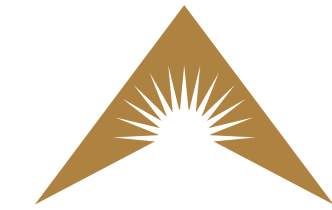




BUSINESS COUNCIL
OF ALBERTA



VIEWPOINT | RESEARCH

EXCEPTIONAL TIMES & EXCEPTIONAL MEASURES: ALBERTA CEOS ON SHUTDOWN IMPACTS & FUTURE RECOVERY

June 2020

OVERVIEW

61 ORGANIZATIONS

ACROSS DIVERSE INDUSTRIES

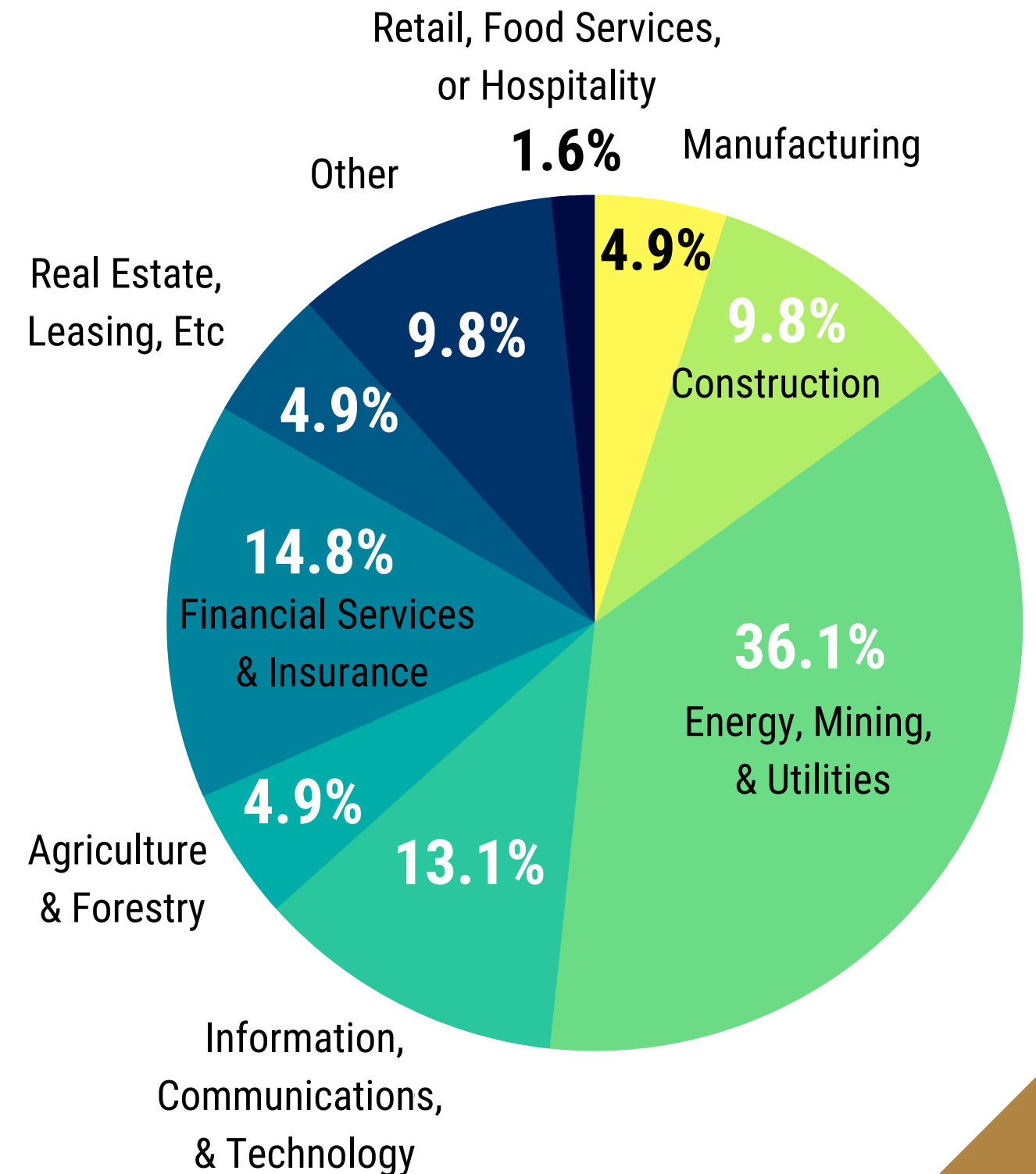
