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A REPORT TO ALBERTA CHAMBERS OF COMMERCE

HIRING INTENTIONS

Labour Shortage Survey

August 2022

1

ABOUT THE RESEARCH

OBJECTIVES

- This report continues research initiated in March 2020 dealing with labour market issues. Many of the original questions have been repeated in subsequent surveys and others have been added.
- The overall purpose of the research is to understand the experiences and expectations of Alberta businesses regarding their hiring needs over the next year. To this end, questions probed current staffing needs, skills required, difficulties hiring these skills, incentives offering to induce hiring, barriers to hiring, issues related to hiring incentives, extent of hiring or considering hiring outside of Alberta, willingness to consider hiring long-term unemployed, and the use of technology as a way of dealing with skills shortages.
- In addition, Insight community members who were anticipating a need to hire in the next six to twelve months were asked questions about their concerns regarding a possible recession and the impact of inflation on their business as well as follow up questions related to hiring outside of Alberta and the long-term unemployed.
- Surveying for the current survey was undertaken between July 5th to July 23rd, 2022.

METHODOLOGY

- In all, n=482 businesses completed the survey which was administered on the Alida platform by the Alberta Chambers of Commerce to members and other affiliated businesses.
- In addition, n=80 members of ACC's insight community answered a number of follow up questions appended to the end of the survey. These are found at the end of the report.

2

SUMMARY OF FINDINGS

Labour Market Shortages and the Response

- The Alberta labour market at all levels continues to be very tight.
- A majority (62%, up from 49% in December) of Alberta business continue to experience staffing shortages of a significant (30%) or moderate (32%) nature. This continues to put pressure on them in terms of its impact on production and/or sales opportunities. In all, 71% (up from 65% in December) now say this is having a significant (33%) or moderate (38%) impact on their businesses.
- They also appear to believe little relief is in sight in the short to medium term as evidenced by the fact that almost four-in-ten (39%) say their workforce needs will likely increase in the next six months and 45% expect this to be the case for the year ahead. As in previous surveys, it is businesses of ten or more staff who are the most likely to say their staffing needs will increase.
- While it continues to be very difficult to hire at all but the entry level and at all education levels except high school, it is entry level positions seeking a high school education level that appear to be most in demand. And even for these types of jobs businesses say it is now more difficult than a year ago to fill.
- In order to meet labour shortages, most (80%) businesses and especially those facing significant shortages are offering a variety of incentives. These include: flexible work arrangements, skills training, and increased wages/compensation. In addition, almost half (45%) say they are already (28%) or are considering (17%) hiring outside the province. Further, many business (58%) and especially those experiencing labour shortages say they would consider hiring those who are long-term unemployed.

Barriers to Recruitment

- As in previous surveys, there continue to be numerous factors cited as barriers in recruiting staff, however, three broad areas stand out. These are: a lack of applicants (22%), the lack of candidates with the right qualifications such as interpersonal and technical skills (25%), and a combination of wage related issues (30%) including not being able to afford the going wage rate, budget constraints, and competition from other employers. In terms of this last point, despite concerns around inflation, the proportion of businesses citing cost related issues has not increased appreciably over the last year and, in fact, those saying they can't afford the going rate has declined over the last two years. This suggests pressure on wages may not be that great.
- For those experiencing the most significant shortages a lack of applicants and those with technical skills are the largest barriers.

Technology Adoption

- Three-in-ten businesses say they have invested in capital equipment and/or other technologies to overcome skills shortages. Not unexpectedly, technology adoption is linked to size of firm; the larger the firm the greater the extent to which they have adopted technology/capital equipment. Further, one-in-five say that would consider such an investment and this is especially the case for those experiencing significant skills shortages (26%) compared to all other businesses (16%).
- However, there continue to be considerable barriers to this type of investment, including issues relating to cost, including upfront costs, access to capital, and the length of time for the ROI.

Issues Relating to Tourism

- The tourism sector appears to rely extensively on entry-level positions and high school educated staff to meet its needs. This sector is among the most likely to report labour shortages and faces specific difficulties in hiring at the entry level and the high school educated. They are also more likely to say they would hire the long-term unemployed to meet their needs.

Private vs Public Sector/NGOs

- Private sector businesses are far more likely than public sector/NGOs to report significant labour shortages and to expect to increase staff in the next 6 to 12 months. They are also more likely to report looking outside of the province for potential employees.

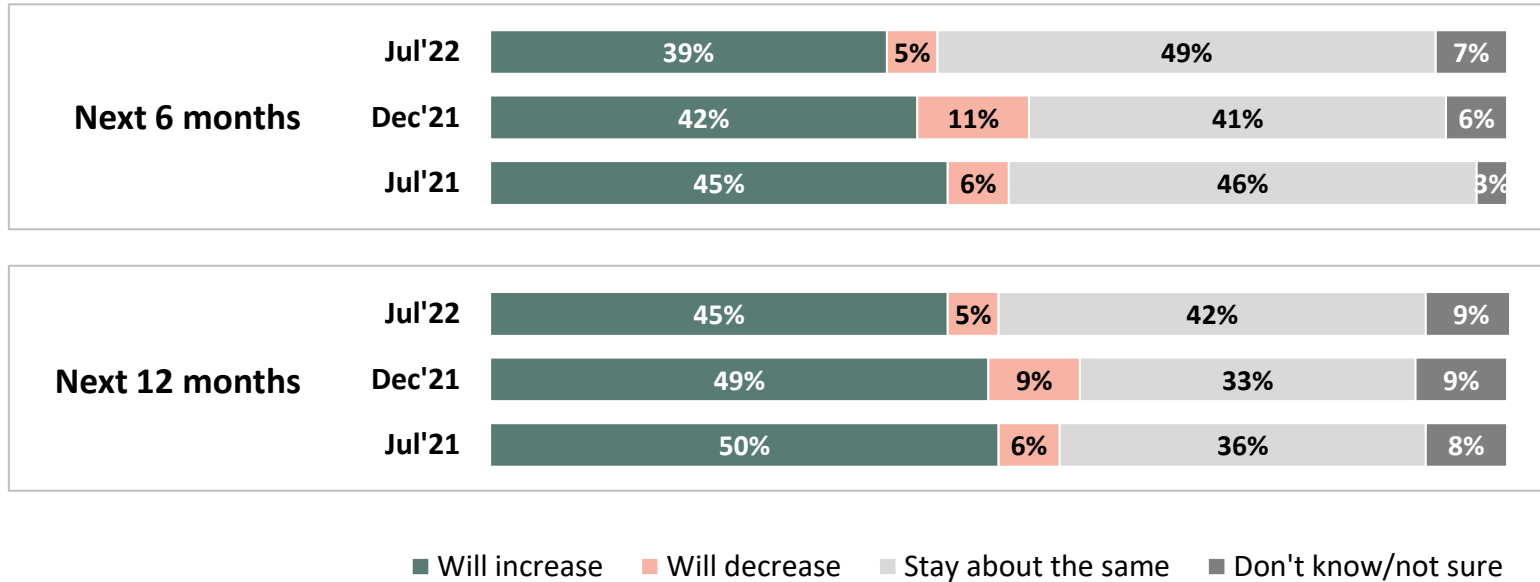
Regional Variations

- As in previous surveys, no consistent and/or significant regional variations were identified.

