

COVID-19 Briefing – Employer Survey Results

JUNE 2020

Trucking HR Canada (THRC) engaged The Conference Board of Canada to undertake the employer survey that is the basis for this briefing.

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Canada

Key Findings

- Our employer survey has shed light onto the labour market impacts of COVID-19 on Canada's trucking and logistics sector. In terms of employment, 64 of the 84 surveyed employers (76%) laid off workers due to COVID-19. A total of 2,140 workers were laid off, or 8.2% of our sample workforce (26,150). Truck drivers accounted for over 70% of the layoffs, or 1,530 workers.
- The combination of layoffs and employee-initiated departures reduced total truck driver employment across our sample by 11.4%, from 17,100 workers pre-COVID to 15,200 in late May. Besides laying off workers, the most implemented measure for truck drivers was a reduction in working hours, with three in five employers (60%) adopting this measure.
- The most challenging HR-related task for employers that has resulted from COVID-19 has been ensuring adequate health and safety measures for workers, particularly truck drivers. Looking forward, employers expect to face difficulties training and onboarding truck drivers.

Background

Since mid-March, the global COVID-19 crisis has put a halt to the Canadian economy. Amid closures of factories, schools, airports, non-essential shops, and other businesses and activities in Canada and around the world, The Conference Board of Canada estimated¹ that the Canadian economy would contract by a staggering 25% in the second quarter of 2020, and unemployment would reach 14.4%.

Trucking HR Canada commissioned The Conference Board of Canada to undertake an employer survey to better understand the impacts of COVID-19 on the trucking and logistics labour market and how trucking and logistics companies are adapting their HR practices to manage COVID-19-related challenges. The survey's objective was to answer the following questions:

¹ This forecast was completed on April 15th, 2020.

- How is COVID-19 affecting trucking and logistics employment?
- What HR measures have been implemented as a result of COVID-19?
- How will COVID-19 impact key HR activities over the next three to six months?

This briefing summarizes the results from this survey, which was carried between May 22 and May 31, 2020, with a total of 84 respondents.

The Impacts of COVID-19 on Canada's Trucking and Logistics Sector

Employment Levels

Most employers have laid off workers because of COVID-19

- Over three quarters of employers (76%) have laid off² workers because of COVID-19.
- A total of 2,140 workers were laid off, representing 8.2% of our sample workforce (26,150). More than 70% of layoffs were truck drivers (1,530 workers). As a comparison, Statistics Canada's Labour Force Survey (released in May) suggests that Canada has already shed 3 million jobs since February, or 15.6% of total employment.
- Most layoffs were considered temporary, with 1,770, or 83% of layoffs, categorized as such.

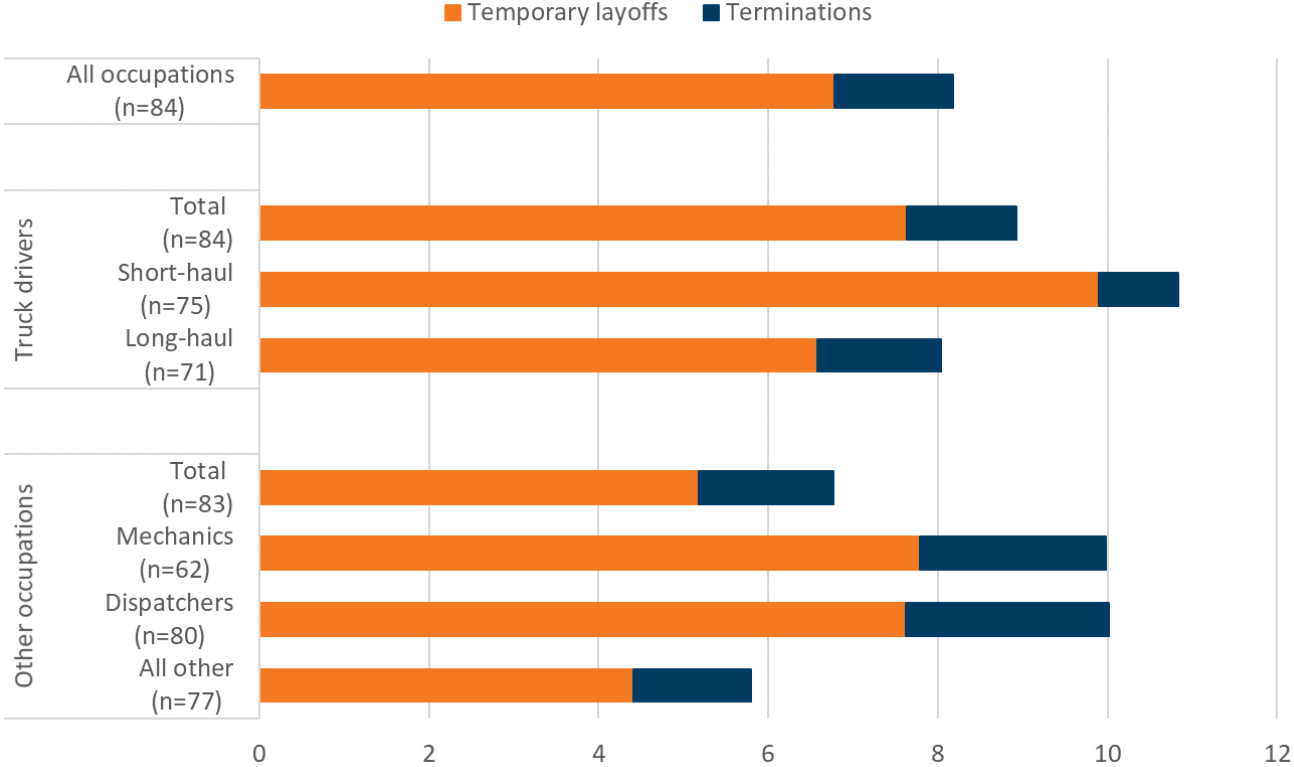
Not all occupations equally impacted by layoffs