37% SMALL ORGANIZATIONS

BETWEEN 1 - 99 EMPLOYEES

42% LARGE ORGANIZATIONS

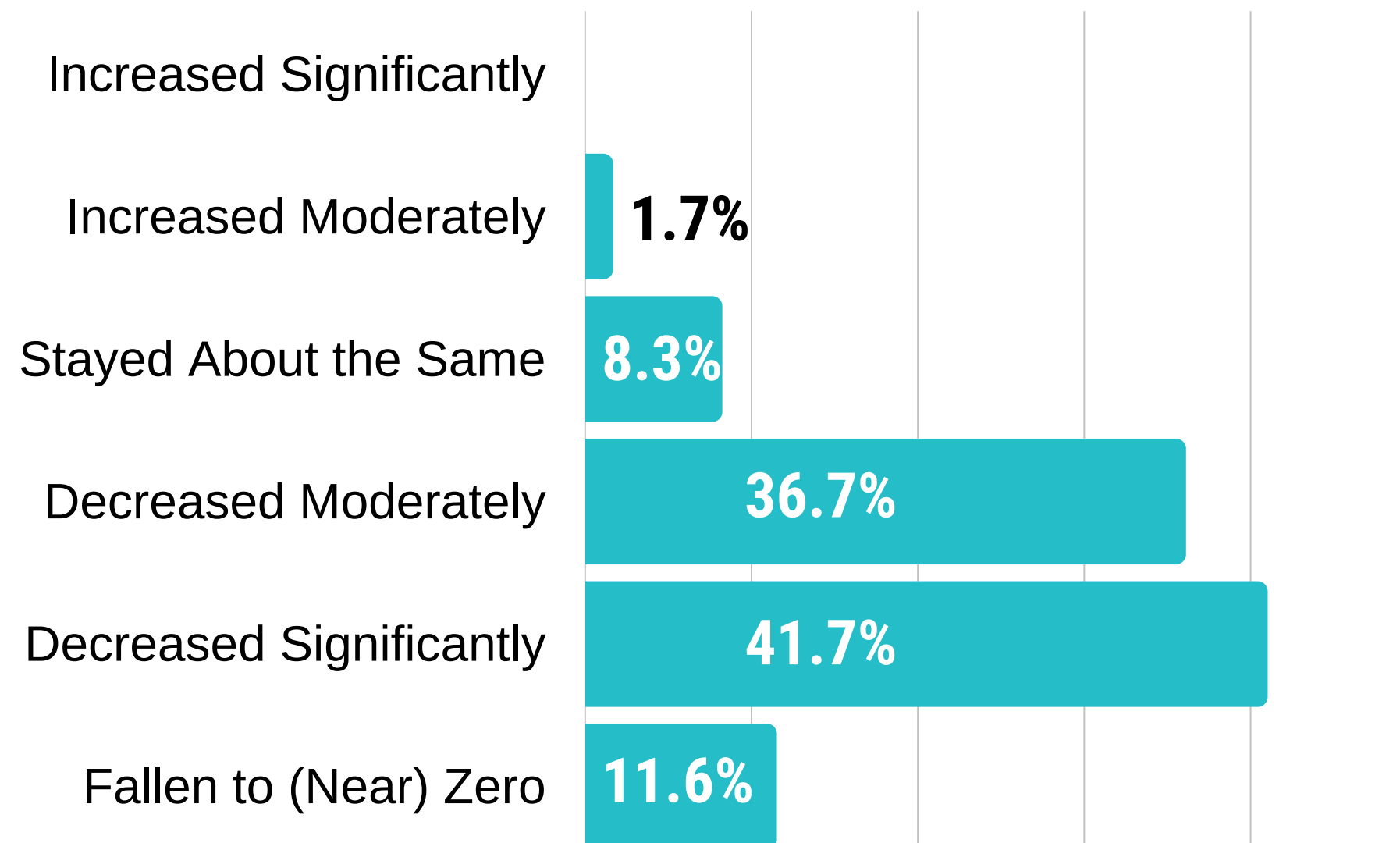
OVER 500 EMPLOYEES

Industry/Sector Breakdown



IMPACT ON BUSINESSES

How have your sales revenues been impacted in the wake of COVID-19 and the oil price collapse?