3

DETAILED FINDINGS

Expectations of workforce changes in the next six months and one year are down slightly over July 2021, but large numbers of employers continue to believe their workforce needs will continue to increase. Almost four-in-ten (39%) say their needs will increase in the next six months and 45% say they will increase in the next year. Almost no businesses believe their workforce needs will decrease over the next six or twelve months.



Private sector businesses are much more likely than public sector/NGOs to believe their staffing needs will increase in the next 6 months (44% to 32%, respectively) and in the next year (50% to 36%, respectively).

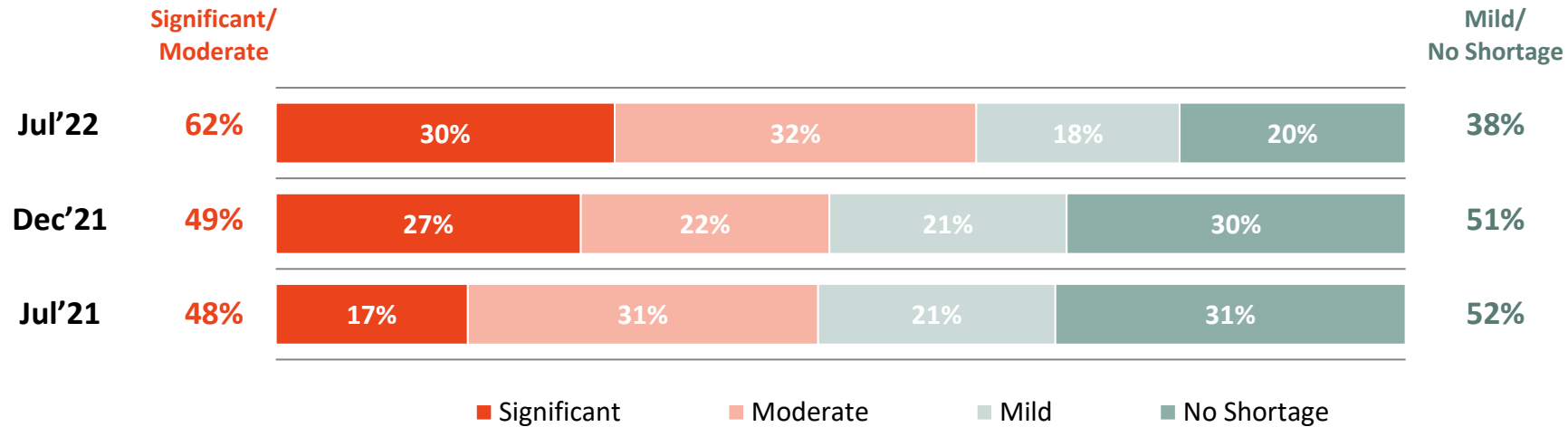
As in previous surveys, businesses with less than 10 staff are the least likely to believe their staffing needs will increase over the next 6 months (29%) and the next year (36%) compared with those with 10 or more staff (48% and 53%, respectively).

Q1. Aside from any seasonal fluctuations, do you anticipate any change in the size of your workforce relative to the following time periods: (previous phrasing) Aside from any seasonal fluctuations, do you anticipate any change in the size of your workforce in the next 6/12 months (relative to the previous 6/12 months)?

Base: Total sample Jul'21 n=487, Dec'21 n=410, Jul'22 n=482

Again, over the course of the last year, the proportion of businesses saying they are experiencing significant to moderate staff shortages has increased significantly (and especially since December 2021).

Extent of Business Experiencing Staffing Shortage



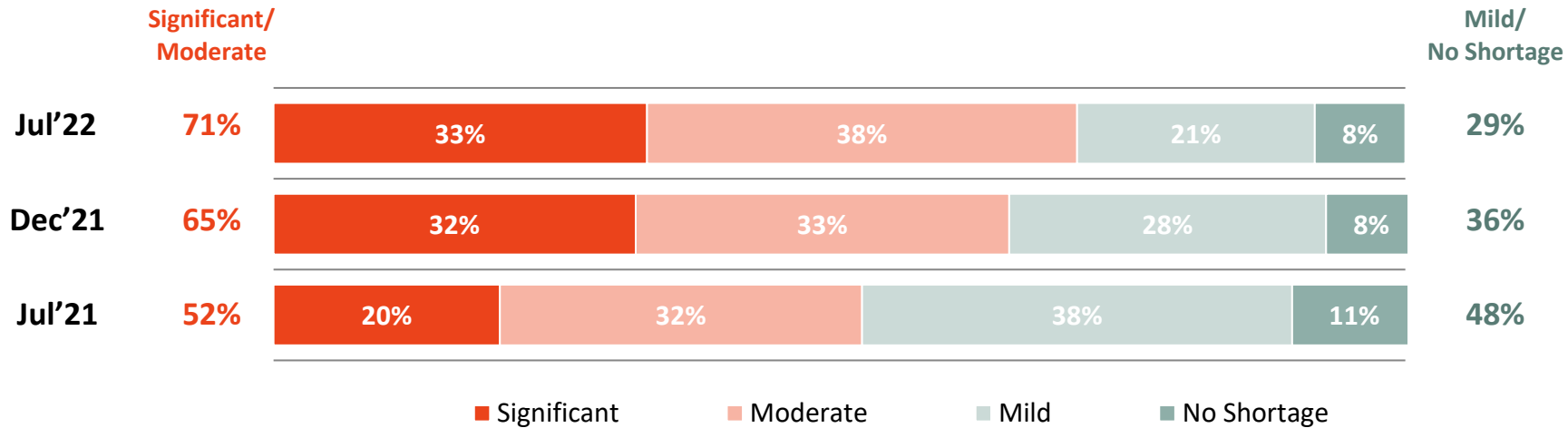
All businesses of 5 or more staff are especially likely to cite the impact of these shortages as significant (34%) as are private sector businesses (34%) compared with public sector/NGOs (24%).

Q2. To what extent is your business currently experiencing a staffing shortage, that is you have insufficient qualified candidates to meet your business needs?

Base: Total sample Jul'21 n=487, Dec'21 n=410, Jul'22 n=482

Similarly, the proportion saying this has significantly impacted production or sales is also up (52% to 65% to 71%) over the last three surveys.

