

# COVID-19 and Economic Development in Ontario: From the Biggest Economic Shock to the Next Evolution

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A Report Submitted to the Economic Development Council of Ontario (EDCO)

JULY 2023

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## Executive Summary

In late 2019 the emergence of COVID-19 pandemic led to a global health emergency and years of uncertainty for the global economy. Economic developers, who act as stewards of the economy, were tasked with supporting businesses through this tumultuous time. This report details the impacts, tactics, and learnings experienced by the sector through the pandemic. The findings of this report are based on 38 in-depth interviews with economic development professionals working in municipalities and regions in Ontario.

The impacts of the COVID-19 pandemic on the economy in Ontario were far-reaching. Amongst the most challenging impacts noted were the rapidly changing regulations businesses had to adhere to, which effectively shut down entire sectors; supply chain constraints; magnified challenges with workforce attraction and retention; and an onslaught of tourists in spaces that were not prepared to manage them. Real estate demand for industrial land was in many cases reported to be at record levels and in rural communities the demand for commercial and office space remained consistent or increasing. Housing availability and affordability was noted as a significant challenge as many communities saw an influx of new residents. Rural downtowns experienced steady or decreasing vacancy rates and many communities saw new businesses open on their main streets. While businesses faced significant challenges, the pandemic encouraged most to innovate and/or adopt technology and create or enhance an online presence quickly, a task that many had delayed for years but have benefited from.

As the economy was significantly impacted by COVID-19, so too was the way economic developers conducted their practice. At the onset of the pandemic, many major projects were dropped, and their immediate focus was required to turn to economic crisis mitigation. As with many office jobs, to accommodate physical distancing requirements work was conducted on a remote basis, which had significant impacts on any economic development related events that practitioners had planned, forcing them to pivot or cancel. While many economic developers were empowered to enact recovery efforts by their respective Councils, who were noticeably more innovative and risk tolerant in the pandemic environment, the economy was often not previously a consideration in municipal emergency management planning. The pandemic also resulted in fluctuations in staffing for some departments, some who saw their staff reduced, while others received an increase.

Economic developers leveraged and innovated many traditional tactics to address the economic crisis that unfolded, including targeted business assistance, sharing communications and information management, assistance with workforce, destination management, promoting buy local, developing plans and task forces, collaborating with local and regional partners, and creating a more welcoming community. Throughout they faced several challenges including maintaining community and partner engagement, staying creative with their tactics, managing the flow of information, uncertainty about the future, and perhaps most notably, the personal toll the negative business and community impacts had on the practitioner.

While things have returned to relative normality, there are several key considerations and lessons that remain to guide economic development practitioners in their future efforts.

**Supply chain opportunities:** The supply chain challenges created throughout the pandemic enabled many businesses to explore new, more local, supplier networks or partnerships and there is an opportunity to continue to enhance regional, provincial, and national supply chain linkages.

**Increased risk tolerance:** The pandemic created an environment that facilitated more risk taking. Councils were able to make economic development decisions that were more timely and more innovative. This was well received by the business community and enabled economic developers to be more effective. Efforts should be made to demonstrate the value of this risk tolerance to continue into the future.

**Collaboration:** Local and regional collaboration within and beyond the traditional economic development partners increased in both frequency and resources. The results enabled practitioners to efficiently accomplish more complex and impactful initiatives. Practitioners should continue to explore and leverage partnerships to take advantage of the increased efficiency and impact.

**Virtual and hybrid delivery:** Economic developers noted that businesses and partners adapted very quickly to virtual service delivery, and in some cases, it increased their participation. However, many noted that the in-person conversations they have with both businesses and partners were key to building trust and ensuring meaningful engagement. Practitioners will have to find the right balance between increasing accessibility and efficiency, in theory, through virtual delivery and building in-person, meaningful connections.

**Emergency management for economic development:** Many emergency management plans in Ontario did not consider the implications of a long-term emergency related to the economy. Thus, economic development was not typically a key area of focus in the initial emergency response of the municipality. To ensure the community is prepared to support the economy through an emergency like COVID-19, it is recommended economic developers consider the development of an emergency management plan for their business community.

**Labour market changes:** COVID-19 caused permanent changes to the labour market. Practitioners will need to better understand the implications of the permanent loss of labour force to retirement and the implications of remote work, amongst a host of other complex issues plaguing the labour market.