90% of businesses have faced a moderate to significant decrease in revenue or a total loss of sales.

61% of businesses have engaged in layoffs, and **11% have laid off more than half their workforce.**

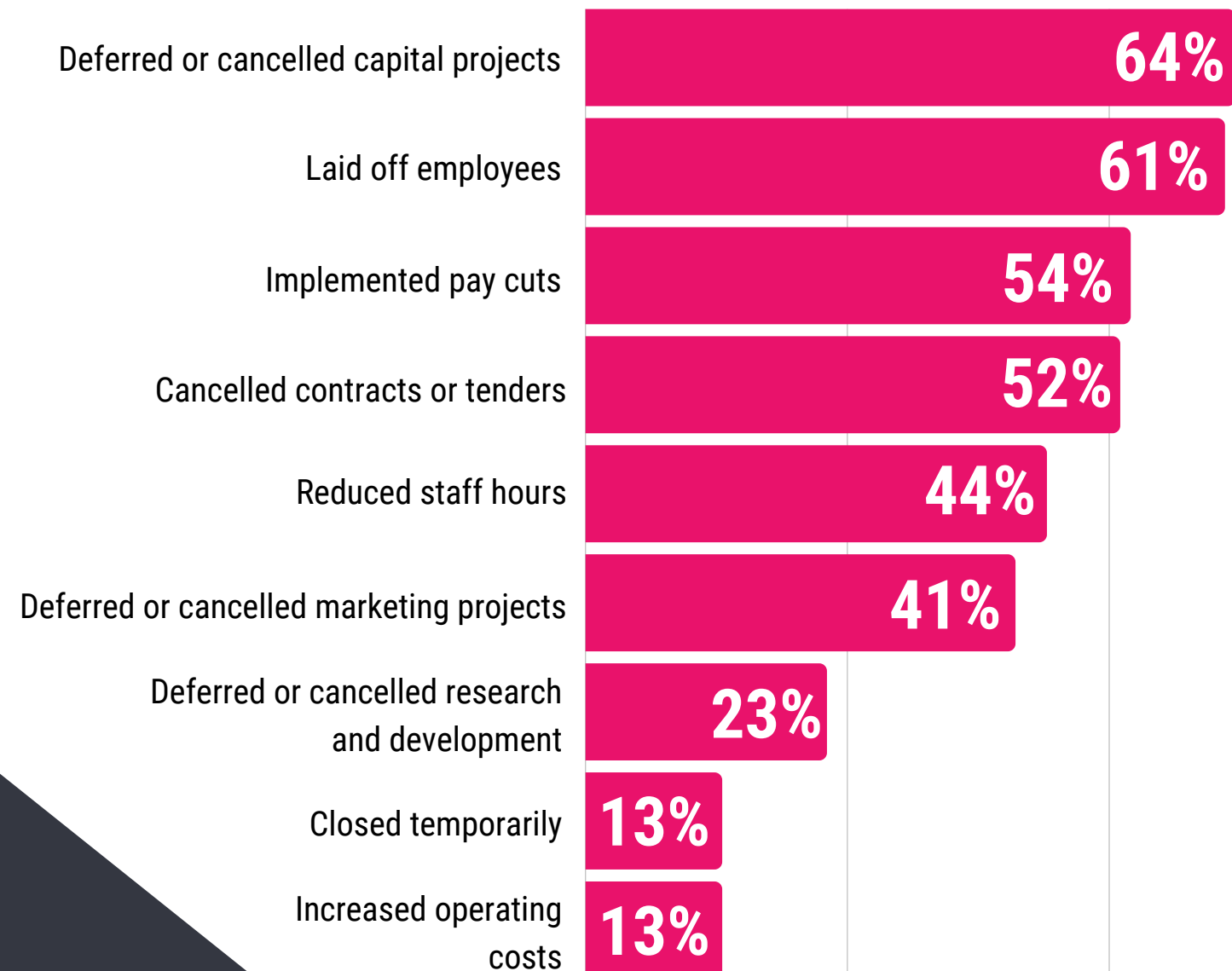
The **top five impacts** on business were:

