

Labour shortages are back with a vengeance



HIGHLIGHTS



In November 2021, **more than 1 in 2 Canadian small businesses** said they were affected by labour shortages. This proportion has been on an upward trend since the start of the pandemic.



The pandemic is not the cause of this complex problem, but has certainly exacerbated the situation. **Demographics** are also largely to blame for the imbalance between employment supply and demand.



While a large majority of small businesses have already responded by raising wages, their experience shows it is no silver bullet. Rather, a **set of solutions** is needed to address the main problem, namely a **lack of any applicants**. A few actions, such as using the Temporary Foreign Worker Program and investing in automation, present the best potential.

Small businesses struggling with labour shortages

Worker shortage creates crisis in Canada¹
CTV NEWS

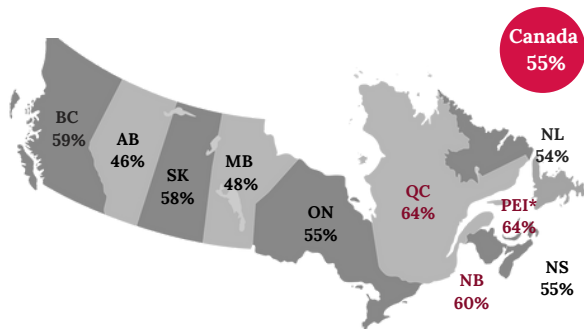
Desperate employers dangle signing bonuses to lure in workers³

'It's not going to change': The long and short of Canada's job vacancy problem²

FINANCIAL POST

As of November 2021, **55% of small businesses in Canada** experienced labour shortages – difficulties hiring, retaining or getting staff to work the hours needed.

1 Small businesses affected by labour shortages, by province



Source: CFIB, Your Voice – November 2021 survey, November 4–23, n = 4,514.

*Note: Small sample; use with caution.

“It's getting harder and harder to be in business. The cost of goods is rising, which means employees need raises to meet the higher cost of living. My restaurant is closed because I don't have enough employees and no one wants to replace them. I targeted several people who had good potential, but they're collecting unemployment. They didn't even ask what the salary was. They don't have to work.

– Hospitality business owner, New Brunswick, September 2021

The Canadian Federation of Independent Business (CFIB) surveyed its members in November about their workforce, and 55% indicated that they experience labour shortages: in other words, they do not have all the staff they need or cannot get the staff needed to expand or meet new demand.⁴

Quebec and New Brunswick are the hardest hit provinces, with 64% and 60% of small businesses, respectively, experiencing labour shortages (Figure 1). By sector, construction and transportation firms are the most affected, at 74% and 68%, respectively (see Tables A2 and A3 in Appendix 2 for more details by province and sector).

Another 16% of businesses say they have all the staff they need, but at a significant additional cost to their business, due to wage increases, flexible hours, or hiring bonuses, among other things (see Figure A1 in Appendix 2 for more details on the survey question).

The consequences for the economy are broad ranging. According to a June 2021 CFIB survey, 34% of small businesses have turned down sales or contracts and 30% have abandoned or delayed some projects due to labour shortages.⁵

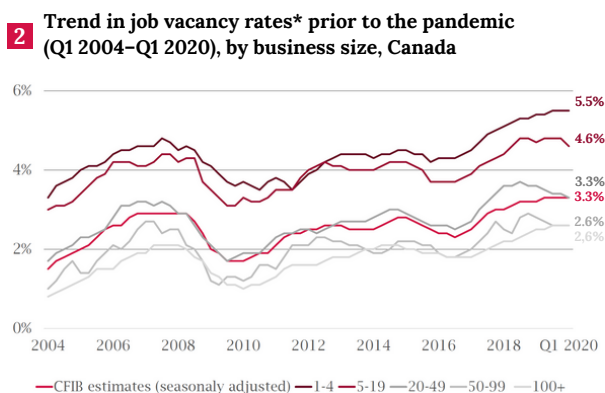
This report explains how conditions became so critical, what issues existed before the pandemic, the role the pandemic played and the most effective solutions to help small business now and in the future.

Small businesses struggling with labour shortages (2)



Labour challenges have been on the rise **since at least 2017**, well before the pandemic.

In addition to having higher vacancy rates, smaller businesses are also more affected by one vacancy as it represents a higher share of their total workforce.



Source: CFIB, Business Barometer – January 2004–March 2020.
*Note: Vacancy rates are defined as total vacancies, divided by the sum of total employment and vacancies.

“A severe shortage of skilled trades across all trades. Even general part-time labourers are hard to find and keep.

It's only going to get worse as the aging trades people are not being replaced.

– Wholesale business owner, Ontario, June 2019

The average job vacancy rate for Canadian private sector employers fluctuated from 2004 to the onset of the pandemic (Figure 2). However, starting in 2017, it has been steadily climbing to 3.3% in Q1 2020, according to CFIB estimates.

The smaller the company, the higher its vacancy rate. Small businesses with 1–4 employees had an average vacancy rate of 5.5% in Q1 2020. At the other end of the spectrum, larger businesses with over 100 employees had a rate of 2.6%, less than half that amount.

Relatively speaking, labour shortages in smaller businesses have a much greater impact. For example, if a job is vacant in a micro business with 4 employees, that is 25% of the workforce missing, which has a major effect on operations.