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## Setting the Context

In December 2019 the world saw the emergence of COVID-19, and by March 2020 the World Health Organization declared an international pandemic. While the health challenges posed by COVID-19 are immense, the economic challenges presented were unprecedented. In March 2020 the Ontario Government announced the immediate closure of non-essential businesses and the adoption of work/school-from-home measures to slow the spread of the virus. In addition, physical distancing measures requiring workforce and customers to be at least 6 feet (2 metres) apart and the temporary elimination of group gatherings were implemented. Until early 2022 businesses and the public had to understand and exist with a myriad of changing regulations ranging from phased openings and travel restrictions to mask and vaccine mandates.

COVID-19's impact on the global economy was swift and significant. Government policies, confusion, fear, and the virus itself resulted in significant supply chain disruptions, mass layoffs, closed borders, and a need for many businesses to change the way they operate overnight. The immediate and widespread nature of the impacts were unprecedented, and some argued the economic impacts would have more effect on people's health, via their interrupted livelihood, than the pandemic itself.

In the thick of this unfolding economic crisis is the economic developer, tasked with shepherding the economy of their respective geography. Economic developers played a key role in helping their communities weather the challenges and leverage the opportunities presented by the pandemic. Their strategic, collaborative, innovative, and frankly, impassioned efforts ensured that Ontario businesses and communities were able to sustain themselves, and even grow through this unique context.

## Study Process

Between September 2021 and March 2022, 38 in-depth interviews were conducted with municipal economic development staff from across Ontario to better understand their experiences during the COVID-19 pandemic. That qualitative data was transcribed, analyzed, and discussed in this report. The following report will examine the complex impacts of the COVID-19 pandemic on the economy and the work of the economic development sector and will provide recommendations for the sector to consider to ensure their organizations are positioned to be successful in the future. The data was also used to develop two scholarly publications focused on collaboration and tactics employed during the pandemic.

## Community Impacts

The COVID-19 pandemic presented what was likely the biggest global economic shock since the great depression. Interviewees noted a number of short- and longer-term economic impacts that changed the operating environment for many economic development professionals. Those factors are detailed below.

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**Regulations and Shutdowns** Most practitioners noted the effects of the pandemic on the economy were immediate and most noticeably felt when the Ontario Government ordered the closure of non-essential businesses on March 23, 2020. The result was the immediate closure of many service and retail businesses and subsequent layoffs. What followed was described as “drinking from a firehose” of information – a seemingly never-ending stream of changing regulations, guidelines, and resources that businesses across sectors needed to understand (i.e., the impact that these changes would have on their operations). This resulted in significant uncertainty in future business operations for many. From 2020 to early-2022, the Ontario government took a phased but uneven approach: allowing businesses and other assets to reopen, then mandating they close back down, and at times further regulating different businesses under varying conditions and guidelines.

**Workforce Impacts** Access to qualified and quality staff was the biggest challenge facing many of the communities prior to the pandemic, and the effects only served to worsen the tight labour market. With the onset of the non-essential business closures, many employees who were not able to work from home were laid off. Others faced reductions in employment as some businesses (particularly in the retail, food, and tourism sectors) reduced their hours of operation. In response, staff in the tourism, retail and service industries have permanently shifted their employment to more reliable sectors (i.e., manufacturing) because of the precariousness of employment and work stability. Businesses that were allowed to operate were forced to adjust their operations to facilitate social distancing amongst both staff and customers.

Practitioners also reported businesses faced challenges related to on-going absenteeism among employees instructed to isolate when sick with COVID-19 (and other illness with COVID-like symptoms). Employees who were also parents had to stay home while their children were sick or had symptoms. In addition, schools closing for extensive periods of time caused many employees who worked from home to struggle with balancing work with childcare during the day. Lastly, the introduction of the Canadian Emergency Relief Benefit was also credited with keeping those who were laid off out of the workforce for the longer term, enabling them to replace their income while staying home, and in some cases pursuing other ventures.

