



2021 SURVEY ON BUSINESS CONDITIONS



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

Centre for Workforce Development

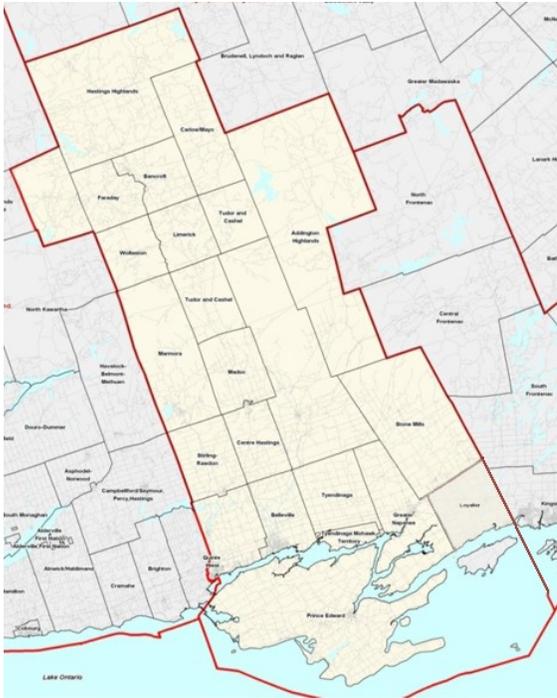
The Centre for Workforce Development (CFWD) is your expert on the local labour market in Hastings, Prince Edward and Lennox & Addington Counties. Initially incorporated as the East Central Ontario Training Board in 1997, it operates as one of 26 non-profit Boards across Ontario with a focus on local labour market research and workforce development.

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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 2020 and March, May and August 2021. 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 its first survey August/September 2020. The survey was run again in September 2021. It covered businesses in Hastings, Prince Edward and Lennox and Addington Counties. It became evident that employers were facing survey fatigue as only 25 participants completed the survey compared to 74 in 2020. However, these participants still provided a relatively good insight into what local businesses were experiencing as a result of the continuing COVID-19 Pandemic and subsequent closures that were implemented by the Ontario provincial government.

As areas across Ontario and nationally continued to experience subsequent waves of the Pandemic, they continued to suffer not only financially, but the mental stress on staff and family members has risen to the forefront of concern. Even as this report is being written, the Province is experiencing the Omicron variant which once again put significant stress on the health care system as well as lockdowns across various industry sectors already hard hit.

The hardest hit industries of Accommodation and food services, Retail and Manufacturing continue to see significant labour force disruption. If we are hit by another variant that spreads as fast as Omicron, brings further lockdowns and increased stress to health care, there may be both businesses and people who will never truly recover from this pandemic without significant support systems in place.

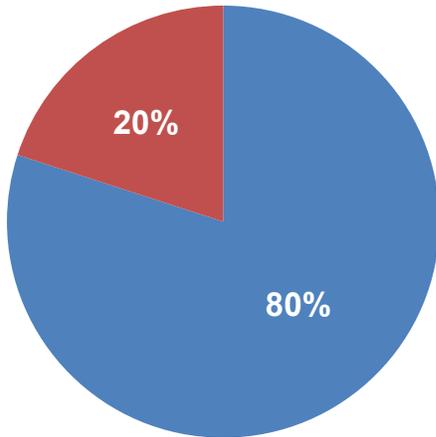
As in 2020, 2021 saw the COVID-19 Pandemic continue to drive fear amongst workers who are choosing to stay home rather than work. The total effect the Pandemic will have on both the economy and the coinciding workforce is yet to be truly known.

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 with no clear sight to the end. The survey and any 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 25 employers who provided input to the 2021 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

Did you complete this survey in 2020?



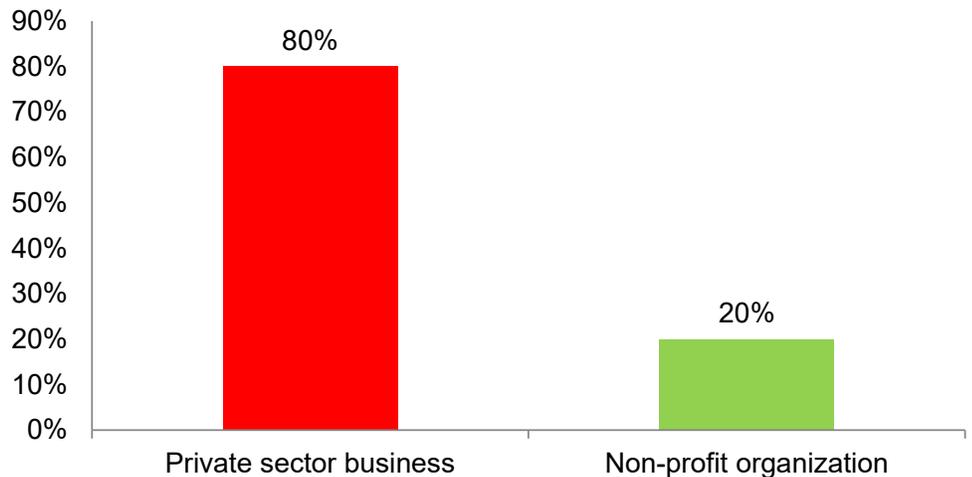
■ Yes ■ No

There were only 25 respondents to the 2021 Business Conditions Survey which is a good indication that the business community is experiencing survey fatigue. **92%** of respondents were from Hastings County, 4% Lennox and Addington and 4% from Northumberland County which is outside CFWD's catchment area. The data from Northumberland has been included as their experiences were important to capture as well.

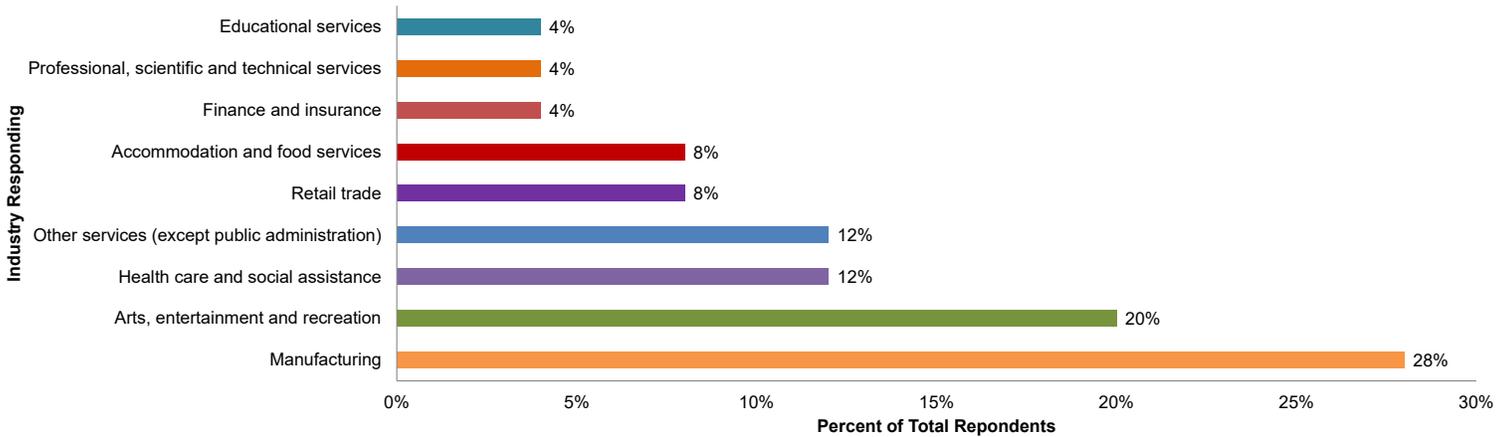
It was surprising that no responses were obtained from Prince Edward County. Traditionally, businesses in Hastings County do account for a majority of all classified businesses with and without employees in the CFWD catchment area so it was not surprising to have a significant response from businesses in that County.

Which of the following categories best describes this business?

A majority of the businesses indicated they were private sector. There was no input from government organizations this year. With the non-profit sector representing 20% of respondents, it continues to show that business in all areas were affected by the Pandemic to some degree.