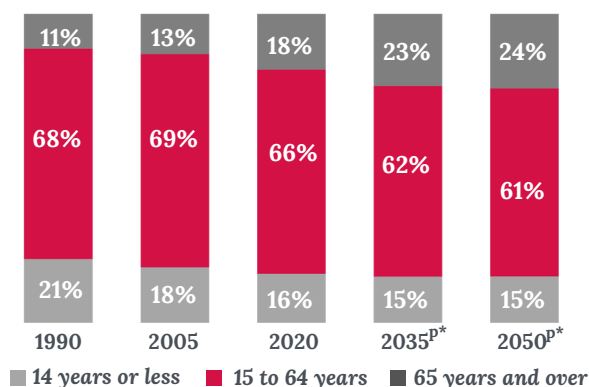
Long before the pandemic, labour shortages were significant, pervasive and growing among Canadian small businesses. What is behind this phenomenon? Demographics are a big part of the problem.

Demographics are driving labour shortages



Within 30 years, the share of the population aged 65 or over is set to increase by one-third while the population aged 15–64, which represents the labour force, is poised to contract by one-thirteenth.

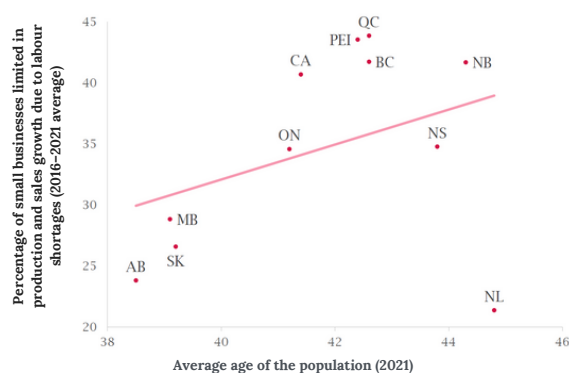
3 Canadians by age group (1990–2050)



Sources: Statistics Canada. Tables [17-10-0057-01](#), [17-10-0109-01](#) and [17-10-0134-01](#)

*Note: P indicates a projection.

4 Share of small businesses indicating that labour shortages are limiting production and sales growth (2016–2021) and average age of population (2021), by province



Sources:

(1) CFIB, Business Barometer, [cfib.ca/barometer](#).

(2) Statistics Canada, 2020, [Table 17-10-0005-01](#)

Since 1990, Canada's demographics have changed. The share of the working-age population (ages 15–64) has been declining, and projections for 2035 and 2050 show the trend is set to continue. Figure 3 shows that in 1990, the ratio of working-age individuals to the rest of the population was 2.1 to 1, and is expected to fall to 1.6 to 1 by 2050, resulting in a 26% decrease. In the next 30 years, the working-age population will decline from 66% to 61% of the total population.

As Figure 4 shows, provinces that are oldest (i.e. with the highest average age) are also those where small businesses appear to have the most constraints on their ability to drive production or sales growth because of labour shortages.⁶

By 2050, Canada will have lost a significant portion of its working-age individuals and its future workforce. If our labour market approach does not change, the shortages will get worse. A solution to help alleviate this trend would be to improve and streamline immigration processes.

In addition to the problem of an aging population, a new challenge has recently compounded labour shortages: the COVID-19 pandemic.

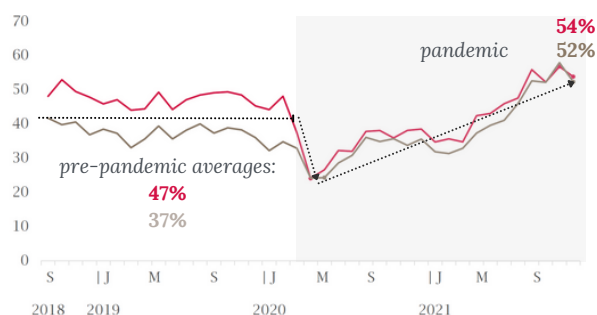
The pandemic is complicating labour shortages



At the beginning of the pandemic, the share of small businesses experiencing labour shortages dropped, but the issue was quick to return in force.

Today, shortages affect more than **one in two small businesses**, a level that exceeds the pre-pandemic period.

5 Share of small businesses with labour shortages hindering their ability to achieve production/sales growth and share of small businesses reporting at least one job vacancy, Canada



— Share of businesses with labour shortages hindering their ability to achieve production/sales growth

— Share of businesses with at least one position that has been vacant for at least four months

Source: CFIB, Business Barometer – September 2018–November 2021, more details available at cfib.ca/barometer.

At the beginning of the pandemic, the labour market had been rocked by health restrictions and the changing behaviour of job seekers and employers. For example, in June 2020, 49% of small business owners had temporarily laid off employees.⁷ Many retirements were also delayed and the number of job exits fell.⁸ As shown in Figure 5, the share of businesses with at least one job vacancy and the share hindered in their growth by labour shortages both declined in early 2020.

That being said, following this shock, lockdowns started being lifted and the economy somewhat reopened. This led the share of businesses with vacancies to gradually increase and it currently stands at 52%, which is significantly higher than the pre-pandemic average of 37%. Similarly, the share of businesses limited in their growth by labour shortages is now at 54%, compared to an average of 47% before March 2020.

A first explanation for these rate increases is that 24% of small businesses report that employees switched industries due to the pandemic. This is even higher among businesses in social services (37%) and hospitality (48%).⁹ In addition, reopenings and the easing of restrictions are occurring simultaneously for all businesses. Owners had to lay off workers and then bring them back in a very short period of time, sparking high demand for labour. COVID-19 benefits (such as CRB) could also have potentially slowed down the return of workers.

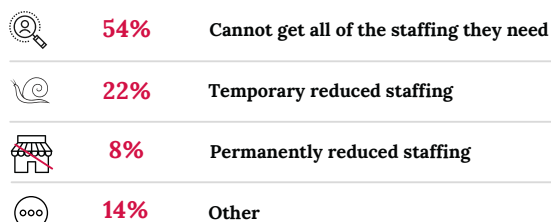
Current labour market conditions



In November, more than half of small businesses had yet to return to their usual workforce level for that time of year.

