-19 pandemic has decreased from a quarter earlier, with respondents significantly less concerned about its health impacts than its economic impacts.

One-third of respondents say that their top pandemic-related concern is their ability to return to a pre-pandemic level of business revenue. 26% of respondents that do not identify as a disadvantaged business entity (e.g., minority-owned business or woman-owned business) indicate that they do not have a pandemic-related concern, compared to just 5% of DBEs, highlighting the disparities in economic recovery between populations. Meanwhile, 24% of MBEs say their biggest challenge is access to capital, compared to just 1% of non-DBEs.

Respondents indicated a relatively positive view of the economic recovery of their organization compared to the NEO economy as a whole, and similarly a positive view of the NEO economy compared to the broader U.S. economy.

Return to Work

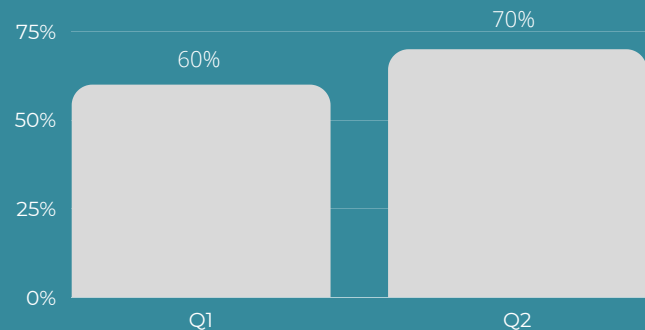
More workers have returned to the office in Q2, with 70% now working 100% on-site.

Respondents' Staff

Of those that have yet to return all employees to on-site work, 15% indicated that it would not be until 2022 or later when they decide to do so (up from 6% in Q1). Meanwhile, 37% of those not fully working on-site indicated that they do not plan to have their employees fully work on-site. This suggests that some employers are considering maintaining a mixed or remote-work structure beyond the effects of the pandemic.

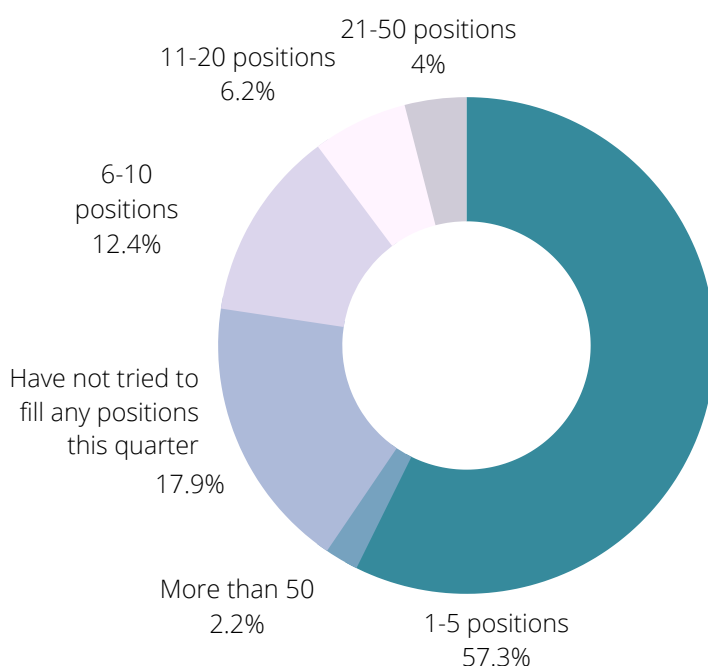
Respondents' Staff

100% on-site



Employment Challenges

In Q2, 71% of respondents struggled with hiring. This challenge confronts our entire business community, regardless of size. Over 50% of employers have tried to fill between 1-5 positions in Q2, and roughly 25% have tried to fill at least 6 positions.



While training and skills gaps create difficulties filling many positions, hiring has been most challenging in positions that require only a high school diploma. There is broad need for talent at all levels of credentials, from high school diploma, through industry certification and bachelor's degree, up to graduate and professional degree.

These challenges are not unique to our region. Last month, the Society of Human Resource Managers (SHRM) reported that recruiting and hiring is "somewhat" or "very" challenging for 66% of U.S. employers this year. Despite these challenges, however, 48% indicated that they expect to increase their workforce this year – in line with the Q2 business sentiment reported for our region's employers, above.

Economic Opportunity and Inclusion

Participate in the 2021 Diversity & Inclusion Organizational Assessment

The Greater Akron Chamber encourages participation in the 2021 Diversity & Inclusion Organizational Assessment. This "survey" will allow you to confidentially outline information about your DE&I efforts and submit it for inclusion in this year's analysis. By participating, you will get the ability to receive access to information about best practices and shared challenges among participating companies.

For more information, email Robert DeJournett, VP of Opportunity and Inclusion, at rdejournett@greaterakronchamber.org

Networking and Building Your Personal Brand Using LinkedIn in the New Digital Environment

Speaker: Margaret Jordan

09/08/2021

9:00 AM - 10:15 AM

Online & In-Person Options



A Groundwater Approach: Understanding Racial Inequity

Presented by: The Racial Equity Institute

09/17/2021

9:00 AM - 12:00 PM

Online - Virtual Event



We thank you for your continued support in our research efforts.



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