

Remote Work In Canada

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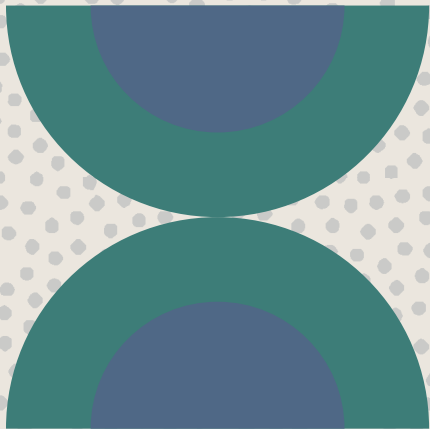
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Remote Work in Canada

SINCE THE START OF THE PANDEMIC, perhaps the most visible change in business practices has been the shift to remote work. Businesses that have been able to shift to working remotely have been much better positioned to weather the various public health restrictions across provinces.

After a resurgence of COVID-19 in the winter and subsequent provincial restrictions, national employment fell by 213,000 in January 2021. These losses were primarily concentrated in industries that have less ability to work remotely, such as retail and accommodation and food services in Ontario and Quebec, where restrictions on non-essential shopping were imposed at the end of December 2020. Among Canadians who worked at least half their usual hours, the number working from home increased by nearly 700,000 to 5.4 million in January 2021.¹


In early February 2021, many of the December 2020 restrictions were eased to varying degrees, and employment increased by 259,000 in


February. These gains were mostly driven by the industries and regions that had been most affected by the January 2021 losses. Meanwhile, employment in a number of industries more easily able to adapt to remote working environments exceeded pre-COVID levels in February 2021.²


While it is clear that many businesses' ability to shift to remote work has allowed them to weather the worst economic impacts of the pandemic, many wonder to what extent this trend will continue after COVID-19. Will businesses embrace entirely remote work and drastically reduce their office space?


Using largely the latest wave of Statistics Canada's Canadian Survey on Business Conditions (CSBC),³ which surveyed over 15,400 businesses between mid-January 2021 and mid-February 2021, this brief will closely examine the extent to which businesses have embraced remote work, and what this might mean for how businesses will operate and people will work in the future.

Key Findings


 In the first quarter of 2021, 32 percent of Canadian businesses reported that remote work was a possibility for their employees over the next three months, compared to 35 percent of businesses that reported being able to work remotely in the third quarter of 2020. Of these businesses, only one quarter reported operating almost or entirely remotely. Many more, either by choice or necessity, had made more partial remote work arrangements. For example, nearly 30 percent reported having 30 percent or less of their workforce operating remotely.


 Larger firms appear to have a greater ability for employees to work from home, with 60 percent of firms with 100+ employees stating that working from home is a possibility over the next three months.


 More than 70 percent of firms in professional, scientific, and technical services, finance and insurance, and information and cultural industries reported that remote work was a possibility over the next three months. Businesses in these industries were more likely to embrace almost or entirely fully remote work options.

 In retail and accommodation and food services, the industries hardest hit by provincial shutdowns, only 13 and 6 percent of businesses respectively reported that remote work was a possibility over the next three months. When businesses in these industries do shift to remote work, they are much more likely to only offer partial remote work options.

Key Findings

 Following the pandemic, 17 percent of businesses report that it is likely or very likely they will continue to provide remote work options, compared to 29 percent of businesses that report they will require workers to come back to work on site. Unsurprisingly, businesses in industries that embraced remote work during the pandemic are more likely to continue the trend after the pandemic is over.

 Only 8 percent of businesses reported that it is likely or very likely that they will reduce their physical space after the pandemic. However, this rises to one fifth of businesses in finance and insurance, and 16 percent of businesses in information and cultural industries.

 Similarly, 12 percent of businesses in information and cultural industries, 9 percent of businesses in finance and insurance, and 7 percent of businesses in professional, scientific, and technical services reported that they plan to hire employees living outside their immediate vicinity to work remotely over the next year.

Businesses with the ability to work remotely

In the first quarter of 2021, 32 percent of Canadian businesses reported that remote work was a possibility for their employees over the next three months. This represents a decline of roughly three percentage points from the third quarter of 2020 (see figure 1). This may indicate that more businesses have been able to and are eager to move back to on-site work.

More than 70 percent of firms in professional, scientific, and technical services, finance and insurance, and information and cultural industries reported that remote work was a possibility over the next three months (see figure 2).

Unsurprisingly, businesses in these industries have been much less impacted by various public health restrictions over the course of the pandemic, and employment in these industries has now exceeded pre-COVID-19 levels. Meanwhile, in retail and accommodation and food services, the industries hardest hit by provincial shutdowns, only 13 and 6 percent of businesses, respectively, reported that remote work was a possibility over the next three months (see figure 2).

The provinces with the highest proportion of businesses reporting that remote work was a possibility for their workers in the first quarter of 2021 were BC, Ontario, and Quebec (see figure 3), likely due to the relatively high concentration of knowledge-intensive industries in these provinces. Businesses in the Atlantic provinces were the least likely to report remote work as a possibility for their employees. This may reflect some combination of the industrial mix in these provinces as well as their unique approach to COVID-19 with the creation of the Atlantic Bubble.

Larger firms appear to have a greater ability for employees to work from home, with 60 percent of firms with 100+ employees stating that working from home is a possibility over the next three months, compared to 29 percent of firms with five to nineteen employees (see figure 4). This may reflect the fact that larger firms have more resources to facilitate flexible work arrangements. This might also reflect patterns in firm size relative

to industry—for example, is there a higher concentration of small firms in industries such as accommodation and food services and retail, which overall have less ability for remote work?

A (partial) shift to remote work

While 32 percent of Canadian businesses reported the ability to work from home, only one quarter of these businesses reported operating almost entirely or entirely remotely. Many more, either by choice or necessity, have made more partial remote work arrangements. For example, nearly 30 percent reported having 30 percent or less of their workforce operating remotely (see figure 5).

When businesses in industries that are much less able to work remotely do make the switch to remote work, they are much more likely to shift to partial remote options (figure 6).

Despite being less likely to have the ability to work from home compared to larger firms, businesses with less than five employees are most likely to adopt almost entirely or entirely remote work models. Businesses with between twenty and ninety-nine employees were most likely to embrace partial remote working models (see figure 8).



