

THE IMPACT OF COVID-19 ON CANADA'S ENERGY WORKFORCE:

A FOUR PART SERIES ON WORK PRACTICES, PRODUCTIVITY AND OPPORTUNITIES

PART 1: LABOUR COST REDUCTIONS AND PRODUCTIVITY NOVEMBER 2020



Funded by the Government of Canada's Sectoral Initiatives Program



Table of Contents

Introduction3
Labour Cost Reductions4
Working from Home7
Future Desire to Work from Home9
Productivity12
Successes and Challenges14
Closing21
Demographics



Introduction

The PetroLMI Division of Energy Safety Canada surveyed Canadian energy industry employees to understand how the COVID-19 pandemic is affecting work practices and productivity across their occupations, and what changes to previous work practices employees expect as the country emerges from public health restrictions. The survey also gathered data on whether shifts in work practices resulting from the pandemic are creating demand for new skills within the industry, and what employment opportunities workers may be investigating to leverage existing skills.

This report is divided into four parts:

PART 1 focuses on the labour cost reductions implemented by energy companies and how industry work practices and productivity have changed as workers and their employers responded to public health restrictions.

PART 2 explores how energy workers feel about returning to work and what actions employers can take to address workers' concerns and ensure their safety.

PART 3 examines which skills and training workers believe are in demand. It also looks at whether workers have been seeking employment in different sub-sectors or industries.

PART 4 focuses on unemployed and temporarily laid off (furloughed) energy workers. It explores the job search and training activities workers have been engaged in, including potential plans should they not be called back to work or able to find other work. More than 300 energy workers from across Canada completed the survey in August and September 2020.

In addition, 13 leaders from energy companies were interviewed in September and October 2020. The companies included large, medium and small organizations representing exploration and production, oil sands, oil and gas services, and midstream and downstream sectors of the industry. These interviews provide an employer perspective of how the COVID-19 crisis has impacted businesses and workforces. Their views, expressed in the form of quotes, provide additional context throughout the report.

PetroLMI thanks all those who participated in the survey and interviews. Your feedback and perspectives were extremely valuable in developing a timely and meaningful report.

This project was funded by the Government of Canada's Sectoral Initiatives Program.



Labour Cost Reductions

SUMMARY

As the economic impact of the COVID-19 pandemic continues, energy companies are having to consider how to respond in terms of balancing cost savings and reducing labour costs with the need to retain staff. At the time of the survey, 68% of energy workers said their company had implemented at least one labour cost reduction measure since the start of the pandemic, while 54% had implemented multiple measures. Nearly one-third (32%) reported no labour cost reduction measures.

TOP LABOUR COST REDUCTION MEASURES

- Permanent layoffs (37%)
- Hiring freeze (35%)
- Reduction in executive pay (29%)
- Reduction in worker pay (28%)
- Temporary layoffs (27%)
- Reduction in hours (21%)





KEY TAKEAWAYS

Due to the sudden economic impact resulting from the COVID-19 pandemic after five years of depressed oil prices, energy employers had to find ways to reduce operating costs. While nearly four in 10 energy workers surveyed said their company implemented permanent layoffs, many companies were seeking alternatives to layoffs. For employers, negotiating reduced wages, hours, benefits and/or bonuses were some of the methods used to retain employees—especially those with unique skills, training or certifications.



EMPLOYER PERSPECTIVES

Did the pandemic result in changes to work hours, changes to compensation or a hiring freeze? Did it result in layoffs? What types of roles?

"We reduced our employment levels by 30% using permanent layoffs. Employees in all roles were affected, both hourly and salaried. We modified our work hours from April until the end of October to four days per week to align with activity levels and reduce costs. Bonuses have been modified, but we have maintained individual performance bonuses as an aspect of our compensation structure, albeit at a lower level."

"There's a long road ahead to return to normal. Almost everyone has been laid off as we only have one rig working. The roles we have kept are people working on new innovations as we see that as our opportunity in the future."

"Work hours changed in the field as we eliminated double-up days. We have been very fortunate, once adjusting to the impacts of COVID-19, it has been pretty much business as usual. Accounting and administrative roles that could be done anywhere [have been the least impacted by COVID]." "Executives and their senior direct reports had their compensation reduced. Contractors associated with projects that have been delayed or deferred were released due to the cancellation of the work."

"[We implemented a] hiring freeze, reduced wages by 50% and laid off one manager. Management and technical specialists that could easily work from home [were the least impacted roles]."