1. Deferred or cancelled capital projects (64%)
2. Laid off employees (61%)
3. Implemented pay cuts (54%)
4. Cancelled contracts or tenders (52%)
5. Reduced staff hours (44%)

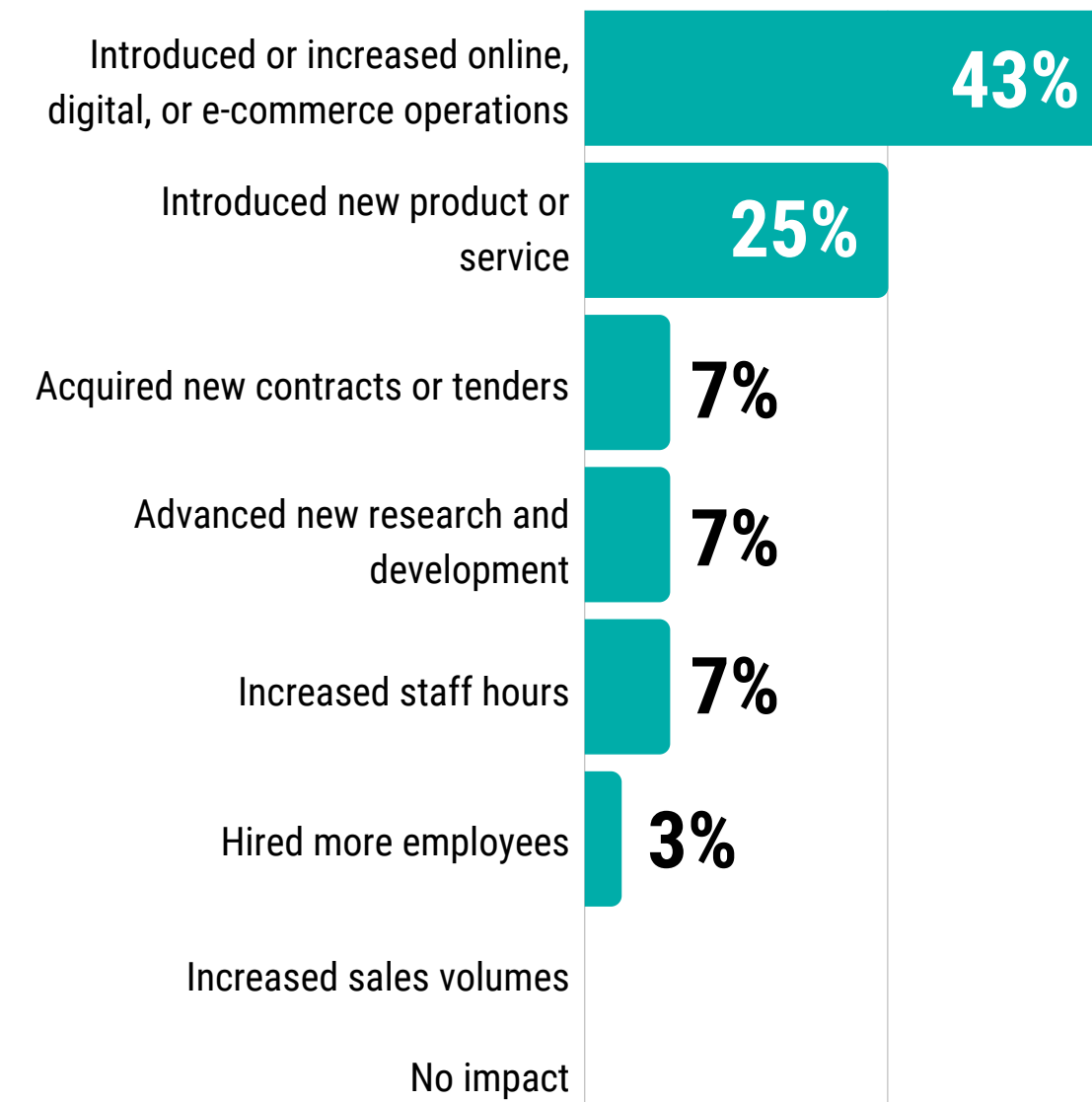
IMPACT ON BUSINESSES

Almost all businesses have been impacted. The overwhelming majority of those we surveyed are playing defence - cutting or freezing expenses where possible. However, some Alberta businesses have proactively added new product offerings or found new ways of operating to meet consumer needs.