Impact of Staffing Shortage on Production and Sales Opportunities



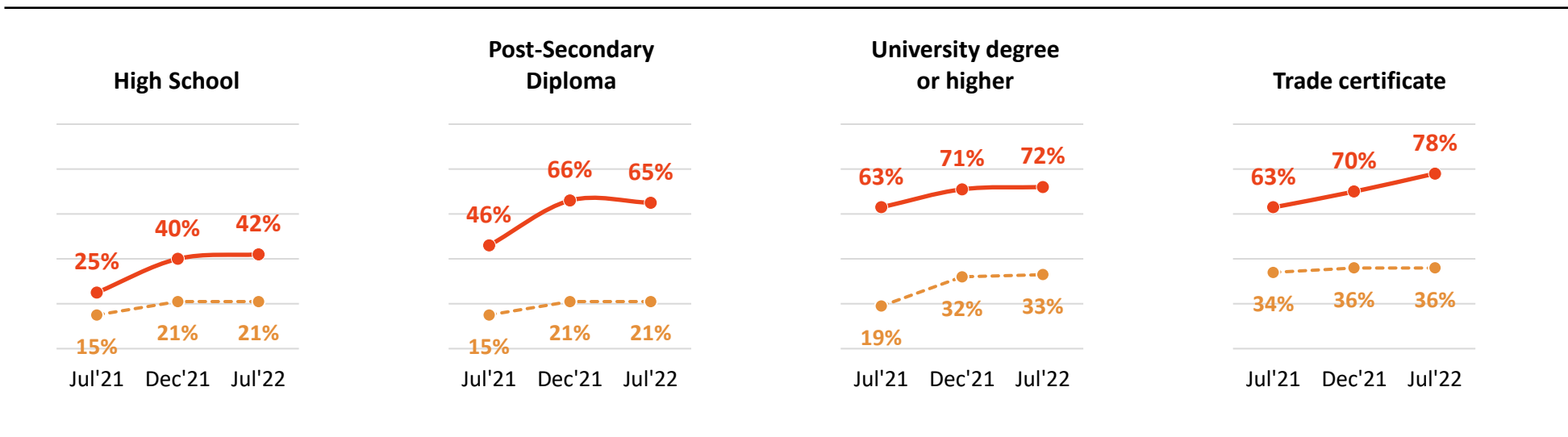
Among those saying they are experiencing significant staff shortages, two-thirds (63%) say the shortage is having a significant impact on production and/or sales. This compares with just 20% expecting this if they report a moderate shortage.

Q3. How much of an impact, if any, is your staffing shortage causing in loss of production or sales opportunities?
 Base: Answered "Significant, Moderate or Mild Shortage" at Q4 Jul'21 n=336, Dec'21 n=287, Jul'22 n=390

DIFFICULTY OF HIRING DIVERSE EDUCATION BACKGROUNDS

Businesses continue to have less need to hire those with a university degree or a trade certificate. These groups, however, continue to be the more difficult to hire. The last year has seen a substantial increase in the difficulty of hiring those with a high school education and a post-secondary diploma.

- Unlike previous surveys, businesses of all sizes are experiencing the same levels of difficulty at all education levels in hiring.



—●— % saying "Very/Somewhat Difficult to hire (re-proportioned to exclude "Have not needed to hire recently" responses)
 - - -●- - - % saying "Have not needed to hire recently"

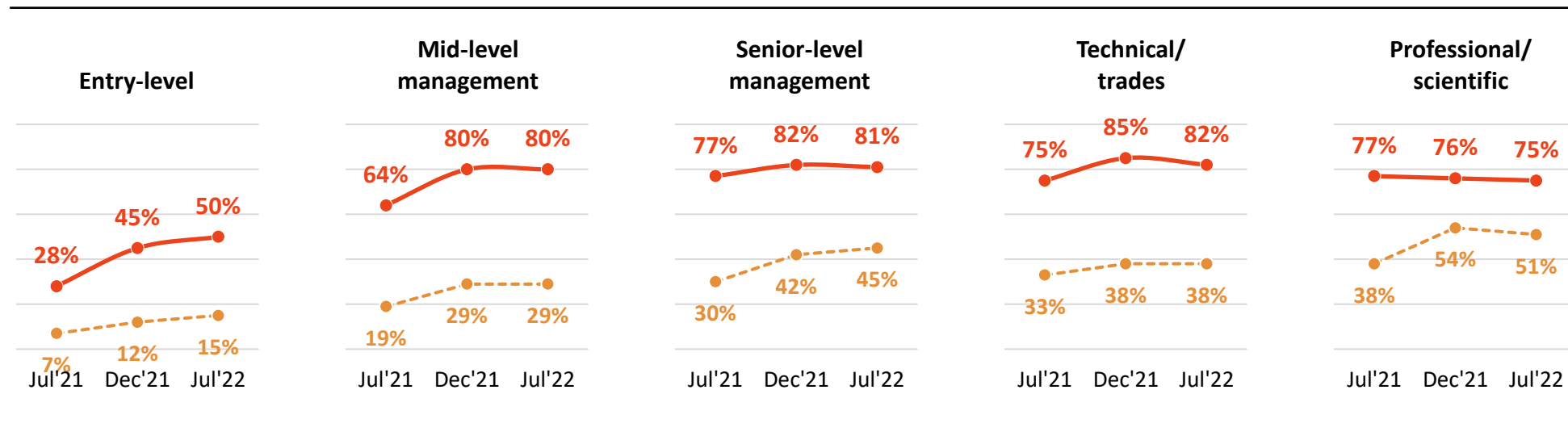
The tourism sector, in particular, reported difficulties in hiring those with a high school education (58%) compared with non-tourism operations (30%).

Q4. How easy or difficult is it to hire people with the following education levels to manage your business?
 Base: Jul'21 n=336, Dec'21 n=287, Jul'22 n=Bases vary (Excludes those reporting No shortage at Q4)

DIFFICULTY OF HIRING DIVERSE SKILL SETS

The greatest need for all businesses continues to be entry level positions, with fewer saying they have not needed to hire at this level relative to other types of positions. Professional/scientific positions represent the greatest area of hiring need and this has intensified over the last year.

- Mid-level management and upwards continue to represent the skillsets that are the most difficult to fill. This is the case for businesses of all sizes.



—●— % saying "Very/Somewhat Difficult to hire (re-proportioned to exclude "Have not needed to hire recently" responses)

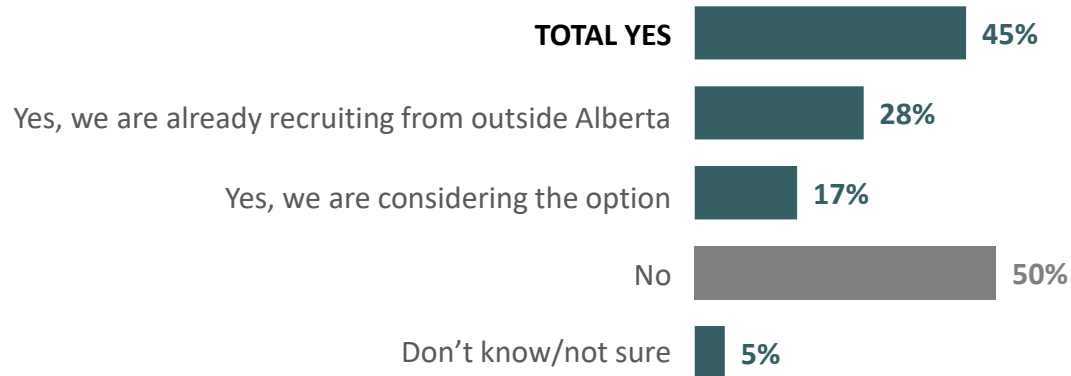
---●--- % saying "Have not needed to hire recently"

Among those experiencing significant staffing shortages, even entry level hiring is seen as somewhat/very difficult (50%) and especially in the tourism sector (81%).

