



2020 SURVEY ON BUSINESS CONDITIONS



**UNDERSTANDING THE COVID-19 PANDEMIC
EFFECT ON AREA BUSINESSES**

CENTRE FOR WORKFORCE DEVELOPMENT

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This project is funded in part by the Government of Canada and the Government of Ontario



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Executive Summary

Statistics Canada has been conducting the “Canadian Survey on Business Conditions” since early in the COVID-19 Pandemic. The first survey was conducted in March 2020 with follow-up surveys done in May and August. These surveys provided insight into how businesses were being affected by the Pandemic. Unfortunately, it spoke to businesses at the national level and did not provide an understanding of what was happening at the local level.

CFWD conducted a survey that ran through August and early September 2020. It covered businesses in Hastings, Prince Edward and Lennox and Addington Counties. With a total of 74 respondents, this survey provided relatively good insight into what local businesses were experiencing as a result of the COVID-19 Pandemic and subsequent closures that were implemented by the Ontario provincial government. It further explored the implications of social distancing on business.

As areas across Ontario and nationally enter into what is building into a very concerning second wave of the Pandemic, governments at all levels should be making themselves aware of and utilizing the key information that local businesses have shared. Supports that were implemented in the first wave may have to continue well into 2021, pending how bad the second wave affects local businesses, especially small ones which encompass 98% of all businesses locally.

The hardest hit industries of Accommodation and food services, Retail and Manufacturing have already seen significant labour force disruption. If the second wave continues to build as it is currently doing, we can expect these three industries, already devastated by the first wave, will see further substantial economic impact including permanent closures and permanent workforce losses.

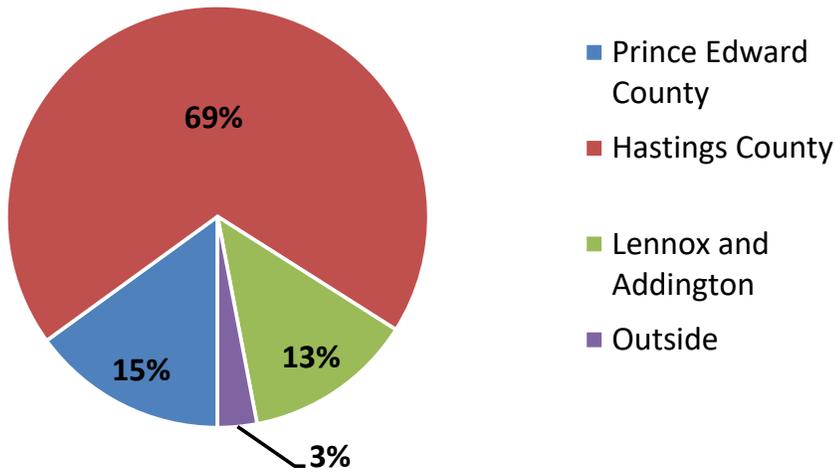
The COVID-19 Pandemic continues to drive fear amongst workers who are choosing to stay home rather than work. The total effect the Pandemic will have on both the economy and the coinciding workforce is yet to be truly known.

This report does not provide a conclusion to what local businesses have shared. It is a snapshot in time which has given voice to local business and their concerns, especially as we move into a second wave. The survey and subsequent report is just a beginning. It will require further follow-up combined with in-depth analysis of other data sources to determine what the long term affect will be on the labour force and identify opportunities that may arise as a result of Pandemic.

A special thanks to the 74 employers who provided input to the 2020 Survey on Business Conditions. Without your voice, we would not understand what your struggles are or how the community, the government or even other employers can help address the challenges you face.

Respondent Demographics

Respondent Breakdown by County

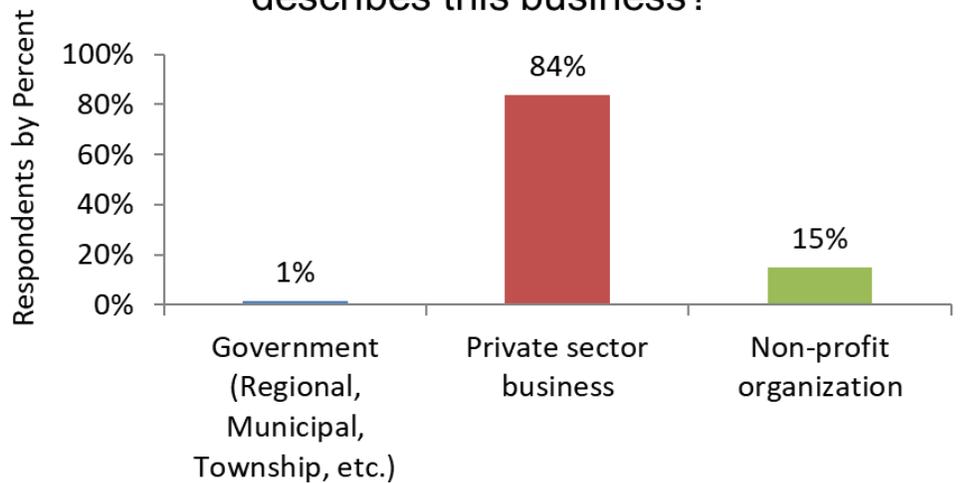


There were a total of 74 respondents to the Business Conditions Survey. Three percent came from the Peterborough Board region which is outside CFWD’s catchment area, however, the data from them has been included as their experiences were important to capture as well.

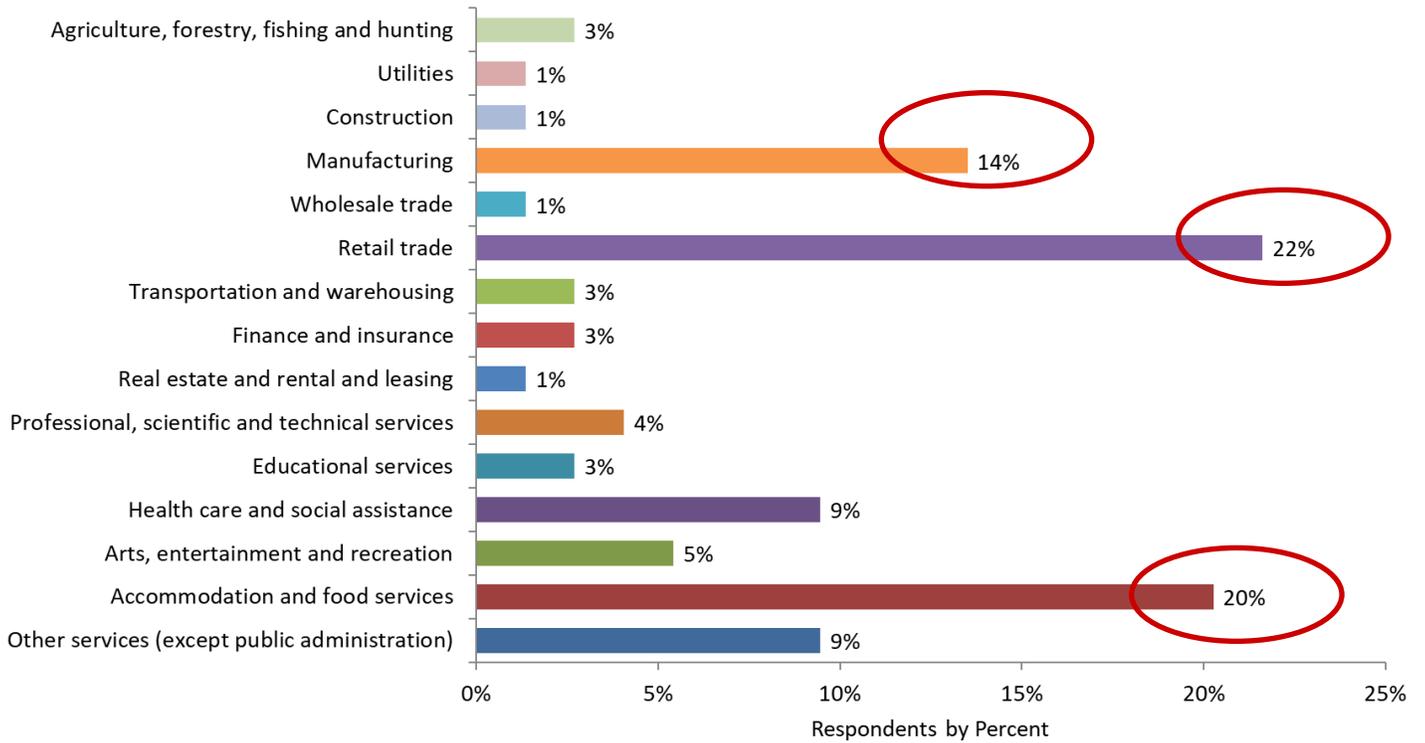
The Respondent by County percentages are not surprising. The numbers are very similar to what the actual business counts are across Hastings, Prince Edward and Lennox and Addington Counties. Traditionally, businesses in Hastings County account for 66% of all classified businesses with and without employees in the CFWD catchment area. The remaining two Counties account for 17% of businesses in each.