Figure 1
Canadian Businesses' Ability to Work Remotely

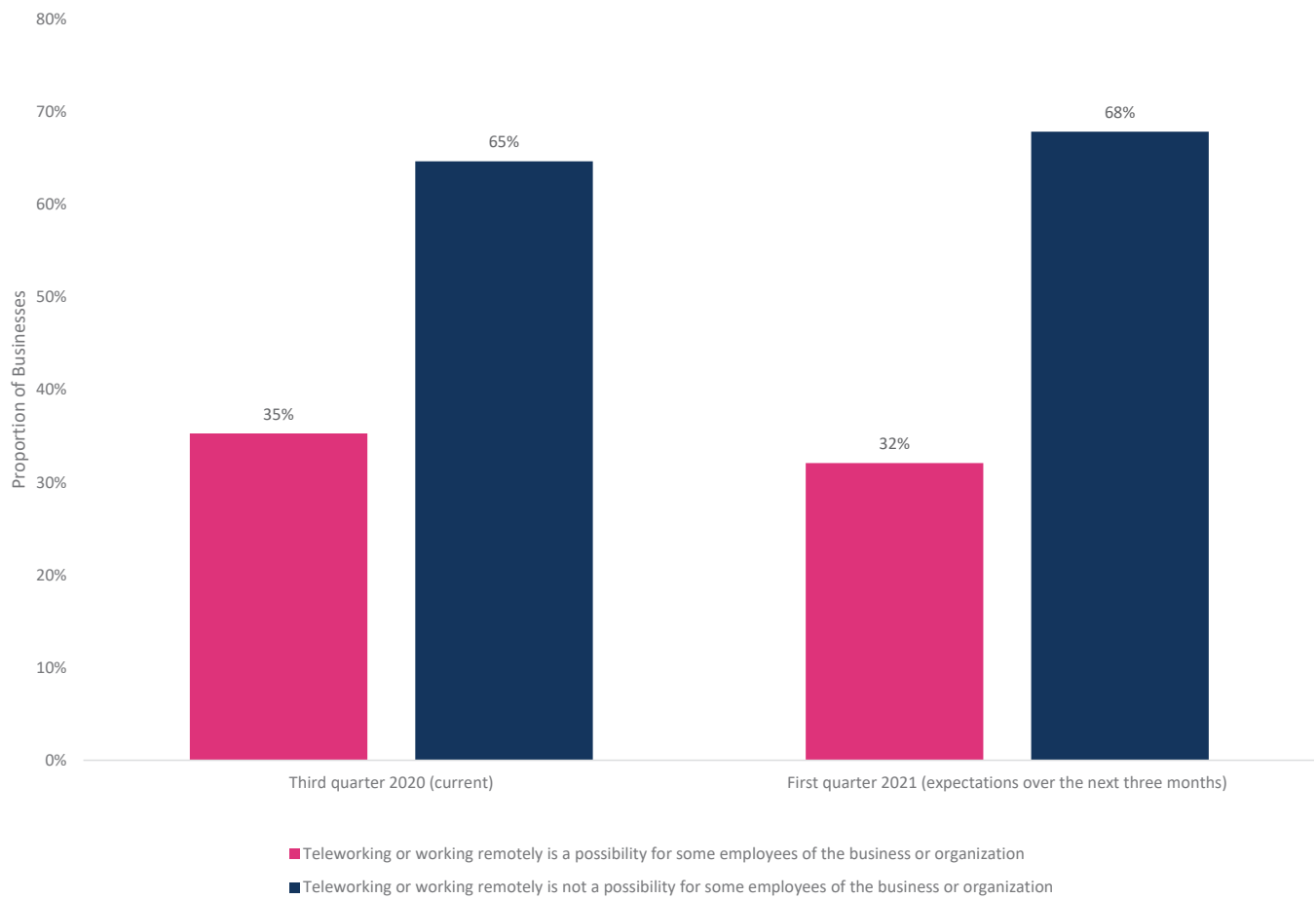


Figure 2
 Working Remotely is a Possibility for Some
 Employees of the Business
 (Expectations over Next Three Months);
 Canada, First Quarter 2021

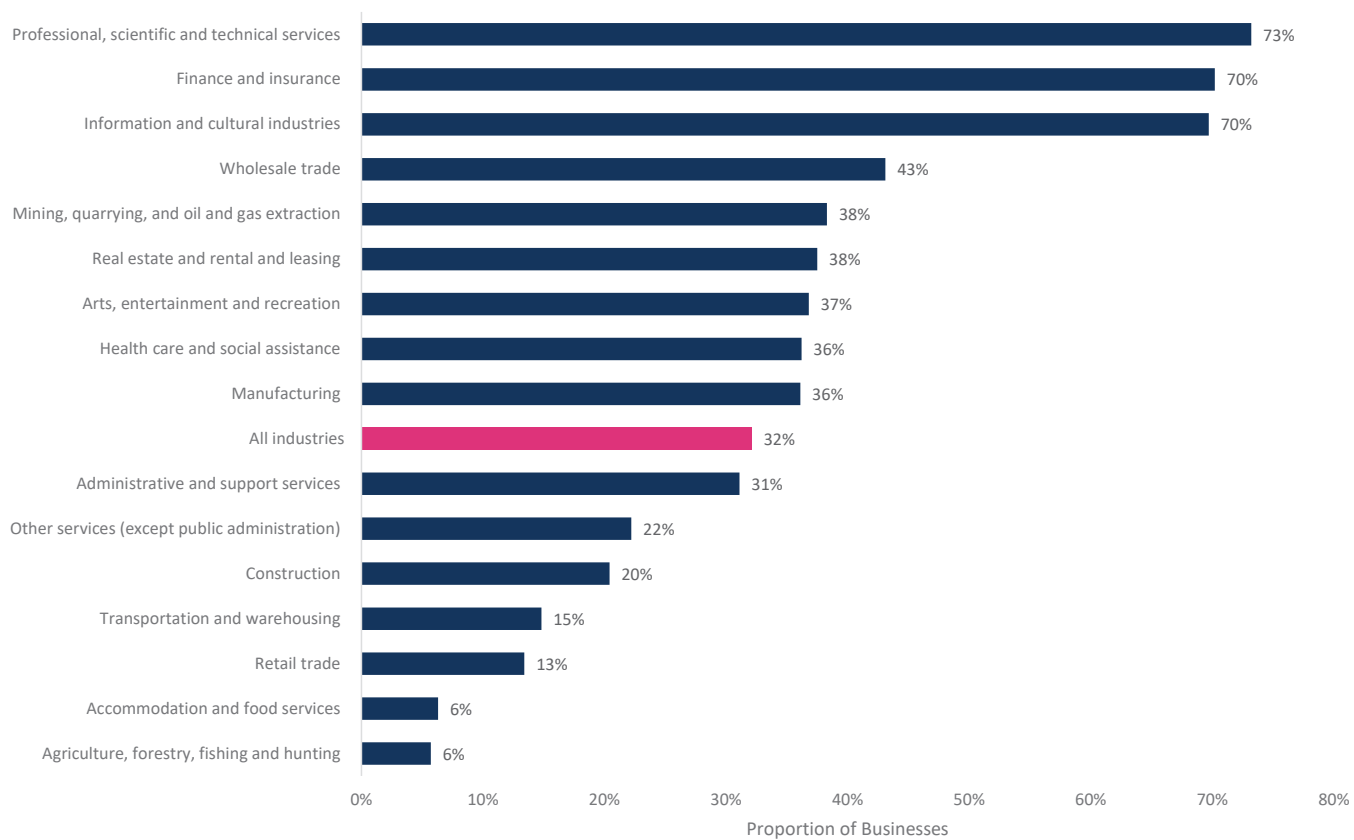


Figure 3
 Remote Work Expectations over the Next
 Three Months; First Quarter 2021