"[The pandemic] resulted in laying off all 300 of our contractors when we shut down operations."

"[The pandemic] resulted in some permanent layoffs. We tried to make it a voluntary effort through retirements, leave of absences, educational leaves, and parttime or job sharing. This helped a bit."



Working from Home

SUMMARY

Prior to the pandemic, only 13% of energy workers worked from home at least one day per week, according to those surveyed, with only 8% reporting they worked from home five or more days per week. That quickly changed once public health restrictions were put in place in March 2020. Initially, 70% of energy workers were forced to work remotely at least one day per week — 57% of whom worked from home five or more days per week.



n = 212



Working from Home

KEY TAKEAWAYS

Nearly five million Canadians started working from home as a result of public health measures to prevent the spread of COVID-19, according to Statistics Canada.¹ Based on a survey conducted the week of March 22, 2020 the agency found that 4.7 million Canadians who don't normally work from home started to do so. When workers who normally work from home were added, that number increased to 6.8 million people, or almost 40% of Canada's workforce.

When compared to Canada's workforce as a whole, according to survey respondents, the percentage of Canada's energy workers initially forced to work remotely at least a day a week was much higher at 70%. The difference is likely due to the significant number of energy workers in professional occupations. Statistics Canada found those who did not normally work from home but did so during the week of March 22 were much more likely to have a bachelor's degree or higher (58%) than those who continued to work outside the home (22%). "This provides further evidence that working from home is more feasible for workers employed in professional or managerial occupations, which typically require higher levels of education," said the agency.

"Developing a full understanding of the number of Canadians working from home is essential for measuring Canada's capacity to support ongoing economic activity," according to Statistics Canada.



Future Desire to Work from Home

SUMMARY

The onset of the COVID-19 pandemic resulted in a large increase in the number of Canadian energy workers working from home. The question is, how many of them want to continue working from home when the COVID-19 crisis fades?

When asked, ideally, how often they would like to work from home going forward, 69% of respondents said they would like to work from home at least some of the time. One-third of energy workers said working from home two to three days per week would be ideal. On the other hand, 31% of workers had no desire to work remotely going forward.







EMPLOYER PERSPECTIVES

Has COVID-19 prompted your organization to consider changing/accelerating your remote working policy or philosophy?

"We already had a remote working policy, but we are reconsidering how it can be expanded so more people will use it post-COVID-19. But teamwork is part of our company culture and we believe that there remains an important role for employees to work together in an office environment."

"Yes. We started returning to the office in August and quickly realized we didn't need the space we thought we did—that the virtual office works well for us."

"No. We are wanting to get our old culture back as soon as possible. Looking forward to some form of normalcy once a vaccine is administered to society." "Yes. We now see working from home as a viable alternative."

"Not really. We are a global company and already had work-from-home and remote work policies in place. And we are a project-driven company that works closely with partners, so we often need to be in the office."

"We were already going down this path where possible, but [the pandemic] accelerated it."

"In the immediate response to COVID-19, we have adopted a highly flexible remote working policy. But at this point, our mandatory work-from-home (except for those staff with senior leader approval to work in our office) remains in place. Once a decision is made on a fuller return of staff, we will further assess our remote working approach and what it will mean for the long-term."





KEY TAKEAWAYS

The demand for flexibility in where and how people work is not new. Over the last several years, many studies have revealed an increased desire from employees to work from home at least some of the time. Studies have also documented the many advantages of flexible working, including increased productivity, better work-life balance, improved inclusivity, decreased sick days and, in general, a happier workforce. While the experience of working from home during the COVID-19 crisis may not have been ideal for everyone, it has given energy workers, managers and executive a taste of what it is like and, in many cases, how seamless the transition can be.

While a flexible work schedule is not possible for all professions, the COVID-19 crisis has shown it can be a benefit that many employers can offer to their employees. For energy companies wishing to attract a more diverse workforce, this may be especially true. According to results from a 2018 "Women in Energy Global Study" conducted by NES Global Talent, flexible working and remote access were the top benefits for energy companies to attract and retain female employees.²



SUMMARY

The sudden shift to remote working with the onset of the COVID-19 pandemic doesn't appear to have had a significant negative impact on Canadian energy workers' productivity – at least so far. Half of respondents believed their productivity remained the same relative to their pre-COVID work situation, while 36% said their productivity improved. Only 14% of workers said they were somewhat less productive and 2% were much less productive.

