

COVID-19 Changing How Canadian Organizations Navigate HR

Summary of the 2020 Fall Flash Compensation Projection Survey

The results included in this report are based on over 350 organization's submissions from across Canada between November and December 2020. This report provides up-to-the-minute insight into 2021 Salary Projections and Human Capital Management strategies currently employed in the workplace. We also provide some year-over-year comparisons to demonstrate the nature of the impact of the pandemic on Human Capital practices.

For more detailed insights and in-depth data, please see our annual Canadian Salary Surveys. [Click Here](#) for more information.

2021 Salary and Range Projections Summary

Average Projected Regional 2021 Base Salary Increases:

	Including Zeros	Excluding Zeros
National	1.96	2.10
Alberta	1.90	2.16
Atlantic	1.80	1.89
British Columbia	2.00	2.27
Manitoba	1.83	1.92
Ontario	1.95	2.17
Quebec	1.98	2.20
Saskatchewan	1.83	1.96

Average Projected 2021 Base Salary Increases by Industry – Top 5:

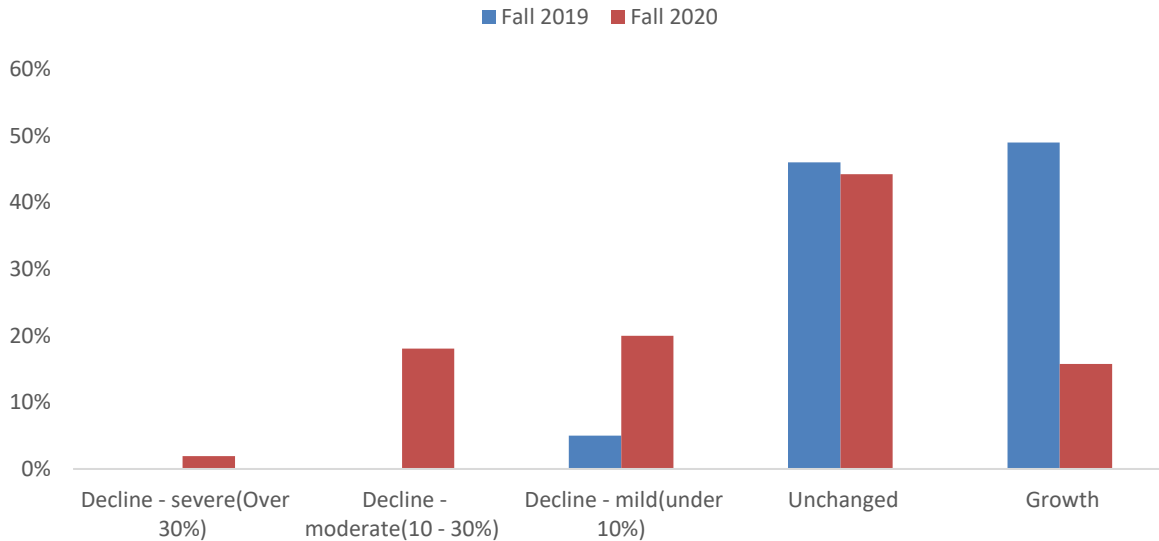
	Including Zeros		Excluding Zeros
Advanced Technology	2.45	Software Development	2.78
Financial	2.31	Advanced Technology	2.70
Log/Trans/Dist	2.23	IT Service	2.66
Software Development	2.16	Insurance	2.53
Telecommunications/Utility	2.12	Construction	2.50

Average Projected 2021 Base Salary Increases by Industry – Bottom 5:

	Including Zeros		Excluding Zeros
Mining	1.26	Not For Profit	1.99
Energy Services	1.18	Manufacturing	1.96
Agriculture/Cannabis	1.11	Mining	1.89
Energy	1.05	Energy	1.68
Hospitality	1.00	Agri/Cannabis	1.48