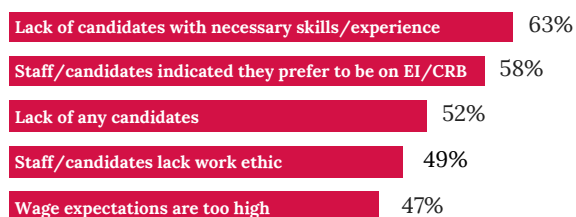
Despite the challenging COVID conditions, employers mostly point to the **difficulties recruiting staff, retaining staff or getting employees back to work.**

6 Reasons reported by small businesses still shy of their usual workforce



Source: CFIB, Your Voice – November 2021 survey, November 4–23, n = 4,514.

7 Top explanations given by small business owners for their staffing problems (% response)



Source: CFIB, Your Voice – September 2021 survey.

Note: This question was only asked to survey respondents who are not fully staffed due to staffing issues.

According to CFIB's [Small Business Recovery Dashboard](#), after 20 months of the pandemic, one out of every two small businesses is still short of its normal workforce capacity in comparison to its usual staffing levels. This is due to a number of reasons.

The first reason involves staffing issues, 54% of small businesses that are not currently at normal staffing levels report it is because they cannot get all the staffing they need. The second reason pertains to the economic downturn, as 22% say they have temporarily reduced their staffing and 8% have permanently reduced their staffing (Figure 6).

In September, CFIB asked small businesses facing staffing challenges why they were in that situation: 63% reported a lack of applicants or employees with the necessary skills or experience, and 52% had no applicants at all (Figure 7).

The following sections describe these realities in more detail by highlighting labour market imbalances by education level and sector.

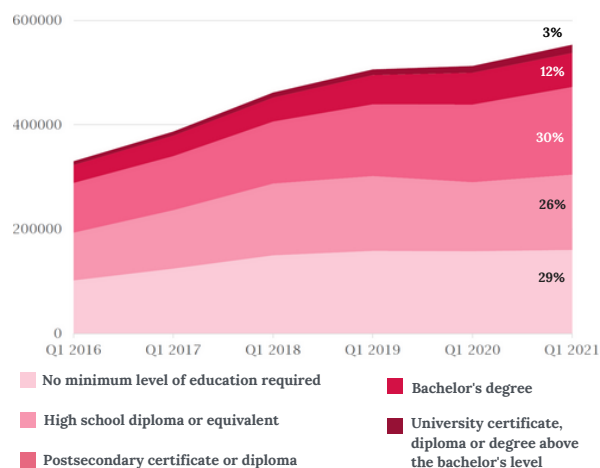
Qualification mismatches



Job vacancies are **concentrated in lower education levels** than job seekers, creating an imbalance.

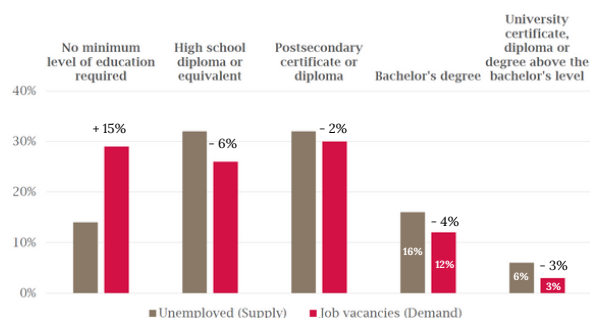
8 Distribution of job vacancies by education level sought, first quarters 2016–2021, Canada

(job vacancies)



Source: Statistics Canada, Table [14-10-0328-05](#).

9 Share of job vacancies and the unemployed by education level (Q1 2021), Canada



Sources: Statistics Canada. Tables [14-10-0328-05](#) and [14-10-0019-01](#).

Figure 8 contains three key findings about current employment demand. First, there has been a 68% surge in job vacancies over the past five years, from 330,215 to 553,480. Second, growth in vacancies is relatively similar regardless of the level of education sought, across various types of positions. Lastly, the majority of employment demand targets primarily non-academic positions.

When we look at labour supply (figure 9) we can see that in Q1 2021, 22% of the unemployed had a level of education equal to or higher than a bachelor's degree, while only 15% of vacant jobs require that level of education, a gap of seven percentage points. This overqualification can lead job seekers to expect different working conditions (such as salary or role) than what the employer is prepared to offer.

One answer, from Statistics Canada, is that the overqualification rate for bachelor's degree holders was 18.2% in 2016 and varies by field of study.¹⁰ The rate measures the ratio, among all workers who had a bachelor's degree, of those who are overqualified.

Analyzing qualification mismatches naturally leads to questions about the situation by sector. The next section illustrates the gap between sectors, in terms of vacancy rate.

Hardest hit sectors



In the job market, an imbalance between sectors is also notable. For example, the hospitality sector suffers greatly from job vacancies, while the real estate and leasing sector has a lower job vacancy rate.

10 Job vacancy rate by sector, September 2021, Canada



Source: Statistics Canada, Table 14-10-0372-01.

“ We need qualified talent to fill a few positions (mechanic and drivers). Our job postings attract no résumés. We’ve stopped looking and are dealing with having fewer workers. This means that for some work (mechanical) we have to deal with subcontractors, who are also short-staffed.

– Construction business owner, Quebec, September 2021

Some sectors have a higher vacancy rate, meaning they are more in need of labour, while others have a lower rate (indicating a relatively less critical situation in terms of shortages), as shown in Figure 10. This can also be partly explained by an indirect effect of the pandemic on careers.

As previously reported, some employees have also left their sector as a result of the pandemic.