A majority of the businesses indicated they were private sector. Although input from government and non-profit sectors was small, it did show that business in all areas were affected by the Pandemic to some degree.

Which of the following categories best describes this business?



What industry best corresponds to this business's main activity?



The COVID-19 Pandemic and resulting business shutdowns affected many of the industry sectors across the CFWD Board area, Provincially and Nationally. The top three respondents by industry sector in the above table are reflective of the hardest hits industries when it came to economic impact. One of the fourth highest reporting industries, Health Care, felt impacts from two perspectives— economic because of closures to businesses such as dental, hearing and vision and worker shortages in hospitals, long term care and home care.

The majority of respondents were small business which reflects the fact that locally, 98% of businesses are under 100 employees.

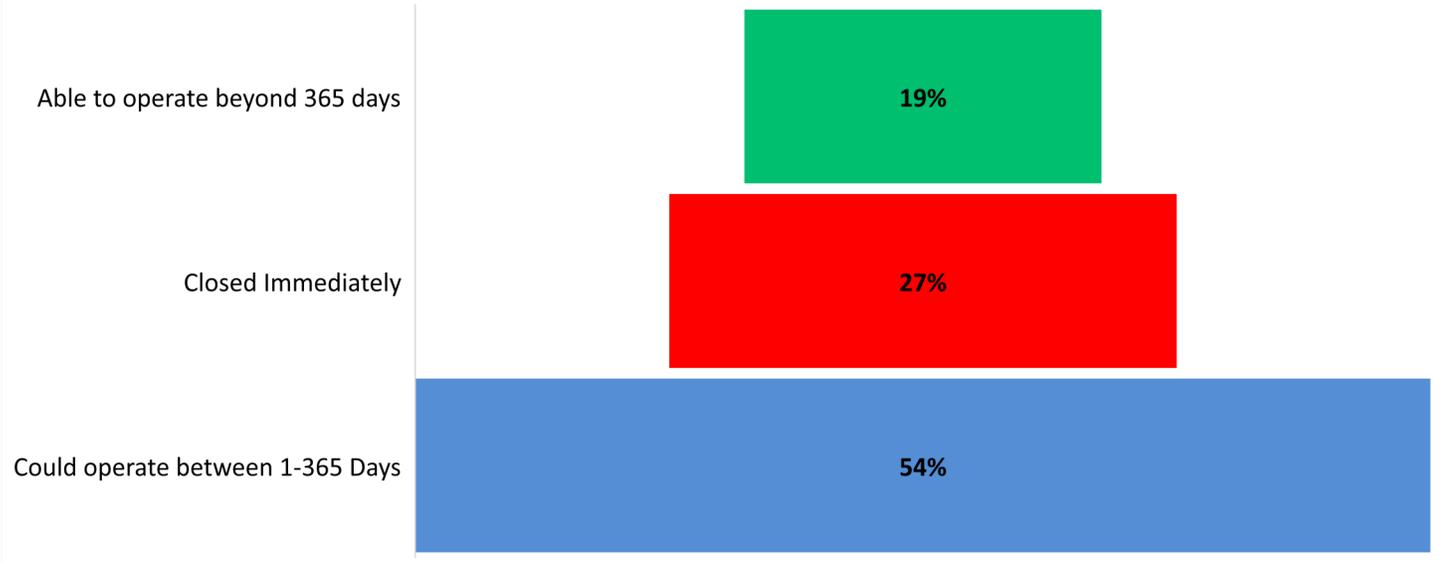
Although the pandemic has impacted all business sizes, it is the small businesses that most indicators have shown were hardest hit.

As of March 17, 2020, the date that Ontario declared a State of Emergency, how many employees did this business have?



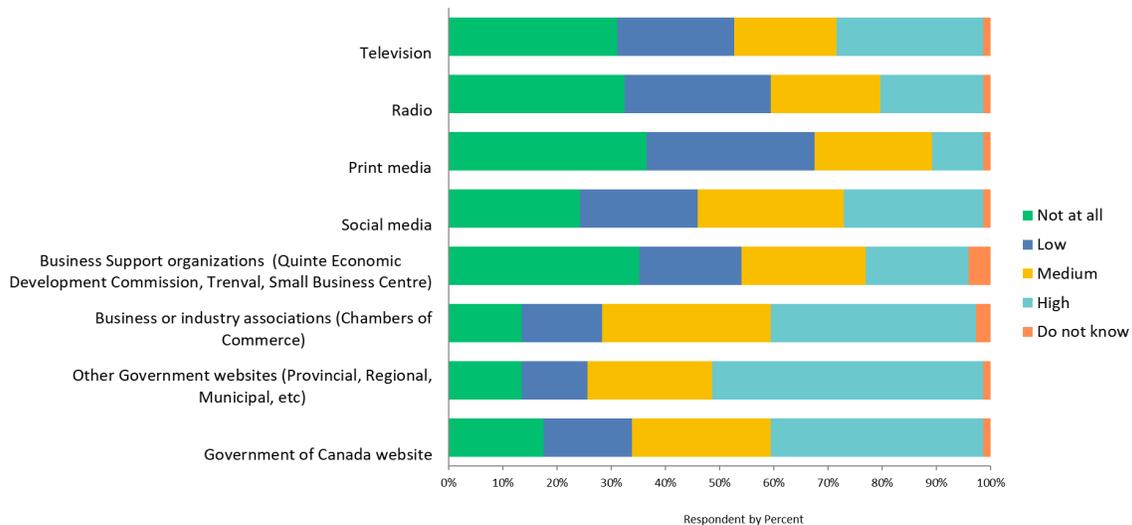
Business Pandemic Response

On March 17, 2020, the date that Ontario declared a State of Emergency, if this business no longer had any source of revenue, how many days could it have continued to operate?