Q5. How easy or difficult is it to hire people with the following skills to manage your business?
 Base: Answered "Significant, Moderate or Mild Shortage" at Q4 Jul'21 n=336, Dec'21 n=287, Jul'22 n=Bases vary

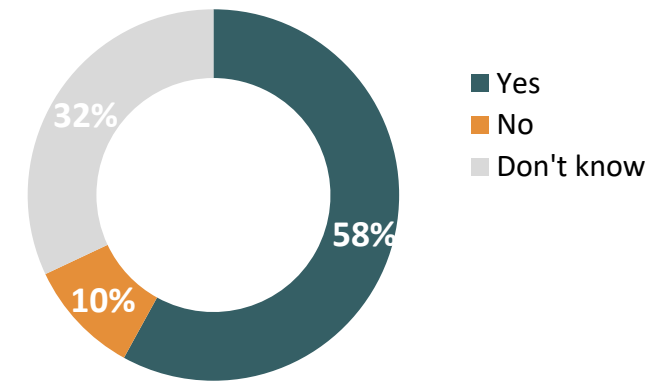
One option for dealing with staffing issues is to recruit from outside the province and almost half (45%) of businesses report that they are already (28%) or are considering (17%) recruiting from outside of Alberta. Another option is to hire those who are considered long-term unemployed and here almost six-in-ten (58%) say they would consider this option.

Business has considered trying to recruit from outside Alberta



Private sector businesses are much more likely than public sector/NGOs to say they are already recruiting from outside the province (32% to 19%, respectively). The larger the business the more likely they are to be hiring from outside the province.

Business would hire people in Alberta who are considered long-term unemployed



Those most likely to say they would consider hiring a long term unemployed person include: those experiencing significant to mild labour shortages (65%) and tourism businesses (74%). Small businesses (1-4 staff) are the least likely to consider this option (44%).

Q6. Has your business considered trying to recruit from outside Alberta?

Base: Total sample n=482

Q7. There continue to be people in the province who are considered long term unemployed (over 27 weeks unemployed)? Would your business consider hiring people in this situation?

Base: Total sample Jul'22 n=481

RECRUITMENT BARRIERS

Lack of applicants, including those with technical and people skills, are major barriers to recruitment. In addition, competition from other employers (including not being able to afford going rates) represents a significant barrier.

- Among those with 1 -4 staff, budget constraints and not being able to afford the going rate are cited more frequently as issues than for other businesses.

Top Barriers for Recruiting Skills Your Business Needs

	Mar'20	Mar'21	Jul'21	Dec'21	Jul'22	<i>Cont'd</i>	Mar'20	Mar'21	Jul'21	Dec'21	Jul'22
Lack of people skills or qualifications	40%	44%	48%	51%	50%	Government regulation for hiring workers from outside Canada	6%	8%	13%	19%	13%
Lack of applicants	28%	42%	54%	59%	48%	Applicants cannot access adequate childcare	9%	11%	14%	15%	12%
Lack of technical skills or qualifications	35%	44%	45%	47%	43%	Lack necessary language skills (require recruits to be bilingual or multilingual)	3%	3%	5%	3%	12%
Competition for skills from other employers	23%	28%	48%	43%	38%	Candidates cannot pass screening (drug, criminal record check, etc.)	10%	11%	12%	11%	11%
Can't afford the going rates for the staff we would like to hire	36%	37%	35%	38%	36%	Applicants do not have accessible housing to relocate	8%	8%	8%	8%	9%
High cost of training someone without some basic skills we need	-	-	-	-	28%	Foreign credentials recognition	2%	2%	8%	6%	8%
Business budget constraints	36%	29%	27%	33%	24%	Interprovincial credential recognition	3%	3%	7%	3%	5%
Lack of management and/or leadership skills	19%	17%	31%	29%	21%	Language barriers (English as a second language)	9%	6%	9%	9%	-
Candidates unwilling to forgo government income support programs	-	-	24%	25%	18%	There are no significant barriers	-	4%	3%	2%	4%
Candidates unwilling to relocate	18%	23%	20%	19%	18%	Other	7%	7%	11%	10%	10%
Applicants don't have adequate transportation	9%	10%	9%	13%	16%	Don't know/not sure	3%	1%	1%	2%	2%

Among those reporting a significant staff shortage, 67% say lack of applicants is the top barrier, followed by lack of people skills (62%) and technical skills (55%).

Q8. What are the top barriers for recruiting the skills your business needs? (Please select all that apply)

Base: Total sample Mar'20 n=317, Mar'21 n=356, Jul'21 n=336, Dec'21 n=287, Jul'22 n=482 (Excluding Jul'21 n=151, Dec'21 n=123 who at Q3 said no shortage)

Asked to identify their most significant recruitment barrier, a general lack of applicants and a lack of various types of skills (highlighted in red) continue to be the most important challenges.

- Those facing significant shortages are the most likely to cite lack of applicants (29%) and lack of technical skills (22%) as their biggest recruiting barriers.
- Budget constraints appear to be a specific issue for small businesses (1-4 staff) where 16% cite it as the largest barrier to recruitment.

Largest Barrier for Recruiting Skills

	Mar'20	Mar'21	Jul'21	Dec'21	Jul'22
Lack of applicants	11%	20%	20%	28%	22%
Lack of technical skills or qualifications	11%	19%	14%	17%	15%
Can't afford the going rates for the staff we would like to hire	18%	16%	9%	12%	11%
Competition for skills from other employers	5%	5%	14%	10%	11%
Lack of people skills or qualifications	13%	12%	9%	10%	10%
Business budget constraints	18%	11%	8%	11%	8%
Candidates unwilling to relocate	4%	7%	5%	3%	4%
High cost of training someone without some basic skills we need	-	-	-	-	4%
Candidates unwilling to forgo government income support programs	-	-	7%	5%	3%
Government regulation for hiring workers from outside Canada	3%	2%	2%	8%	2%
Lack of management and/or leadership skills	4%	2%	3%	6%	2%

Mentions of 1% or less are not shown in table. They include:

- Applicants do not have accessible housing to relocate
- Applicants don't have adequate transportation
- Lack necessary language skills (require recruits to be bilingual or multilingual)
- Foreign credentials recognition
- Candidates cannot pass screening (drug, criminal record check, etc.); Applicants cannot access adequate childcare
- Interprovincial credential recognition
- Language barriers (English as a second language)
- Other