Negative Impacts of the Crises



Positive or Neutral Impacts of the Crises



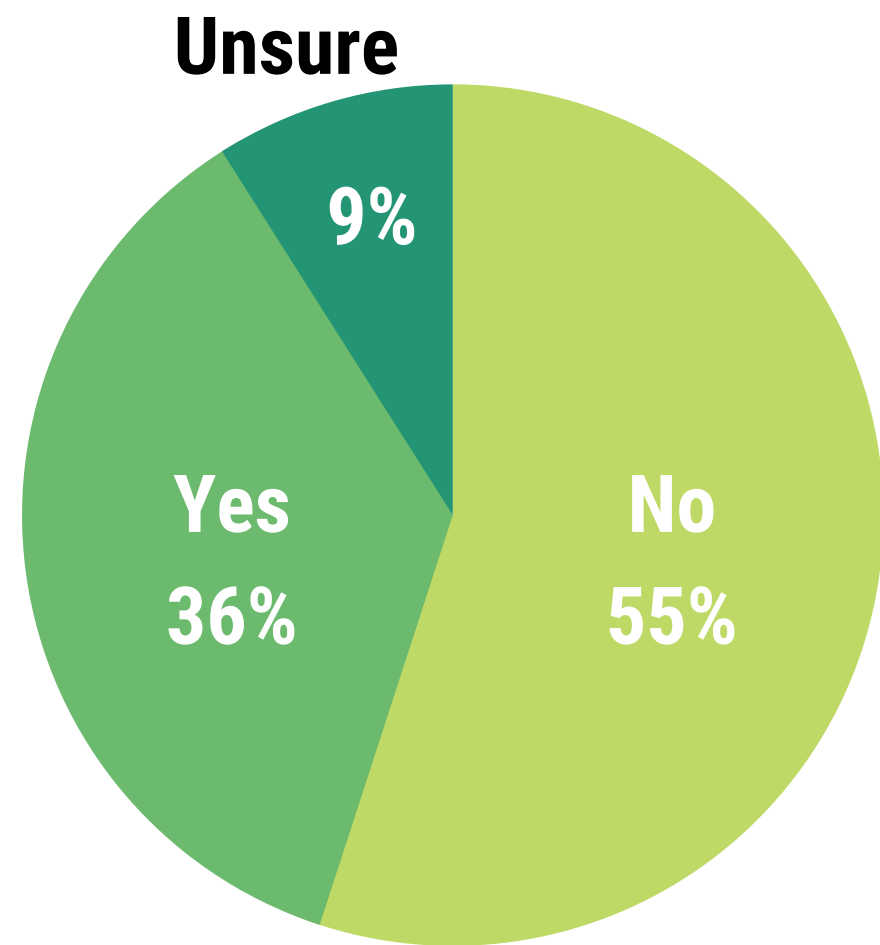
IMPACT ON BUSINESSES

Physical distancing measures and the economic shutdown in Alberta and globally caused an immediate evaporation of revenue. Businesses in Alberta responded by reducing overall labour costs and capital spending through cancelling or deferring capital projects, marketing campaigns, and research and development.