**Real Estate** The real estate market presented two different pictures: first, there was a marked break in interest in office properties; and second, there was a significant increase in residential real estate purchases and industrial land. As much of the initial messaging of COVID-19 was related to social distancing and it was considered safer to gather outside, many urban residents had an increased interest in rural areas to maximize their personal space. Rural areas saw an unprecedented number of new residents move into the community, with housing costs skyrocketing and any remaining availability evaporating. The high cost and low availability of housing further perpetuated concerns around workforce attraction and retention for many communities. Anecdotally, over 50% of those interviewed indicated their industrial building permits and interest was at an all time high as well. This was fuelled by opportunities emerging in the manufacturing sector to re-shore and diversify

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operations. Many of those communities that experienced record industrial land interest noted that they currently have no available investment land remaining.

One practitioner spoke about a residential developer that was originally doing major projects in a large Ontario city but had shifted his focus to semi-rural condo and apartment development. They noted that the new units being developed were designed with office space as the focal point of the accommodation, rather than the typical extra room in a unit that might become an office. This office space was prepared with all necessary hook-ups, as well as built in meeting space. They felt that this type of development was validating of future trends that support a work from home or hybrid work lifestyle.

Another practitioner mentioned an employer in their region who has purchased several houses in their town. This employer had high labour demands and felt there was an insufficient local workforce in their community. The intent of this housing was to serve as transitional accommodations when new employees moved to the community. This enabled the employee to take more time to find the right housing for their family in a very limited real estate market.

**Tourism** Initial government regulations and shutdowns strongly restricted people's movements. Over time, however, Ontario entered varying stages of phased openings and there was a pent-up demand for recreation. Most recreational opportunities were found outside due to restrictions. Rural areas, particularly those immediately outside of major population centres, saw a significant increase in visitation and use of their natural assets. In fact, some communities indicated the 2020 and 2021 summer tourism seasons were record years for seasonal tourism-related businesses in their community. However, while there were economic benefits to the surge in tourism, communities had to balance resident and asset management concerns with the influx of new out-of-town visitors in their community.

**The Tale of Two Downtowns** With many main street businesses hit hard by government regulations and social distancing/masking/vaccine passport restrictions, one might assume Ontario's downtowns are no longer thriving. Practitioners did note that challenges emerged in the downtowns of mid- and large-sized urban area as the daily influx of office workers dried up when work-from-home policies became commonplace. Many of those downtowns are still struggling to recover as office workers have not fully returned. However, many smaller and rural communities observed that their downtowns were experiencing record low vacancy with new businesses opening. In those cases, they may have seen a low number of business closures, but participants noted that many of those that closed were not interested in adapting to the new operating environment.

**Supply Chain Constraints** As COVID-19 worked its way around the globe and governments imposed varying regulations and restrictions, both those restrictions and the absenteeism caused by the virus resulted in significant impacts on the supply chain. This meant that while many manufacturers and other businesses were experiencing record demand, the supply side could not keep up, leading to part



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and input shortages and rising costs. In some cases, local businesses benefitted from this, as those that were sourcing parts overseas found substitutions closer to home, changes that may remain for the long-term.

**Business Adaptation** With non-essential business closures and new government regulations imposed on business operations, business owners had to rapidly adapt the way they operate to continue to be able to generate revenue. Many interviewees talked about the Digital Main Street Program as playing a key role in getting main street retail and service businesses online and/or improving their presence. During the closures, having an online presence was one of the key ways many businesses adapted, and was viewed a critical avenue in providing retail goods and services without any in-person contact. Essential businesses that remained open throughout the pandemic had to adapt their workplace operations to abide by social distancing guidelines. Still other businesses explored new product and service lines that were either easier to deliver in a virtual or socially distanced model, or capitalized on the challenges presented by the pandemic, such as shifting to fill marketplace gaps for health-related products like masks and sanitizer.

## Economic Development Sector Impacts

As noted in the previous section, the global economy was significantly impacted by the COVID-19 pandemic. It is the job of the economic developer to assist their respective economies to mitigate the challenges and leverage the opportunities, and thus the pandemic has a significant impact on how they did their work. This section will provide an overview of how the economic development sector and profession was impacted by the COVID-19 pandemic.

**Role in Emergency Response** Quite broadly communities were not prepared for the COVID-19 pandemic. All municipalities in Ontario are mandated to have an emergency response plan, only one community indicated they had simulated and prepared for a pandemic that created long-term disruptions and required long-term intervention. For most, a long-term economic shut-down or health risk was typically not considered in emergency planning scenarios, which tended to focus on short-term catastrophe-type scenarios, and in most cases economic development staff were not considered key members of the emergency response team. In turn, emergency planning tended to focus on maintaining municipal operations and supporting the broader community, rather than zeroing in specific emergency support initiatives for the business community.