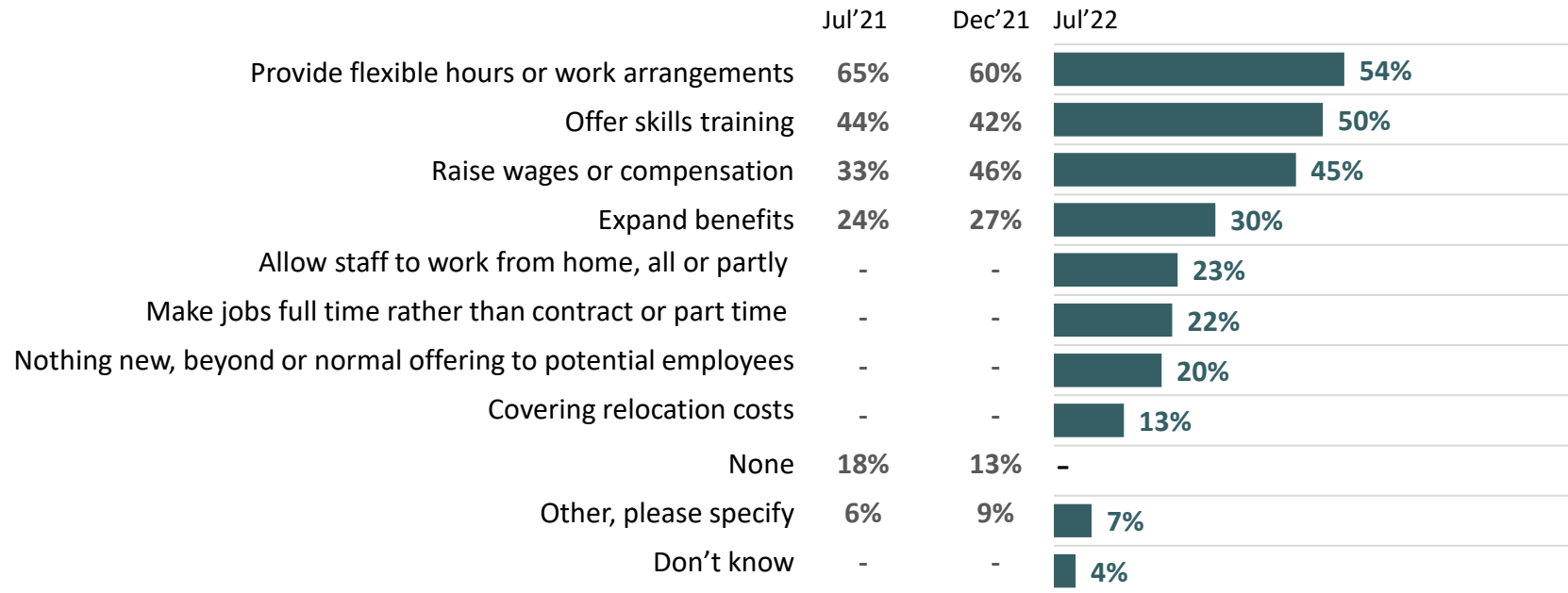
Q9. Which of the barriers you selected is the largest barrier to recruiting the skills your business needs?

Base: Mar'20 n=280, Mar'21 n=343, Jul'21 n=325, Dec'21 n=277, Jul'22 n=451 (Excludes those who answered "No significant barriers", "Don't know/not sure" at Q7 Jul'21 n=9, Dec'21 n=10)

Among those saying they intend to increase their workforce in the next year, almost all appear to have increased the incentives they offer to attract talented staff, with only 20% saying they are doing nothing new. The most frequently cited options as incentives are offering flexible work conditions, offering skills training (up by 6% since last July 2021), and raising wages or compensation (up 12% over the last year).

- Small business (1- 4) are the least likely to say they will raise wages or compensation (25%) but the most likely to say they will provide more flexible hours and work arrangements (60%).

Types of Incentives Offered to Attract Talent



Those companies that say they already face significant staffing shortages are easily the most likely to say they will raise wages and compensation (51%).

Q10. What incentives, if any, is your company offering or planning to offer to attract talent? (Please check all that apply) (previously) What incentives, if any, is your company planning to offer to attract talent? (Please check all that apply)

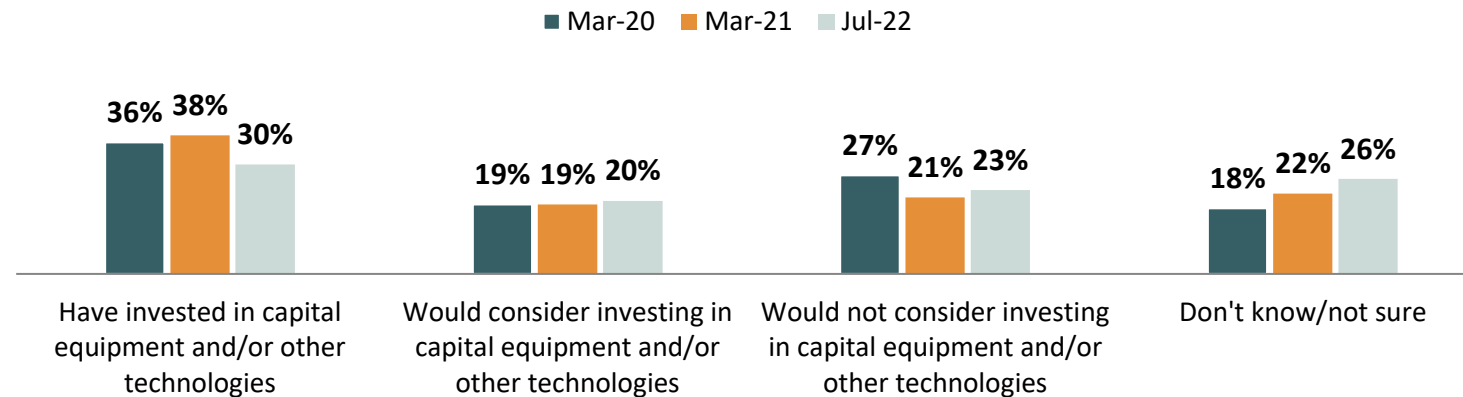
Base: Jul'21 n=187, Dec'21 n=151, Jul'22 n=371

WILLINGNESS TO CONSIDER INVESTING IN CAPITAL EQUIPMENT/TECHNOLOGIES

Among those businesses reporting difficulty hiring people with the skills they need, a large minority (30%), say they have invested in capital equipment/other technologies. One-in-five would consider this (20%) to overcome skills shortages.

- Current staff shortages are not linked to having already Invested in technology, but those experiencing significant staff shortages are more likely to say they are considering it (26%) relative to those experiencing moderate or mild shortages (16%).