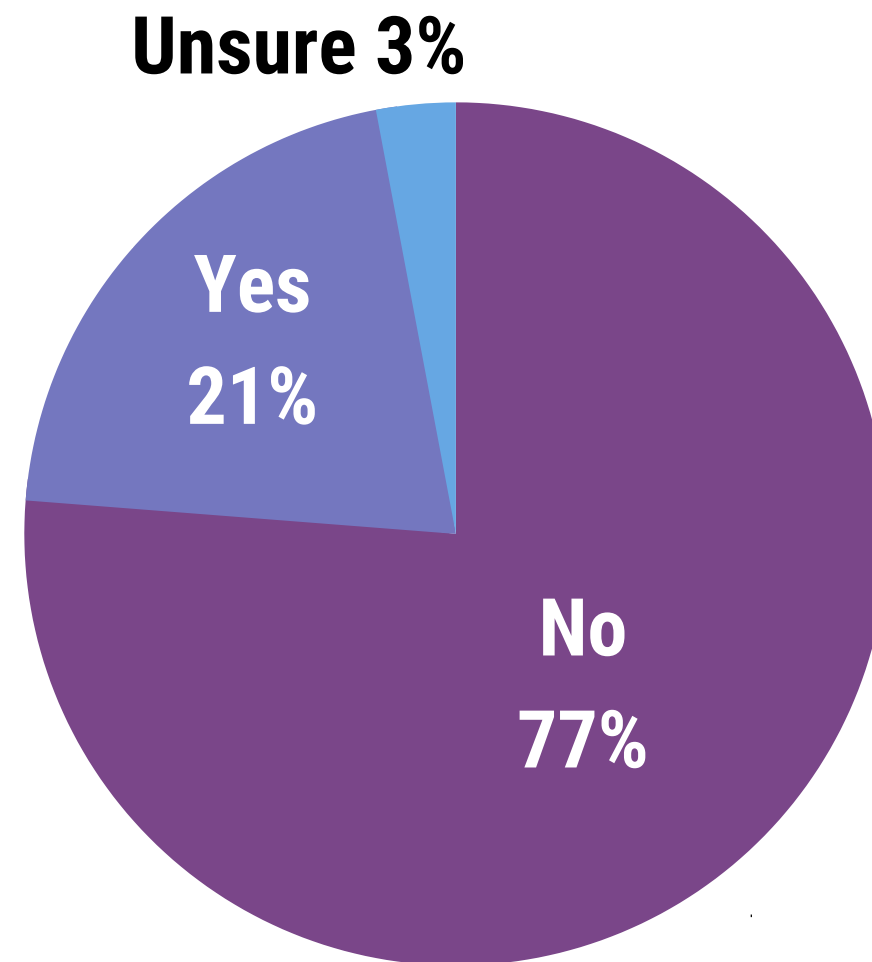
As more economic activity resumes but with new restrictions, businesses have adapted their product offerings and business model. Around one third of businesses have introduced or increased their online, digital, or e-commerce operations, and about a quarter of businesses have introduced a new product or service in response to changing demands.