Initial economic development responses tended to be a bit chaotic, as participants spent time simply understanding how the situation was evolving, what new and changing regulations mean for their local community and economy, and managing the concerns of frantic businesses.

**Focus on Crisis Mitigation** The initial onset of COVID-19 for the economic developer was all about crisis mitigation. Economic developers had to understand a rapidly changing economic landscape where many businesses, almost overnight, were questioning how they could adhere to new guidelines outlined by the government or survive a mandatory shut down full of uncertainty. In many cases, all or

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part of the economic developer's portfolio was put on hold or dropped altogether, as the immediate focus became to help the business community remain viable throughout the avalanche of changing regulations that forced businesses to adapt their operations and practices over a very short time period. The most frequently cited example of work that got dropped or put on hold was investment attraction work, and this stemmed from both the travel restrictions that were imposed, limiting movement to and of potential investors, and the need to focus on helping existing businesses survive this crisis.

**Decision-Making: Speed and Risk Tolerance** One of the most positive changes to economic development practices, that was frequently cited by participants, was an increased risk tolerance amongst staff, Council, and partners. A key impact of this was faster decision-making and the ability of local economic offices to be nimbler in their approach to supporting businesses and the community. Processes that once took months became expedited as staff and Council worked to respond to the urgent and changing nature of the pandemic. COVID-19 ignited an urgency and flexibility at the government level that had not been seen before in Canada, as they worked to respond to rapidly changing conditions and information in an impactful and dynamic manner. Many of those interviewed cited a more rapid adoption to technology and an increased willingness to pilot new and innovative tactics to address the impacts of the pandemic.

**Local Economic Development Offices and Workforce** The prioritization of economic development was fairly mixed across the municipalities, in particular during the onset of the pandemic. Some municipalities retained their economic development staff without any changes, a few actually received more dedicated resources, in particular to support business outreach efforts, and in some cases municipalities chose to reassign or temporarily lay off economic development staff. The economic development labour force was not immune from some of the same challenges noted in the workforce section above, including managing a busy schedule with childcare, as well as high levels of turnover. However, those who started their role, or had staff start a new role during the pandemic, noted that it was fairly straightforward to get on-board and connected to their economic development team, as well as broader municipal teams.

**Remote Work** With the exception of one practitioner, all those interviewed transitioned to remote work in spring 2020 (i.e., at the same time as the onset of non-essential business closures). Through the summer and fall of 2021 some practitioners had returned to a hybrid model of work, with most adopting a hybrid approach to work by early 2022. At the outset, practitioners stated that the meetings they once held in person were now almost exclusively being hosted online, with the exception of two participants who indicated business meetings continued to take place on a face-to-face basis where urgently required. Of note, all practitioners noted that the use of online meetings continued even after the return to in-person work. They also noted that the number of meetings they were attending in a day had increased significantly, as there was no movement in between meetings anymore. In a number of cases practitioners noted they were often attending meetings back-to-back all day and it was hard

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to find time to get administrative work completed during the workday. This led to many interviewees and their staff working a significant amount of overtime to undertake their efforts.

Another frequently cited challenge of remote work was the loss of off-screen connection time. While participants felt they were able to accomplish the work they needed to, they mentioned the loss of the “side conversations” that would take place at meetings that involved more creative idea brainstorming and new partnership or project development. People were less likely to share new ideas during virtual meetings, possibly because the virtual environment allows attendees be more disengaged. Some participants felt the virtual environment made it harder to build and maintain relationships than in a face-to-face context, however others felt there was little to no impact and this was likely facilitated by the need for the resources and partnership by other partners, clients, and stakeholders to address the significance of the pandemic in a timely manner.

Outside of the office, economic developers also traveled frequently, whether to meetings in their jurisdiction or conferences in other countries. Because of this, all but one practitioner indicated they were already using a work laptop. It was noted that within economic development offices, those who had supporting roles or did not travel frequently were generally not equipped with a laptop and cellphone before COVID-19, but were provided those tools in a work-from-home context. Most did not find the transition to remote work onerous or challenging since they were often frequently attending meetings and not in the office.