WILLINGNESS TO CONSIDER INVESTING IN CAPITAL EQUIPMENT/OTHER TECHNOLOGIES



↓
The larger the business the more likely an investment has been made in technology: (200+ staff - 55%, 10 – 199 – 32%, 1- 9 – 21%).

Cost-related issues (upfront costs, too long of a return on investment, and access to capital) continue to be the main barriers to investing in technology. However, economic uncertainty is no longer the issue it was in July 2021 and neither is high upfront costs. Both may be related in terms of the recent uplift in the provincial economy.

BARRIERS

Among those who say equipment/technology is available

	March 2020	March 2021	July 2022
High upfront investment costs	65%	47%	43%
Access to capital	30%	39%	25% ↓
Economic uncertainty	42%	30%	22% ↓
Maintaining quality of service	28%	19%	20%
Return on investment is too long	23%	18%	20%
Don't have capacity to implement new technology	12%	15%	17%
Training investments to implement new technology	26%	18%	15%
Risk of disrupting our current business model	12%	19%	14%
Loyalty to current employees	19%	22%	13% ↓
Company culture	21%	20%	13% ↓
Regulatory barriers to acquiring and/or implementing the technology	5%	4%	5%
Other, specify	2%	4%	23%
Don't know/not sure	4%	11%	15%

Q12. (NEW, tracking from benchmark skills survey 2020/21) - What are the barriers to investing in this technology? (Please check all that apply)

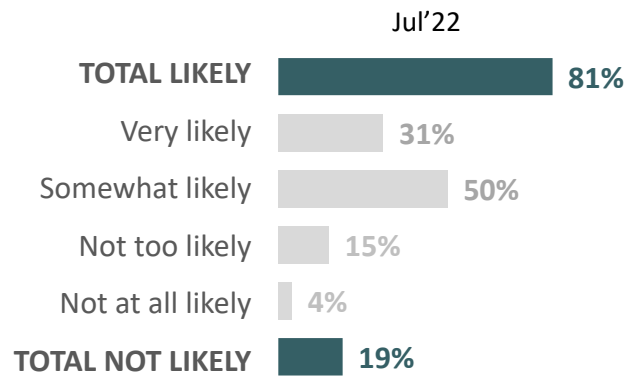
Base: Equipment/technology is available (2020 n=57; 2021 n=79; 2022 n=371)

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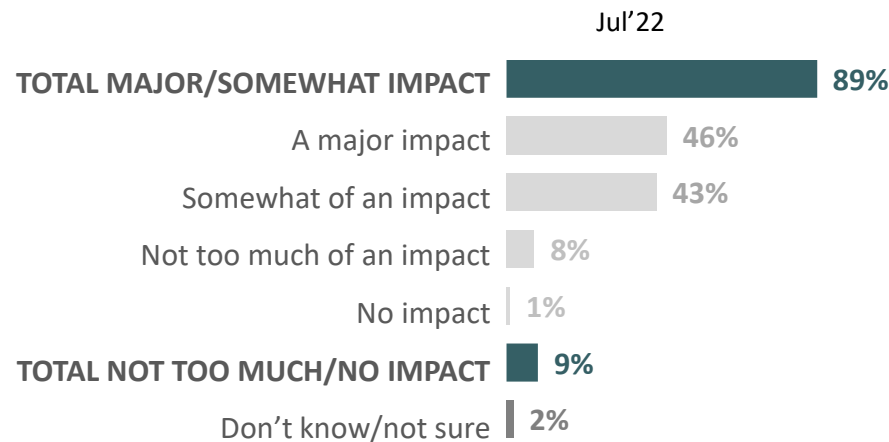
INSIGHT COMMUNITY MEMBERS WHO ANTICIPATE
HIRING WITHIN THE NEXT SIX OR TWELVE MONTHS

Most Insight community members believe the province will experience a recession in the next year and half believe this will have a major impact in terms of their revenues as well as lead to a decline in customers/sales. A significant number of businesses (51%) worry they will have to lay off staff as a result.

Likelihood of Alberta experiencing a recession in the next twelve months



Impact of recession on business



Ways a recession would impact business

	Jul'22
Revenue/cash flow will decline	81%
Decline in customers/client/sales	78%
Have to let staff go/layoff staff	51%
Might not be able to keep up with bill payments/invoices to creditors	32%
Might not be able to pay down business loans/line of credit	28%
Other	3%
Don't know/not sure	1%

Q1. How likely is it that Alberta will experience a recession in the next twelve months?

Base: Total sample Jul'22 n=80

Q2. How much of an impact would a recession have on your business?

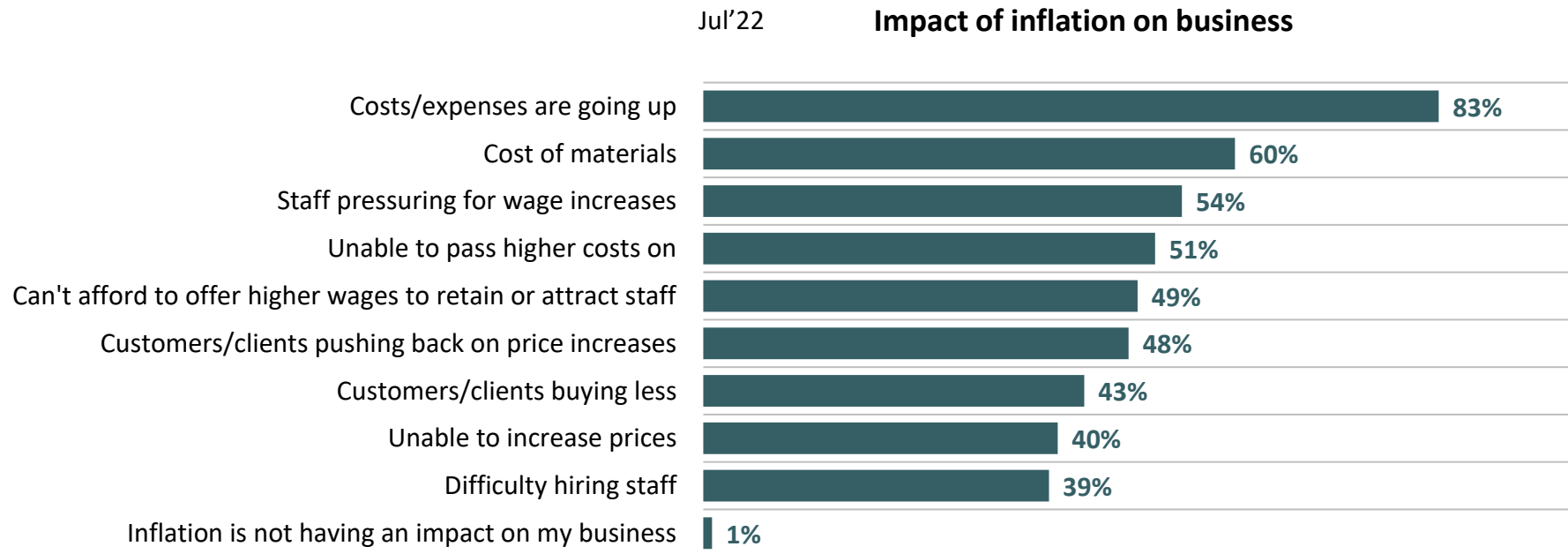
Base: Total sample Jul'22 n=80

Q2a. In what way would a recession impact your business? (check all that apply)

Base: Total sample Jul'22

INFLATION

Insight community members are being impacted by inflation in many ways. These include the cost of materials and other expenses going up (and in many cases creating a situation where they feel they cannot pass costs on) and pressure from staff for higher wages which these businesses may not be able to meet.