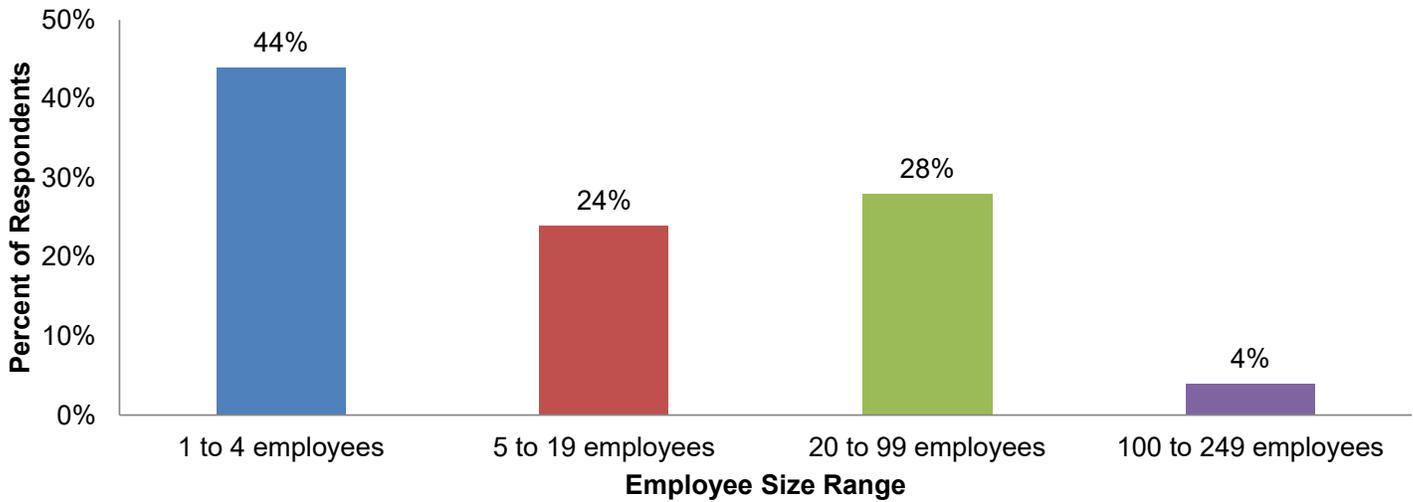


What industry best corresponds to this business's main activity?



The second year of the COVID-19 Pandemic continued to see businesses facing various stages of shutdowns. Although a smaller number of industry sectors are represented in this survey than the previous one, the top four respondent groups by percentage continues to reflect some of the hardest hits industries both economically and with workforce shortages.

As of December 26, 2020, the date that Ontario declared a Provincewide Shutdown, how many employees did this business have?

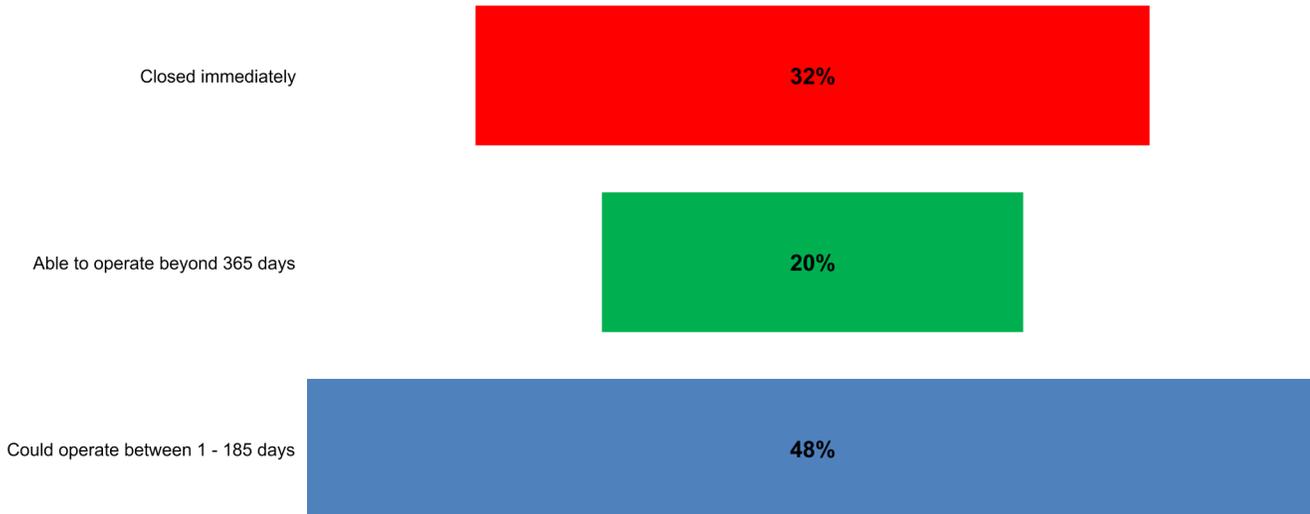


The majority of respondents were small business, the same as in 2020. This is not surprising since locally, 98% of businesses are under 100 employees.

Although the pandemic continued to impact all business sizes, small businesses were still shown to be the hardest hit.

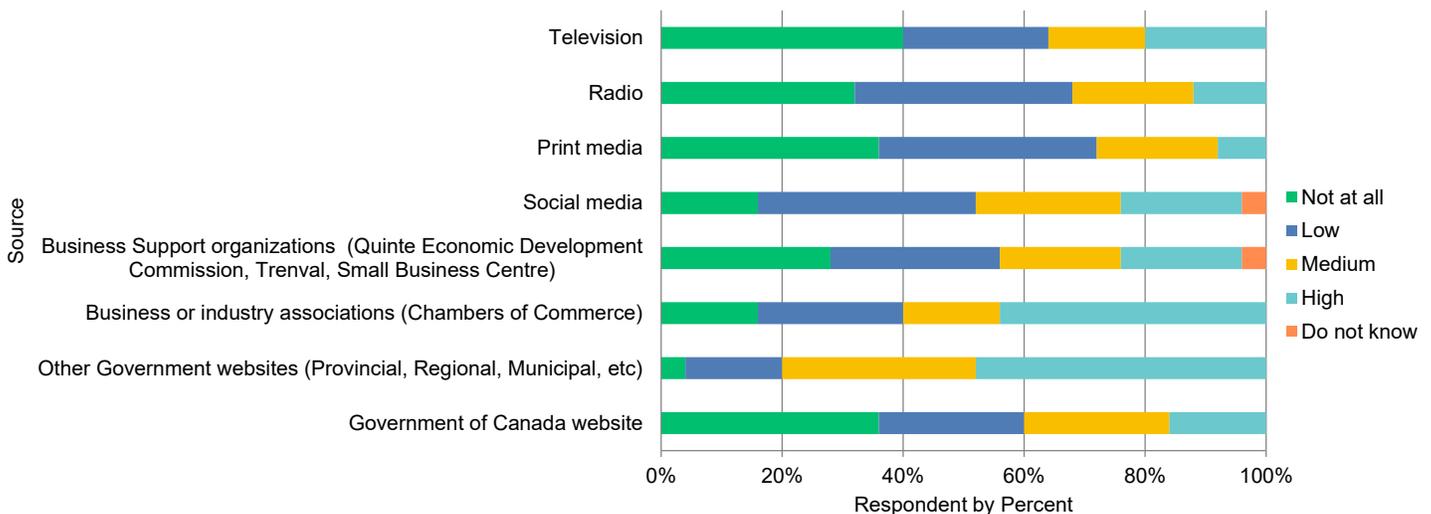
Business Pandemic Response

On December 26, 2020, the date that Ontario declared a Provincewide shutdown, if this business no longer had any source of revenue, how many days could it have continued to operate?



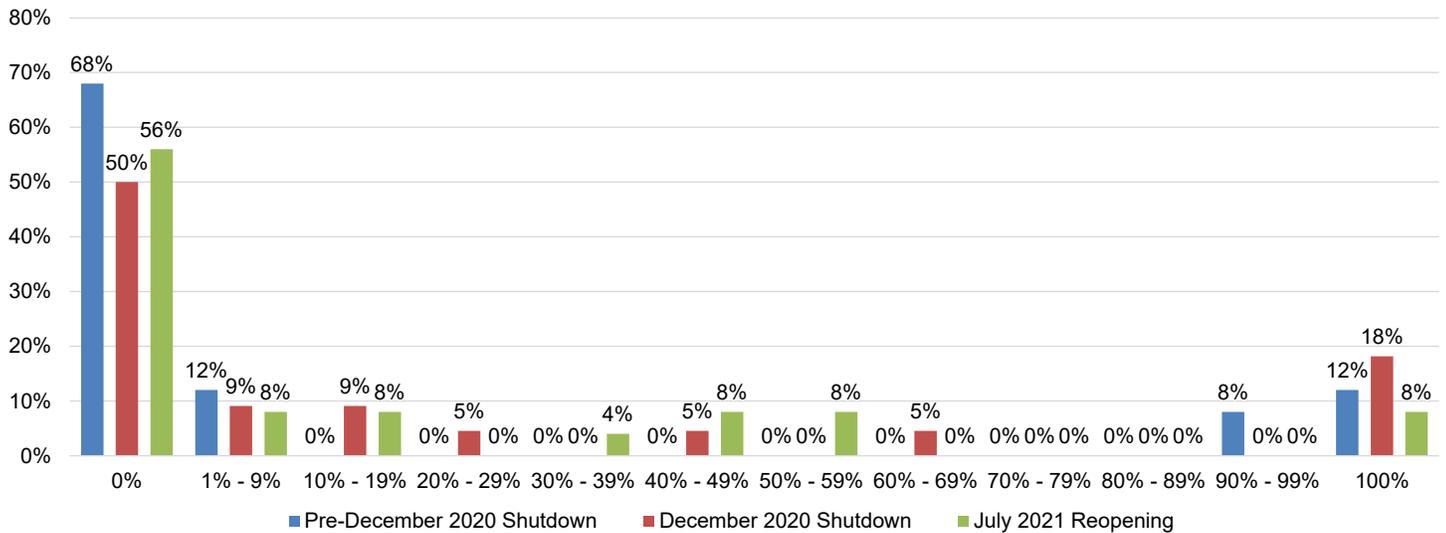
In the 2021 survey, the percentage of businesses that could operate beyond one year without any source of revenue was almost the same as the 2020 survey. Without either business savings or government support funding to access, the percentage that would have closed immediately rose by a significant 5%. A further 48% could operate anywhere from 30 to 185 days, with a median of them being able to operate up to 90 days, up from last year's 75. Unlike the previous survey, in 2021, no one could last more than 185 days which is essentially 6 months. This does speak to the importance of business supports having been in place because potentially, the area could have lost 48% of its small businesses.