Economic Outlook

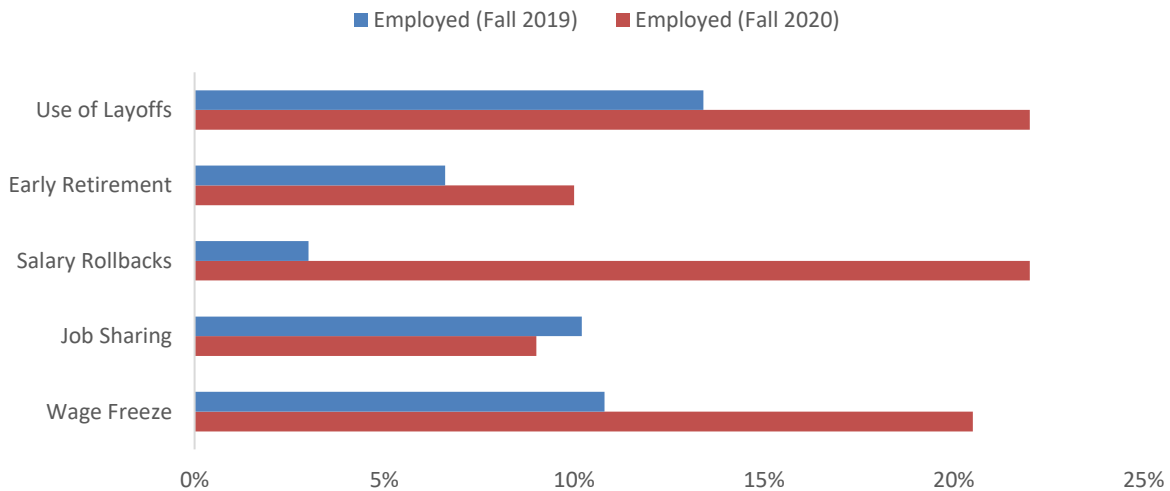
**Economic Environment - National
Fall 2020 vs Fall 2019**



- The significant trend is that **40%** of organizations indicated **decline** in Fall 2020 opposed to the **5%** indicated in Fall 2019.
- **16%** of Organizations reported Economic **growth** in Fall 2020, which is significantly down from the **49%** reported in Fall 2019.
- **2%** of organizations reported **severe decline** in Fall 2020, which is down **15%** from The Spring Flash Survey conducted in May. This indicates that the biggest hits were taken when the pandemic first impacted Canadian businesses.
- **18%** of organizations reported **moderate decline** in Fall 2020, but the majority reported unchanged.

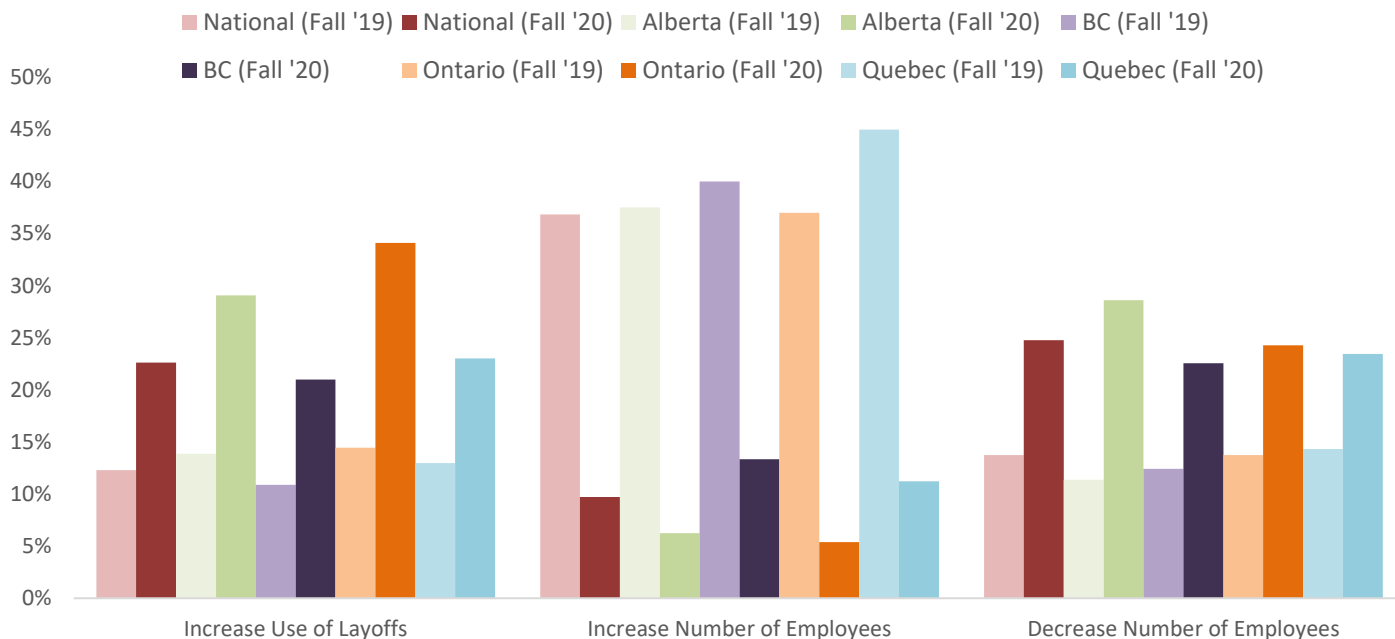
Pandemic Related Human Capital Strategies