Uneven government lockdowns and restrictions by sector have prompted some employees to move away from certain sectors. Getting laid off and rehired multiple times can indeed discourage workers from staying in a particularly impacted industry.

For example, 48% and 30% of small business owners, respectively, in hospitality and personal services report their employees switched industries due to the pandemic, while wholesale small business owners seem to be less affected by this trend (3%).⁹ This effect is making shortages even more difficult for a few sectors, as workers are deserting them.

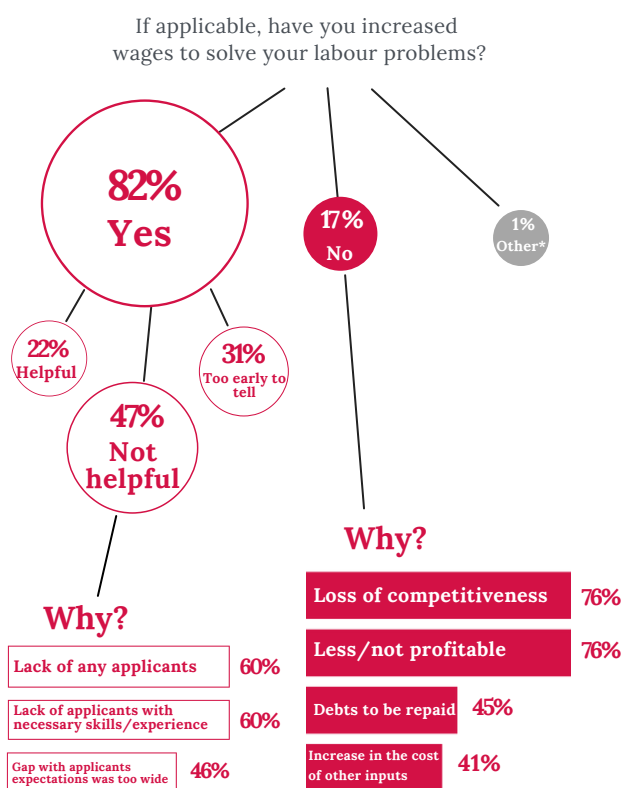
Labour shortages are complex, and the solution cannot necessarily be found through raising wages or in the decline of a sector, given that the problem results from demographics and a market mismatch. However, the following section highlights the wage increases that small business owners have tried in order to find staff.

How are small businesses coping with labour shortages?



Wage increases are seen as a miracle solution to labour shortages. However, **47%** of small businesses that have tried this approach have not found it useful because **the market is fundamentally short on applicants**.

11 Distribution of small businesses affected by staffing problems, based on whether they used wage increases and their underlying reasons, Canada



Source: CFIB, Your Voice – September 9–27, 2021 survey (n = 1,048)

*Note: "Other" includes respondents who selected "Don't know/Unsure."

As of September 2021, 82% of small businesses experiencing labour shortages have raised wages. Of those, 22% say the increase has helped them, 31% say it is too early to tell and 47% say it has not helped. In spite of the increases, 60% received no qualified applicants or no applicants at all.

Of the small businesses affected by labour shortages that increased their wages, only 22% found it effective. More details by province and sector on the use and success of wage increases are available in Appendix 2 (Tables A4 and A5).

Conversely, 17% of small businesses experiencing labour shortages confirmed they had not yet managed to raise wages. Of those, 76% cannot raise prices without becoming less competitive, 76% would become less profitable, while 45% have to pay down their pandemic debts¹¹ and 41% are already experiencing higher costs for other inputs (supply chain disruptions¹²).

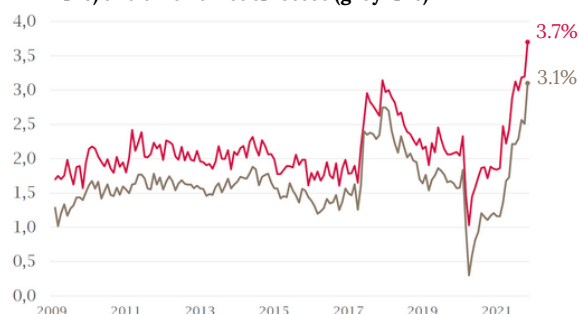
This data is showing two important things. First, the labour market is playing its expected role and small businesses are definitely adjusting by increasing wages, to the extent they can. Second, the market power through wages is limited by a very low supply of (qualified or unqualified) workers in the first place. The next section will shed more light on employers' efforts to increase staff compensation.

How are small businesses coping with labour shortages? (2)

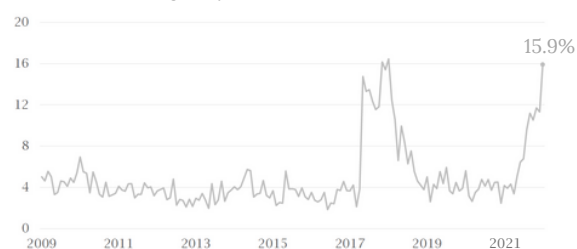


Canada's small businesses **do intend to adjust wages** in response to labour shortages.

12 A Average expected wage increase over 12 months for Canadian small businesses with labour shortages (red line) and all small businesses (grey line)



12 B Share of Canadian small businesses expecting to increase wages by more than 6% over 12 months



Source: CFIB, Business Barometer – February 2009–November 2021, more details available at cfib.ca/barometer.

“We are finding that business is up/down and sideways right now with projects continually coming in, but taking much longer to complete. Adapting to our new norm has been difficult to price and government subsidies have helped when we have gotten it wrong. Our continued labour shortage is wreaking havoc in our industry with employees changing jobs or going out on their own. We have increased wages 30% to keep everyone.