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



The majority of businesses continued to rely heavily on Chambers of Commerce as well as Federal, Provincial and other government websites for pandemic updates.

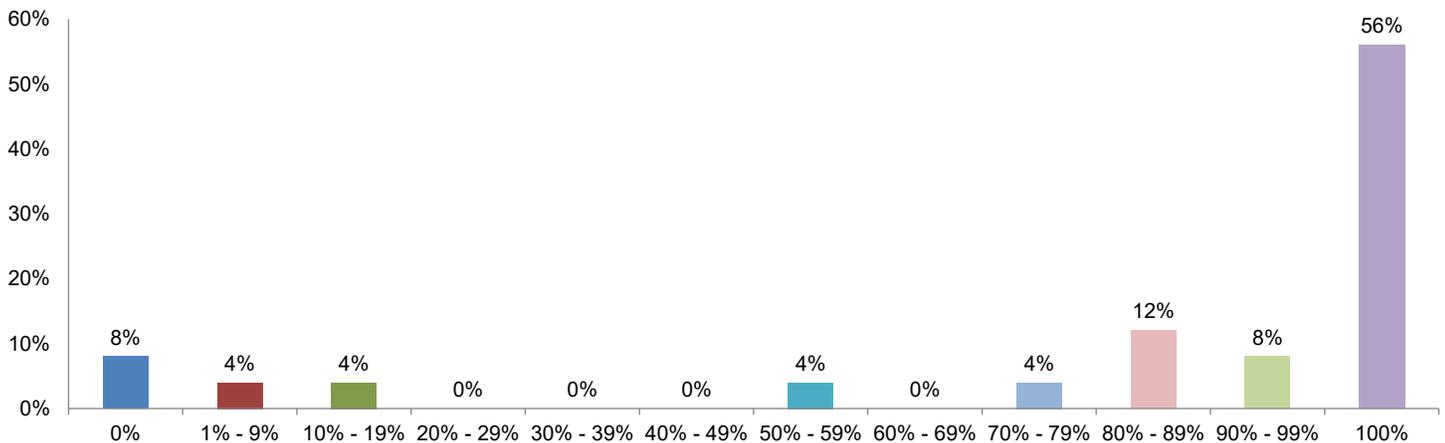
What percentage of this businesses workforce was teleworking or working remotely?



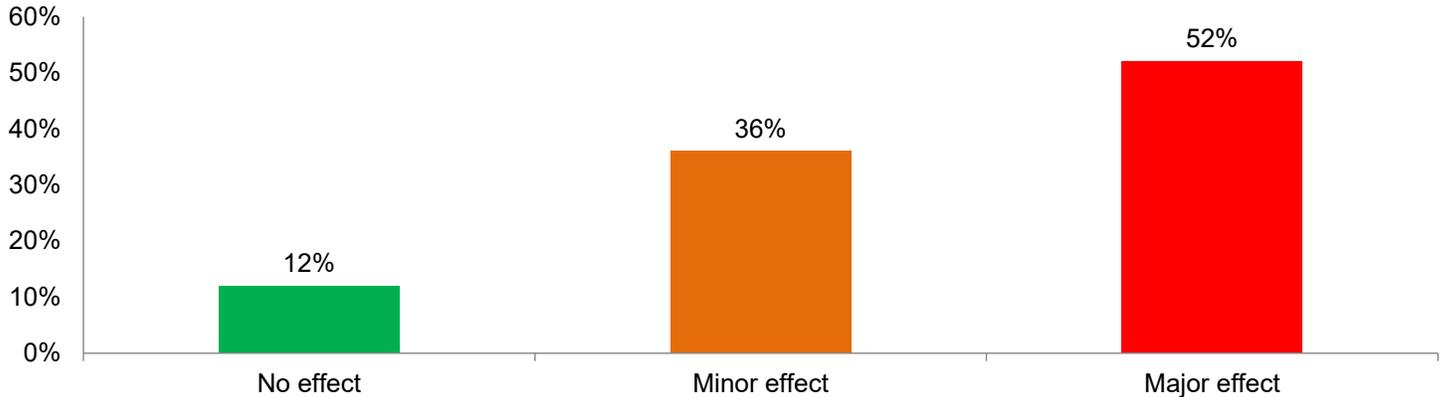
The table above shows where respondents were prior to the province-wide shut down in December 2020, at the date of that shutdown and the reopening in July 2021, with regards to a remote workforce. During the open period between July 20, 2020 and December 26, 2020, the data indicates an 18% drop in number of business reporting their staff not working remotely. Even with the lower number of survey respondents in 2021, this is an indicator that business had more staff working remotely than prior to the start of the pandemic.

Similar to the previous survey, the table below indicates that when businesses in CFWD’s area entered the second Stage 3 Reopening in July 2021, only a little over half were able to still carry out a majority of their duties. This survey also showed a minor increase to 8% of businesses reporting not being able to carry out a majority of their duties at all. Although this continues to be a small number of businesses, data extrapolation would suggest a significant number of small businesses struggled with carrying out a majority of their duties.

Of this business's workforce on July 17, 2021, the date that this area moved to Stage 3 Reopening, what percent is still able to carry out a majority of their duties?



In comparison to the State of Emergency declared by the Province on March 17, 2020, how has your company fared during the shutdown declared on December 26, 2020 up to Stage 3 reopening declared on July 17, 2021?



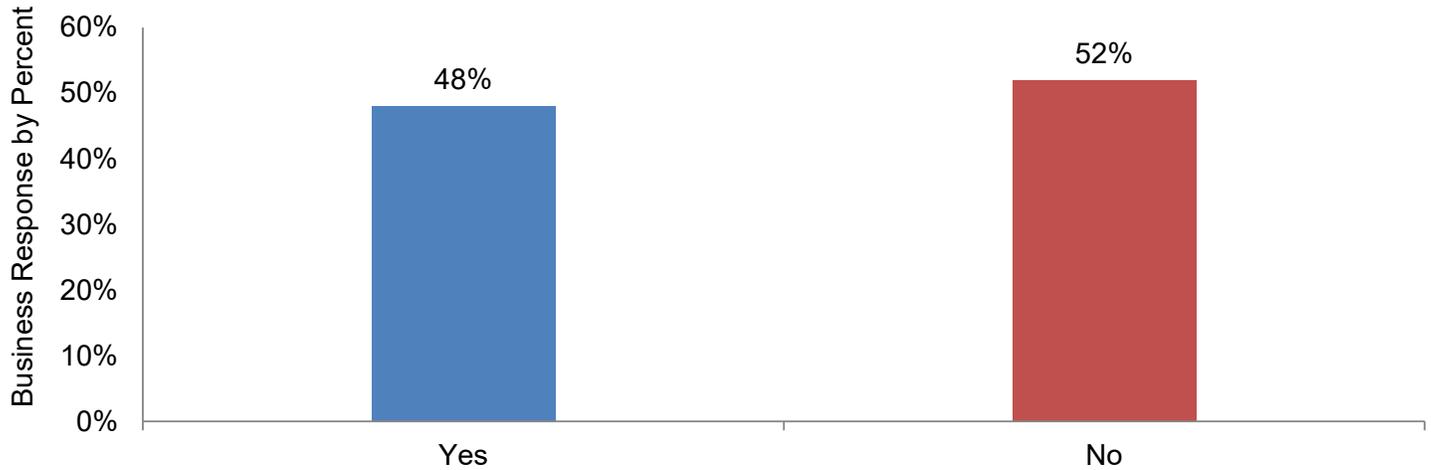
Similar to Federal surveys taking place, the 2021 survey looked to understand the overall effect that the second major shutdown, instituted on December 26, 2020, had on local businesses.