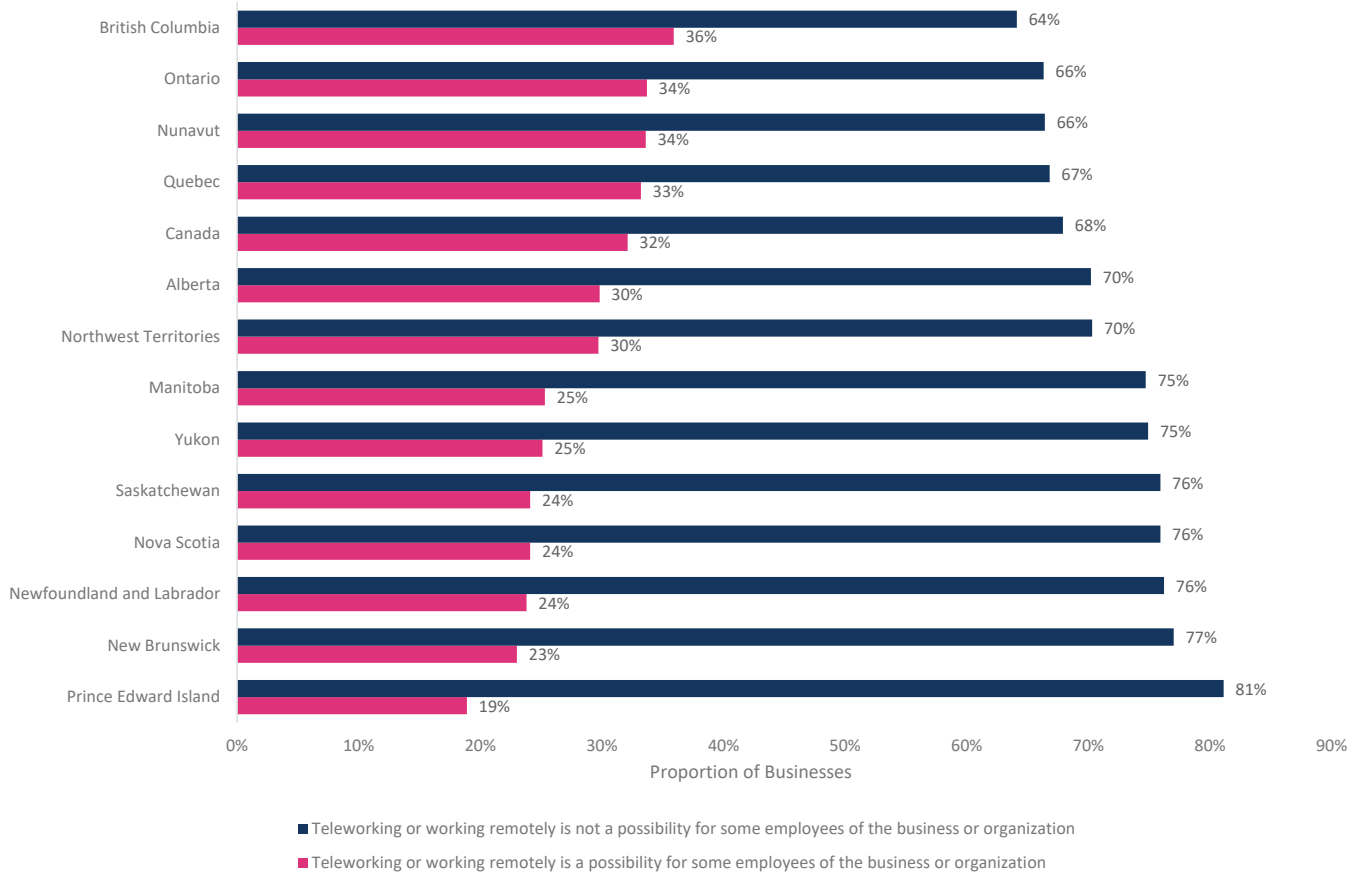


Figure 4

Remote Work Expectations over the Next Three Months; Canada, First Quarter 2021

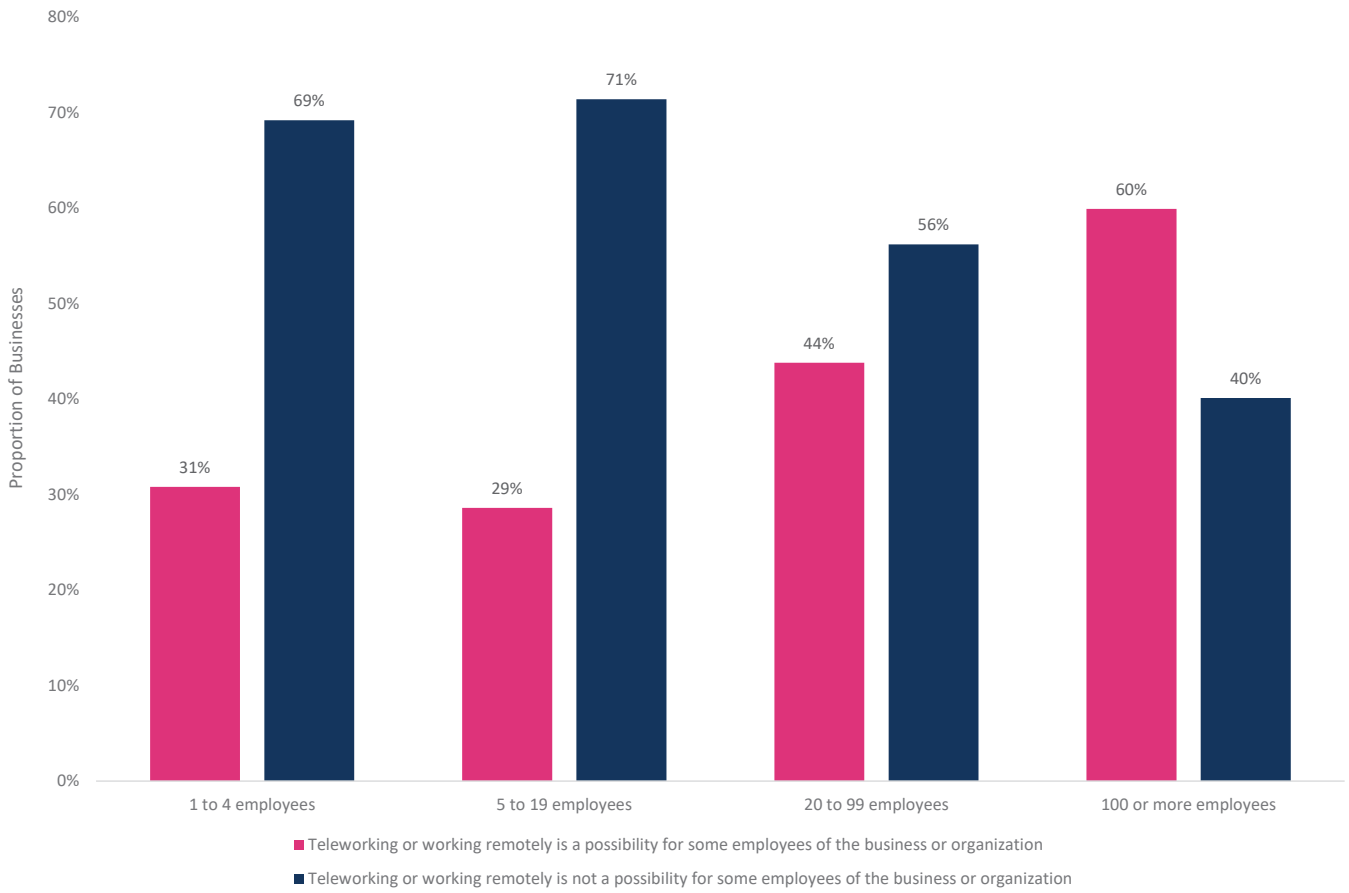


Figure 5

Among Firms Reporting the Ability to Work from Home, Proportion of Workforce Anticipated to Continue Working Remotely over the Next Three Months; Canada, First Quarter 2021