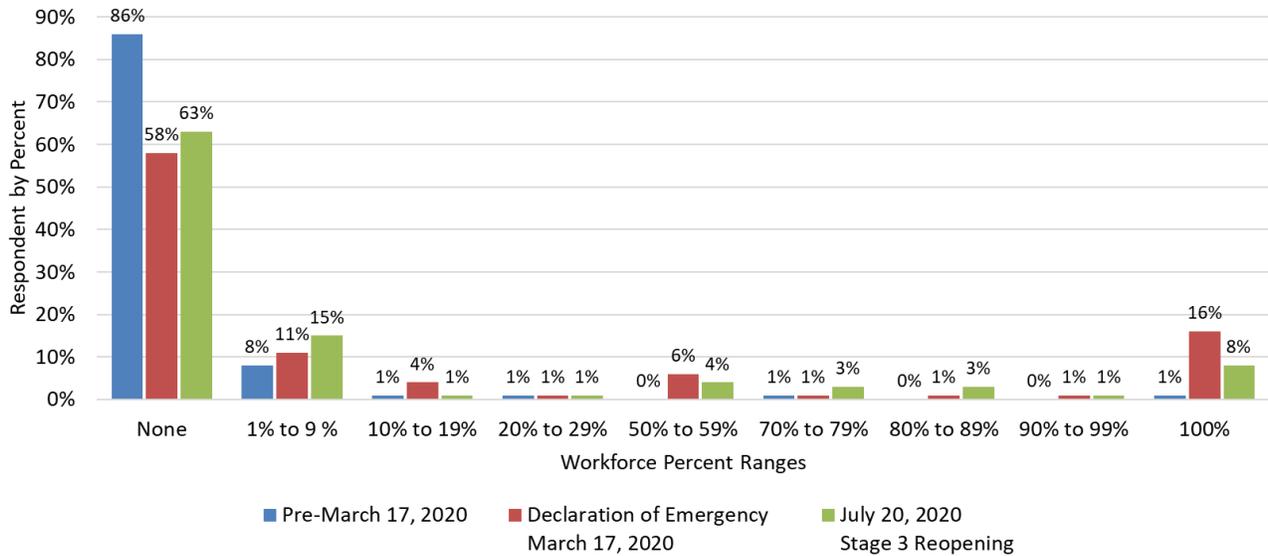
There were only a small percentages of businesses that could operate beyond one year without any source of revenue. Without either business savings or government support funding to access, almost one third would have closed immediately. A further 54% could operate anywhere from 5 to 365 days, with a median of them being able to operate up to 75 days. It is concerning that should the Pandemic continue for some time and funding supports for businesses cease, a significant business loss could result.

To what extent does this business rely on each of the following sources for updates on COVID-19?



Providing businesses with information on a timely basis is important. The majority of businesses relied heavily on associations such as Chambers of Commerce as well as Federal, Provincial and other government websites. Traditional and even social media sites saw very little use to keep up to date.

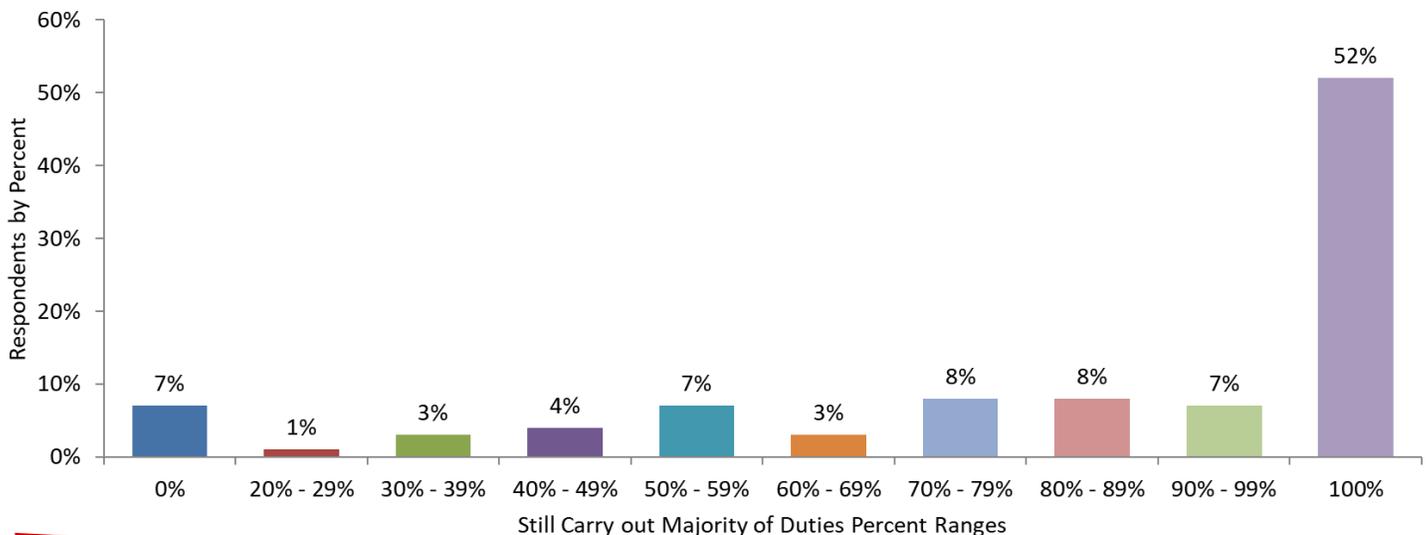
What percent of this business's workforce was teleworking or working remotely?



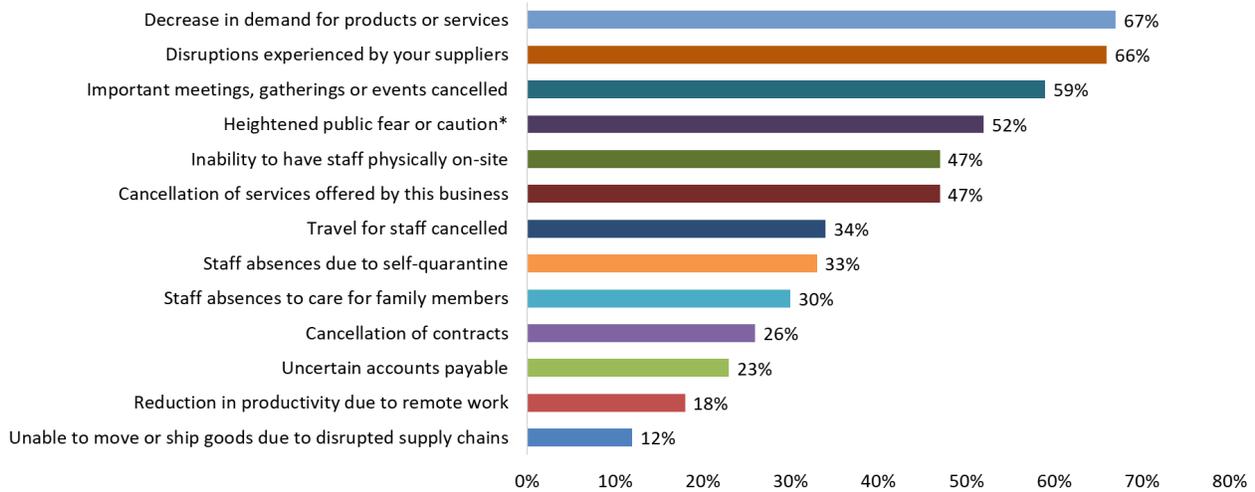
The table above shows where respondents were Pre-COVID, at Declaration of Emergency and Stage 3 Reopening with regards to a remote workforce. As would be expected, the top three responding industries would have little or no ability to move to remote work. Only a small percentage of businesses could take advantage of this method of operating.