The data indicates that between the shutdown in December 2020 and reopening stage in July 2021, more than half of businesses experienced a major effect. Below are some of the comments with regards to this.

- Our gross income is less than a quarter of what it was in 2019.
- As the business relies predominately on events, our revenue for the last two years has been next to zero.
- Major revenue loss.
- We do lawn and garden products, we noticed a large increase in sales during first lock down, people stayed home and worked on their properties.
- Raw material procurement issues.
- Fewer supports, more people turning online instead of shopping in person, and many will not return, people getting used to the new normal - a lockdown normal.
- We learned how to adapt new programs during the first lockdown and implemented them in lockdown 2 and 3. In lockdown 2 and 3 we did approximately 50% of normal volume with the doors closed. This was through ecommerce and various social media programs.
- I closed my retail location and merged with another business. Remaining inventory is online and sold through the merged business.
- Was only able to stay open because of my husband's salary
- No in person meetings, however managed.
- We had to find new ways to fundraise in keeping with protocols.
- Consumer confidence was at an all time low. We rely on the recreational and competitive aspects of working with youth. The shutdown was devastating, both to our business and our children's mental health.
- Labor shortages.
- Sales were way below normal and with the uncertainty of the lockdown length I kept everyone at work and incurred loses nearly equal to that of the first month of lockdown in 2020.

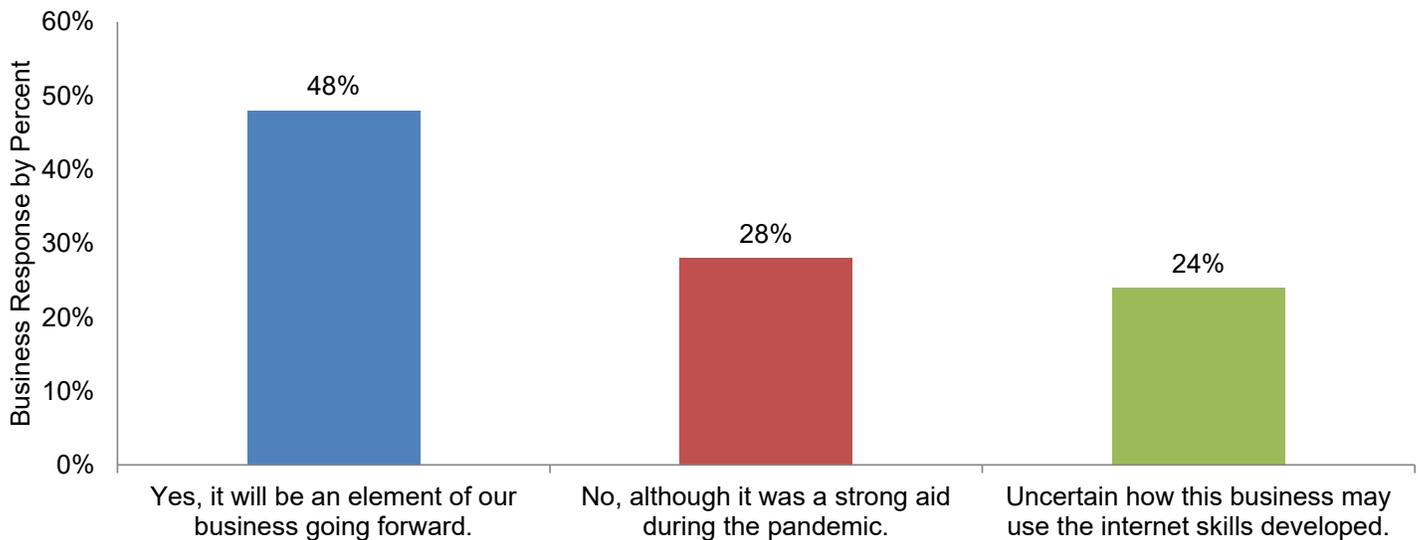
The 2021 survey saw the introduction of questions around the use of technology for remote workers.

If your business used any tools to make working remotely an effective practice, is this a permanent change in your operation?

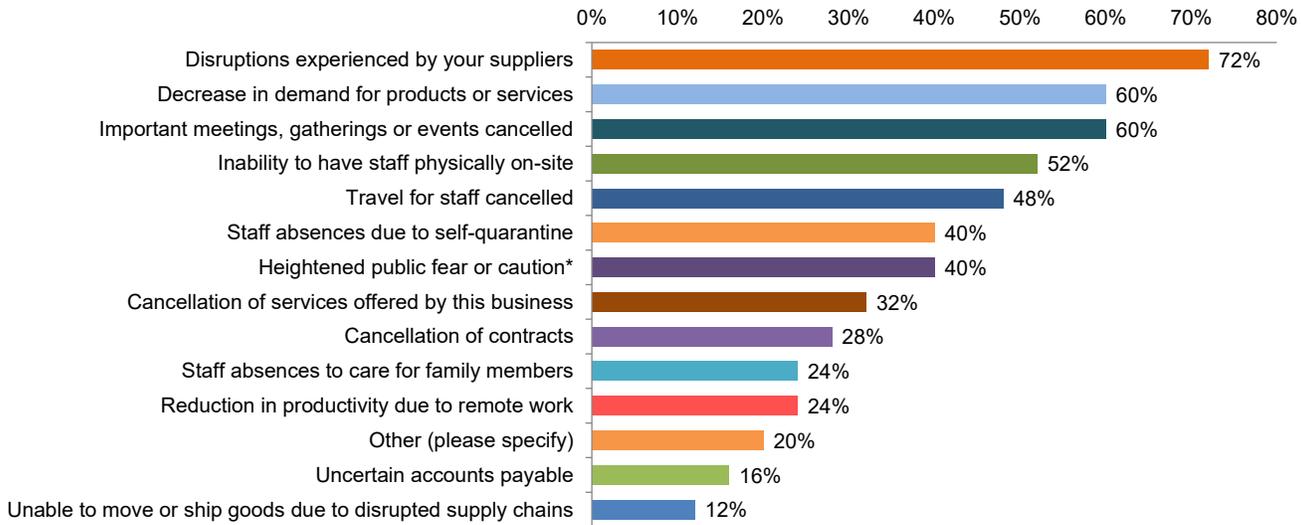


It is interesting that almost 50% of businesses that implemented tools to make remote work an effective practice have made them a permanent change in their operation.

As a result of the use of technology and ease of access has the overall internet literacy of your business been improved?



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

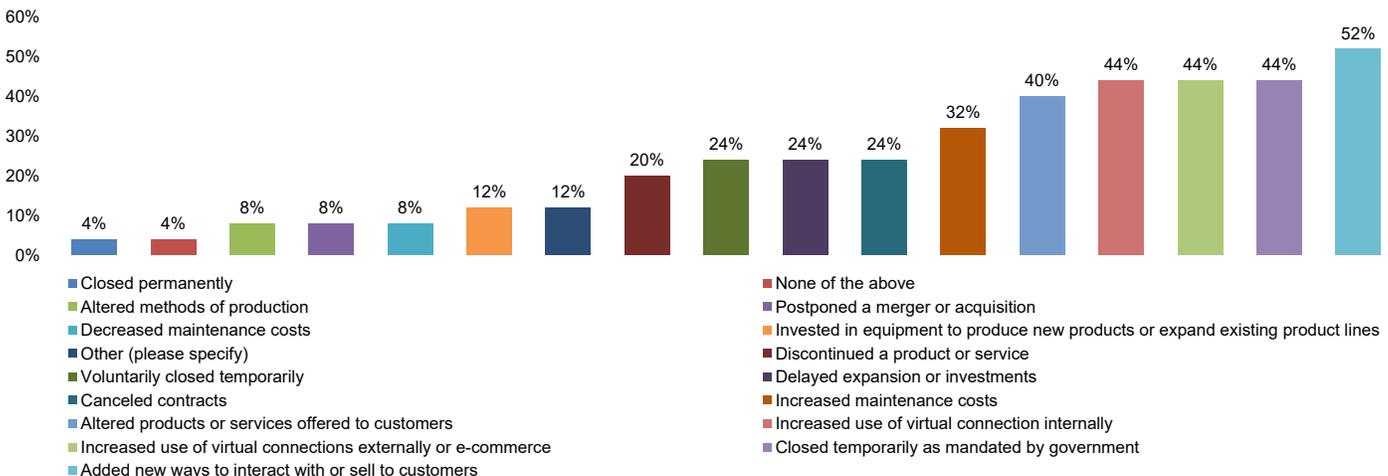
The table above provides an indication of the continuing impacts COVID-19 has had on businesses. The impact categories remained in relatively the same order as the previous survey with some minor increase or decreases across them. It is not surprising to see supplier disruption as the top impact. The supply chain across all industries has seen significant delays.