- Truck drivers were more impacted by layoffs in our sample, with 8.9% of truck drivers having been laid off, compared to 6.8% of non-truck driver positions.
- Truck driver layoffs were more prevalent in the short-haul segment, with 10.8% of short-haul drivers laid off, compared to 8.0% of long-haul drivers.
- Truck driver employees were more impacted by COVID-19 than owner-operators within our sample. While 10.1% of employees were laid off, only 7.6% of owner-operators saw their contracts paused or terminated.
- Dispatchers and mechanics were also noticeably impacted by layoffs with a respective 10.0% of employees laid off in each occupation.

² Layoffs include both temporary layoffs and/or terminations.

Short-haul drivers have been most impacted by layoffs

(share of workforce laid off due to COVID-19 by occupation, per cent)



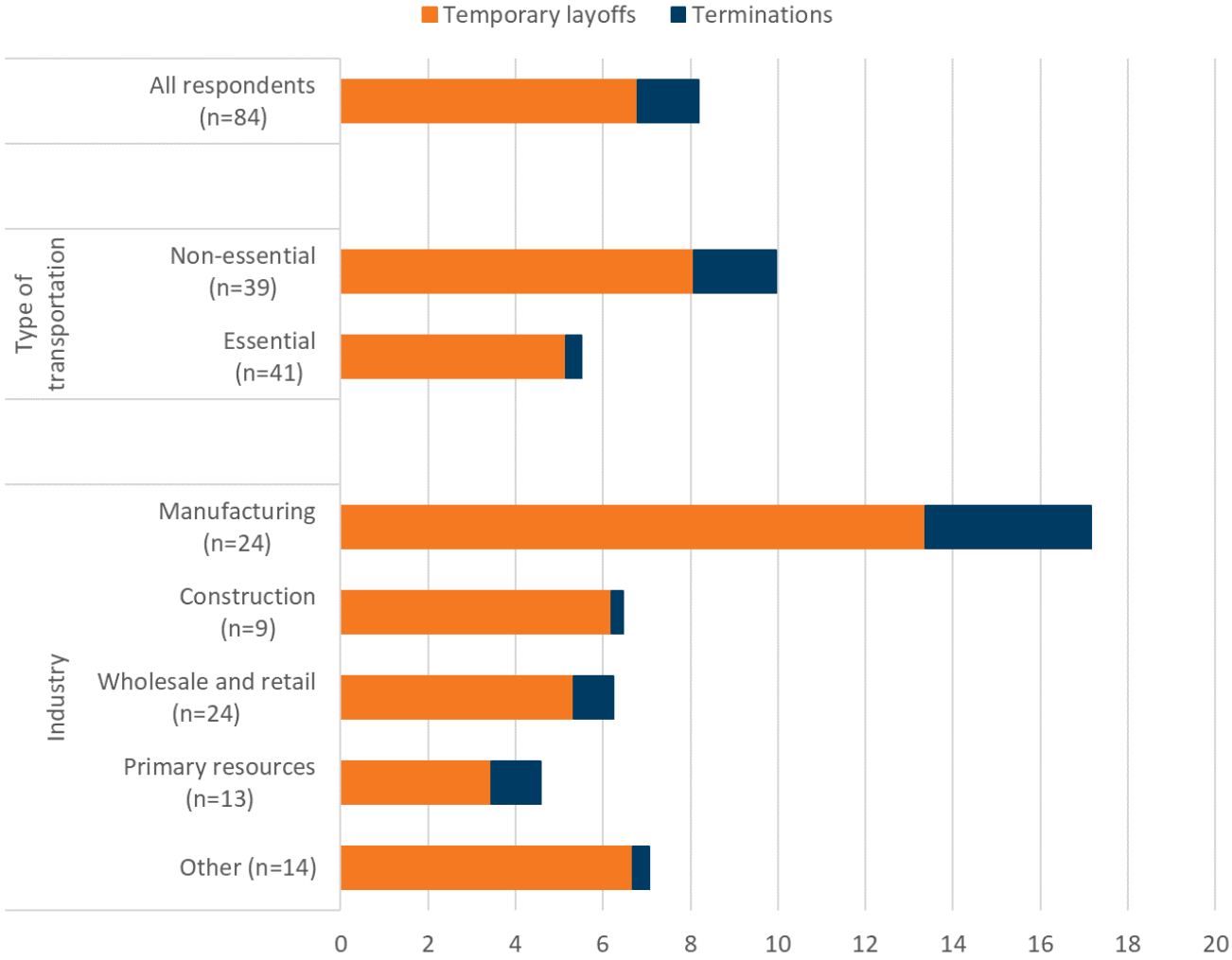
Employment decline concentrated among companies transporting ‘non-essential’³ goods