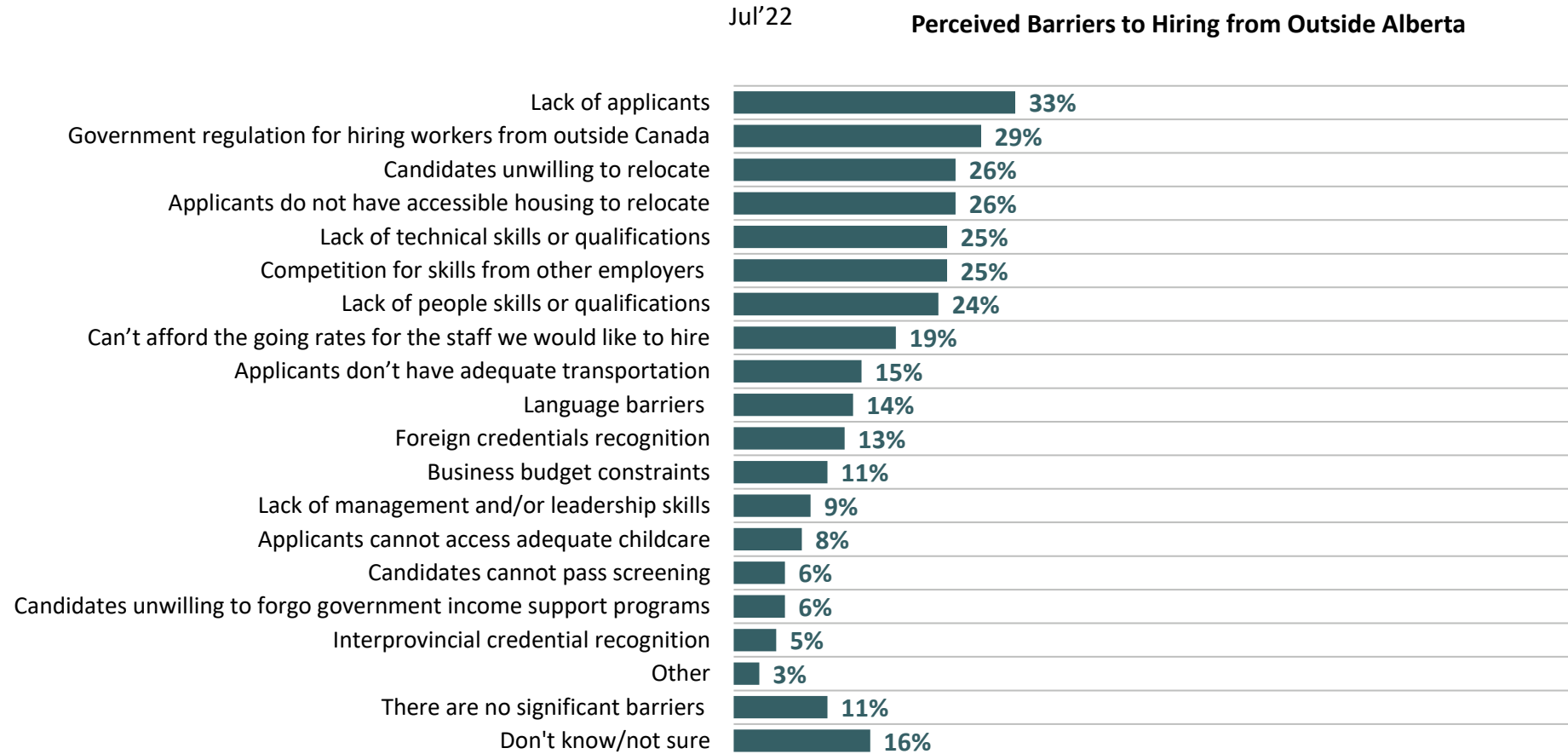


Q3. How, if at all, is inflation impacting your business?

Base: Total sample Jul'22 n=80

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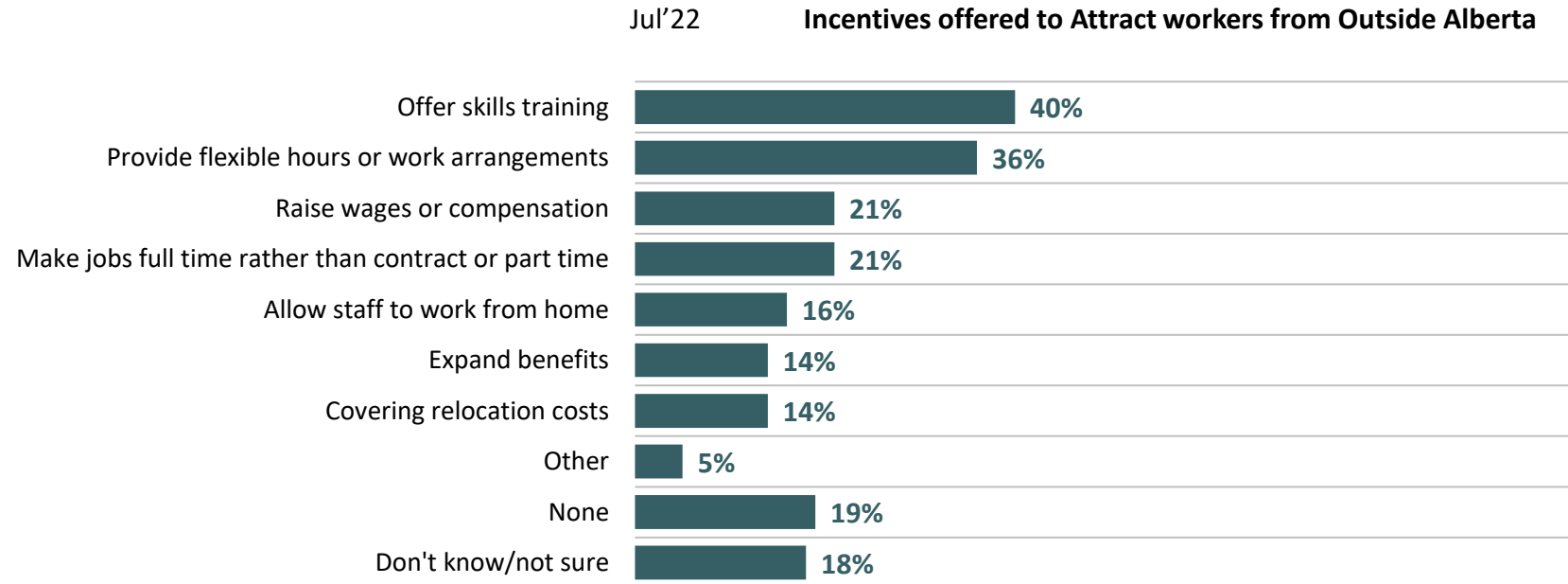
For Insight community members hiring outside the province or considering it, a wide variety of barriers were cited. This included lack of applicants, lack of technical or people skills, regulatory barriers, and issues related to relocation.