BUSINESSES SEEKING SUPPORT

Have you experienced difficulty with liquidity (either accessing existing or requesting new/additional) since the crisis?



Energy, Mining, and Utilities



All Other Sectors

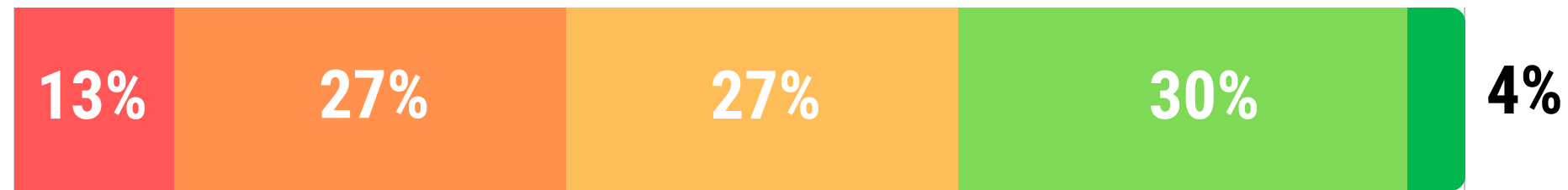
Overall, 26% of businesses are experiencing **difficulty with liquidity**.

36% of respondents in the energy, mining, and utilities industries reported having difficulty accessing credit compared to 21% in all other industries.

PERCEPTION OF GOVERNMENT SUPPORT

Federal Response

Average Rating 2.90



Provincial Response

Average Rating 3.60



Very Poor ← → Excellent

63% of businesses rated the provincial government response to the crisis **positively**, versus 34% for the federal government response.

BUSINESSES SEEKING SUPPORT

While there are many support programs available, it does not appear that these are meeting the needs of all businesses. Overall, one in four businesses are experiencing difficulty accessing liquidity. In particular, the challenge appears to be more pronounced among mid-sized organizations. According to our survey, 46% reported having difficulty, compared to 27% of small businesses and 16% of large businesses.

The Emergency Wage Subsidy Program, however, appears to be a successful initiative. Of the approximately 55% of businesses that have had no layoffs, or very minimal (less than 10%), it was reported that almost half of that group have successfully benefited from the program or are currently in the process of applying. Despite reports early on from the federal government that it was underutilized, this provides evidence that it has been widely accessed by businesses, and suggests it has been a key factor in minimizing job losses during this crisis.