It is concerning however, in the table below, that when businesses in CFWD’s area entered Stage 3 Reopening, only a little over half were able to still carry out a majority of their duties. With 7% of businesses reporting not being able to carry out a majority of their duties at all, this may seem like a small number but extrapolated to the actual number of businesses across the region, if the Pandemic continues for any great length of time, the area could experience significant business closures and labour force disruption.

Of this business's workforce on July 20, 2020, the date that this area move to Stage 3 Reopening, what percent is still able to carry out a majority of their duties



To what extent has this business experienced the following impacts of COVID-19?

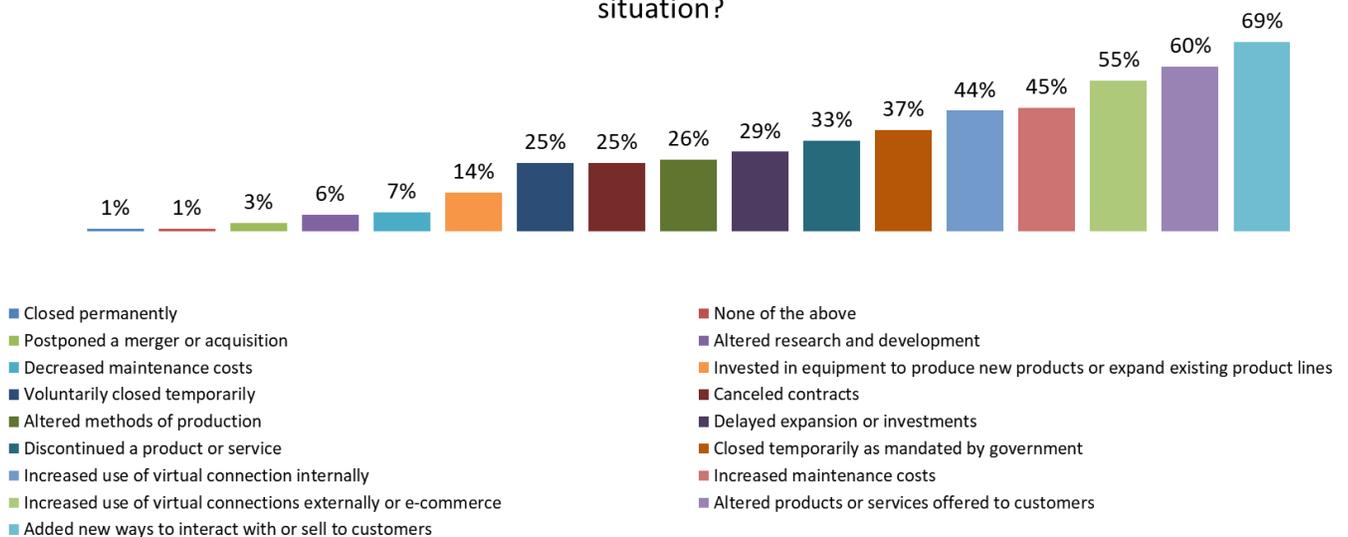


*Heightened public fear or caution causing customers to avoid this business's physical locations or services

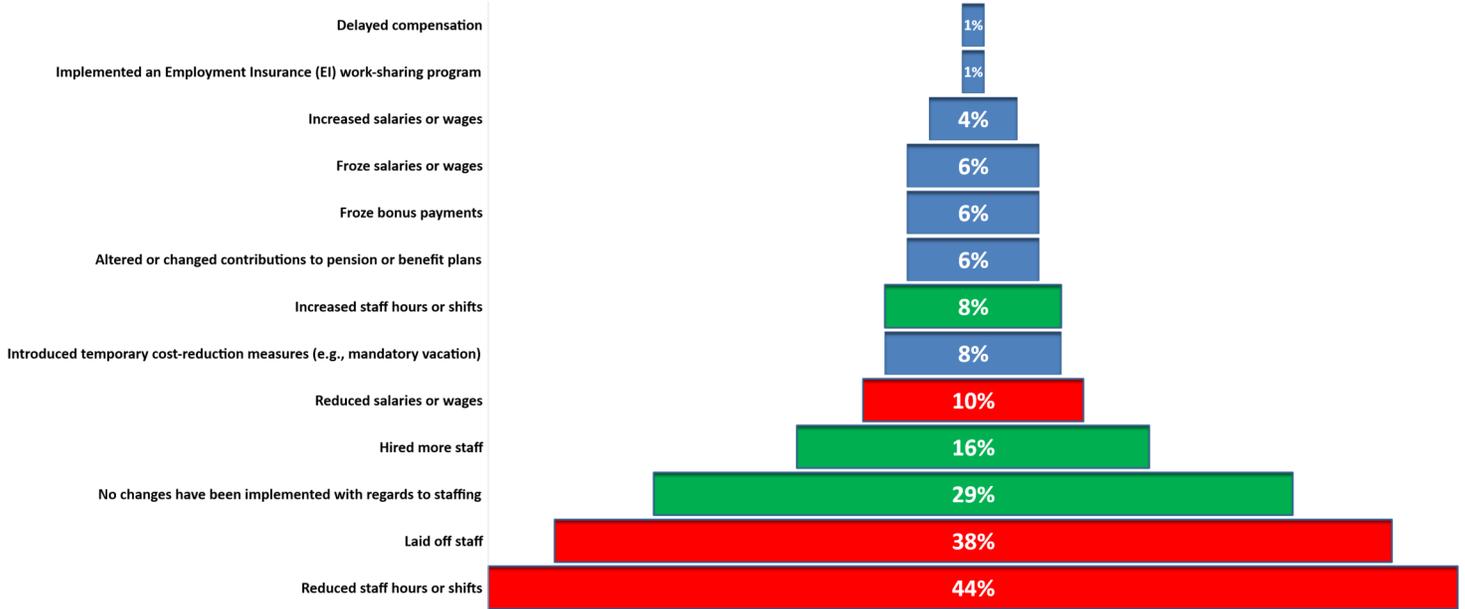
The table above provides an indication of the impacts COVID-19 has had on businesses. The top three categories of decrease in demand, supplier disruption and cancellation of events, meetings, etc. was not unexpected as this is reflective of what many businesses across Canada indicate they have faced. However, heightened public fear is shown as having a significant impact. This could be a driving factor behind not only the top three categories but also staff absences.