Some of the other impacts indicated were: COVID-19 had several staff members in fear of becoming positive, so much so that 2 long-term employees quit due to the stress of it; Lost revenue of 500k+ per year for two years. Potentially irreversible damage to industry as a whole.; Difficulty hiring and retaining new workers. Incentives to stay home and not work are too good!; Time and money needed to manage COVID safety protocols on a day to day basis; not have sufficient resources to do remote work, limited funding, limited local network suppliers, need for good, strong, reliable internet.

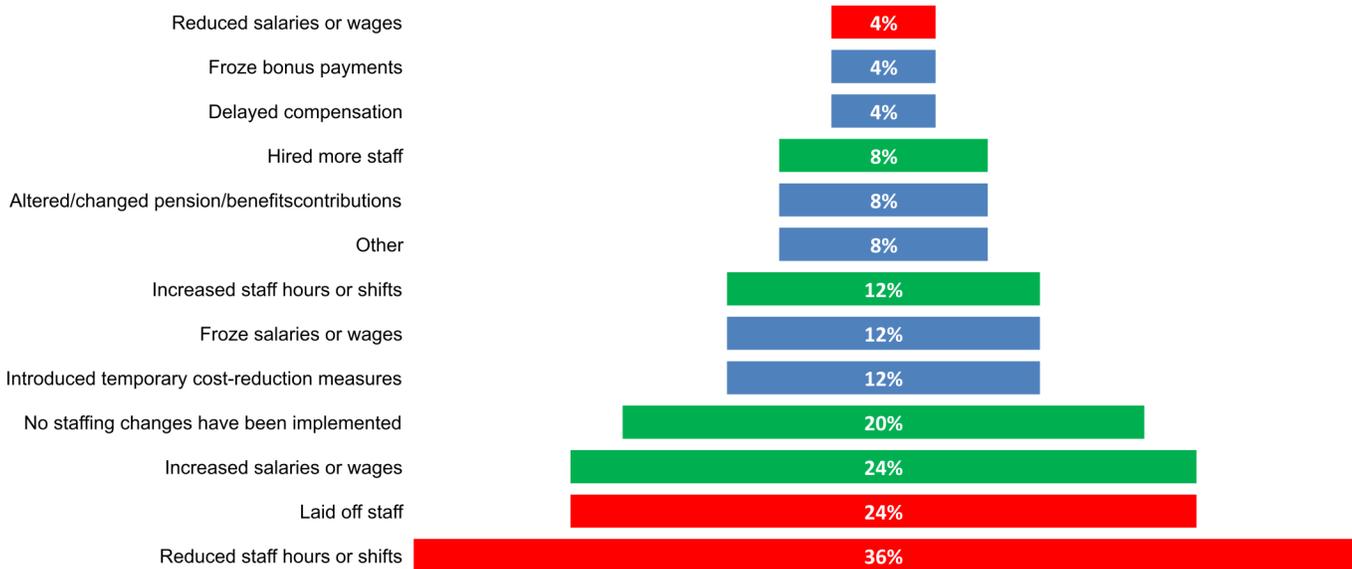
The ways that businesses had to adapt in order to operate as the pandemic continued into its second year remained comparatively the same as the previous survey. However, the increase from 1% to 5% of businesses that closed is concerning. It is an indicator that some businesses just could not survive another year of the pandemic. More research needs to be conducted to better understand the workforce and economic impact that this has had.

Other changes included: Funded business entirely from owners savings. Only reason we're still open.; Added sanitization of all common touch surfaces once per shift. Installed barriers wherever maintaining a 2 meter distance between workers was not possible.; Increased expenses for software, hardware and connectivity.

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

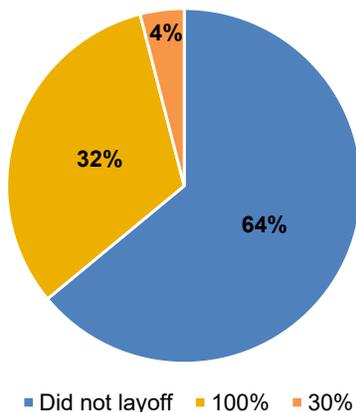


Which of the following actions has this business taken with regards to staffing due to COVID-19?



The Pandemic continues to have 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 again the top responses, thus noted as red. The three positive impacts areas in the last survey were again noted in the 2021 survey with 20% of respondents making no staffing changes, 12% increased staff hours or shifts and 8% hired more staff. Unlike the last survey, there was no particular industry pattern across most of the labour force impact areas. Manufacturing did experience a very small shift to increased hours or wages as well as some hiring. Accommodation and food services as well as Arts, entertainment and recreation were the industries that experienced the highest negative impacts of lay offs and reduced hours.

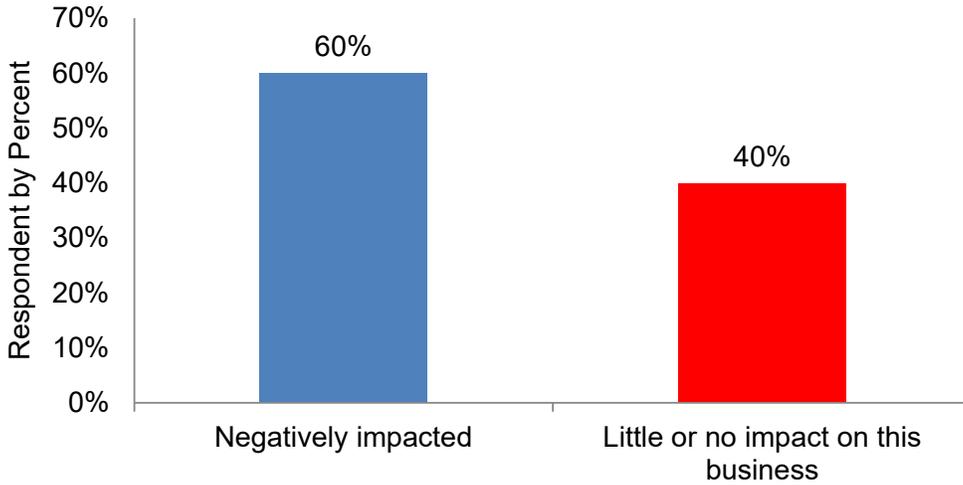
What percent of this business's workforce has been temporarily laid off due to COVID-19?



Businesses were asked what percent of their workforce had to be laid off temporarily. In 2021, a higher percentage of respondents at 64% did not have to lay off at all. However, 32% of respondents laid off their entire workforce. As with the 2020 survey, this indicator shows just how significant the impact of COVID-19 has had both on the labour force and the economy.

When further questioned about permanent layoffs, 80% (down from 84%) of businesses did not encounter this while, 20% of them implemented this action. Of this group, 4% laid off their entire workforce permanently, 8% laid off 50% to 80% and further 8% reported laying off 10%. A further indicator of the significance the Pandemic has had locally.

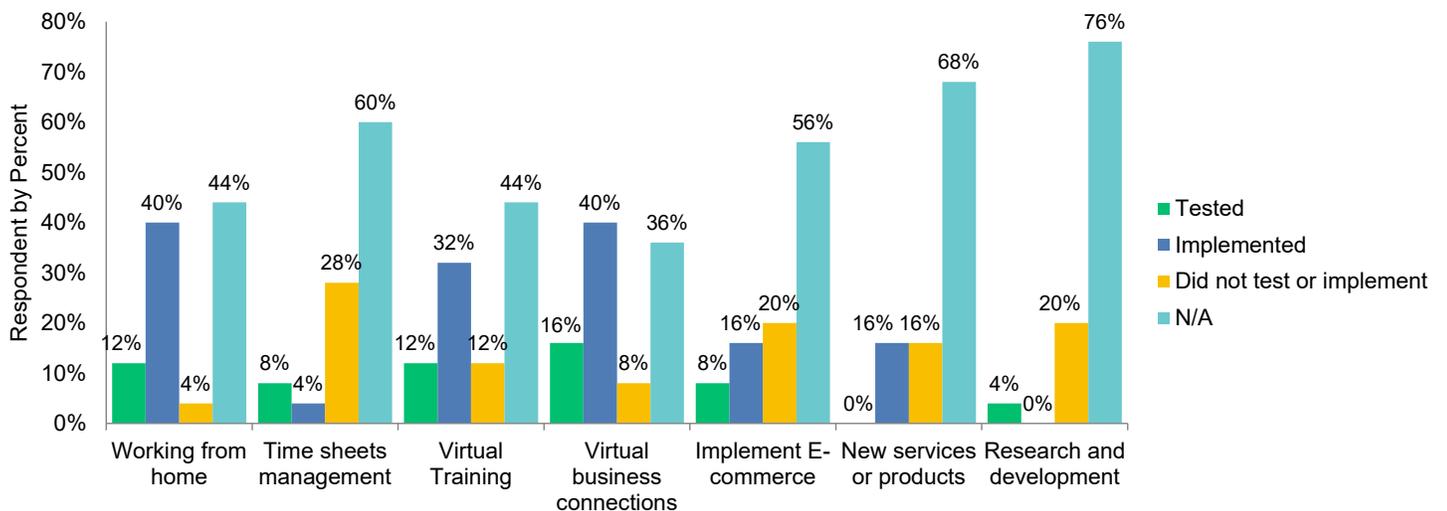
How has this business been impacted by social distancing measures?