– Professional Services business owner, Ontario, November 2021

According to Figure 12A, as of November 2021, the average expected wage increase over the next year was 3.1%, one of the highest growth in wages in the past 12 years. In addition, those affected by labour shortages expect average wage increases of 3.7%. Furthermore, 15.9% of small businesses expect to increase wages by over 6% in the next year (Figure 12B), one of the highest proportions in 12 years.

Across Canada (see Table A6 in the Appendix for more details), the average wage rate for vacant jobs is 85% of the overall average wage rate. Three sectors even offer above-average salaries for vacant jobs in their industry. Note that the overall average wage rate includes overtime and is therefore artificially higher than the average wage rate for vacant jobs. It is also possible that vacant positions include more junior positions, thus creating an over-representation and pulling this wage down. For these two reasons, this ratio is conservative and might be closer to, if not exceeding, 100%.

While small businesses are already adjusting wages in response to labour shortages, this solution has limited power in the absence of any candidates for the jobs offered. Fortunately, there are other solutions to deploy to help them cope with the challenge. These are described in more detail in the final sections of this report.



Myth #1

“To solve labour shortages, *just raise wages.*”

Reality

- The labour market is adjusting since the data shows that wages are on the rise. In November 2021,¹³ small business owners estimated that they would increase their business's average wage by 3.1% over the next year, one of the highest wage hikes on record since CFIB started tracking wage plans in 2009.
- Higher wages imply higher labour costs, which forces up prices and generates inflationary pressure, ultimately harming the Canadian economy. Already, in November 2021,¹³ small business owners expected to raise their average prices by 4.3% over the next year.
- Wages are not the only important element in attracting workers. As a matter of fact, 28% of Canadians did not select salary as one of the most desirable aspects of a job, according to a separate public opinion poll CFIB conducted among members of the Angus Reid Forum.¹⁴ Furthermore, non-salary benefits (insurance, days off and flexible hours), workplace culture and working close to home were selected by 64%, 53% and 47%, respectively.

Myth #2

“Small businesses offer *precarious employment.*”

Reality

- Among the jobs often referred to as “precarious” are part-time jobs. Yet, in 2020, according to Statistics Canada,¹⁵ 77% of part-time workers gave voluntary reasons for working in these jobs (including 27% who were in school and 26% who cited personal choice).
- The majority of workers choose their employment situation according to their needs and personal choices, without being forced. According to a 2017 survey conducted by Ipsos for CFIB,¹⁶ 83% of employees agreed their current work situation was a result of personal choice and 73% agreed it provided the flexibility they needed to help them balance work and their personal/family life.

Myth #3

“If you can't match *employment insurance or any subsidy program* as an employer, then you're offering poor working conditions.”

Reality

- A benefit and a salary of the same amount are not an apples to apples comparison. While employment insurance requires a number of hours of previous work to qualify, once qualified, no hours of work are needed to receive the weekly benefits. That's quite different from a paycheck of the same amount received in exchange for hours worked at a job. The paycheck would have to be substantially higher than the benefits to make up for the hours that now have to be worked. For example, Employment Insurance regular benefits offer up to \$595 a week and require no hours of work during the claim period. To earn the same amounts at Canada's average 2020 minimum hourly wage (\$13.66¹⁷), you would have to work 44 hours a week.

Myth #4

“If the business or sector cannot raise wages, *it deserves to disappear.*”

Reality

- Dynamics differ from sector to sector, with some having fiercer competition and lower profit margins. Many small business owners have little room to maneuver. For example, in 2019, only 81%, 65% and 55% of construction, hospitality, and agriculture businesses, respectively, were profitable.¹⁸
- Economic reality is that in several key sectors, the business with hefty profits and infinite leeway is a myth. Their goods and services are ultimately provided at a price the consumer can afford, which in turn determines the resources available to the business, including their payroll. For example, in 2019, construction, hospitality, and agriculture businesses reported net profits of 10.3%, 3.8% and -1.7%, respectively, which leaves very little room to raise wages.¹⁸

What solutions are available to small businesses?



Beyond wages, which are limited in their benefits, there are other solutions available to small business owners that can help them cope with labour challenges.

In September 2021, CFIB asked its **not fully staffed** members the following question to understand what solutions they had been using and what had been helpful for their business⁹:

Has your business used the following actions to help resolve its staffing issues? (Select one for each line)

<input type="checkbox"/> a. Used and helpful	<input type="checkbox"/> b. Used but not helpful	Utilization rate	Success rate
<input type="checkbox"/> c. Used but too early to tell	<input type="checkbox"/> d. Not used		
<input type="checkbox"/> e. Don't know/Unsure	<input type="checkbox"/> f. Not applicable	$\left(\frac{a.+b.+c.}{a.+b+c.+d.+e.} \right)$	$\left(\frac{a.}{a.+b.} \right)$
Investing in automation		33%	81%
Using Temporary Foreign Workers program		16%	52%
Allowing greater flexibility with work hours		70%	38%
Recruiting retired workers		35%	34%
Increasing wages		82%	31%
Recruiting younger workers		76%	24%
Offering hiring bonuses		21%	18%
Paying for advertising to find specific types of workers		61%	14%
Hiring less-qualified workers		67%	13%
Using employment agencies		43%	12%

More details on the the utilization and success rates calculations are available in Appendix 1. Top results by sector are shown in Table 13 on the next page.

It is clear that investing in automation and using temporary foreign workers (TFWs) are effective solutions used by small business owners to help resolve business staffing issues. In each sector displayed in Table 13, one or both of them are in the top 2 in terms of success rate, sometimes even reaching 100%. At a broader level, TFWs can also be helpful in easing the pressure on wages, while automation helps Canada in the long run as it is facing challenging demographics.