Impacts and adaptations were not easy for all. Respondents faced increased costs for cleaning, PPE, training, and scheduling. A business terminated 50% of their workforce and reduced hours for those that remained. In some cases, part-time staff were completely laid off. Others faced mandatory closing, either entirely or in part. Retail locations experienced complete closures. Companies faced reduction in productivity and the inability to get staff to return due to Canada Emergency Response Benefit (CERB). The Pandemic forced businesses to look at new ways to operate and adjust to meet their customer needs. Although not all businesses were able to adjust how they operate, it is encouraging that a significant portion found ways to alter products or turn to new ways to interact and function in a virtual environment.

Which of the following changes has this business made to adapt to the current COVID-19 situation?

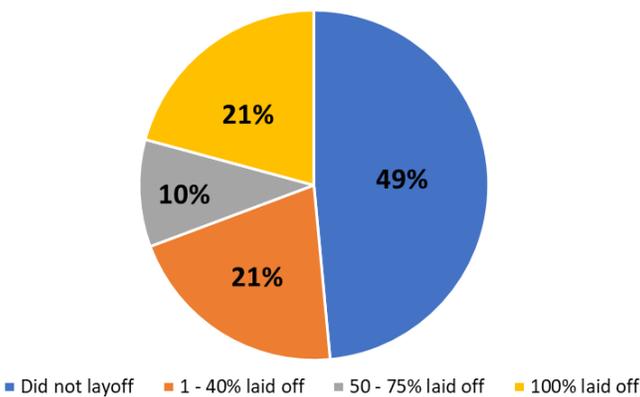


Which of the following actions has this business taken with regards to staffing due to COVID-19?



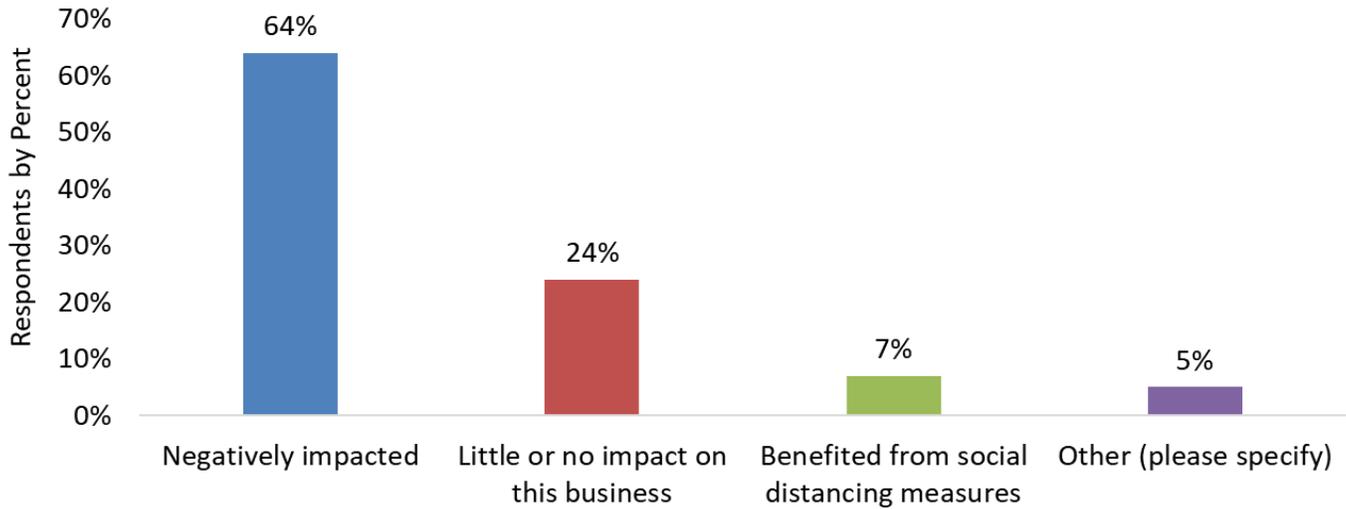
The Pandemic has had a significant impact on the labour force, disrupting it across all industries. When businesses were asked what actions they took with regards to staffing, they were able to indicate multiple measures that were implemented. In the above table, red sections relate to significant negative impact on staffing, blue indicates moderate impact and green actually reflects a positive impact. It is not surprising that laying off staff or reducing hours or shifts were the top responses, thus noted as red. However, it is interesting that there were actually three green areas, with 29% of respondents making no staffing changes and in two other areas, hours or shifts were increased or hiring took place. The 8% of respondents that indicated they increased hours/shifts included Accommodation and food services 33%, Agriculture, Manufacturing, Education services and Health Care 17% each. Of 16% of respondents that indicated they hired staff, 25% were Manufacturing and Retail each, 17% Accommodation and food services and 8% Health Care. Agriculture, Wholesale trade and Professional, Scientific and Technical industries also saw small amounts of hiring.

What percent of this business's workforce has been temporarily laid off due to COVID-19?



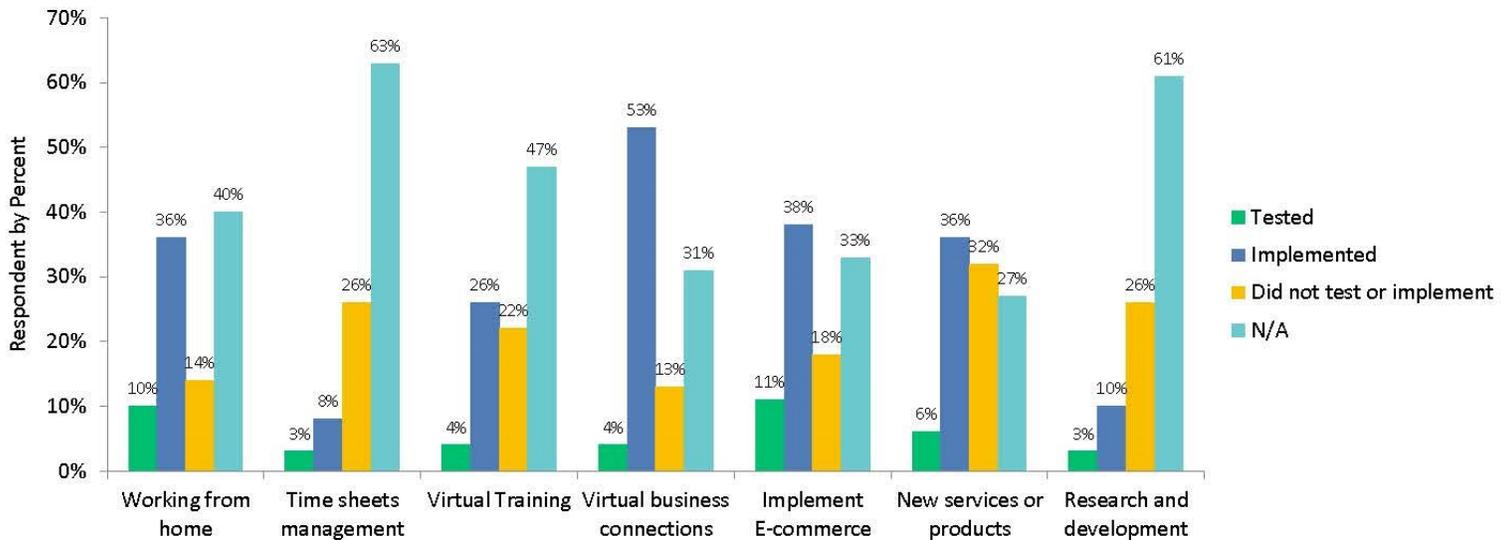
Businesses were asked what percent of their workforce had to be laid off temporarily. Although 49% of respondents did not have to lay off at all, 21% of respondents laid off their entire workforce. This is a good indicator of just how significant the impact of COVID-19 has had both on the labour force and the economy. When further questioned about permanent layoffs, although 85% of businesses did not encounter this, 15% of them did have to implement this action. Of this group, 33% laid off half their entire workforce permanently and 17% laid off 80 to 100%. A further indicator of the significance the Pandemic has had locally.