- Companies transporting non-essential goods laid off 10.0% of their combined workforce, or 1,300 workers. By comparison, companies transporting essential goods laid off 5.5% of their workforce, or 600 workers.
- Companies transporting goods for the manufacturing sector reported the steepest employment decline, with 17% of their workers laid off (including 4% terminated). 20 of the 24 companies transporting goods for the manufacturing sector were classified as transporting non-essential goods.
- Trucking companies primarily serving the primary resource sector (e.g. agriculture, oil, and gas) reported more modest employment declines, with 4.6% of workers laid off.

³ We define companies that transport essential goods as those for whom essential goods make up more than 50% of what their company transports. In turn, companies transporting non-essential goods are those for whom essential goods account for less than 50% of transported goods.

Companies primarily serving the manufacturing sector reported the steepest employment declines

(share of total workforce laid off due to COVID-19, per cent)



* includes temporary layoffs and/or terminations

Employee-initiated departures contributing to decline in employment

- Additional data collected for truck drivers in our survey suggests that employee-initiated departures related to COVID-19 further reduced truck driver employment across our 84 respondents by 2.5%, or 420 workers.

- The most common reasons for employee departures include self-quarantine, high-risk of illness from COVID-19, household member at high risk of illness from COVID-19, and family caregiving. Each of these reasons was evenly cited among employers.
- The combination of layoffs and employee-initiated departures reduced total truck driver employment across our sample by 11.4%, from 17,100 workers pre-COVID to a current 15,200 workers. The breakdown in the employment decline is presented below.

Employee-initiated departures contributing to decline in truck driver employment

(change in truck driver employment, per cent) n=84



Employers not ruling out additional layoffs

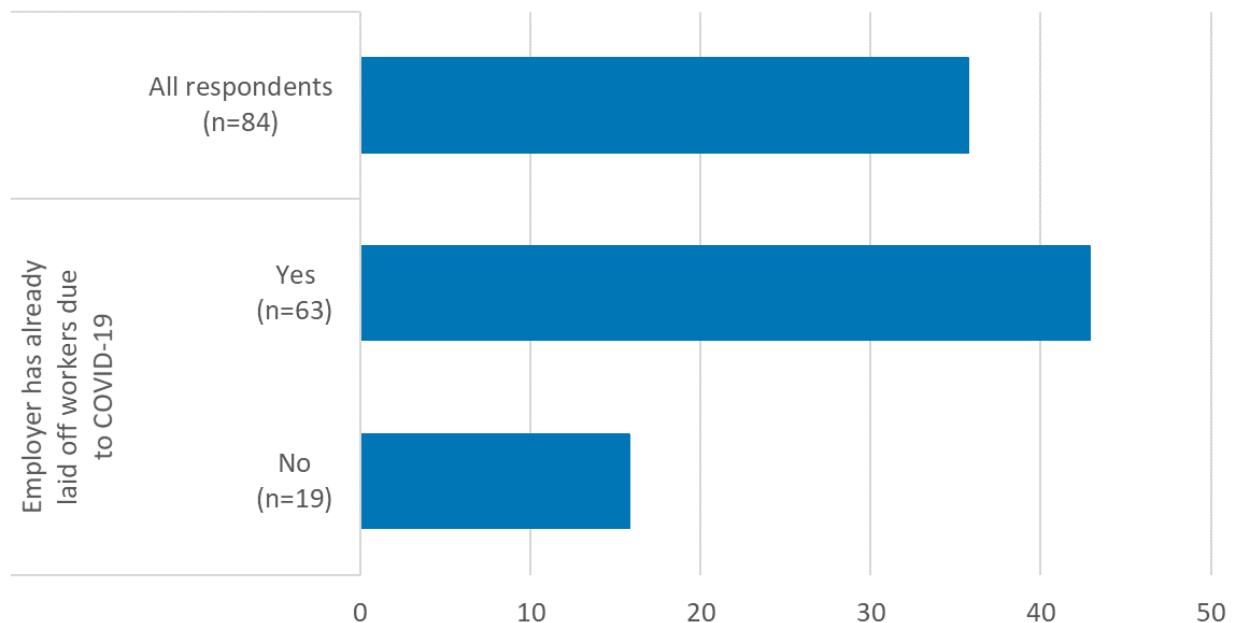
- Over one third of employers (36%) expect that their company will lay off additional workers over the next three to six months due to the economic consequences of COVID-19.
- Employers who have already laid off workers due to COVID-19 are more likely to layoff additional workers, at 43% versus 16% of employers who have yet to lay off staff.

- Truck drivers are most at risk of future layoffs, with 87% of employers considering future layoffs expecting truck drivers would be affected. This compares to 57% and 43% of employers who anticipate that layoffs would affect dispatchers and mechanics, respectively.