What solutions are available to small businesses? (2)



13 Top 3 solutions used by small businesses, by sector, ranked by success rate

	1			2			3		
	Action used	Utilization rate	Success rate	Action used	Utilization rate	Success rate	Action used	Utilization rate	Success rate
Total, all industries	Automation	33	81	Temporary Foreign Workers	16	52	Flexibility with work hours	70	38
Agriculture & Nat. res.	Temporary Foreign Workers	27	100	Automation	43	91	Recruiting retired workers	55	60
Construction	Automation	29	63	Recruiting retired workers	26	35	Flexibility with work hours	52	30
Manufacturing	Automation	49	83	Temporary Foreign Workers	13	67	Flexibility with work hours	45	64
Wholesale & Transportation	Automation	24	100	Recruiting retired workers	46	39	Flexibility with work hours	64	29
Retail	Automation	27	69	Temporary Foreign Workers	12	47	Hiring bonuses	15	43
Arts, rec., & info.	Automation	24	75	Recruiting retired workers	42	75	Flexibility with work hours	79	44
Fin., ins. & admin.	Automation	46	83	Temporary Foreign Workers	22	67	Flexibility with work hours	81	50
Professional services	Temporary Foreign Workers	9	100	Automation	52	78	Increasing wages	73	69
Hospitality	Automation	26	78	Temporary Foreign Workers	29	48	Flexibility with work hours	84	34
Personal, misc. services	Automation	18	60	Flexibility with work hours	70	46	Increasing wages	75	37
Social services	Automation	43	100	Recruiting retired workers	12	50	Flexibility with work hours	71	47

Source: CFIB, Your Voice – September 9–27, 2021 survey (n = 1,048).

Measures that have a utilization rate below 30% and a success rate above 60% are highlighted in the table as sectoral measures which appear to have a high potential for success, while being possibly underutilized right now.

Conclusion



While the shortage of labour facing Canadian employers was a significant issue prior to the pandemic, the past two years of COVID restrictions have made it even more acute. At the beginning of the crisis, the economic slowdown and closures caused the job market to pause. Since then, the tide has definitely turned, with 55% of Canadian small businesses experiencing labour shortages, including difficulties with hiring, retention and employees' willingness to work the hours required.

Beyond shortages preventing a return to normal labour capacity, approximately 54% of small businesses reported in November 2021 that labour shortages are hampering their ability to drive production and/or sales growth, limiting their development and expansion.

The previous section described possible solutions for small business owners. CFIB has found, based on the most popular measures and their level of effectiveness assessed by its members, that investment in automation and the use of the TFW program are the most promising actions.

Between the inability to be staffed at their usual headcount and the drag on production and sales, small businesses clearly face a serious challenge from labour shortages that the government must also help to address.

A comprehensive solution to labour shortages requires many actions and will take many years. However, some actions might be possible in the shorter term.

For example, one of the measures that can be more quickly adjusted is the Temporary Foreign Worker (TFW) program. Unfortunately, the restrictions in the TFW program make it very time-consuming and expensive for most small businesses to use. And for businesses in sectors that were hardest hit by government restrictions and other pandemic effects – retail, arts and recreation, tourism and hospitality – the program is essentially unworkable as most occupations do not qualify.

Based on effective measures according to business owners and the various challenges highlighted in this report, we present a more detailed list of recommendations on the next page.

Recommendations to government for helping small business with labour shortages



To help small business cope with demographic challenges

- ❶ Improve and streamline temporary foreign worker (TFW) and immigration processes to bring more workers into Canada faster, ensuring a good fit between immigrants and positions to fill. Plus, provide TFWs with a path to permanent residency and consider opening up the TFW program temporarily to allow a broader level of skills and sectors to access TFWs to quickly help small businesses trying to recover from the pandemic.
- ❷ Stimulate automation through programs or tax credits.
- ❸ Provide tax relief for older workers (65 or over). These individuals are experienced and have already contributed to society. One solution would be to allow them to work tax-free.
- ❹ Enhance training program offerings for specific groups such as people who are not in education, employment or training (NEETs), racialized minorities or people with disabilities (e.g. Ontario's Youth Job Connection).

To mitigate the effects of the pandemic on employers

- ❺ Freeze CPP/QPP contributions and other payroll taxes for businesses, especially in the context of the pandemic where revenues are weak and operating costs are high.
- ❻ Reduce Employment Insurance (EI) premiums or introduce an EI premium holiday for small businesses to offset the costs of hiring and training staff.
- ❼ Ensure that EI programs do not discourage individuals from returning to work.
- ❽ Increase the efficiency of the Employment Insurance benefits service dedicated to individuals who take training programs offered by Service Canada.

To correct labour market mismatches

- ❾ Encourage Work Integrated Learning (WIL) programs in universities and colleges (such as co-op programs and internships) by including and catering to small business needs.
- ❿ Correct the mismatch between labour market needs and the qualifications of unemployed individuals. Primarily support programs that lead to occupations where workers are in demand.
- ⓫ Add tax credits for workers' training, particularly for informal, on-the-job training and tax credits for hiring young graduates and students.

Other

- ⓬ Communicate the hiring and employment programs available to business owners more effectively.

Sources and references



¹ <https://bc.ctvnews.ca/worker-shortage-creates-crisis-in-canada-1.5605944>

² <https://financialpost.com/news/economy/canada-worker-shortage-problem>

³ <https://www.cbc.ca/news/business/desperate-employers-dangle-signing-bonuses-to-lure-in-workers-1.6123346>

⁴ For details regarding the data sources presented in this report, see Appendix 1: Methodology.

⁵ CFIB, Your Voice – June 2021 survey, n = 3,834.