How has this business been impacted by social distancing measures?

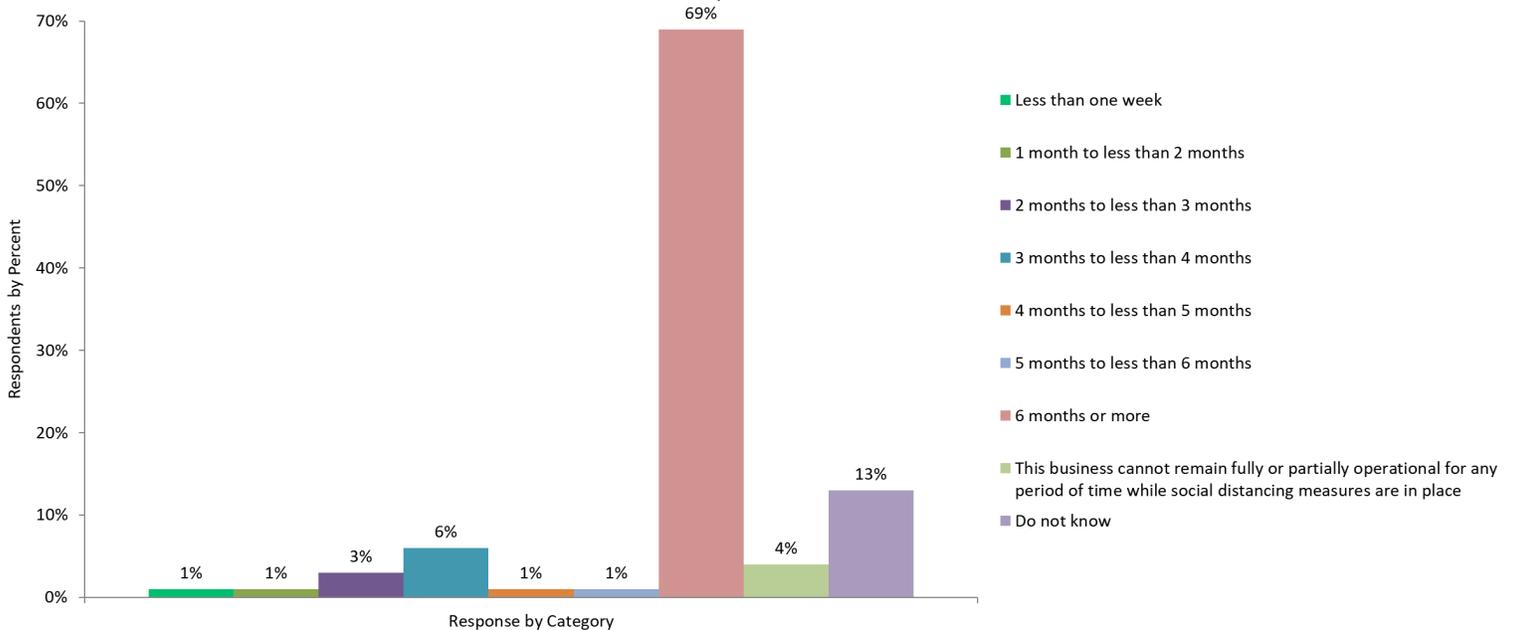


As businesses adjusted to operating under the Pandemic and tried to meet social distancing requirements, a majority experienced significant negative impacts. Cancelling things such as live music and other events affected revenue streams and customer attraction. Dealing with customers is taking longer and clean up, especially in accommodation and food services, is impacting customer numbers. Social distancing measures has forced businesses to look at new ways to operate. Although not all businesses have been able to test or implement the business practices outlined below, some of them have responded through the implementation of new services, E-Commerce and developing virtual business connections.

Since March 17, 2020, the date that Ontario declared a State of Emergency, which of the following business practices has this business been able to test or introduce as a result of social distancing?



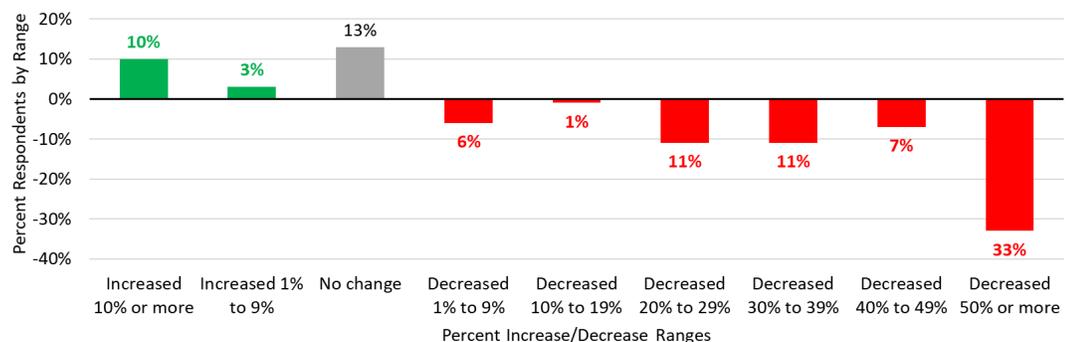
As a part of re-opening, there are a number of measures that businesses must implement including having social distancing policies in place. How long could this business sustain itself while the social distancing measures are in place?



The requirement to implement social distancing measures has been challenging for businesses. The data outlined above is encouraging since 69% of respondents would be able to sustain themselves for six months or more. However, businesses that cannot remain fully or partially operational accounted for 4% of respondents. This is a significant business impact, especially if this was extrapolated as a comparator across all businesses in CFWD’s catchment area. The respondents in this category were from Educational services, Accommodation and food services and Arts, entertainment and recreation. With a further 13% not knowing how long they can sustain themselves, it is concerning as COVID-19 moves into a second wave. Further understanding of the businesses in these three categories is needed to ensure they are accessing funding supports that will assist them to remain open.

Another gauge of the impact that the Pandemic has had on businesses is the change in revenue streams. The table to the right clearly shows that 69% of respondents experienced a decrease in revenue, with 1/3 dealing with a 50% loss.