Employers that have already laid off workers more likely to continue doing so

Q - Over the next three to six months, is your company expecting to lay off or terminate any workers due to the economic consequences of COVID-19?

(percentage of employers who expect to lay off workers)



Many employers leveraging the Canada Emergency Wage Subsidy

- Over two in five employers (42%) have applied for the Canada Emergency Wage Subsidy (CEWS).⁴ Another 24% of employers are considering doing so.

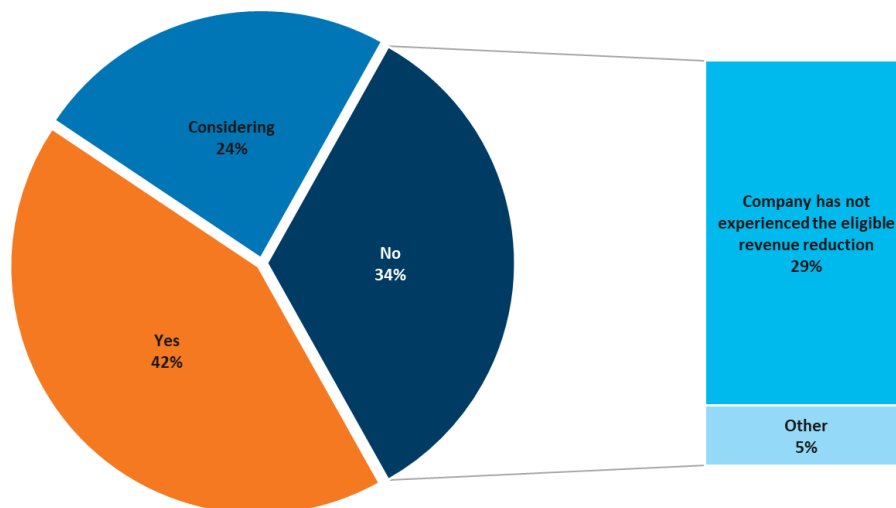
⁴ This wage subsidy helps businesses who have been affected by COVID-19 by providing them with up to 75% of employee wages for up to 24 weeks. To access CEWS, an employer must have experienced an eligible reduction in revenue (i.e. 15% in March, and 30% in April and May).

- Employers who have applied for CEWS have already laid off 14.6% of their combined workforce because of COVID-19. In comparison, those who are considering applying for CEWS, and those who have not applied, have laid off a respective 5.8% and 7.1% of their workforces.
- Within our sample, smaller companies (i.e. companies with fewer employees) were more likely to apply for CEWS. On average, companies who applied to CEWS employed 140 workers. This compares to 350 workers for companies who considered applying for the wage subsidy, and 530 for companies who did not apply. Smaller companies generally have less diversified revenue streams compared with larger companies, exposing them to larger revenue declines in the current environment.
- Among employers who have not applied for CEWS, the vast majority (85%) have not experienced the eligible revenue reduction to qualify for the subsidy.
- Companies who transport essential goods were less likely to apply for CEWS. In fact, three in five companies (58%) who did not apply for CEWS transported essential goods.

Most employers either have or are considering applying for the Canada Emergency Wage Subsidy

Q - Has your company applied for the Canada Emergency Wage Subsidy (CEWS)? If not, why?

(percentage of employers) n=80



Working Hours and Compensation

Over half of employers have reduced hours for truck drivers in response to COVID-19

- A sizeable share of employers has laid off truck drivers. However, the most implemented measure for truck drivers was a reduction in working hours, with three in five employers (60%) implementing this measure.
- Companies transporting essential and non-essential goods were just as likely to implement hours reductions for their truck drivers.