**Human Cost Management Strategies
Fall 2020 vs Fall 2019**



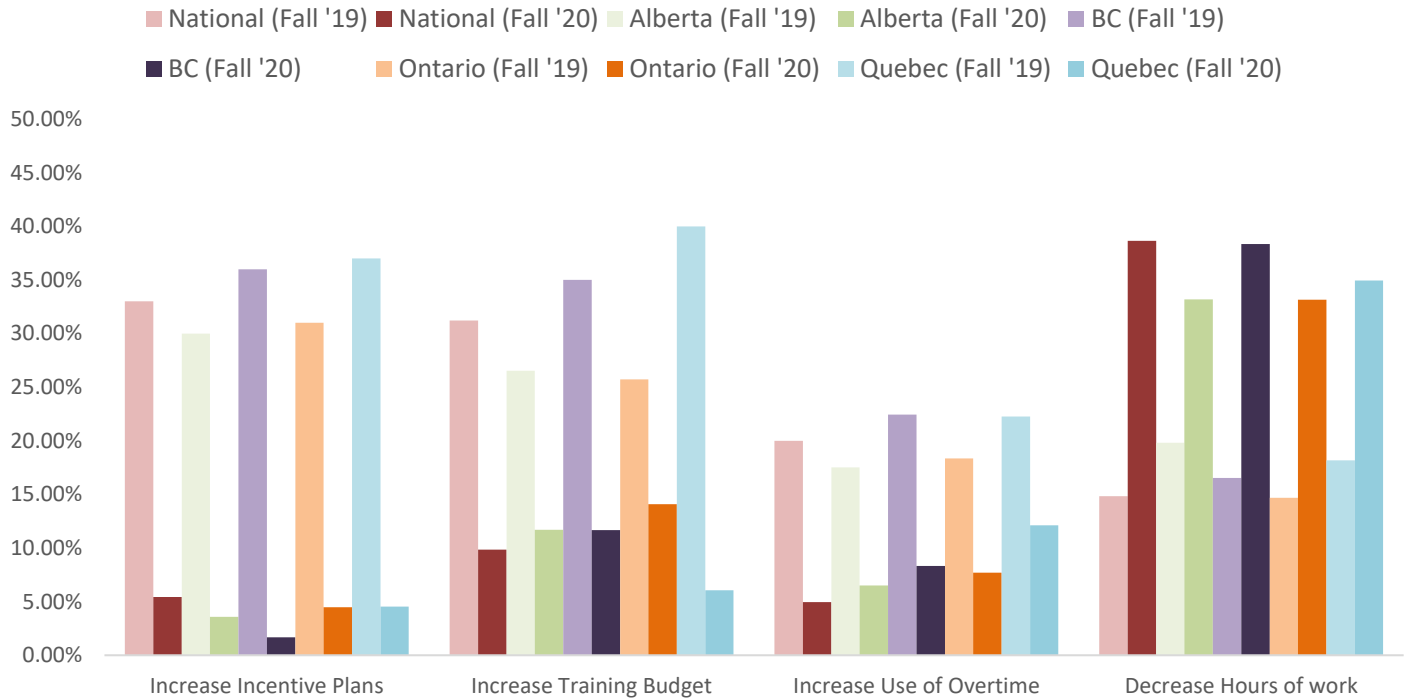
- The use of **job sharing** is still relevant as decision-makers are trying to keep their staff employed by reworking their roles within the organization.
- Organizations are clearly focused on **reducing** payroll costs indicated by the use of layoffs, salary rollbacks, and wage freezes during 2020.
- The use of wage freezes are up **10%** from Fall 2019 to Fall 2020, but has **decreased** significantly from the **28%** reported in May’s Spring Flash Survey. This is a cause for optimism indicating that businesses are trending towards operating closer to pre pandemic levels.