**Events and Engagement** A significant change in economic development practice related to the hosting of events. In many municipalities, events tend to be quite central to the work of an economic developer to educate and inform the business community and enhance the vibrancy and attractiveness of the municipality, for community and tourism purposes. These can range from workshops, consultations, and information sharing with businesses and community partners, to job and career fairs, to festivals and programming. The onset of COVID-19 meant a complete and immediate stop to all in-person events, including ones that communities had already worked extensively to prepare for.

Within weeks practitioners were adapting their practices to host events in an online format, transitioning to virtual webinars on critical COVID-19 related information for businesses, and virtual business consultations to understand the state of the local economy. Online events were most successful when they had a purpose or end goal in mind (i.e., addressing a specific challenge presented by COVID-19). Some municipalities noted that they saw record attendance at their virtual events, especially in the earlier days of the pandemic, however that attendance waned as the pandemic wore on. The virtual format also allowed for broader participation, and practitioners noted that in some cases they had businesses from out of the region, province, and country participate.

Practitioners also worked to innovate and recreate in-person tourism-related events or experiences through curated product offerings. For example, what might have once been a community or regional food trail, was now a curated box of foodstuffs sourced from local businesses around the region. This provided a valuable lifeline for many businesses who were now regulated to be closed, as

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well as an outlet to promote and celebrate local business to residents. Depending on the goals of the project, those activities sometimes allowed local businesses to reach a broader audience, now more easily available and accessed online.

Finally, when gathering restrictions were lifted, some practitioners worked to organize events in community downtowns and public spaces to help support main street businesses and to come out and celebrate as a community again.

## Tactics

Economic developers utilized many different tactics to help their local and regional economies successfully navigate the COVID-19 pandemic. The following section provides an overview of what those tactics encompassed.

**Plans/Task Forces** In many cases, economic developers were involved in creating a strategic response to the pandemic. Typically, those practitioners were responsible for working with a COVID-19 response task force or developing a strategic or action plan to respond to the impacts of COVID-19, or both. Task forces varied in their make-up, but many included some mix of partners, businesses, and Council members. In all cases, the essence of this exercise was to implement some short-term strategic goals and direction for economic developers to better enable businesses to address challenges, remain viable, and leverage growth opportunities during the economic crisis created by COVID-19.

**Public and Private Sector Collaboration** Another key tactic employed was collaboration, and this was typically to enhance the capacity and impact of shared goals that local or regional partners wanted to pursue. While most practitioners noted there was already some form of collaboration taking place in their community before COVID-19, the crisis aspect really facilitated and enhanced local and regional collaboration efforts. While most practitioners indicated they anticipated the frequency they were meeting with their collaborators would like decrease when the crisis aspect of the pandemic slowed down, they noted that they anticipated those stronger ties that were developed would be lasting. Thus, they felt this would make it easier to undertake future collaborations, as trust had been built up at an accelerated pace.

Examples of collaborations included:

- A regional municipality and its lower tiers dividing roles and responsibilities to establish an information telephone line to help regional businesses understand the impacts of rapidly shifting regulations on their business.
- Regular meetings with local and regional partners to share information on best practices and engage in planning response activities.

**Communication and Information Management** Communications were a critical aspect of addressing the economic impacts of COVID-19. The economic shock generated was unprecedented for most in this generation, and practitioners needed to understand how their business community was impacted and

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how best to support them. At the same time, the business community, and as a result practitioners, needed to understand the flurry of regulations, guidelines, and programs being produced by different levels of government that the business community needed to comply with.

Examples of communication and information management included:

- Online consultation with the business community which included surveys and facilitated discussions.
- COVID-19 information website to share information on support programs, regulatory information, and other related resources.

**Business Assistance** Providing assistance to the local or regional business community was a priority for every single practitioner that was interviewed. Business assistance activities typically focused on supporting businesses to manage their crisis situation as many were panicked by the confusing regulations and prospect of longer-term mandated closure. However, some activities also focused on helping businesses maximize the opportunities presented by the COVID-19 crisis.

Examples of business assistance included:

- Business loans and grants: Working with partners to provide businesses with small scale and short-term funding to address any gaps in funding programs from other levels of government.
- A business information hotline for the region: To provide businesses with real time, customized information on COVID-19 related impacts to their business.
- Webinar series: Helping a broad group of businesses understand the changing regulations and tactics to survive and thrive.
- Personal Protective Equipment (PPE) sourcing and provision: As PPE was in short supply, many partners worked together to supply their business community with the necessary PPE to operate.
- Automation program for business: One community spoke about helping businesses capitalize on the wave of technology and addressing their workforce challenges with an automation adoption program.