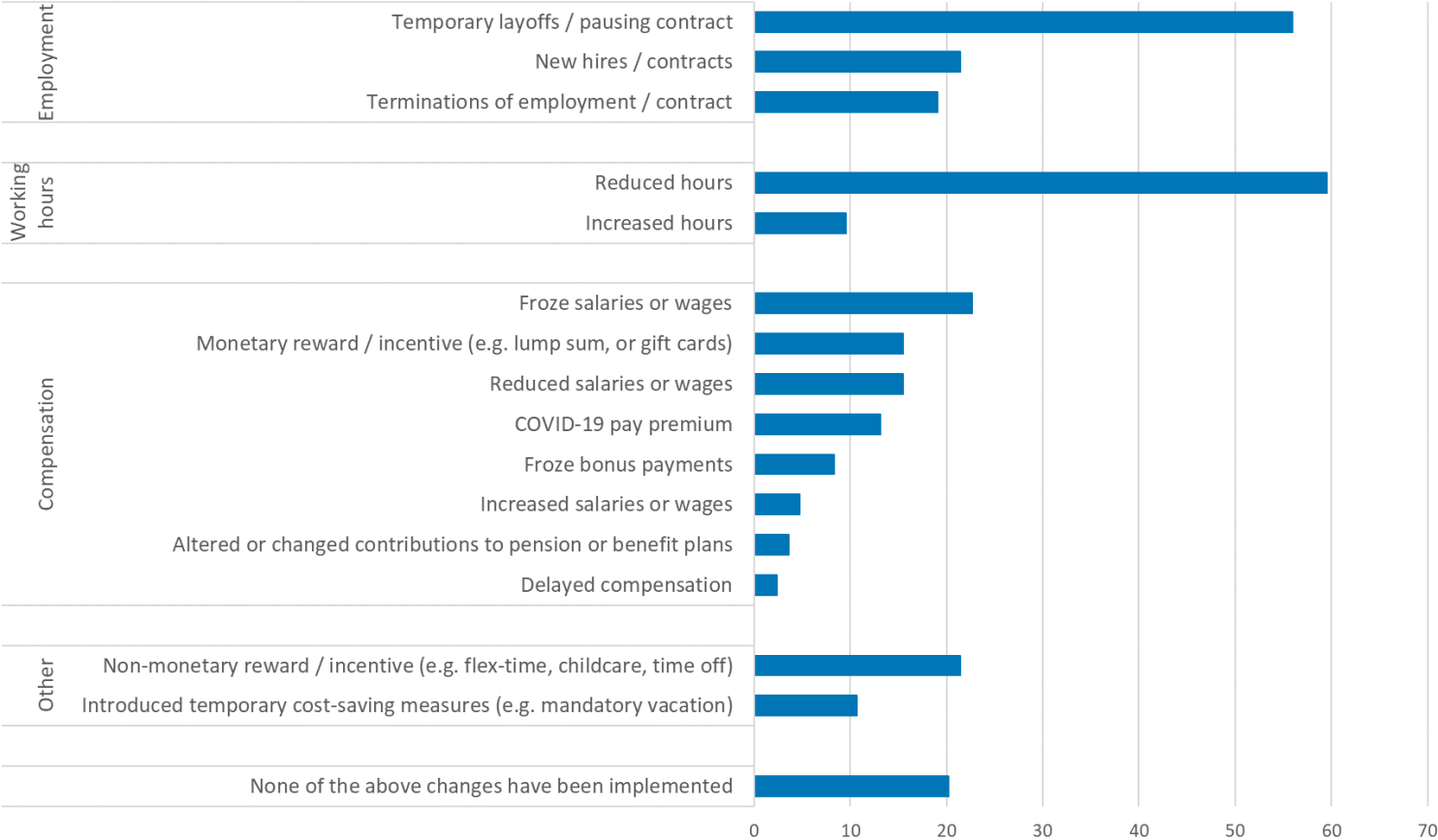
Some employers have frozen or reduced pay

- Several employers have implemented cost-saving/control measures to manage, or accommodate, a potential decline in business revenues due to COVID-19. For example:
 - Roughly one in four employers (23%) have frozen salaries or wages for truck drivers. This measure was more common among companies transporting non-essential goods (31%) than those transporting essential items (15%).
 - Another 15% of companies have reduced salaries or wages of their truck drivers; (21% of companies transporting non-essential goods compared to 12% of companies transporting essential goods).

Most employers have reduced hours for truck drivers in response to COVID-19

Q - For truck drivers working for your company, please specify which of the following measures have been implemented due to COVID-19.

(percentage of employers) n=84



Certain measures have been positive

Although salary/wage increases have been rare, some companies have rewarded their truck drivers in other ways. For example:

- Just over one in five employers (21%) have provided their truck drivers with non-monetary rewards/incentives such as flextime, childcare, and time off.
- Another 15% of employers have provided truck drivers with monetary rewards such as gift cards.
- Lastly, 13% of employers offered truck drivers a COVID-19 pay premium.

Status quo for some companies

One in five surveyed employers (20%) have not implemented any measures with respect to the working hours or compensation of truck drivers. This share is slightly higher for companies transporting essential goods (27%) than companies transporting non-essential goods (15%).

HR Activities

Employers have been challenged in ensuring adequate health and safety measures for their workers, particularly truck drivers

The most widely cited and demanding HR-related task resulting from COVID-19 has been ensuring adequate health and safety measures for truck drivers (e.g. implementing social distancing measures and obtaining appropriate personal protective equipment).

- 95% of employers were challenged by this task.
- Moreover, one third of employers (33%) found this task to be considerably or extremely challenging.

Employers were also challenged in ensuring health and safety measures for non-truck drivers, however, this appeared to be slightly less challenging.

- 82% of employers were challenged by this task.
- Furthermore, 17% found it to be considerably or extremely challenging.