Though slightly different in their response, when managers were asked to assess their team's productivity, the results were still very positive. Forty-six per cent of managers believed their team's productivity remained the same relative to their pre-COVID work situation, while 22% reported their teams were more productive. About one quarter of managers believed their teams were somewhat less productive and 6% said their teams were much less productive.





n = 120



KEY TAKEAWAYS

There has been much debate over the years as to whether working from home is a boost or a major drain on productivity. The good news is that 85% of the energy workers surveyed believed they were as productive or more productive working from home than in their usual workplace. And, managers tended to agree – roughly seven in 10 managers said their teams were as productive or more productive working from home. Given the uncertainty of when the pandemic will end, it would be important for employers to continue to support their workers in developing and maintaining effective work-from-home routines, habits, communications and processes.



Successes and Challenges

SUMMARY

Energy workers identified several factors that have enabled them to successfully work through the COVID-19 pandemic. In fact, more than half the workers surveyed said the following factors have helped them transition to a remote setting and work successfully:

- Computer hardware enabling remote work (63%)
- Company executed its crisis plan effectively (60%)
- Regular meeting/communication with team members (59%)
- Strong corporate leadership (56%)
- Strong corporate communications (55%)
- IT support (51%)

When asked about the barriers or challenges that have prevented them from working remotely successfully through the COVID-19 pandemic, a surprising 51% of energy workers said they had no barriers or challenges. The top challenges mentioned include:

- Limited or no regular contact with project teams and management (11%)
- Lack of dedicated workspace in home (10%)
- Challenges with digital collaboration tools (8%)
- Weak corporate communications (7%)
- No clear job descriptions or responsibilities (7%)
- Weak corporate leadership (7%)



Successes



n = 212



Successes and Challenges

Challenges





EMPLOYER PERSPECTIVES

SUCCESSES

"Our transition was seamless; we already had the tools (Microsoft Teams) and all salaried employees use laptops. We allowed monitors and other necessary work equipment to be brought home. The move allowed families to better take care of children and continue to perform their work functions. Being part of a global organization with a mature IT infrastructure and commitment to health & safety gave employees confidence that this was the right move at the right time."

"Overall, the measures we implemented in the field went very smoothly. We adjusted shift schedules to have much less overlap with operators. We eliminated the double up days on shifts. We encouraged our field staff to stay around home on days off and limit travel. We instructed them not to travel to known COVID hotspots. Our staff took this very seriously. We also stopped all travel to the field from Calgary."

"We took the approach of 'too much' communication. We provided broad insights into our overall COVID-19 response plan, developed clear protocols to guide leaders and staff, and then delivered on what we said we would do. Being as transparent as possible has been a foundation of our response and resulted in high levels of trust from staff with 93% of respondents indicating they agreed or strongly agreed the company put their physical, mental health and safety before all else."

"We activated our crisis management and business continuity plan right away. Our emergency broadcast system sent out regular emails to employees from our crisis management team to keep them in the loop. Leadership held regular video calls and town hall meetings to keep everyone informed." "The transition went well as we had upgraded our network prior to the pandemic and had implemented [Microsoft] Teams in 2019. Our IT department was the saving grace."

"Pretty much all our professional staff could work from home, but we had some in operations who needed to stay in the office. The move to work from home went incredibly well. Our IT infrastructure was in place to support it and the systems like Zoom and [Microsoft] Teams were in place. The week before we shut down, we ran a trial by sending half our staff home and it worked very well. When we sent almost everyone else home, it continued to work well."

"We had a very quick transition from the office and worksite. It was a pretty smooth transition. We were already in the process of implementing of Microsoft Teams and had a big change plan in place to work collaboratively. What would have normally taken a few months to implement only took a few days as the result of the pandemic. We got everyone connected very quickly."



EMPLOYER PERSPECTIVES

CHALLENGES

"Mobile communication at times was frustrating. Not as easy as just being able to walk down the hall and have a quick, off-the-cuff conversation with someone."

"Not having the face-to-face contact with our project engineers and their field personnel on our drilling, completion and facility projects was challenging. Virtual meetings do not replace eyes on the ground to physically observe progress on location."

"Certainly, in the early days of the pandemic and remote working, people were feeling their way in terms of using the technology effectively and creating opportunities to connect. These areas are now well in hand."

"Managing finances to keep up with payroll as work came to halt as a result of the pandemic was challenging."

"As a company owner, trying to balance good practical decisions with difficult monetary decisions is challenging. Do we lay everyone off or continue to look into the crystal ball for any sight of economic relief on the horizon?"