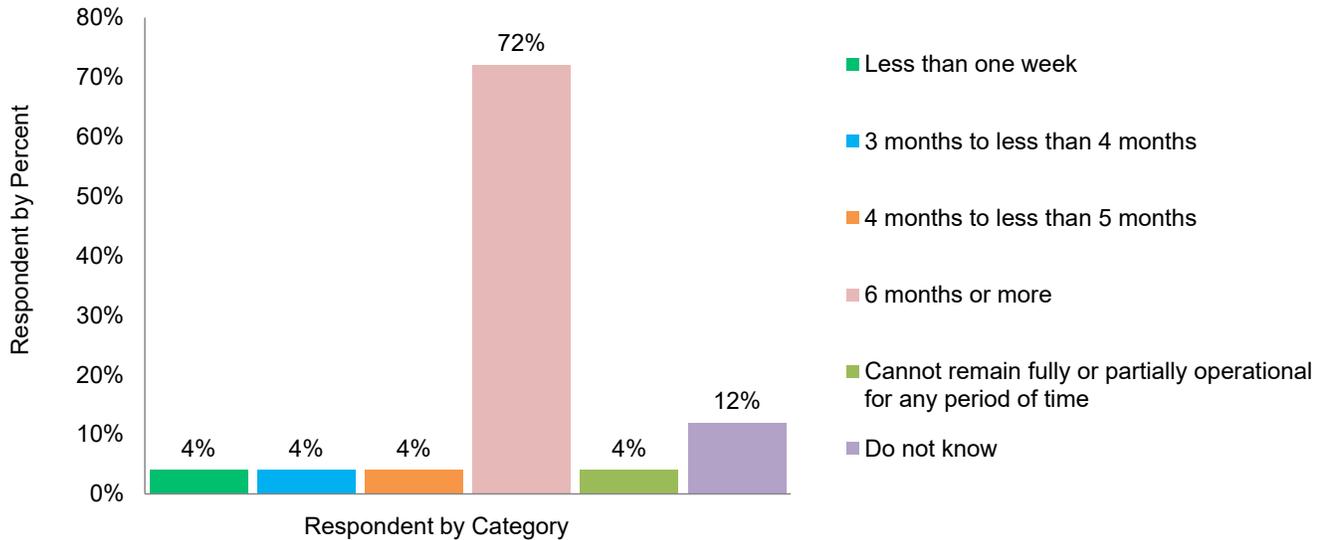
Unlike the respondents in 2020, businesses were either negatively impacted or experienced little or no impact. The negative impact by percentage is very close to what was reported in 2020. No one benefited from or had other impacts to share. It is encouraging to see that those reporting little or no impact increased, however, at 60% those negatively impacted is still a very significant number with many experiencing revenue loss and staff reductions.

Social distancing measures continued to make businesses 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 working from home, virtual training, new services, E-Commerce and developing virtual business connections.

Since December 26, 2020, the date that Ontario declared a Provincewide Shutdown, which of the following business practices has this business been able to test or introduce as a result of social distancing?

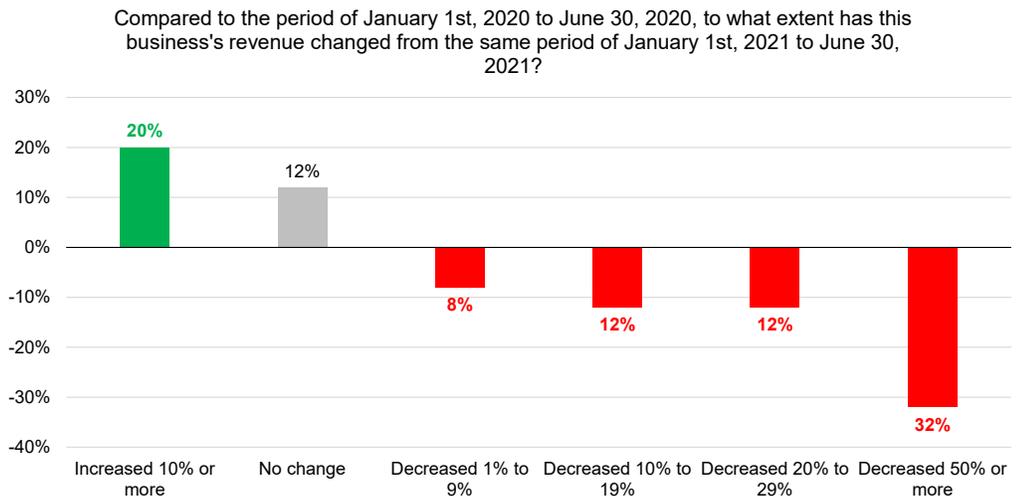


This area moved to Stage 3 Reopening on July 17, 2021. There are a number of measures that businesses must implement including having social distancing policies in place. How long could this business sustain itself while the social distancing measures are in place?



The requirement to implement social distancing measures continued to prove challenging for businesses. The data outlined above is hopeful since 72% of respondents would be able to sustain themselves for six months or more. However, as in the 2020 survey, 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. With a further 12% not knowing how long they can sustain themselves, it is concerning. Although the province has endured several waves of COVID-19, this data is concerning if a future variant has a significant impact and businesses face further lockdowns or social distancing policies.

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 64% of respondents experienced a decrease in revenue which is almost the same as the 2020 survey. Again, 1/3 of those experienced a 50% or greater loss. There was a small increase in businesses that experienced an increase in revenue. Approximately 4% of businesses started their operation after June 30, 2021 and are not included in this information.



Rapid Test Kits

The 2021 survey included questions around COVID-19 Rapid Test Kits and their use by businesses. Not all businesses accessed these free test kits.

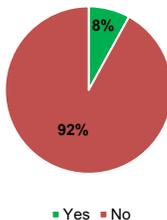
All businesses responded to whether they had used them or not. It is surprising that 92% of businesses had not used the Rapid Test Kits.

While switching to remote work affected 22% of companies that responded, it was expected that more would have accessed them.

There were a variety of reasons provided as to why most companies did not access the tests. Their comments have been outlined below.



Since COVID-19 Rapid Test kits became available to small and medium businesses in mid-May 2021, has this business or organization used them to test on-site employees for COVID-19 infection?



- Of those that had used the test kits, they had tested between 76% and 100% of their staff
- Tests were conducted twice a week

- No confidence in results of rapid testing since the 1 positive employee was rapid tested the morning of their positive lab test. The rapid test came back negative for COVID but lab test (taken within the hour of the rapid test) came back positive.

- No reason to until Directive 6 came in from the Chief Medical Office of the Ministry of Health. We will just now be starting to utilize rapid testing.

- We have no staff anymore

- Not needed, following Public Health measures for pre-screening employees.

- It's a ridiculous requirement and one we will not follow unless it's mandated by the government. We don't test for any other airborne communicable disease. Why would we test for covid??

- Has not been an urgent need

- Belief that the tests have live covid and could lead to an exposure if not properly managed. Don't know if this is true. Also, lack of appropriate staff to take responsibility.

- Lack of manpower to manage tests and privacy rules around health

- Our staff are fully vaccinated and with the use of masks and social distancing we feel we are keeping safe.

- No staff - ALL staff were laid off, and the owner ran it by himself for all these months...

- Only 2 employees

- Seems not to apply to our situation.