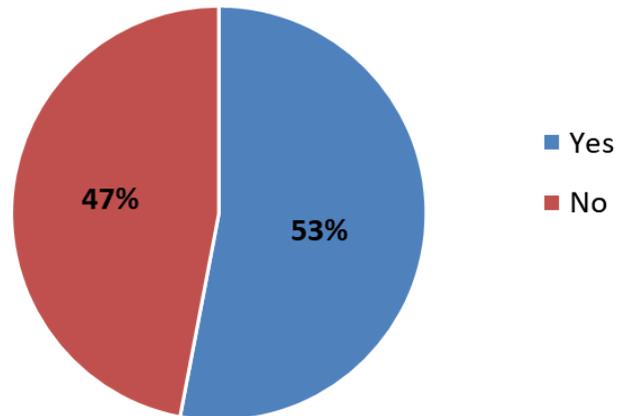
Compared to the period of January 1st, 2019 to June 30, 2019, to what extent has this business's revenue changed from the same period of January 1st, 2020 to June 30, 2020?



Approximately 6% of businesses started their operation after June 30, 2020 and are not included in this information.

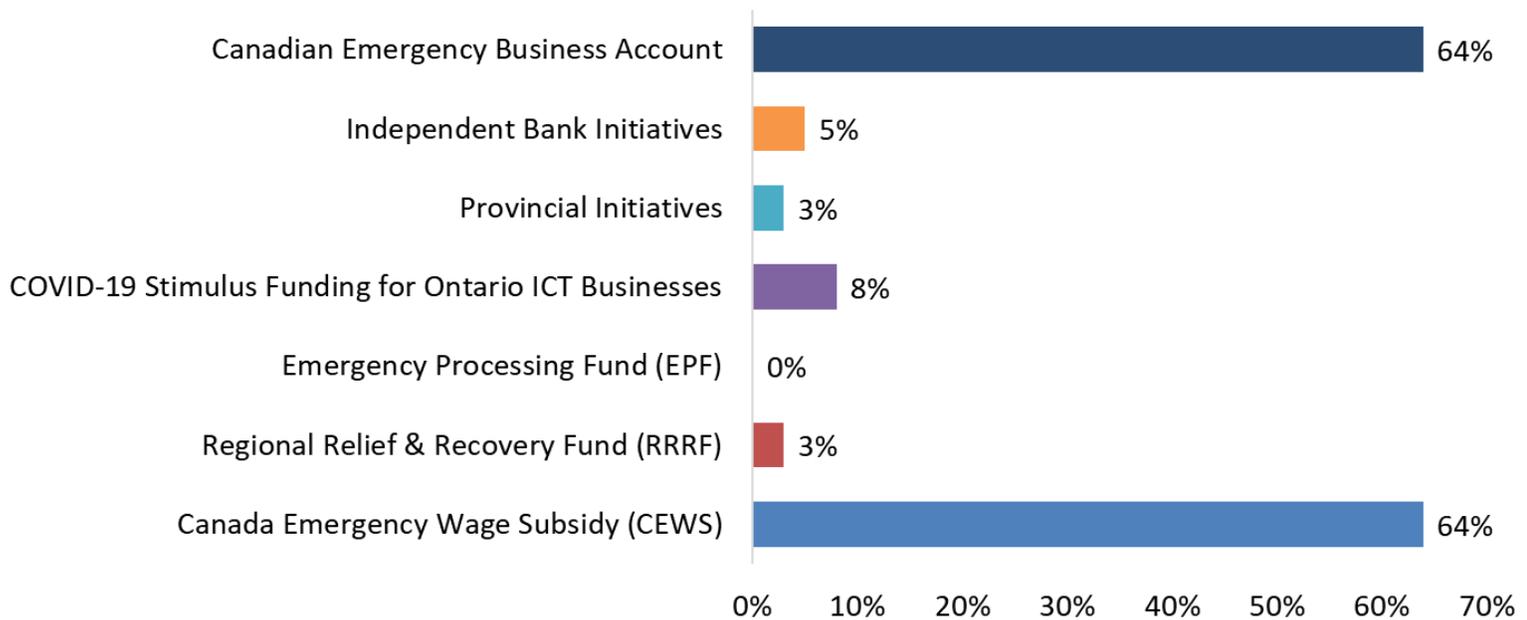
The response to this question is concerning. Both the Federal and Provincial governments have implemented significant financial programs to support businesses so that economic and workforce impacts are minimized. With only 53% accessing funding, it raises the question as to whether businesses found it a difficult process to navigate. Given the effects that the Pandemic has had on businesses including revenue loss, staffing issues and social distancing impacts, it was expected that more businesses would be accessing programs to assist them during the Pandemic.

Has this business utilized any Federal or Provincial Funding to cover operating costs due to revenue shortfalls caused by COVID-19?

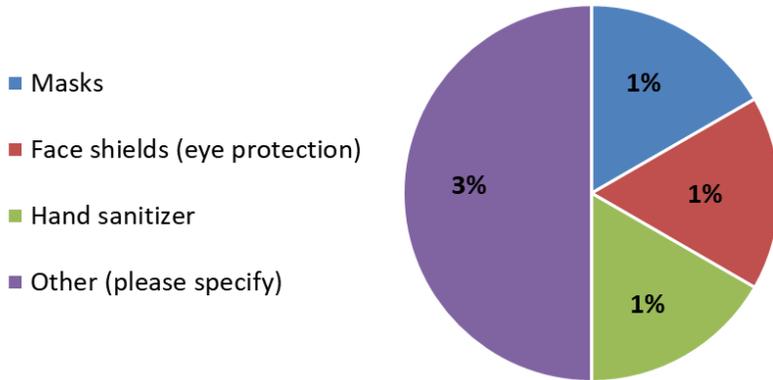


The table below indicates which programs were accessed by local businesses. The majority of program access was at the Federal level.

Which programs you have accessed?



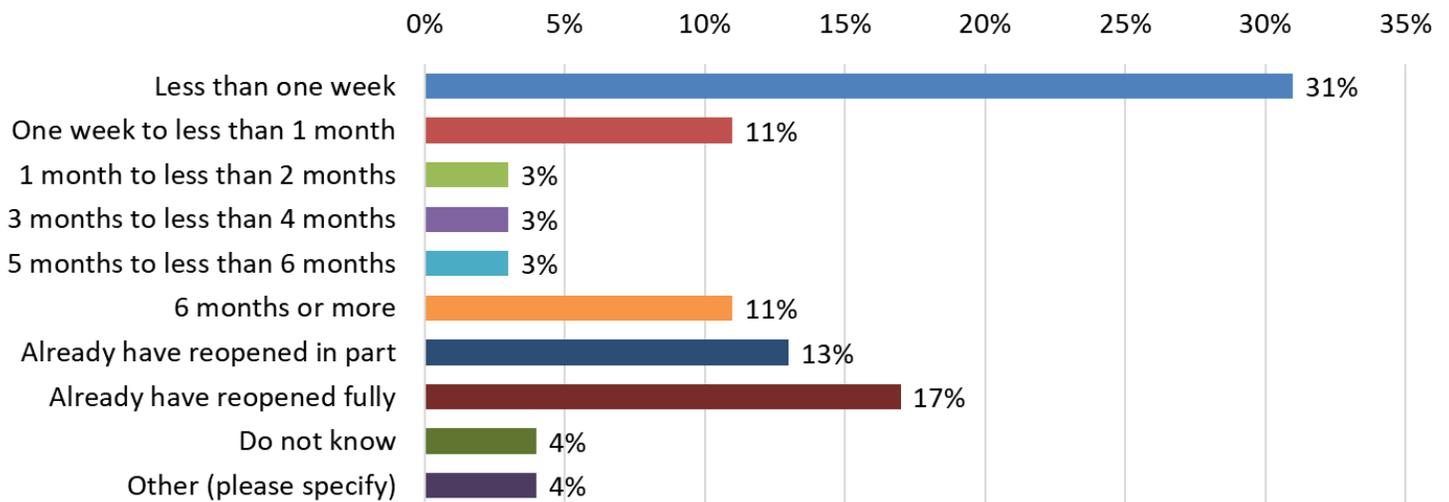
Has your business been involved in manufacturing any of the following new products in response to requests from government?