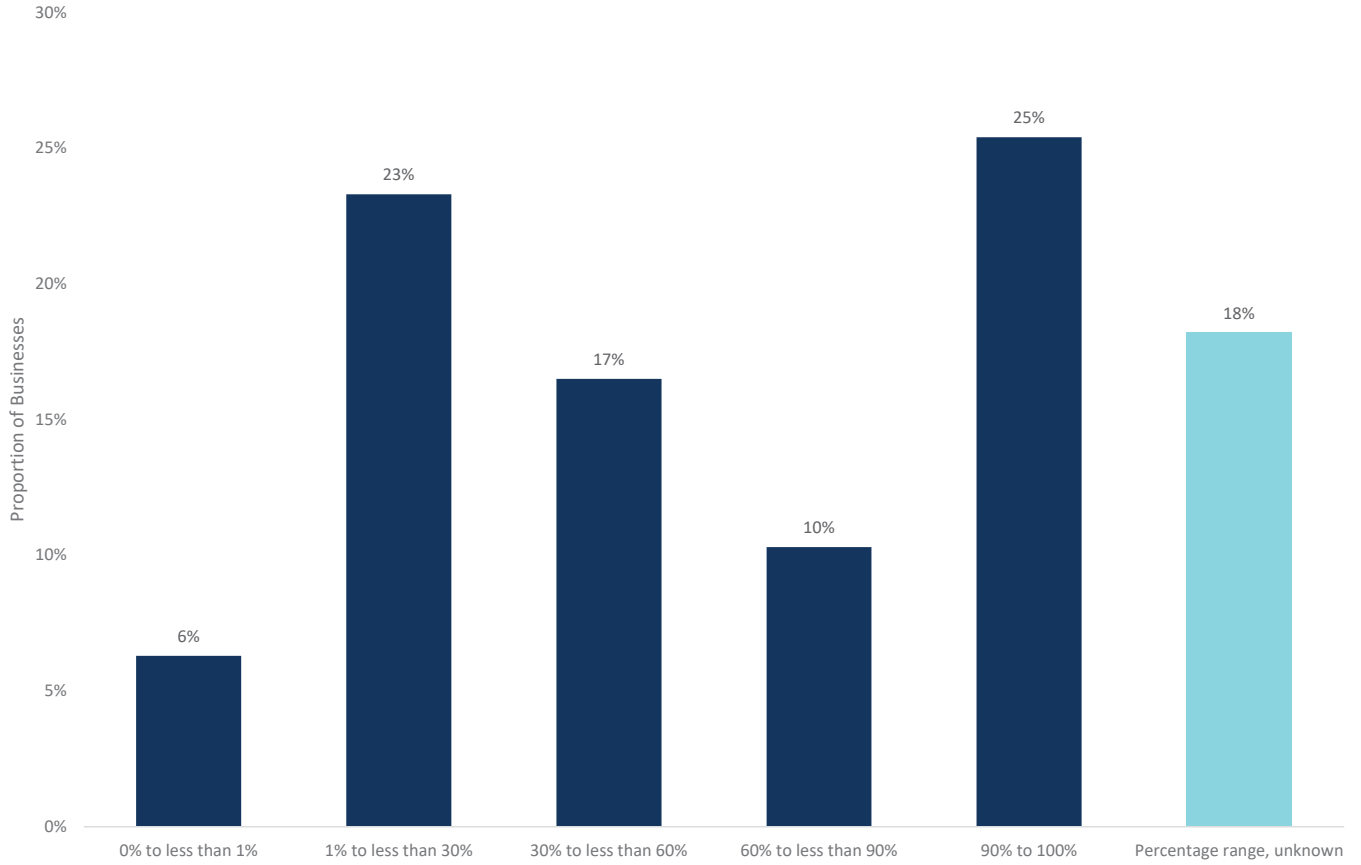


Figure 6

30% or Less of Workforce Anticipated to Continue Working Remotely over the Next Three Months (among Firms Reporting the Ability to Work from Home); Canada, First Quarter 2021

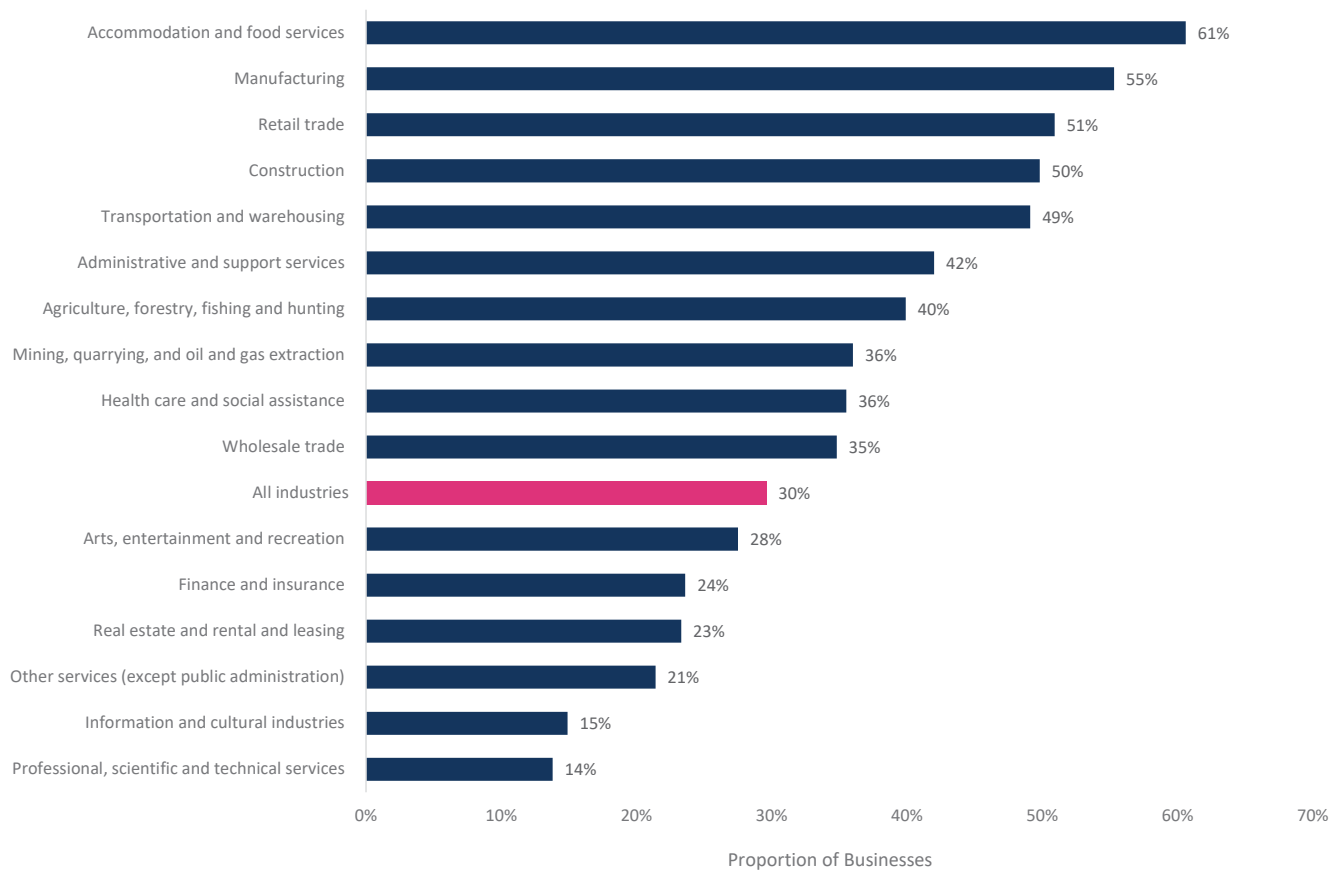


Figure 7
 90% to 100% of Workforce Anticipated to Continue Working Remotely over the Next Three Months (among Firms Reporting the Ability to Work from Home); Canada, First Quarter