Q4. You earlier mentioned that you were already recruiting from outside Alberta or were considering it, what are the major barriers to recruiting from outside of Alberta? (Please check all that apply)

Base: Yes at Q6 Hiring Intentions survey Jul'22 n=80

Employers seeking or considering seeking workers from outside Alberta to meet shortages report offering a variety of incentives. These include skills training and flexible hours or work arrangements.



Q4A. What incentives, if any, has your company offered or would consider offering to attract out-of-province talent? (Please check all that apply)

Base: Yes at Q6 Hiring Intentions survey Jul'22 n=80

LONG TERM UNEMPLOYED

Among Insight community members, those who would not consider hiring a long-term unemployed person, cite concerns over unreliability, unsuitability, high training costs, and lack of required skills as the major barriers towards doing so. However, among those who would consider such a hiring, few (11%) report having done so.

- Offering skills training and flexible hours or work arrangement appear to be the top incentives offered or potentially offered.

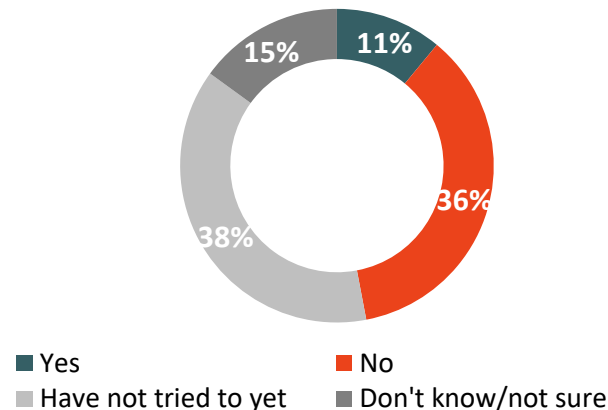
Reasons for not hiring a long-term unemployed person

Jul'22

They might be unreliable or not have a work ethic	36%
High cost of training someone without some basic skills we need	34%
There is a risk they are not suitable	21%
They probably would not have the skills we require	18%
Other	13%
I would hire a long time unemployed person	23%
Don't know/not sure	9%

Successful in recruiting long-term unemployed persons

Jul'22



Incentives offered to successfully recruit long-term unemployed persons

Jul'22

Offer skills training	31%
Provide flexible hours or work arrangements	28%
Make jobs full time rather than contract or part time	14%
Raise wages or compensation	13%
Allow staff to work from home	8%
Expand benefits	4%
Covering relocation costs	3%
None	34%
Don't know/not sure	15%

Q5. You earlier mentioned that you would not or don't know if you would hire a long term unemployed person. What are the primary reasons you would not or are unsure if you would hire a long term unemployed person?

Base: No/Don't know/Not sure at Q7 Hiring Intentions survey Jul'22 n=80

Q6. You earlier mentioned that you would hire a long term unemployed person. Have you been successful in recruiting long term unemployed persons?

Base: Yes at Q7 Hiring Intentions survey Jul'22 n=80

Q7. What incentives, if any, has your company offered to successfully recruit long term unemployed persons? (Please check all that apply)

Base: Yes at Q6 Jul'22 n=80

5

DEMOGRAPHICS

Sample Demographics

OPERATING REGIONS OF BUSINESSES

	Jul'21	Dec'21	Jul'22
n=	462	388	522
All regions of Alberta	28%	19%	27%
Calgary area	30%	14%	13%
Central	17%	25%	17%
Edmonton area	31%	27%	16%
NET - Northern AB/Mountain	20%	36%	-
Mountain parks	3%	6%	4%
Northeast	10%	12%	10%
Northwest	11%	18%	20%
NET - Rest of South	8%	15%	9%
Southeast	5%	7%	5%
Southwest	5%	8%	5%

TOURISM INDUSTRY (Answered "Fishing OR Hunting OR Retail trade OR Transportation OR Information and cultural services OR Insurance OR Private real estate OR Other" at Q11)

	Jul'21	Dec'21	Jul'22
n=	283	296	365
Yes	18%	20%	19%
No	82%	80%	81%

PUBLIC OR PRIVATE SECTOR

	Jul'21	Dec'21	Jul'22
n=	485	409	529
Public	14%	13%	16%
Private	70%	74%	70%
Not for profit	16%	13%	14%

BEST DESCRIPTION OF INDUSTRY (Non-Hub Members)

	Jul'22
n=	539
Other Services (except public administration)	17%
Construction	15%
Retail Trade	12%
Professional, Scientific and Technical Services	8%
Food Services	6%
Health Care	4%
Finance	4%
Educational Services	4%
Accommodation	4%
Manufacturing	3%
Agriculture	3%
Oil & Gas Extraction	2%
Social Assistance	2%
Recreation	2%
Transportation	2%
Information and Cultural Industries	2%
Insurance	1%
Public Administration	1%
Administrative and Support	1%
Commercial Real Estate	1%
Management of Companies and Enterprises	1%
Private Real Estate	1%
Rental and Leasing	1%
Other	2%

EMPLOYMENT NUMBERS

	Jul'21	Dec'21	Jul'22
n=	487	410	579
NET - 1-9	27%	46%	48%
1-4	15%	26%	30%
5-9	12%	20%	18%
NET - 10-49	20%	30%	29%
10-19	11%	18%	16%
20-49	9%	12%	13%
50-199	22%	15%	12%
200-499	10%	4%	3%
500+	20%	5%	8%

YEARS IN OPERATION

	Jul'22
n=	422
2 – 5 years	12%
6 – 10 years	13%
11 – 15 years	12%
16 – 20 years	10%
21 – 30 years	18%
31 – 50 years	22%
More than 50 years	13%
Don't know/not sure	<1%

OWNER OR PARTNER

	Jul'22
n=	450
Yes	74%
No	26%

Sample Demographics

JOB TITLE

	Jul'22
n=	539
President, CEO, Owner or Executive Director	57%
Vice president or equivalent	6%
C-Suite executive (CFO, CMO, CTO, CXO)	3%
Partner, advisor or associate	5%
Other senior manager	13%
Contractor or self-employed	5%
Assistant, coordinator or manager (or equivalent)	8%
Unemployed	<1%
Other	2%

GENDER

	Jul'22
n=	528
Female	49%
Male	47%
Prefer not to answer	4%