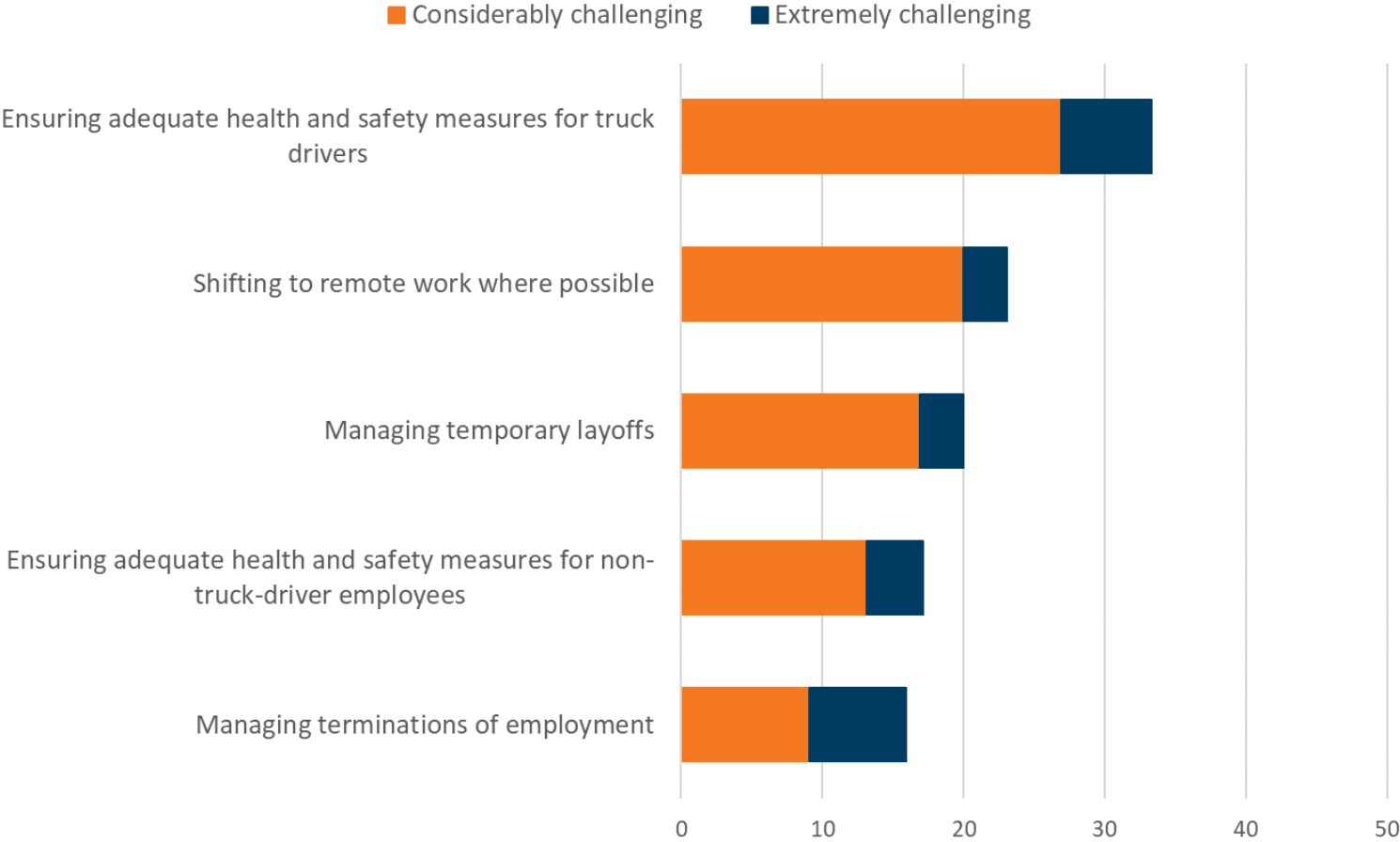
Accommodating remote work also challenging many employers

Around four in five surveyed employers (79%) have had to accommodate remote work for at least some of their workers due to COVID-19. This posed no challenge to 17% of these employers. However, a larger 23% of employers were challenged to a considerable or extreme extent in accommodating the shift to remote work.

Employers most challenged in ensuring adequate health and safety measures in place for truck drivers

Q - How challenging has your company found the following HR-related tasks resulting from COVID-19?

(percentage of employers) n=80



Employers expect to face difficulties training and onboarding truck drivers

When it comes to the recruitment of truck drivers over the next three to six months, employers were generally divided.

- On the one hand, some employers expect recruitment to be less difficult in the near-term, mostly because the depressed current economic conditions will reduce their need to hire.