⁶ The question is the following: "What factors are limiting your ability to increase sales or production? (select as many as apply)" CFIB, Business Barometer – November 2021, n = 882.

⁷ CFIB, Your Business and COVID-19 – Survey Number Twelve, June 2020, n = 6,065.

⁸ <https://thoughtleadership.rbc.com/will-a-return-to-pre-pandemic-retirement-and-job-quitting-levels-worsen-emerging-labour-shortages-in-canada/>

⁹ CFIB, Your Voice – September 2021 survey, n = 3,697.

¹⁰ Statistics Canada, Persistent overqualification among immigrants and non-immigrants, September 2, 2020.

¹¹ <https://www.cfib-fcei.ca/en/media/news-releases/small-businesses-have-not-made-dent-their-average-debt-and-face-continuing>

¹² <https://www.cfib-fcei.ca/en/media/news-releases/sharply-rising-business-logistics-worries-could-soon-mean-higher-prices>

¹³ CFIB, Business Barometer – November 2021, n = 882.

¹⁴

About Angus Reid Forum surveys

These are the findings of a survey conducted by CFIB from August 4, 2021 to August 5, 2021 with a nationally representative sample of 1,556 Canadians who are members of the online Angus Reid Forum. The survey was conducted in English and French. The precision of Angus Reid Forum online polls is measured using a credibility interval. In this case, the poll is accurate to within +/- 2.5 percentage points at a 95% confidence level.

About the Angus Reid Forum

The Angus Reid Forum is Canada's most well-known and trusted online public opinion community consisting of engaged residents across the country who answer surveys on topical issues that matter to all Canadians.

¹⁵ Statistics Canada. Table 14-10-0029-01, Part-time employment by reason, annual (x 1,000).

¹⁶ <https://engage.gov.bc.ca/app/uploads/sites/332/2018/03/Canadian-Federation-of-Independent-Business.pdf>

The source is a public opinion poll conducted for CFIB by Ipsos between August 23 to August 28, 2017 with a sample size of 2,001 employed Canadians, including self-employed and working students.

¹⁷ <https://stats.oecd.org/Index.aspx?lang=en&SubSessionId=0748209b-dd51-4a65-b65f-bf7c129149e2&themetreeid=13#>

¹⁸ <https://www.ic.gc.ca/app/scr/app/cis/search-recherche>

Appendix 1: Methodology



Data sources used in this report

Your Voice surveys

CFIB has been surveying its members since the beginning of the pandemic to measure the impact of COVID-19. Since January 2021, every month, CFIB members have been responding to *Your Voice*, a survey covering a wide range of current topics, including the impacts of COVID-19. Here are the main surveys used in this report (with all other sources referenced in endnotes):

- The September survey period is from September 9 to September 27, 2021. The number of respondents was 3,697. A margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.6 percentage points, 19 times out of 20.
- The November survey period is from November 4 and 23, 2021. The number of respondents was 4,514. A margin of error for a probability sample of the same size (for comparison purposes only) is +/- 1.5 percentage points, 19 times out of 20.

Business Barometer® survey

The Business Barometer survey, conducted by CFIB, is a monthly survey available in English and French. The results are collected from a stratified random sample of its active members (1/6 per month); only those invited can respond, so one vote represents an independent Canadian company. The number of monthly respondents ranges from 800 to 1,000. Data is unadjusted for seasonality. For more information, visit [CFIB.ca/barometer](https://cfib.ca/barometer).

Statistics Canada

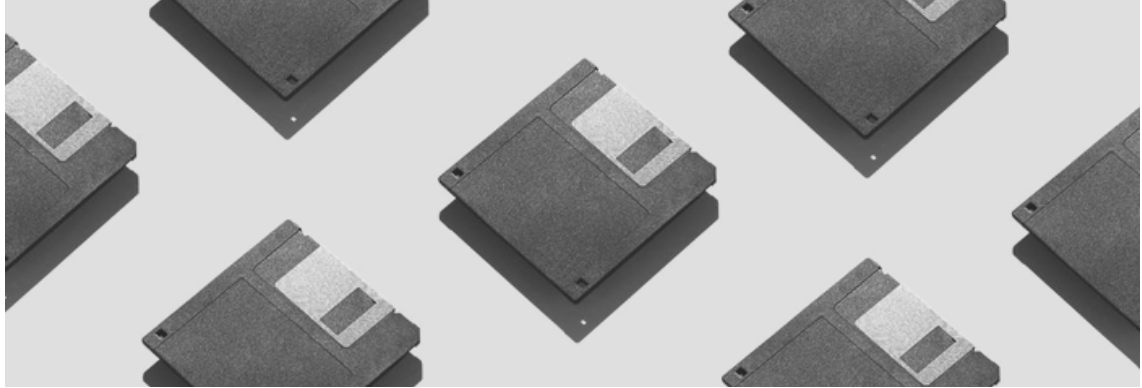
- Table 14-10-0372-01, Job vacancies, payroll employees, and job vacancy rate by industry sector, monthly, unadjusted for seasonality
- Table 14-10-0022-01, Labour force characteristics by industry, monthly, unadjusted for seasonality (x 1,000)
- Table 14-10-0328-01, Job vacancies, proportion of job vacancies and average offered hourly wage by selected characteristics, quarterly, unadjusted for seasonality
- Table 14-10-0019-01, Labour force characteristics by educational attainment, monthly, unadjusted for seasonality
- Table 17-10-0057-01, Projected population, by projection scenario, age and sex, as of July 1 (x 1,000)
- Table 17-10-0134-01, Estimates of population (2016 Census and administrative data), by age group and sex for July 1st, Canada, provinces, territories, health regions (2018 boundaries) and peer groups
- Table 17-10-0109-01 Estimates of population (2001 Census and administrative data), by age group and sex, Canada, provinces, territories, health regions (2007 boundaries) and peer groups
- Table 17-10-0005-01 Population estimates on July 1st, by age and sex