Human Capital Practices in Response to COVID-19 - By Province Fall 2020 vs. Fall 2019



- Overall, organizations on a national scale are continuing to be cautious with respect to implementing selected human capital practices.
- Increasing Number of Employees was among the more prevalent human capital practices in 2019 in most provinces
 - The opposite was true in 2020 with limited additions of employees, and significant use of layoffs, particularly in **Alberta**.
- **British Columbia** had the least number of organizations reporting that they Increased the Use of Layoffs with **21%** whereas **Ontario** reported the highest with **34%**.
- Likewise, **British Columbia** was at the top of provinces that Increased the Number of Employees with **13%** while Ontario had the least number of organizations reporting an Increase in Number of Employees with **5%**.

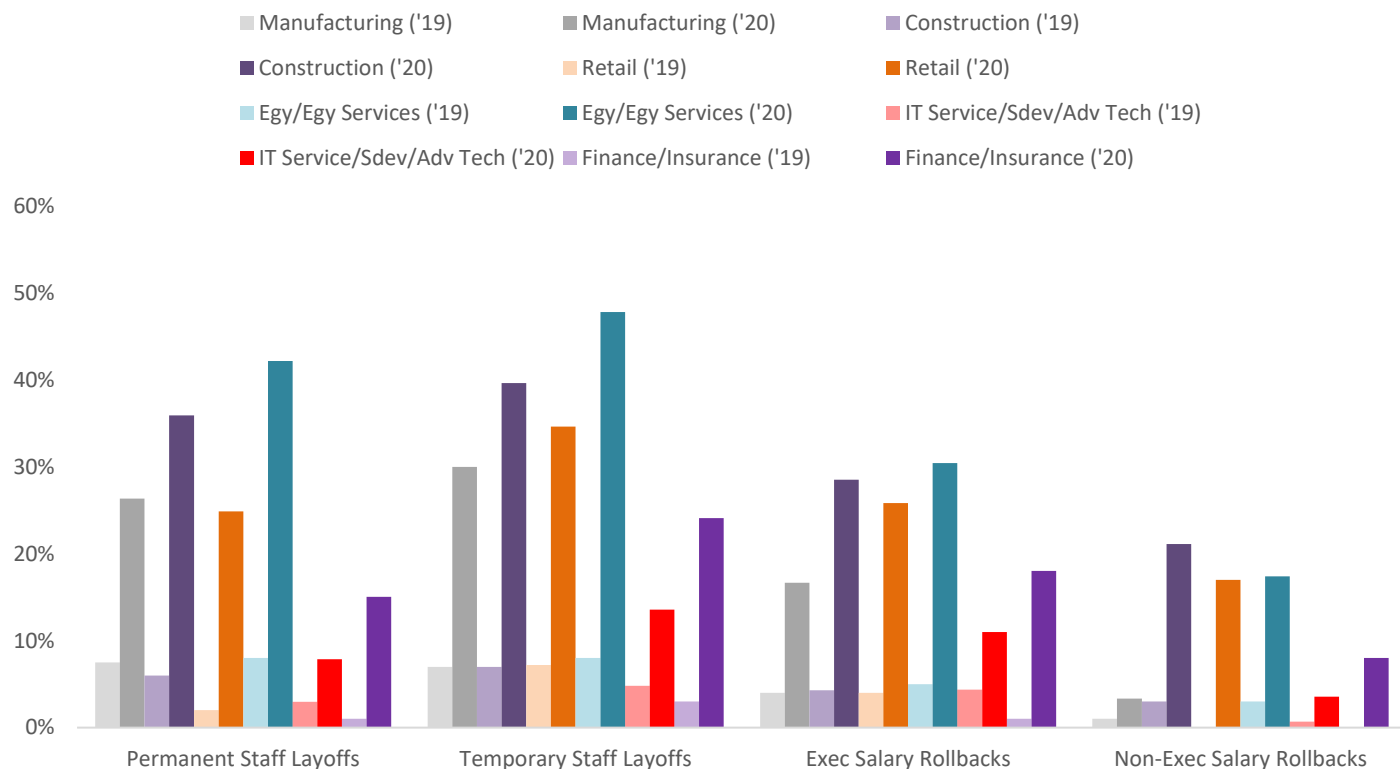
Human Capital Practices in Response to COVID-19 - By Province Fall 2020 vs. Fall 2019