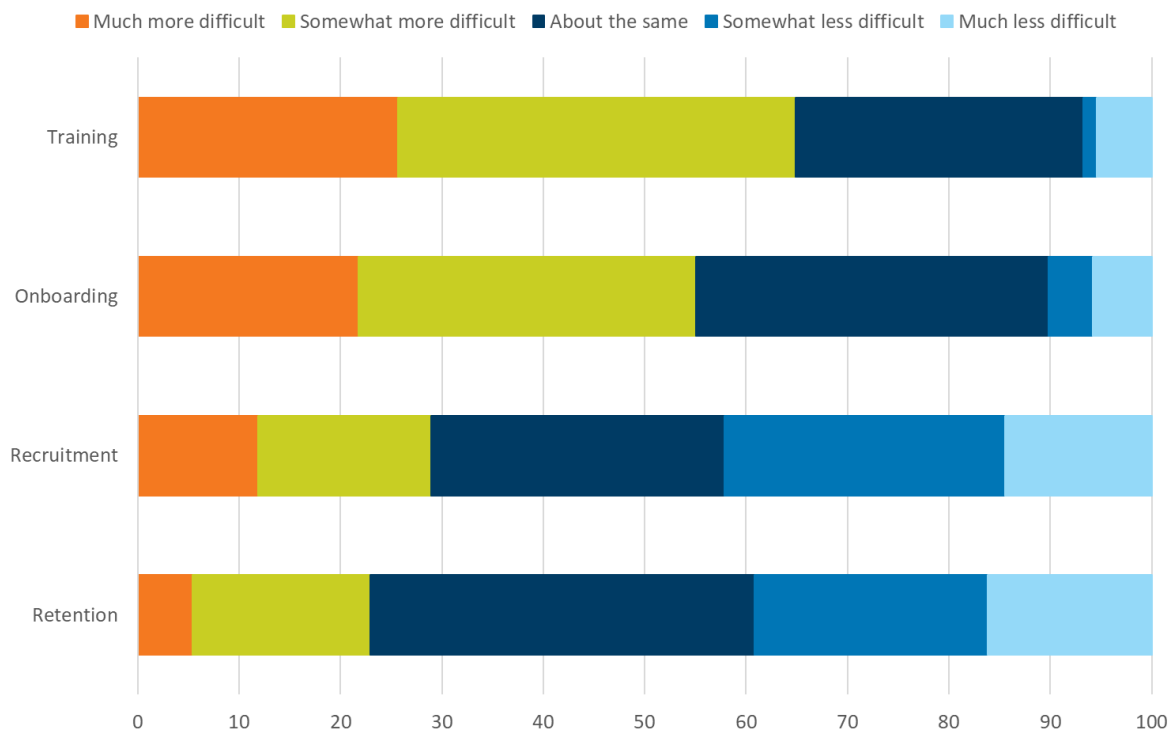
- On the other hand, employers looking to recruit are optimistic about the supply of labour that has been freed up by layoffs in other sectors of the economy.

Employers are more unified in their expectations regarding future training and onboarding of truck drivers.

- Close to two-thirds of employers (65%) expect the training of truck drivers to become more difficult over the next three to six months, while only 7% expect it to become less difficult.
- Over half of employers (55%) expect onboarding of truck drivers to become more difficult soon, compared to only 10% who expect it to become less difficult.
- One respondent noted that “social distancing protocols have turned training and onboarding into a virtual experience rather than hands on.” Another noted that “onboarding and training now require a significantly different approach, particularly in-truck training.”

Employers concerned about their ability to train and onboard truck drivers in the future

Q - Over the next three to six months, how do you expect COVID-19 will impact the following HR activities for truck drivers at your company?
(percentage of employers) n=80



Attractiveness of Sector

Employers have mixed views on the attractiveness of trucking and logistics sector to prospective employees

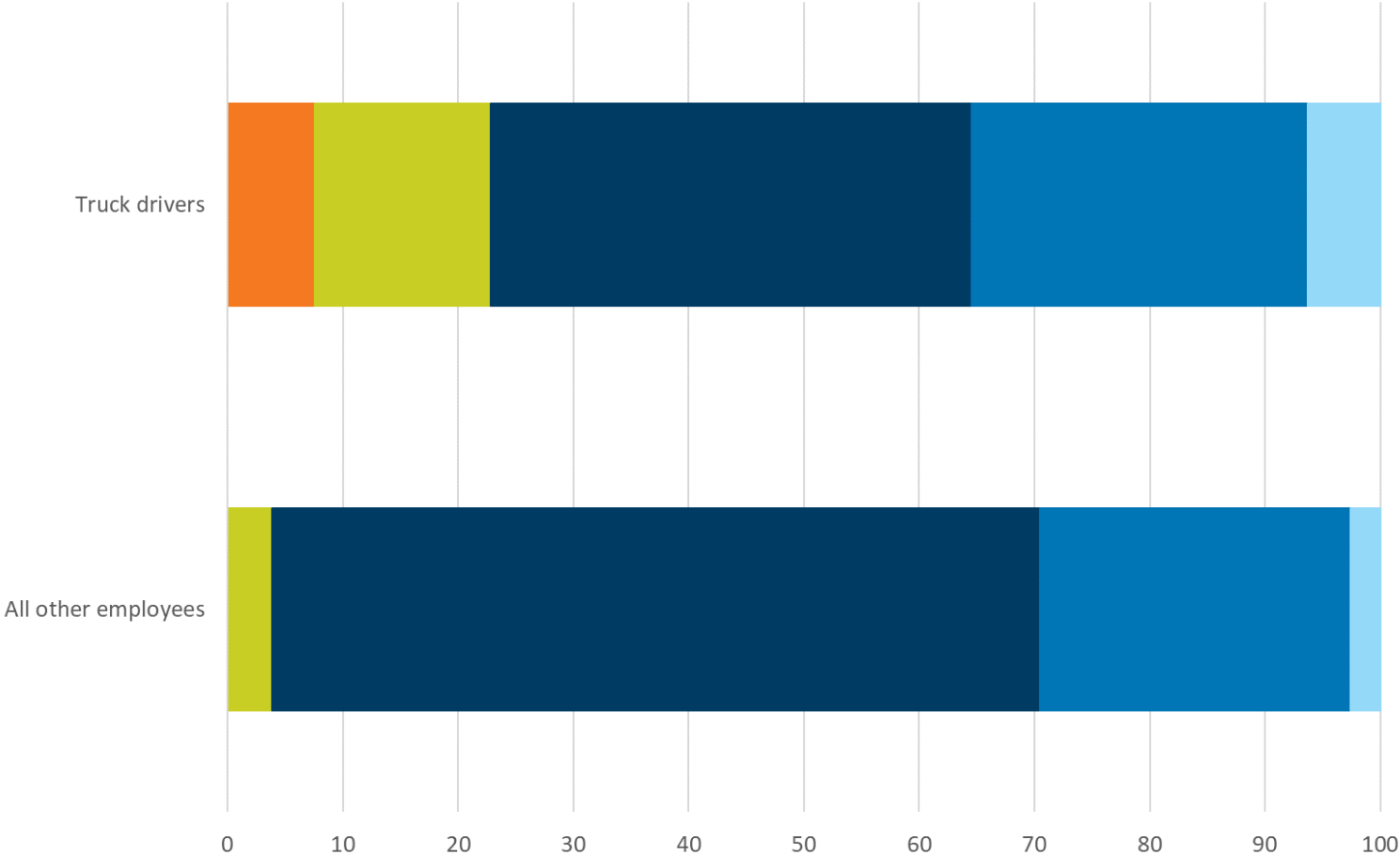
- Has COVID-19 changed the stigma around the trucking and logistics sector? To explore this topic, we asked employers if they believe that COVID-19 has changed the attractiveness of the trucking and logistics sector to potential employees. The results were mixed.
- On the one hand, employers were divided in their opinion of the attractiveness of the trucking and logistics sector with respect to prospective **truck drivers**.
- Over one in three employers (35%) expect the attractiveness of the sector to prospective truck drivers will improve relative to pre-COVID. Commonly cited reasons why this would be the case include:
 - The positive publicity that truck drivers are receiving during the crisis.
 - Perceptions around the job security of the truck driver occupation that stem from the 'essentialness' of truck transportation during the pandemic.
- Just under one in four employers (23%) expect a deterioration in the attractiveness of the sector to prospective drivers, citing:
 - The dismal working conditions of the occupation that have been highlighted by the current pandemic.
 - Wages not staying competitive.
- On the other hand, 29% of employers believe that COVID-19 has made trucking and logistics somewhat or much more attractive to other prospective employees (excluding truck drivers). This compares to only 4% who believe the attractiveness of the sector has declined for these potential employees.