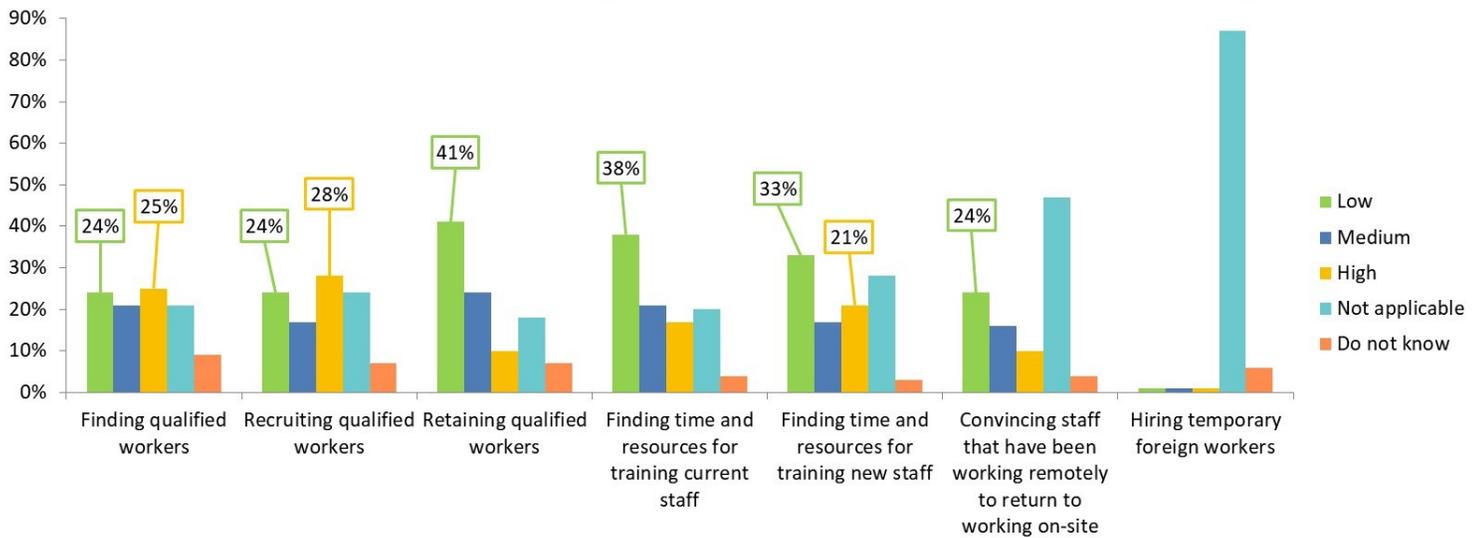
Although there were not many businesses that could contribute in the manufacture of new products, 6% of respondents did get involved and pivoted their business to respond to community needs. In addition to the items identified on the left, connections were made through a local business to supply gowns for Quinte Health Care and another produced plexiglass barriers.

Although social distancing measures could be in place for many months to come, the following data provides a sense of how quickly businesses feel they can return to what they would consider “normal” operations. It is encouraging that 31% of respondents could return to normal in less than one week. With a further 30% already having opened fully or in part, a significant portion of businesses could return to full operations within a very short period of time. However, with 31% of businesses indicating it will take anywhere from one to six or more months to be operational to their fullest extent and another 4% being unsure, businesses in these categories may need continued support to bring them up to their full potential as they ramp back up to normal operations.

As social distancing measures are relaxed, how long would this business require to be able to re-open or return to what it considers as normal operations?



To what extent will each of the following be a challenge for this business with regards to retention, recruitment and training as the economy returns to a normal state of activity?

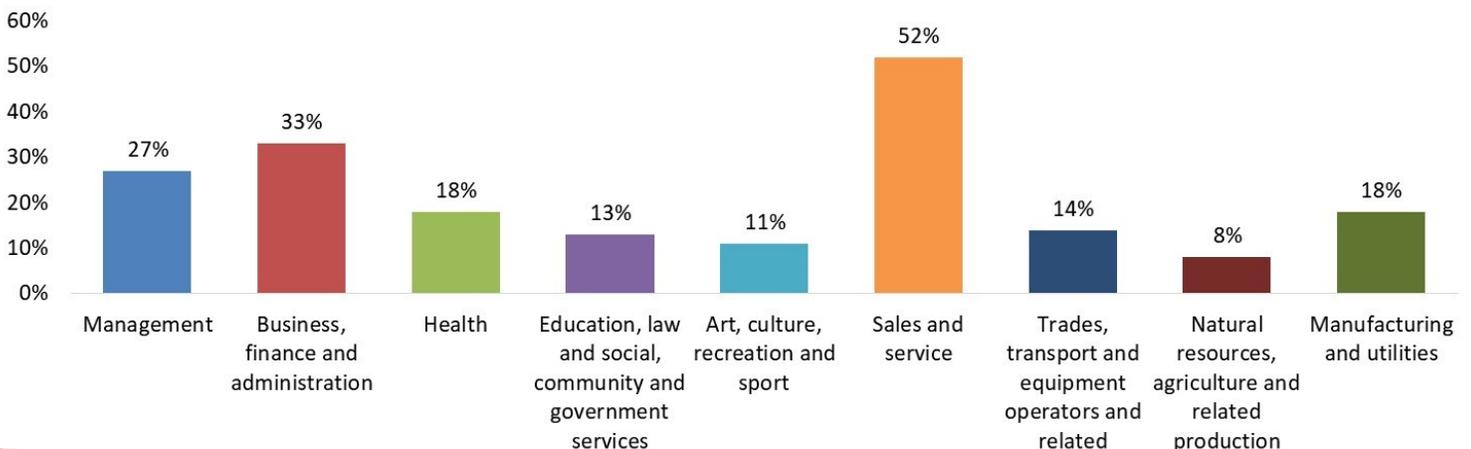


The COVID-19 Pandemic affected the business community from both an economic and labour force aspect. As identified earlier in this report, although a smaller percentage of businesses were not affected by staffing changes or in fact were hiring, a significant portion did implement staff reductions in some form.

The Pandemic has shifted the mindset of people in the labour force. Preliminary data from Statistics Canada indicates an increase in labour force non-participation within key workforce age demographics across the Kingston-Pembroke Economic Region as a result of COVID-19. The three areas of high concern noted in the table above were labour force issues that businesses struggled with prior to the Pandemic. If the drop in labour force participation remains at the levels being seen across the Kingston-Pembroke Economic Region or become worse, finding and recruiting qualified workers will become even more difficult.

The table below indicates the major occupational groups that employers will be looking to hire as they recover from the Pandemic.

Which of these occupational groups, according to the needs of your business, will be the most needed during the recovery period?





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