- Among the most common human capital practices across provinces this year was the significant amount of organizations reporting a **Decrease in Hours of Work**.
- Although the focus on training has been decreased, continuing the Training Budget is among the most prevalent human capital practices throughout organizations across the majority of provinces.
 - Indicates the value of having properly trained employees supports productivity particularly when changes to technology are so common.

Pandemic Management Strategies

Pandemic Management Strategies - By Industry Fall 2020 vs Fall 2019



- Energy/Energy Services** were among the hardest hit industries when it comes to staff layoffs and rollbacks.
 - 48% of reporting organizations indicated they endured temporary staff layoffs in the industry.
- Finance/Insurance** and **Retail** have fared well for permanent staff layoffs in Fall 2020 (15% and 25% respectively) in comparison to other industries.
 - Indicates a slight rebound as 2020 continued, subsequent to a significant collapse during the earlier months of the pandemic.
- IT Service/Software Development/Advanced Technology** has been among the most positive industries amidst the pandemic and one of the biggest growth drivers in the country.
 - Although 14% of reporting organizations indicated that there have been temporary staff layoffs, this industry has been by far the least hit with respect to staff layoffs as well as salary rollbacks.
 - Due to increased adoptions of technology in a number of industries (e.g. remote work and ecommerce), thus stimulating the IT/Tech industry.

Critical HR Issues in Response to COVID-19

In regards to Critical HR issues, the table below represents the key Human Capital Challenges organizations will need to address in 2021:

Human Resource Issue
Employee Engagement and Productivity
Addressing employees' mental health issues e.g. EAP's
Increase Availability of Technology and Equipment for Flexible Work Arrangements
Develop/Maintain Competitive Compensation
Increase Safety Standards and Employ Sanitary Measures Around Work Space
Review Organizational Structure

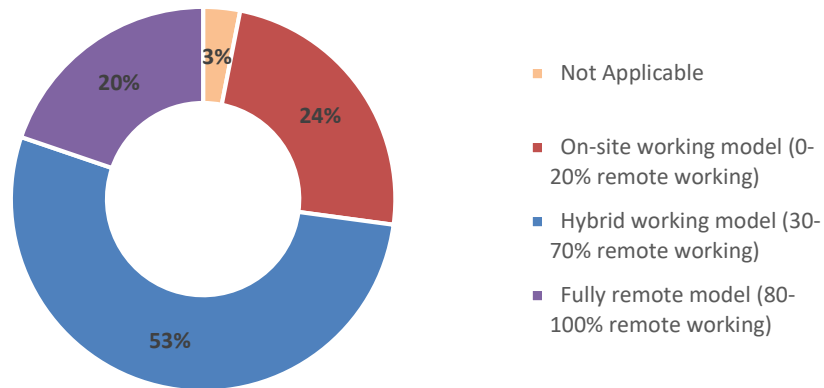
Highlights:

- **Employee Engagement and Productivity:** It has become more difficult to maximize productivity levels for each employee; weekly team meetings, goal setting and small work groups are key to overcoming these challenges.
- **Addressing Employees' Mental Health Issues:** With the majority of the workforce being in isolation, it is important to check in on employees about their well-being and engage them in virtual activities to keep morale high.