Most employers expect no change in the attractiveness of the trucking and logistics sector to prospective employees

Q - Compared to pre-COVID-19, how attractive to prospective employees do you expect the trucking and logistics sector will become?

(percentage of employers) n=79

■ Much less attractive ■ Somewhat less attractive ■ About the same ■ Somewhat more attractive ■ Much more attractive

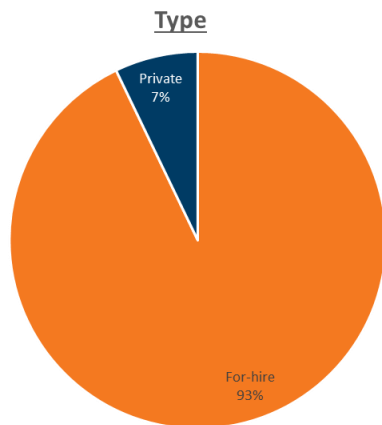
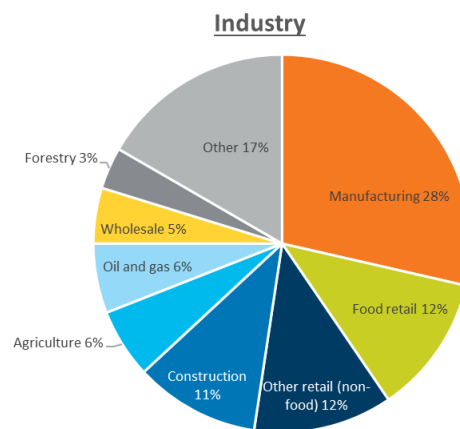
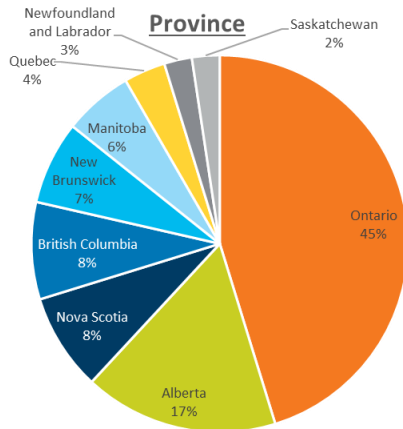


Appendix – Survey Sample

The employer survey was in the field for just over one week, from May 22 to May 31. In total, 84 respondents completed the survey across Canada. The following charts show the distribution of respondents by province, industry (i.e. primary industry served), type (i.e. private versus for-hire), and essential transport (i.e. the share of transported goods that are considered “essential”).

Chart A1
Sample overview

(percentage of employers) n=84



Essential transport
(share of transported goods that are considered essential)