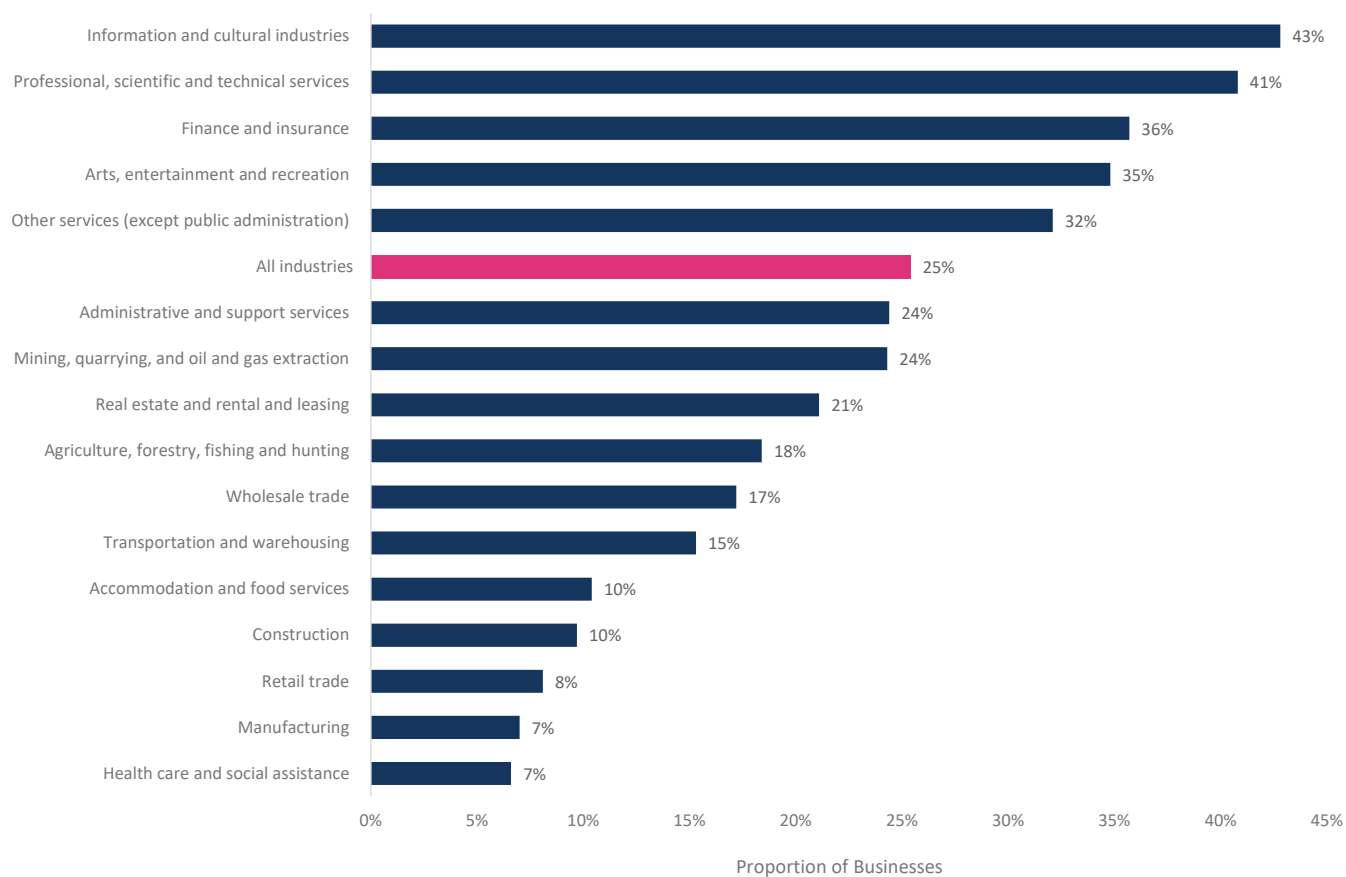
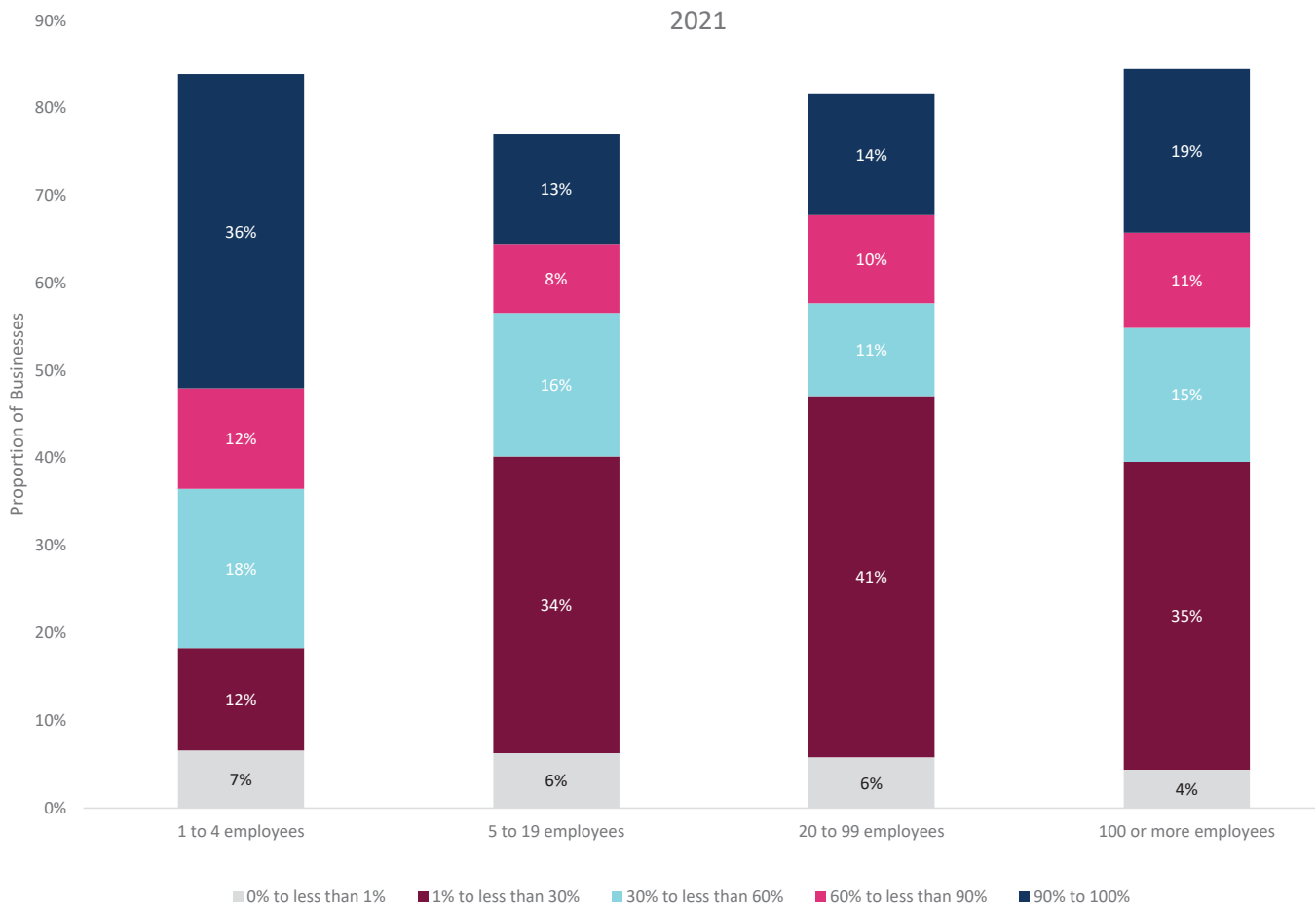


Figure 8

Among Firms Reporting the Ability to Work from Home, Proportion of Workforce Anticipated to Continue Working Remotely over the Next Three Months; Canada, First Quarter



Remote work after the pandemic

While many businesses will continue to offer employees the option to work remotely, many more seem eager to return to work on site. The businesses that plan to embrace remote work options after the pandemic appear more likely to embrace partial remote work models, which could mean some combination of certain employees having the possibility to work remotely and/or all employees being able to work remotely some days during the week. Only a small proportion of businesses give indications that they plan to move to a fully remote model.

Seventeen percent of businesses reported that it is likely or very likely they will offer more employees the possibility of working remotely after the pandemic, compared to 22 percent that report this is unlikely or very unlikely (see figure 9). The businesses most likely to offer employees remote work options after the pandemic are in industries that have moved remotely to the greatest extent during the pandemic: professional, scientific, and technical services, information and cultural industries, and finance and insurance (see figure 10).

Twenty-nine percent of businesses reported that it is likely or very likely they will require employees to come back to work on site following the pandemic, compared to 12 percent who reported that it is unlikely or very unlikely (see figure 9). Interestingly, 33 percent of businesses in the finance and insurance industry reported they would require workers to return to work on site, suggesting many businesses in this industry are eager to return to their offices (see figure 11).