- **Increasing Availability of Technology and Equipment for Flexible Work Arrangements:** A large portion of the workforce is operating out of their homes and it is crucial for organizations to adapt and provide their staff with the tools to be successful out of office.
- Other noteworthy human capital challenges which are critical to address throughout the current working environment include:
 - **Develop/Maintain Competitive Compensation**
 - **Increase Safety Standards and Employ Sanitary Measures Around Work Space**
 - **Review Organizational Structure**

The following table displays which working from home models organizations are most aligned with moving forward from COVID-19:

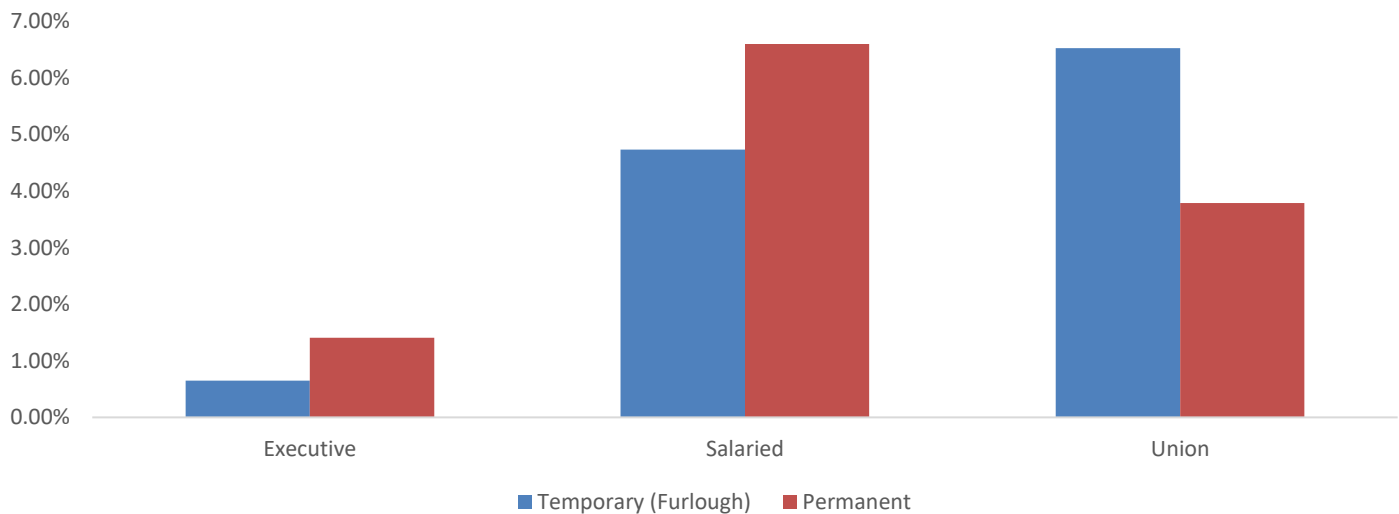
Work From Home Model



- **Over 50%** of organizations are planning a hybrid-working model (**30%-70%**) once COVID-19 safety protocols are lifted, while **20%** of organizations plan to move to a fully remote working model.

The table below illustrates layoffs due to COVID-19 in the total workforce:

COVID-19 Layoffs



- **Permanent layoffs** in the total workforce have affected salaried employees the most, with over 6% of the workforce permanently laid off.
- **Temporary (Furlough) layoffs** have been the most existent among union employees, with over 6% of the work force temporary laid off.
- Industries demonstrating the most permanent layoffs include: **Energy Services, Construction, and Manufacturing.**
- Industries demonstrating the most temporary layoffs include: **Energy Services, Construction, and Retail.**

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