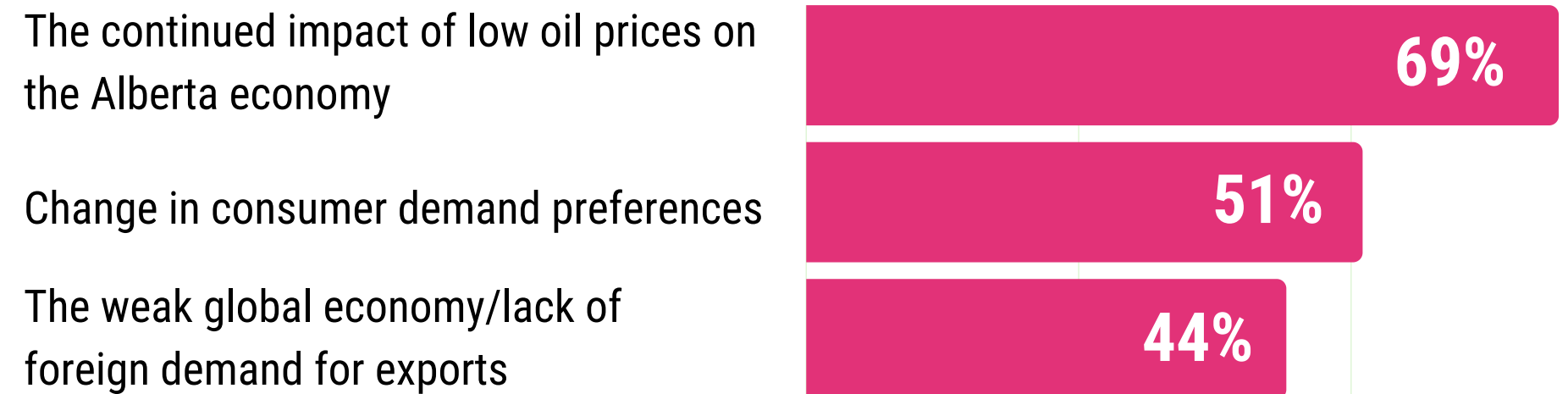
BUSINESS CONFIDENCE

TOP THREE BARRIERS TO RESUMING NORMAL BUSINESS OPERATIONS

1. The continued impact of **low oil prices on the Alberta economy** (77%)
2. **The weak global economy/lack of foreign demand for exports** (59%)
3. **Change in consumer demand preferences** (38%)

The continued impact of low oil prices was ranked as the top concern even for sectors outside of Energy, including Financial Services & Insurance, Construction, Agriculture & Forestry, Real Estate & Leasing, and Retail, Food Services, & Hospitality.

Top Three Barriers (Excluding Responses from the Energy Sector)



BUSINESS CONFIDENCE

26%

Are not certain that their "*organization will survive this crisis until a vaccine is widely available or we otherwise reach herd immunity.*"

61%

Expect that the **demand in their market will be slow to recover.**

18%

Expect they will not refill lost positions.
Although 31% expect to rehire some lost positions, 13% expect to make additional layoffs.


These results point to overall **uncertainty and low levels of confidence, indicating a longer-term recession and a long time before business gets back to pre-crisis capacity and employment.**

Recovery will likely be U-shaped, characterized by low GDP and, comparatively high year-over-year unemployment.

BUSINESS CONFIDENCE

***TOP FOUR ISSUES BOTH LEVELS OF
GOVERNMENT WILL NEED TO ADDRESS
FOR BUSINESS TO SUCCESSFULLY
OPERATE UNTIL A VACCINE:***

1. **Stimulating Demand** (75%)
2. **Clarity regarding health and safety** (49%)
3. **Maintaining liquidity and cash flow** (47%)
4. **Transitioning unemployed/furloughed
employees back to work** (46%)



34% of businesses anticipate they will need continued or additional government support to assist with the transition to more normal business activity, with 54% reporting they do not expect to need additional assistance, and 11% unsure.

MOVING FORWARD

Alberta businesses face two major hurdles: the ongoing global pandemic and low oil prices.

Many challenges lie ahead - cutting capital investment and R&D will have long-term implications.

Maintaining lower levels of employment will have a devastating impact on workers in the absence of new positions elsewhere.

Businesses think the top government priority as we transition to recovery should be to stimulate demand. This suggests not only the expectation of a slow recovery but also an ongoing need for government support programs even as economic activity resumes. Additionally, the government will need to play a role in creating sound policies around health and safety, and transitioning unemployed employees to new work opportunities. Measures taken in these areas will help strengthen what could otherwise be a very slow, prolonged recovery.

ABOUT THIS SURVEY

This survey was conducted by the Business Council of Alberta and Viewpoint Research. A total of 61 business leaders completed the survey, representing organizations across Alberta.



The Business Council of Alberta, has a simple but radical idea: Making life better. This means business is a leader in solving our biggest challenges to create the right conditions where our people, the economy and the environment can thrive without leaving anyone behind. We do this for Albertans and Canadians by increasing economic and social prosperity through thriving business.



Viewpoint Research is an evidence-based research centre dedicated to evolving society's knowledge about business leadership and advanced organizational practices. With sophisticated senior experience and an active research team, our key activities are providing thought leadership on various organizational topics; conducting and curating applied organizational behaviour and business research; and offering customized strategic solutions and assessments in strategy, governance, and leadership.

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