Despite reports early in the pandemic that major companies intended to do away with their offices entirely,⁴ only 8 percent of businesses reported that it is likely or very likely they will reduce their physical space after the pandemic (see figure 9). This suggests that most firms intend to keep their physical places of work intact while many experiment with partial remote work models. However, even this relatively small proportion of businesses reducing physical space could have

major implications on metropolitan areas across the country.

One fifth of businesses in finance and insurance and 16 percent of businesses in information and cultural industries reported that it is likely or very likely that they will reduce their physical spaces after the pandemic (see figure 12). Since these industries are disproportionately located in urban centres, any reduction could have ripple effects that cities should be prepared for. Sixteen percent of businesses in accommodation and food services also stated they intend to reduce their physical space, but this more than likely reflects the financial difficulties they have faced during the pandemic as opposed to any trend towards remote work (see figure 12).

One often-discussed feature of remote work is the ability for businesses to access a talent pool that spans a much larger geography, and for workers to have the flexibility to live far from their employer's physical location without commuting. This unique feature of remote work, coupled with increased living expenses in many urban centres, has led to speculation about the continued relevance of cities in an age of remote work.⁵

However, these trends are likely to be mitigated by the fact that most businesses either plan to return to work on site, or embrace partial remote work offerings only while still keeping their physical spaces intact. While we are unlikely to see an abrupt, mass exodus out of cities, some businesses may become less reliant on urban centres for talent attraction and take advantage of this trend to locate in less expensive areas, and some workers whose jobs are no longer dependent on their proximity to urban centres may do the same.

In the first quarter of 2021, 4 percent of businesses said they plan to hire employees living outside their immediate vicinity to work remotely over the next year. While this is a relatively small proportion of businesses, it rises to 12 percent of businesses in information and cultural industries, 9 percent of businesses in finance and insurance,

and 7 percent of businesses in professional, scientific, and technical services (see figure 13). Since businesses in these industries are also much more likely to have plans to reduce their physical spaces after the pandemic, we may see some movements towards a more dispersed economic landscape after the pandemic.

Figure 9

Likelihood Various Measures Will Be Adopted Once the COVID-19 Pandemic Is Over; Canada, First Quarter 2021

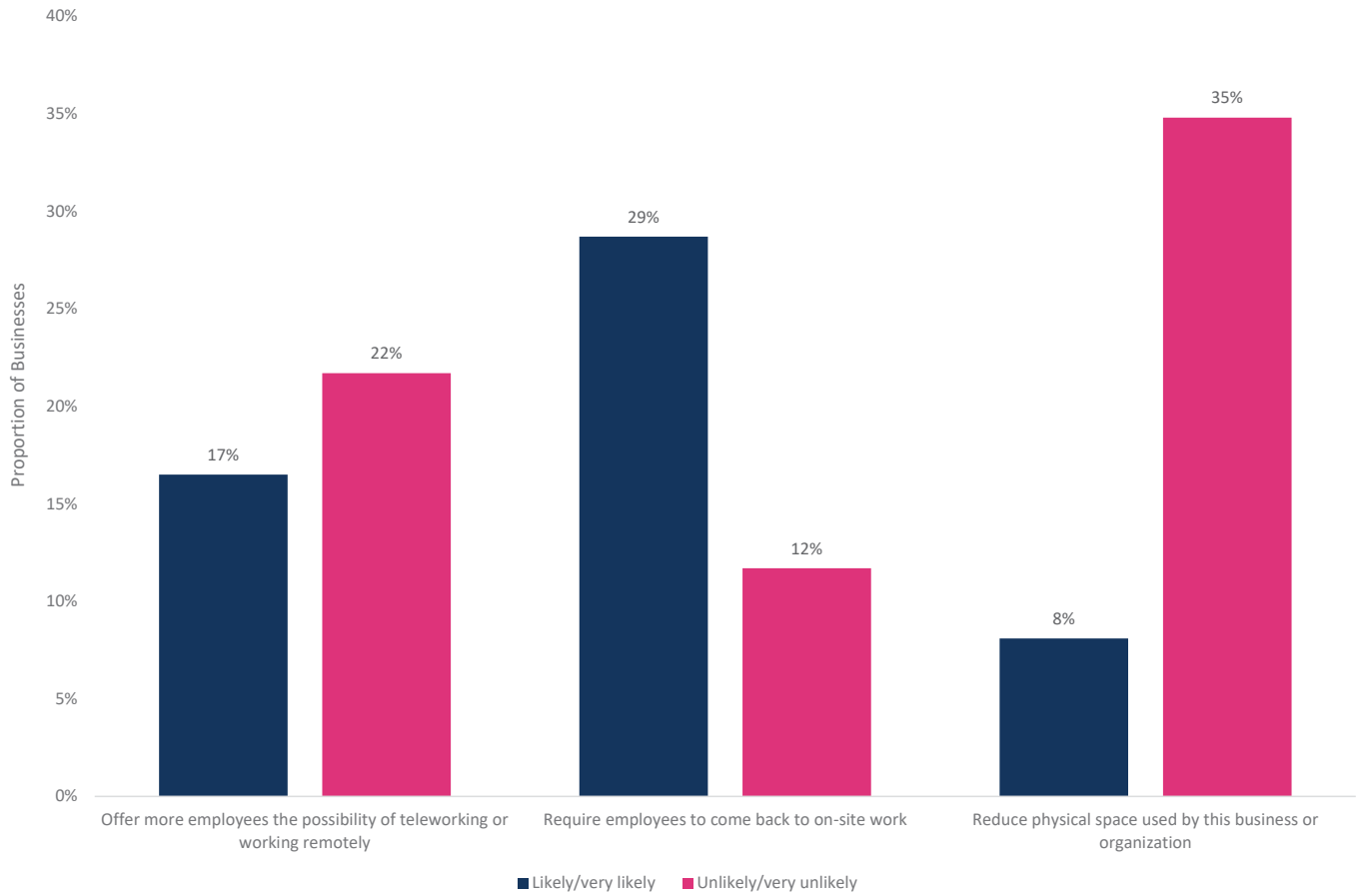


Figure 10

Likely/Very Likely to Offer More Employees the Possibility of Working Remotely Once the COVID-19 Pandemic Is Over; Canada, First Quarter 2021