"The biggest challenges were mobilization and ensuring connectivity. Another challenge was the ever-changing rules and federal and provincial guidelines—making sure we were meeting social distancing, cleaning, and then masking guidelines." "Early on it was difficult to implement consistent regulations across the head office and field office, as there was little COVID outside of the major cities. We also had challenges with Internet connectivity as field office workers moved to working from home."

"A lot of our employees didn't take their computer equipment and other things they needed home with them. We had to develop a safe, staggered way to get people into the office to get the things they needed to work from home. It managed to get done with no disruptions. Getting everyone connected and ensuring security was also a challenge. IT worked every minute of every day to get everyone connected."

"Getting home PCs to work on the same platform was a bit of a challenge as many people had different versions of Windows or were on Macs. We did a lot of peer support to help each other get onboard. We also had some challenges due to the lack of face-to-face contact. Skype is great but it isn't really a substitute for the type of secondary discussions that happen in an office."



KEY TAKEAWAYS

The past few months have been a good reminder of the importance of understanding workers' experiences to enable their success. With the COVID-19 pandemic far from over, many employees will need to continue to work from home, so it is beneficial for employers to understand the successes and challenges in transitioning to remote work. Strong corporate leadership and IT support, along with well-executed crisis response and communications plans, have proven to be the most effective in supporting workers' smooth and successful transitions to remote settings.



Crisis Response Plans: In the Spotlight

Sixty per cent of energy workers said a well-executed crisis response plan was a key factor in the successful transition to working from home. Here is what employers had to say about their crisis response plans.

Did your organization have a crisis response and/or business continuity plan in place prior to the pandemic?

"No – [we did not have a] plan in place, but now we do."

"Not an official plan. We have excellent internal communications, so it did not take long to implement a plan and adjust accordingly."

"Yes, we had an Emergency Response Plan, Emergency Communications Plan and a Business Continuity Plan."

"Yes, it was implemented in early March. The plan worked well and is evolving as we get new information and requirements from governments. Our HSE led the response and what they have learned throughout is just being built into our practices. We will be using the same plan if there are future waves while adapting it to new requirements."

"We had an emergency response plan in place for the field, but it didn't have a pandemic section. We basically started from scratch and I think we did an exceptional job. We collaborated with peers within the industry and learned from each other. We also collaborated with companies outside the industry. It helped to connect with peers outside Canada and in the U.S. as they were further ahead in the pandemic. As we learn more, we continue to evolve the plan. We are looking at this in three phases. Phase one was implementing remote work, phase two is returning to work and phase three involves being prepared to move backwards or forward depending on the circumstances." "We had a crisis and business continuity plan in place, but we created a COVID Taskforce for line managers to implement a response to COVID."

"Yes, we had a robust emergency response plan and emergency operations plan in place due to the Fort McMurray fires and the flood, but it wasn't targeted towards a pandemic. In 2009, we did have a pandemic emergency response plan, but it didn't continue. We have created a pandemic response team to ensure we have a more proactive approach for any second or third waves. Initially we were reactive, and we want to be proactive this time."

"We had all of the health and safety materials to defend our employees in a pandemic, but we needed to create new procedures for the specifics of this event. We also needed to prepare a business plan to adopt to the new market activity levels that were specific to this event."

"Yes – a lot of it had to do with preventing the loss of key personnel. It included how to keep key people segregated. In the facilities we have four shifts each with four workers. If the virus got in, we would lose a shift for two weeks when they isolate. We went through our roster to identify who could backfill if this happened. This included bringing in contractor help and pulling management in. Fortunately, we didn't have to do that."



Closing

CLOSING

Part 1 of the series focused on the labour cost reductions implemented by energy companies and how industry work practices and productivity changed as energy workers and their employers responded to public health restrictions.

Stay tuned for **Part 2** which explores how energy workers feel about returning to work and what actions employers can take to address employees' concerns and ensure their safety.

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Demographics

Which sub-sectors within the oil and gas industry does your organization operate in?

Company sub-sector

Which sub-sector within the oil and gas industry do you primarily work in?

Primary sub-sector of work

"Other oil and gas related sectors" include engineering design and construction.

"Other downstream" includes transportation networks, retail gas stations and natural gas distribution, and sales and marketing of refined petroleum products.





Where does your organization currently have oil and gas operations in Canada?





11-250

PetroLMI DIVISION OF ENERGY SAFETY CANADA

Demographics

What is the size of your organization's current workforce in Canada?



n = 236

What type of environment do you primarily work in?



n = 217



n = 217



What is your position within your organization?



n = 217



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