- diligent staff who follow protocols

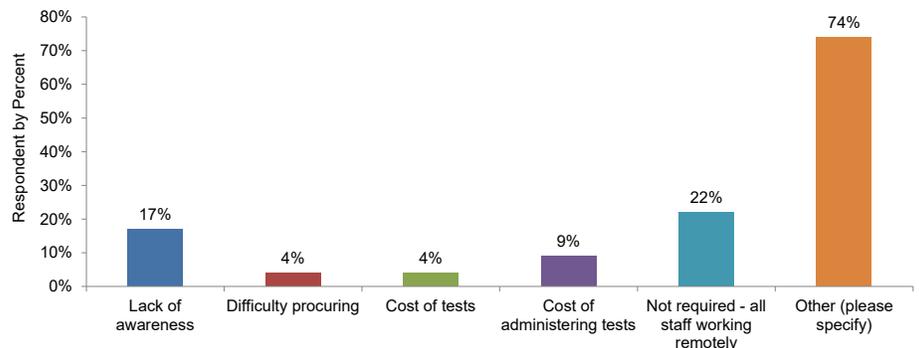
- We are just about to implement this next week.

- Not deemed necessary

- Active screening and temperature taking has been working

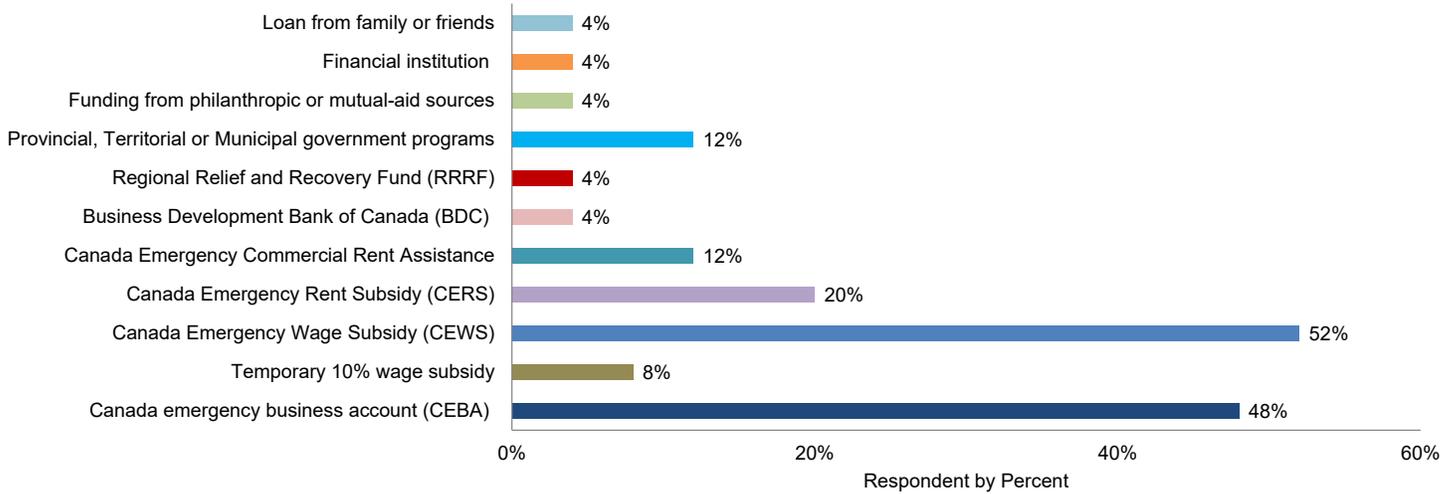
- All our employees are vaccinated, our policy is that no one comes to work if feeling ill or in contact with anyone ill they get tested.

For which of the following reasons has this business or organization not accessed COVID-19 Rapid Test kits?



In the 2021 survey, only 20% of respondents indicated they had not accessed any funding. This is down significantly from 2020 where 47% of businesses had not accessed any funding. While it is good that a higher percentage of businesses had access to some type of funding, this data is also an indicator that businesses through the second year of the pandemic struggled more.

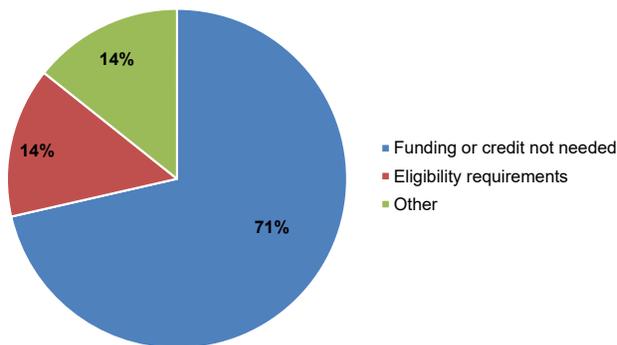
Has this business or organization accessed any of the following COVID-19 support resources at any time since the State of Emergency was declared on March 17, 2020 up to and including the day you complete this survey?



The table above indicates which programs were accessed by local businesses. A significant portion of reporting businesses relied heavily on Federal support programs. A further 16% accessed other approved funding sources or credit which included:

- One provincial grant specifically for the hospitality/tourism businesses impacted; this was the ONLY funding we qualified for during this whole pandemic!
- Personal savings have been depleted trying to keep my business afloat.
- Digital Mainstreet GrantRE3 Grant for Women Entrepreneurs
- Federal grant available to non-profits

For which of the following reasons has this business or organization not accessed any funding or credit due to COVID-19?

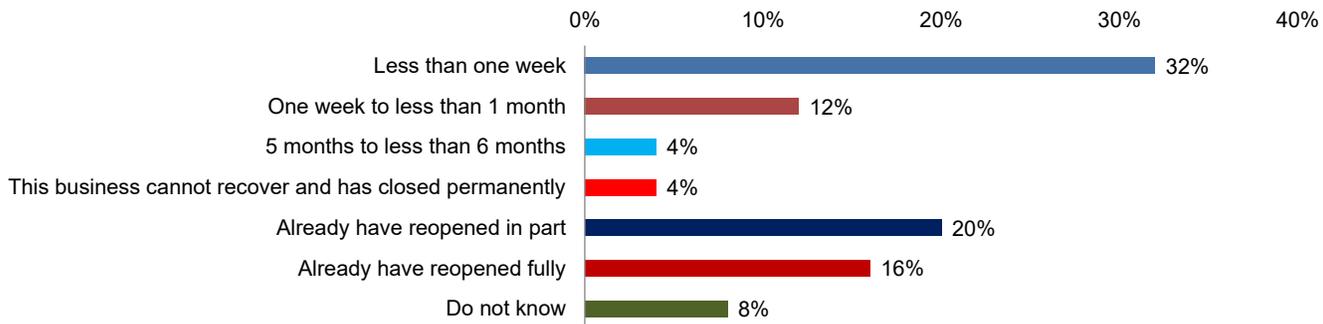


Of the 20% of respondents that indicated they did not access funding, the chart to the left indicates the reasons for this.

Government funded organizations fell into the “other” category.

Most social distancing measures are set to be lifted in March 2022, however, at the time the 2021 survey was conducted, the following data provides a sense of how quickly businesses feel they can return to what they would consider “normal” operations. As seen in the 2020 survey, almost 1/3 of businesses or 32% indicated they could return to normal in less than one week. Another 36% had already opened fully or in part. Based on these numbers, a significant portion of businesses could return to full operations within a very short period of time. The concern that came out of the 2021 survey is the 4% that closed. Extrapolated across the larger number of businesses in Hastings, Prince Edward and Lennox and Addington Counties, this portion of the data could indicate a fair number of businesses that have closed or are facing closure. More follow-up needs to be done to determine the exact effect the pandemic had on business closures.

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?

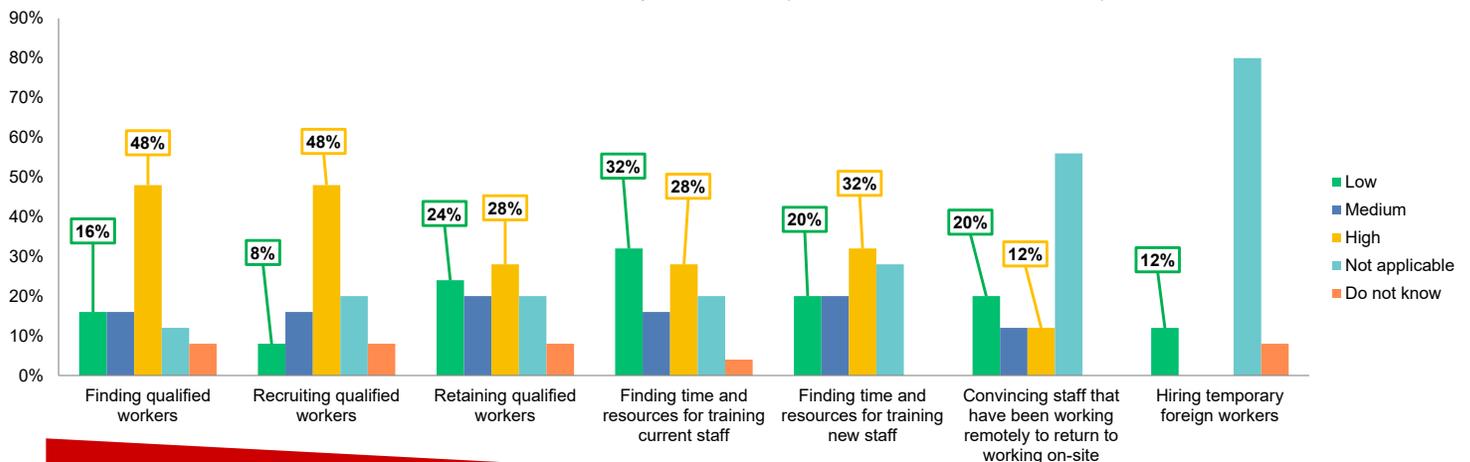


The COVID-19 Pandemic affected the business community from both an economic and labour force aspect. Although a smaller percentage of businesses were not affected by staffing changes or in fact were hiring, a significant portion of businesses implemented some form of staff reductions.