**Workforce Assistance** The COVID-19 pandemic only served to magnify the labour challenges being faced by the business community across the province. Given the critical need for labour to operate, practitioners provided support, where possible, to alleviate some of the new barriers presented by COVID-19 (i.e., layoffs, sporadic attendance).

Examples of workforce assistance tactics included:

- Virtual job fairs: Providing advertising and a platform to enable job seekers and employers to connect online.
- Workforce attraction advertising campaigns: Promoting the community or region as a place to work, through various mediums, such as print advertising and social media.

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**Tourism Destination Management** With the significant increase and interest in rural and outdoor spaces, municipalities noted an increase in the degradation of the natural assets that many communities had traditionally provided free access to. To maintain the integrity of their assets, communities needed to employ more targeted destination management activities.

Examples of tourism destination management activities included:

- Increased by-law enforcement: By-law enforcement was used to reduce the number of undesirable behaviours being seen, such as littering, parking where not allowed, and much worse.
- Implementation of paid parking: Tourists, and in some cases, everyone, were required to pay for parking at what was once a free lot.

**Buy Local Initiatives** Practitioners felt significant pressure to ensure their retailers and service providers, on main street and beyond, were supported. This forced them to seek out creative ways to enable those businesses to sell within the government regulations that were implemented as a result of the pandemic. With supply chain issues causing significant production barriers for manufacturers some practitioners also sought to capitalize on this by facilitating stronger local connections to fill supply chain gaps.

Examples of buy local initiatives included:

- ‘Shop Local’ maps: This approach focused on highlighting local businesses by community, region, or sector (ex. food). These maps would include business information like opening hours, and if they offer delivery or curbside pick-up. The goal was to provide easier ways to connect potential customers with local businesses.
- Local product boxes: Curating a selection of local or regional products and offering it for purchase to residents and other markets to create a retail channel for businesses impacted by closures and restrictions.
- Virtual supplier connection and networking events: These events sought to address product and service gaps experienced in the community and connect businesses to fill those gaps locally or regionally where possible.

**Welcoming Community** Finally, moving forward, many municipalities were focused on how to retain, engage, and help new residents feel welcome in their community. This was a particular focus in rural areas which had seen an influx of new residents relocate from more urban locations. Some areas that were historically slow-growing and demographically homogenous became more diverse and new residents brought new expectations of their community. While one might celebrate the arrival of new residents to support community workforce needs, it was noted that new residents were more likely to retain employment in their former regions, and many were working remotely or in a hybrid work situation. As a result, in most cases further consideration was required as to how to engage these new residents more in the community, including from an economic (spending) perspective. It was also considered important to ensure they have the resources they require to continue working and residing

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in the community. Lastly, with the increase in diversity, several respondents noted there were concerns about how welcome new and diverse residents felt in their communities, as in some cases there were increased acts of discrimination and hate or hate crimes. In those cases, participants were often tasked with developing actions that celebrated and embraced diversity to counter the negativity and help their community shift to a more welcoming environment.

## Policy and Service Delivery Challenges

While economic developers were able to quickly adapt their service delivery to the new operating environment and deliver a number of impactful initiatives to address the obstacles presented by COVID-19, but they were not without their challenges. The following section details the key challenges economic developers are facing as the pandemic wanes.

**Staying Creative** The length and nature of COVID-19 made it particularly complex. Practitioners were challenged, over a more than two-year period, to generate new and innovative ways to ensure their business community did not collapse. At the outset, strategies needed to be developed to connect non-essential businesses to mechanisms that generated revenue or provided support for those businesses. To do this, economic developers came up with a wide range of tools (i.e., virtual delivery apps, to monthly box sets, contests that would encourage business to apply for grants) to help businesses transition their in-person services into online models, or just to simply have an online presence. As the pandemic wore on, practitioners had to focus their creative efforts around trying to maintain engagement, by regularly changed tactics and communications. Additionally, as ‘Zoom fatigue’ set in, practitioners were required to redesign and reformat meetings and resources to maintain community uptake.