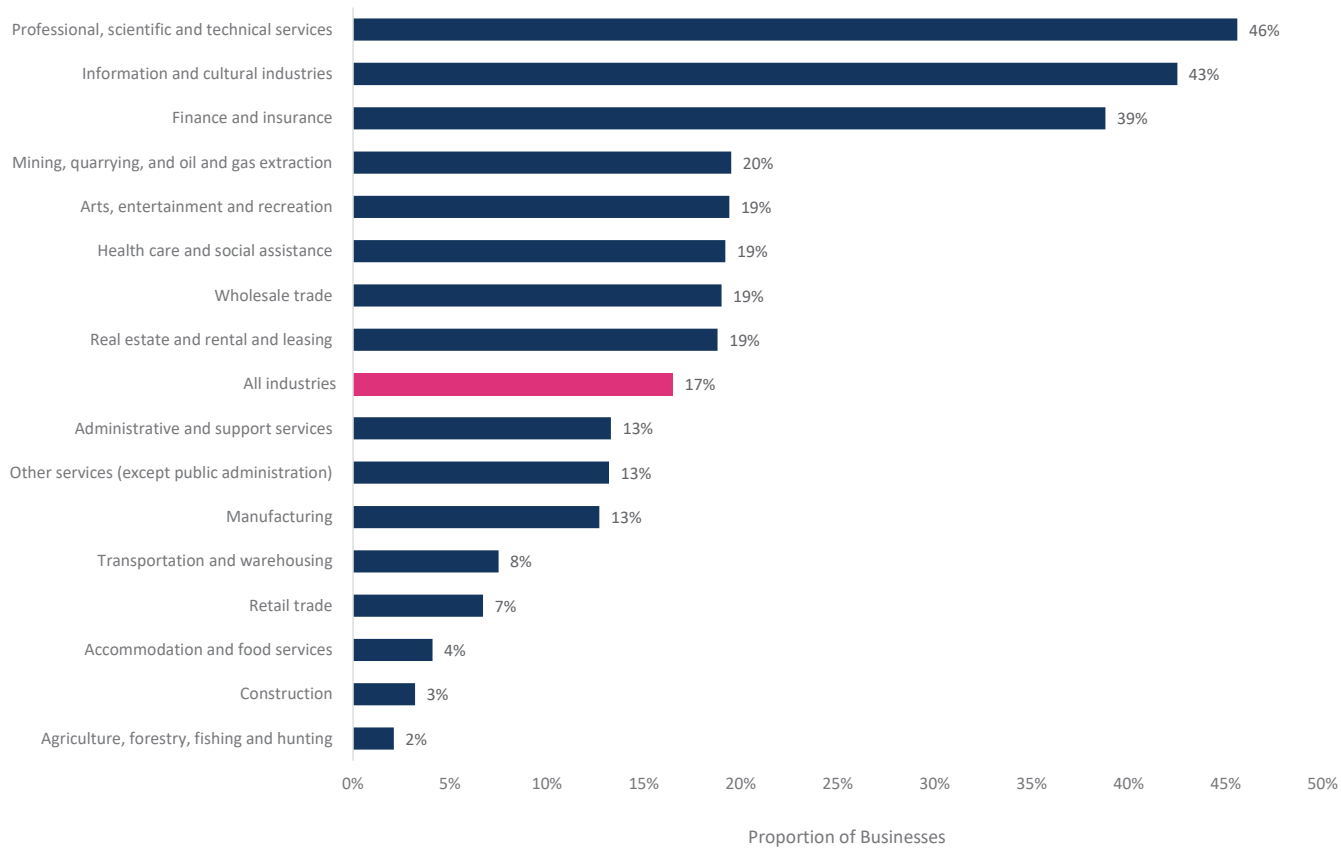


Figure 11

Likely/Very Likely to Require Employees to Work On-Site Once the COVID-19 Pandemic Is Over; Canada, First Quarter 2021

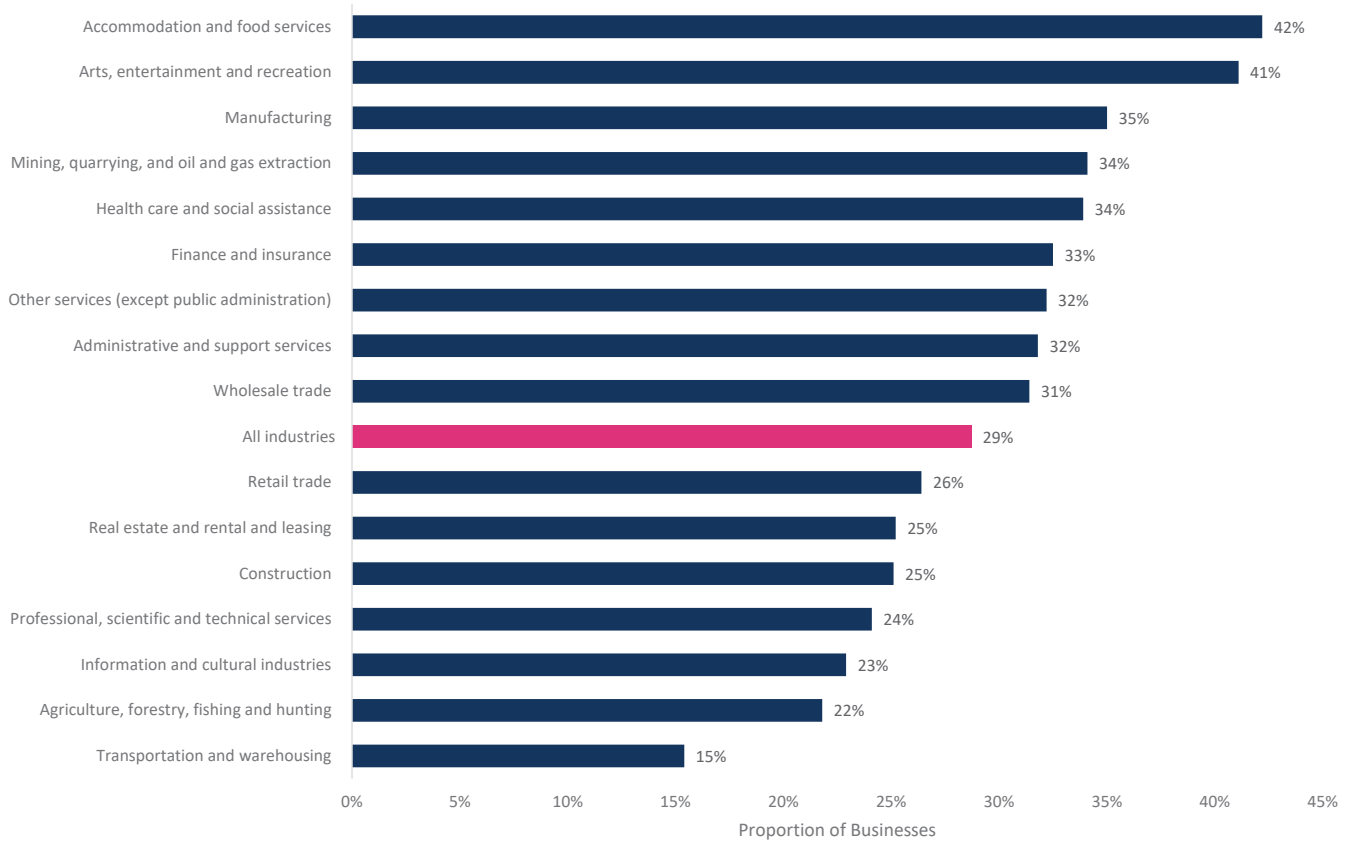


Figure 12

Likely/Very Likely to Reduce Physical Space Once the COVID-19 Pandemic Is Over; Canada, First Quarter 2021