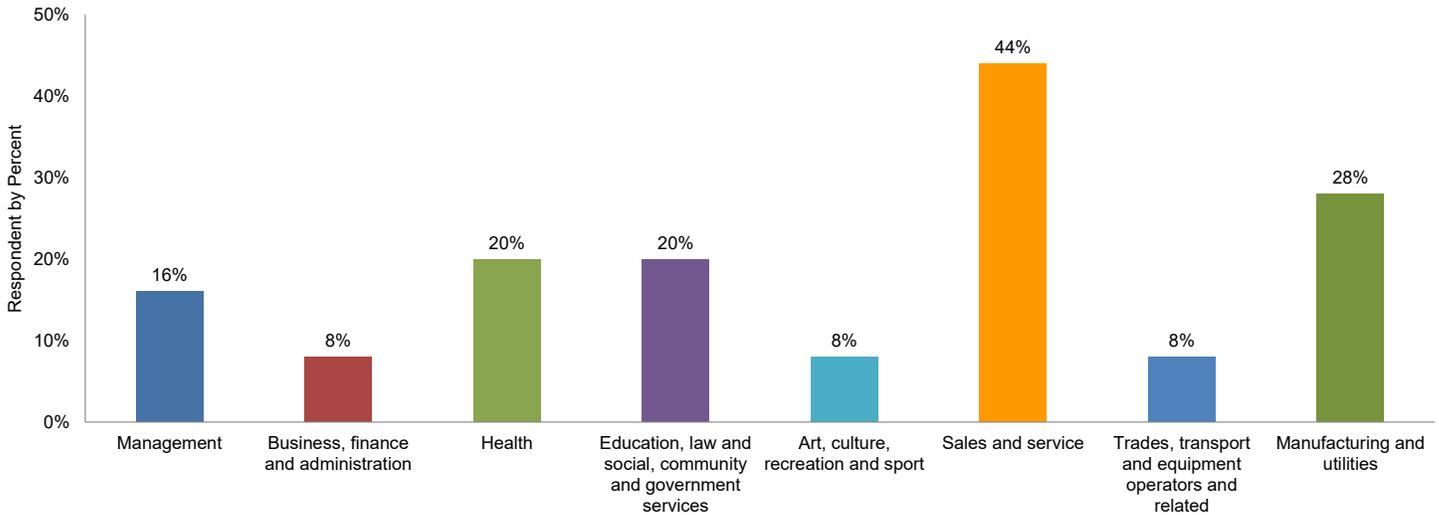
The Pandemic continues to shift the mindset of people in the labour force. Current Labour Force Survey data covering Belleville CMA (to be renamed Belleville-Quinte West) from Statistics Canada indicates more people are participating in the labour force with the exception of a key age range, 25-44. Although there has been a consistent upward trend in participation, it is concerning that the 25-44 age range has gone in the opposite direction. Should the province encounter a new variant that disrupts the labour force again, the growth that has been seen in the workforce will most likely quickly drop again.

Below are the areas the businesses have identified as high or low areas of concern with regards to recruitment.

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?



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

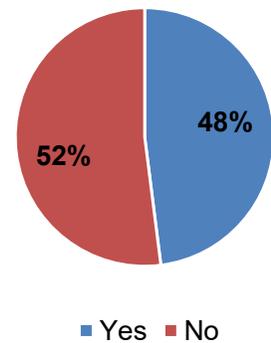


When asked which occupational groups businesses would need to recruit for during recovery, Sales and service topped the chart at 44%. This is not surprising given that industries such as retail and accommodation and food services were hard hit by the pandemic. Manufacturing has been struggling to fill vacant positions both pre-pandemic and during it. As the second highest area needing to recruit in at 28% of the respondents, this provided a good opportunity for job seekers. The industry is very strong with highly competitive wages. Health and Education, law and social, community and government services round out the top four areas with 20% of respondents indicating a recruitment need.

Over 50% of businesses have adjusted hiring practices. Their comments are below.

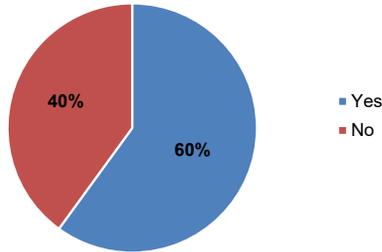
- We simply cannot afford to bring on more staff, especially when you are unsure of their future regarding government mandated shut downs.
- We increased our hiring rate by \$2/hr to try and attract more candidates
- We are more seriously looking at immigration processes to fulfil hiring requirements.
- Recruiting remotely until we have narrowed down the final 2 or 3 candidates in the selection process.
- No new hires were brought on board. My poor employees didn't get enough hours of their own; there was no way I was hiring more staff to stretch that small amount of hours any further.
- We have posted twice for hiring...no one wants to work. Out of 15 people asked to interview only 4 showed up. There needs to be more people wanting to work
- if yes, would be paying up as others increase
- We waived the starting wage of \$16/hr for the first month, and now start workers at the minimum rate of their job classification, which ranges from \$21 to \$23/hr.
- I have had to increase staff hours to keep up with the workload, partly due to covid and partly due to business needs
- Cannot hire people who are afraid.
- Continuous

Have you adjusted your hiring strategies for the business or organization as a result of the COVID-19 Pandemic?

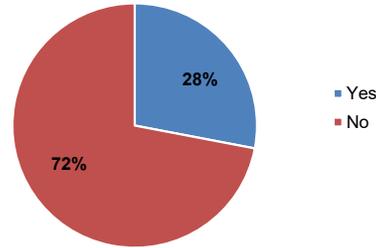


In the 2021 survey, businesses were asked how they have been affected by supply chain delays. The following two charts show indicate their responses.

Has your company been adversely affected by delays in the supply chain?



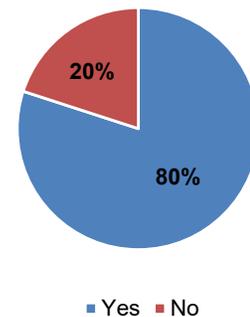
Has this business turned to local or national suppliers as a result of lags in the supply chain internationally?



The following question was asked prior to the province having faced the fourth lockdown in December 2021. The important takeaway from this is that 20% of businesses felt they could not survive a fourth wave of restrictions. This is data that requires follow-up to determine whether there was a significant impact or not. It is also important to review the comments provided below as well. Although at the writing of this report, Ontario is preparing to remove most public health mandates, at the same time there is a significant case increase being experienced in Europe due to the latest variant. This variant is already in Canada. Can business survive another round of restrictions and lockdowns? Some businesses have already said no.

- The business is also our home; we have already tailored back what days we are open and also what services we offer. Not sure how long the business will remain viable during another lock down
- Another lockdown without government/financial support will likely cause my business to go bankrupt
- Without government support it is not likely. Don't feel we were supported in the last shutdown. \$20,000 for 7.5 months is poverty. SERB barely covered my business expenses and left nothing for my family and mortgage
- As long as there is financial support again
- I believe I can survive another lockdown with further government assistance only but it will have a severe negative impact on my revenue and my personal income
- My opinion is that Florida and Sweden are the models we ought to be following. Take care of the especially vulnerable. Make absolutely minimal restrictions on people's ability to have value - to earn a living, to visit their families, to play in a park
- Government assistance is key
- It will depend on how long the lockdown lasts and to what extent it is put into place. Will extra funding be available as it was before?
- But I'm not sure how well we would survive. The mental impact on my staff would be great and truthfully I'm starting to wonder why anyone would choose to run a small business under these conditions. It's very stressful and we're not able to properly adjust our planning because so much is out of our control

With several COVID-19 variants on the rise around the world does this business believe it can survive yet a fourth wave and potential further lockdowns?





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