**Information Management** Particularly at the outset of the pandemic and as non-essential businesses were forced to close and then open in phases, the amount of information available and the rate it was becoming available was significant. Given the diverse nature of the business community, economic developers were challenged to curate the vast amount of information into usable bits for businesses who were calling and asking for assistance to understand what those regulations meant to their operations.

**Engagement** At the onset of the COVID-19 pandemic, practitioners noted an uptake in engagement from both the business community and partners. This engagement took many forms, ranging from more frequent phone calls and meetings to greater response and participation in data collection processes (i.e., surveys). This increase in engagement was especially important in the initial response to the pandemic to provide information on business and community needs and to enable economic development partners to work together. As the pandemic progressed, however, the practitioners noted a significant reduction in engagement - fewer businesses participating in surveys and virtual learning opportunities (i.e., ‘Zoom fatigue’ and a general lack of enthusiasm in dealing with online material).

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**Personal Toll** Given the confusion, panic, and general uncertainty throughout the pandemic, many business owners were highly impacted by their on-going business viability concerns. Practitioners spoke about how business owners contacted them in tears or in anger, to speak about losing their business, house, and other assets because of the persistent uncertainty. Relationships, especially with the business community, are key to successful economic development and often that involves personal investment on an emotional level to those relationships. The pain and anguish experienced and shared by the business community clearly took a personal emotional toll on each practitioner who reflected on those conversations.

**Uncertain Future** In 2022 a new strain of COVID-19 was emerged – Omicron – igniting new uncertainty and new restrictions. At this point Ontario had already been through several shutdown and reopening periods, as well as the implementation of a vaccination passport, and other vaccination related restrictions. Civil unrest was also growing. The period of extended uncertainty was starting to take a toll on some business owners, resulting in concerns about potential business closures. The period throughout COVID-19 was marked with uncertainty and post-research phase, the level of uncertainty has not improved, with skyrocketing costs of living, business inputs, and interest rates. Practitioners noted a major challenge they are tasked with is how best to plan to support their business community with the uncertain nature of the future. How would future COVID-19 government responses manifest? The economy has remained healthy and demand for workers remained strong and unmet, but economic developers consistently felt that at some point the positive growth and outlook would slow.

### Lessons Learned: Where Does Economic Development Go from Here?

Economic development will continue to be critical to supporting our local, regional, provincial, and national economies through the on-going uncertainty and into the post-pandemic future. There are several themes that emerged across the discussions which provide guidance on where the sector can have the greatest impact on stewarding the economy into the future.

**Emergencies Can Impact the Economy Too** It is clear from discussions that prior to COVID-19 municipalities had an emergency management plans in place, but few considered responding to an emergency that had prolonged impacts on the economy and workforce. Having seen the critical need for immediate support, reassurance, and response stemming from COVID-19 and other emergency situations, economic developers will benefit from the development of their own emergency response plans. These plans should lay out roles and responsibilities to mobilize the economic development ecosystem to respond to the crisis depending on the type of emergency and impacts experienced.

### Increased Risk Tolerance and Faster Decision-Making: Stay Innovative and Responsive

Historically government has a reputation for not always moving at an expeditious pace. However, as a result of the pandemic, Councils were able to make decisions more quickly and empower staff to make more innovative decisions, more effectively enabling economic developers to support and even grow their business communities through this unprecedented economic crisis. During 2020 and 2021



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economic developers and other municipal staff enjoyed unprecedented levels of support from their Council for responsive (timely) and innovative initiatives, which represented a significant increase in the level of risk tolerance displayed by government bodies. This was critical to be able to respond effectively to rapidly changing regulatory and economic conditions, as the impacts on local and regional business communities were swift. COVID-19 forced communities to adapt and change their practices quickly, and it was noted that municipalities realized operational efficiencies and many of those changes will be retained in the long-term because of their success. This highlights the critical need for Councils and senior municipal staff members to embrace innovation and responsiveness. Not only will this deliver a business-friendly attitude to the community, but it will also enable communities to realize new efficiencies and improve the effectiveness of their service delivery across multiple departments. However, this is particularly salient for economic development activities where businesses expect government to adhere to their immediate needs and service standards.