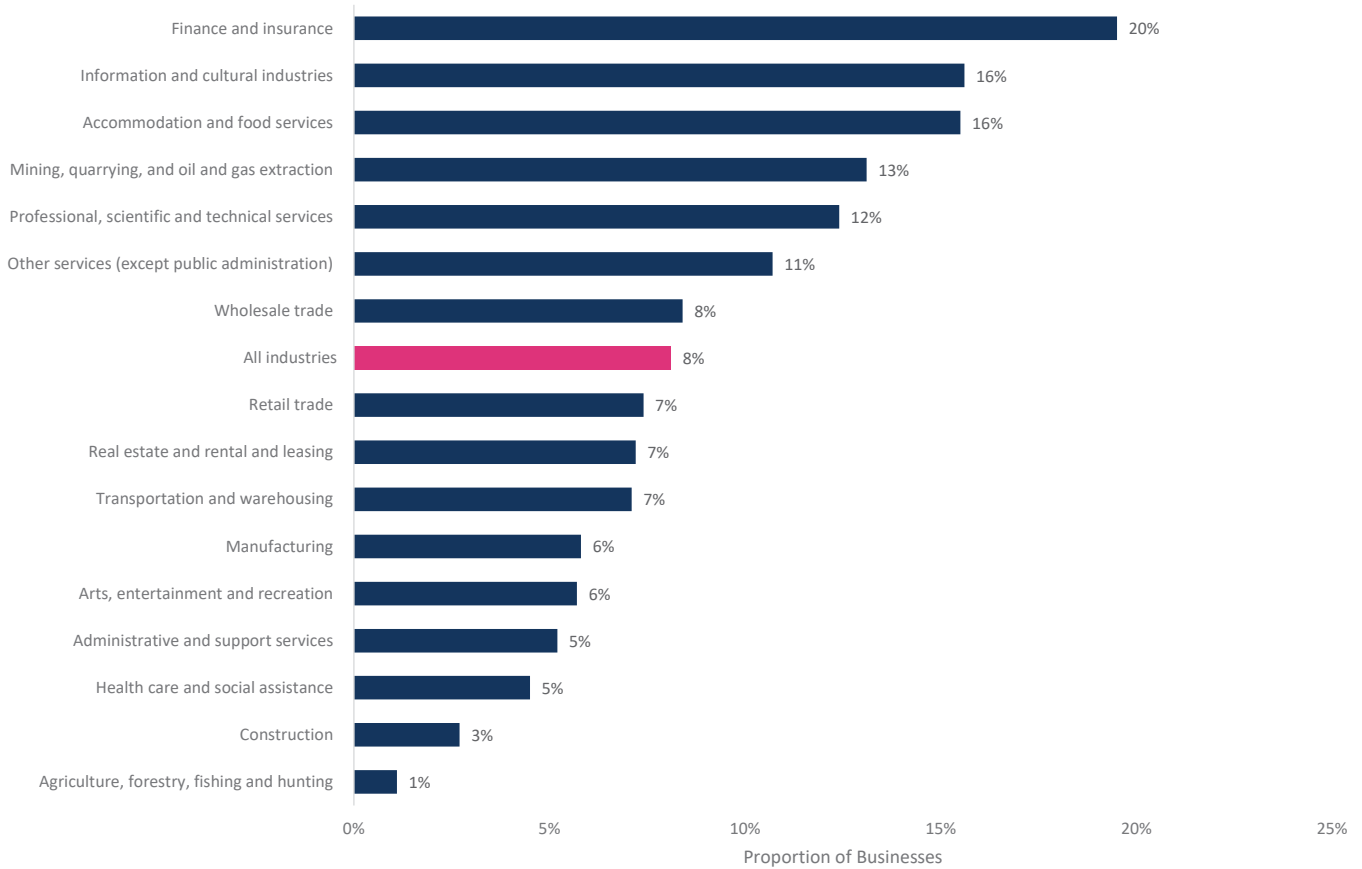
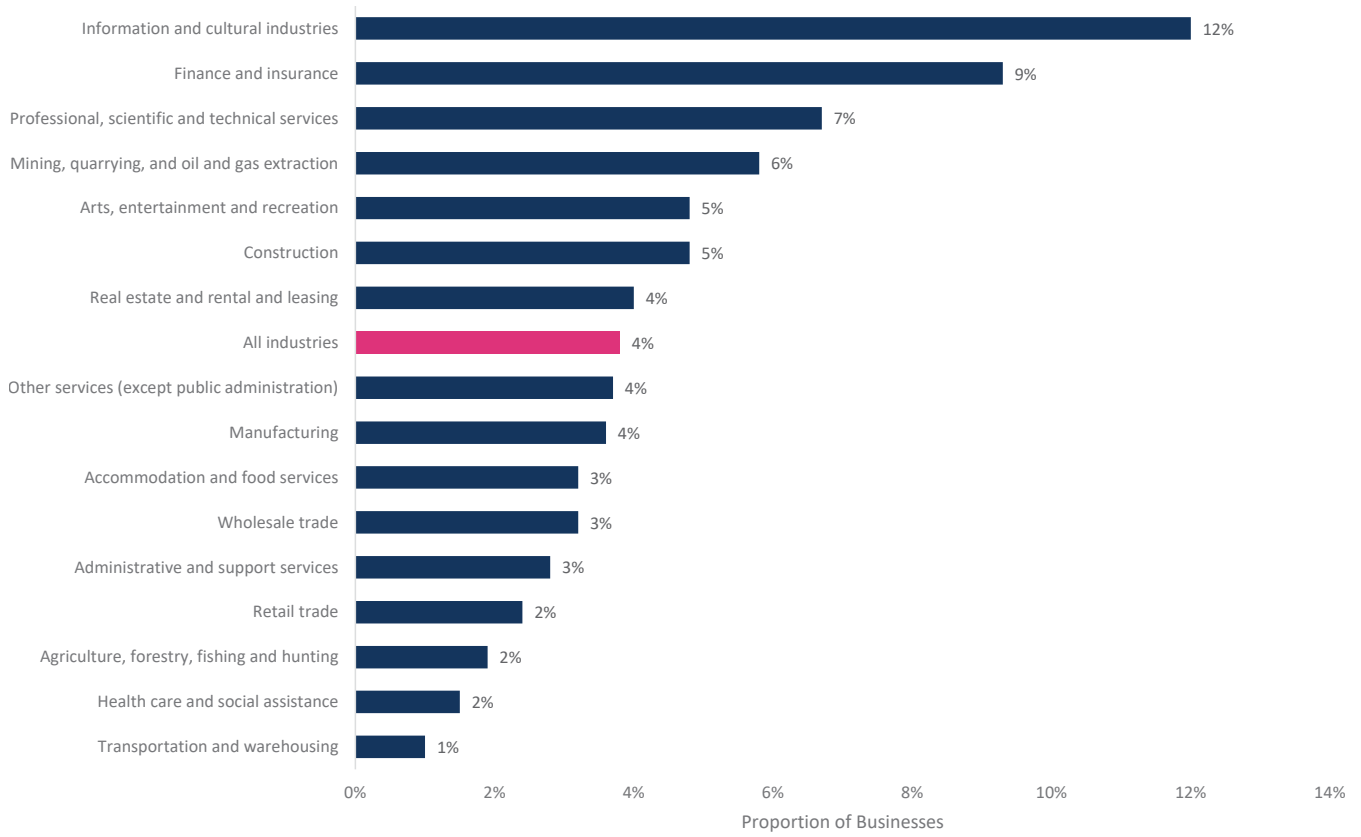


Figure 13

Proportion of Businesses that Plan to Hire Employees Living outside of their Immediate Vicinity to Carry Out Work Remotely over the Next Year; Canada, First Quarter 2021



Conclusion

WHILE MANY FIRMS across the economy have moved to remote work during the pandemic, many more have not had the option to. Even among the firms that have shifted to remote work, many have embraced partial remote work options, with some subset of their workforce still operating on site. Those businesses that have had the ability to work remotely and moved to remote work models where the vast majority of their workforce can work from home are largely concentrated in knowledge-based industries, where remote work has helped them to weather the worst of the pandemic.

Many of these trends appear likely to continue following the pandemic: large numbers of businesses are eager to return to work on site, while many others will continue experimenting with models of remote work that, more often than not, involve partial remote work options for employees while still largely keeping their physical spaces intact. A relatively small subset of businesses may embrace full or nearly full remote work models after the pandemic, which may involve intentions to reduce their physical spaces. These trends could have lasting implications for the geography of Canada's labour market.

End Notes

1. <https://www150.statcan.gc.ca/n1/daily-quotidien/210205/dq210205a-eng.htm>
2. <https://www150.statcan.gc.ca/n1/daily-quotidien/210312/dq210312a-eng.htm>
3. The CSBC is an occasional, voluntary business survey designed to better understand the changing impacts of COVID-19 on Canadian businesses. While there are some standard questions, each wave of the CSBC has a slightly different focus and often asks new questions, or changes the way they ask existing questions. In these briefs, we made comparisons to previous waves where it made sense to do so and the data allowed for direct comparisons to be made. Otherwise, we largely focused on the latest wave of the CSBC.
4. Rachel Lerman and Jay Greene, “Big Tech Was First to Send Workers Home. Now it’s in No Rush to Bring them Back,” *Washington Post*, May 18, 2020, <https://www.washingtonpost.com/technology/2020/05/18/facebook-google-work-from-home/>
5. Derek Thompson, “Superstar Cities Are in Trouble,” *The Atlantic*, February 1, 2021, <https://www.theatlantic.com/ideas/archive/2021/02/remote-work-revolution/617842/>