[Many Hands Make More Efficient and Effective Work](#) Many local and regional economic development stakeholders created and/or deepened their partnership efforts to accomplish the responsive and impactful work they undertook during the COVID-19 pandemic. The expanded nature of collaborations enabled work to be done more effectively and efficiently by pooling resources, knowledge, and capacity. In some cases, a defined division of labour emerged between a regional partner and its lower tiers. These examples clearly demonstrated that when partners collaborate in a defined and strategic manner they are able to accomplish more with increased effectiveness. Looking to the future, these new and enhanced collaborations should explore mechanisms to enable more formalization of roles and activities so they can continue to build on the scale and scope of what can be accomplished together.

[Virtual Environments](#) Our way of doing things as a society has changed as a result of COVID-19. Municipalities are looking to conduct more business and offer more services in an online platform. Economic developers will have to further consider how to adapt their tactics and leverage these new ways of doing things to maximize their effectiveness and efficiencies. Many of these changes will come from the cost savings of operating in a virtual environment. This may include changes like economic developers reformulating their approaches to long-distance investment attraction efforts or exploring the inclusion of more virtual or hybrid events or consultations to enable greater participation. Economic developers will be challenged to identify the right balance between engaging in person and enabling greater trust building opportunities with partners and the business community, or utilizing virtual connection opportunities, which are more affordable and offer greater audience reach. Lastly, as rural internet coverage is still a challenge, they must consider how to accommodate the less connected and less-tech savvy businesses and community members to ensure their services and supports are accessible across their communities.

[Changing Nature of the Labour Market](#) COVID-19 had a significant impact on the labour market. Many of those near or considering retirement used COVID-19 as an opportunity to exit the labour

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market permanently, while others who lost jobs in volatile sectors are not expected to return. Beyond an exodus of labour, the pandemic enabled many office workers to work from home or a remote environment. As this trend is expected to continue, a key consideration is raised for the economic developer. If the jobs being created by local businesses are staffed by workers in remote locations, how does that business' impact on the economy change versus if they were creating jobs that are physically located in the community. Given the tightness currently being experienced in Canada's labour market, certainly, access to a global pool of talent would assist with both availability and cost of labour for those businesses. Many office jobs that could be done remotely are arguably some of the highest paying jobs within the economy and economic developers will need to understand how Canadians' salary and access to those remote employment opportunities be impacted by a larger labour pool.

[Maximize Regional, Provincial, and National Supply Chain Opportunities](#) Disruptions to business supply chains will continue to be the new normal in the short- and mid-term, and this presents an opportunity to help local, provincial, and national businesses fill those gaps closer to home. Efforts should be made to better understand which businesses are experiencing supply chain challenges, and what businesses offer products or services that can address those gaps. Moving forward, a key role of economic development practitioners can be business matching – connecting businesses that may have opportunities for collaboration (i.e., an upstream supplier and an assembly plant) that had previously gone unnoticed or underexplored. This can be done on several geographic scales, such as regional, provincial, or national, with the larger size offering both more opportunities to local/regional business communities as well as more competition, with the reverse being true as you reduce the scale. Looking for opportunities to fill these supply chain gaps not only provides a potential new market for business communities, but also provides resiliency against future global economic shocks by minimizing potential supply chain interruptions related to shifting policy and stability in other nations.

[Rethinking Downtowns and Office Space](#) In a time when main street businesses should have and arguably did suffer the most, an interesting trend emerged whereby many non-urban based economic developers indicated their downtown vacancy rate fell during COVID-19. While the reasons for this are still unclear, this trend was reversed in more urban centres, where businesses tend to rely on a daily influx of office workers to sustain them. Rural areas that have experienced an increase in downtown vibrancy will now need to understand how to maintain and maximize that momentum. Capturing the new resident marketplace will be important for this. More urban markets need to understand the mid- and long-term changes to the number of office workers commuting into their downtowns daily. If long term losses in traffic are expected, more consideration should be given to diversifying the business mix to better support the preferences of the “new” typical downtown consumer, creating a destination to draw new types of businesses and residents into the core.

## Concluding Thoughts

The COVID-19 pandemic represented a period of challenge, innovation, and change for all, and the economic development sector was no different. The sector was tasked with responding to a rapidly

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evolving and changing economic emergency and found new and meaningful ways to support their local economy, enhance their community, and evolve the scope of their partnerships. While the pandemic presented many new challenges, economic developers effectively leveraged their existing tools, and created new ones to help their communities weather the proverbial economic storm. As the economy around the globe has settled into its new normal, many learnings and considerations can be applied to the sector to help it drive further prosperity and growth in the future.