Calculation of success and utilization rates for solutions geared to small business (Table 13)

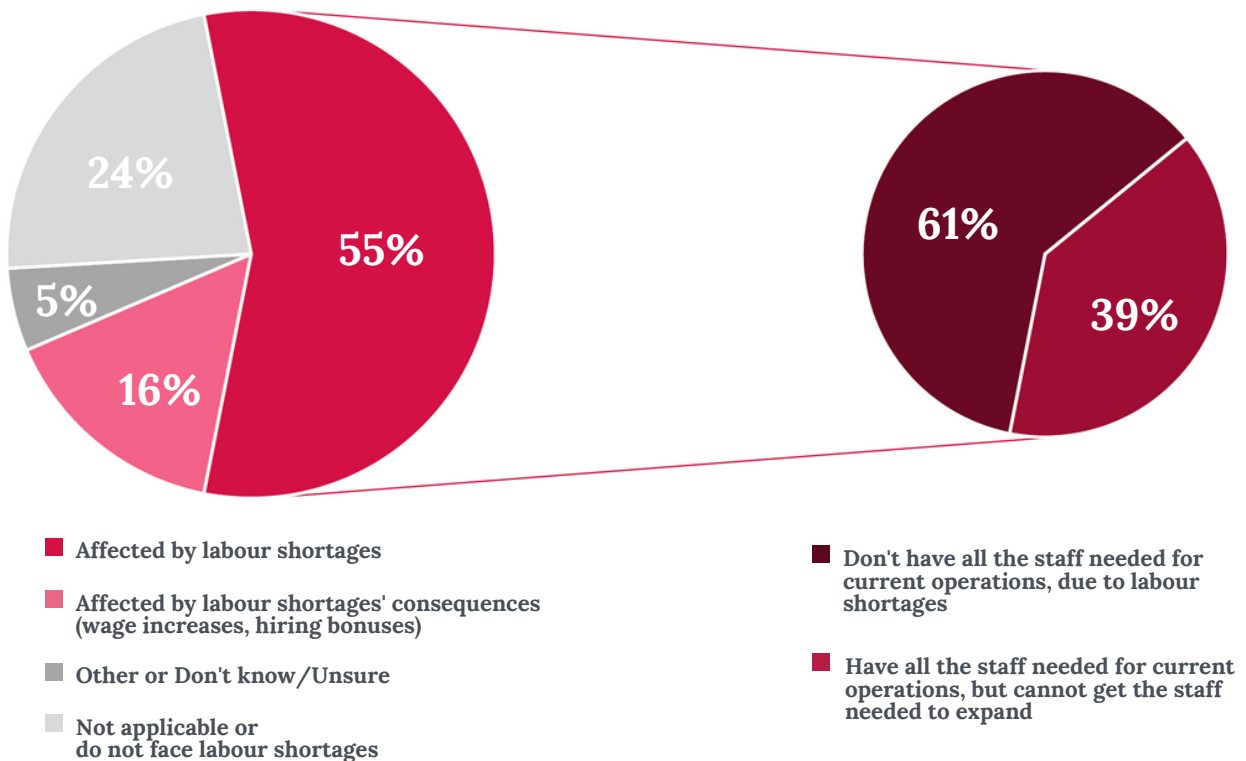
The utilization rate was calculated by adding the number of small businesses for which the measure was used (regardless of the outcome: positive, negative or uncertain) by the number of respondents for which the solution applies (including those who selected Don't know/Unsure). Respondents who used the recommendation and are waiting to gauge its usefulness were accounted for to highlight which potential solutions are most often used and which are underused.

The success rate measures the ratio of the number of small businesses that used a recommendation and saw a positive outcome regarding their labour shortage problem to the number of small businesses that reported using the measure and seeing a significant outcome (positive or otherwise). Accordingly, this rate does not take into account businesses that used this measure but reported that it was too early to ascertain its usefulness, since the outcome is still uncertain and including them would confound the solutions' effectiveness.

Appendix 2: Data



A1 Small businesses experiencing labour shortages*



Source: CFIB, Your Voice – November 2021 survey, November 4–23, n = 4,514.

*Note:

The survey question was the following:

Which of the following best describes your business situation regarding labour shortages (described here as difficulties hiring, retaining or getting staff to work the hours needed)? (Select one)

- ☐ Not applicable – We do not have any employees
- ☐ No shortages – We have all the staff we need
- ☐ We have all the staff we need, but at a significant additional cost to our business
- ☐ We have all the staff we need for current operations, but cannot get the staff that we need to expand or meet increased/new demand
- ☐ We don't have all the staff we need due to labour shortages
- ☐ Other
- ☐ Don't know/Unsure

A2 Percentage of Canadian small businesses experiencing labour shortages, by province

	CANADA	BC	AB	SK	MB	ON	QC	NB	NS	PEI*	NL
% of businesses that do not have all their staff due to labour shortages	34	37	22	37	29	34	43	40	30	50	37
+ % of businesses that have all their staff, but cannot get the staff needed to expand	22	23	24	21	20	21	22	21	24	14	16
= % of businesses experiencing labour shortages**	55	59	46	58	48	55	64	60	55	64	54
% of businesses that have all their staff, but at a significant additional cost	16	15	19	12	16	16	17	14	10	7	10

* Note: PEI has fewer than 40 respondents.

**Due to rounding, the total share of businesses experiencing labour shortages may not equal the sum of businesses that do not have all of their staff or that have all of their staff but cannot get the staff needed to expand.

A3 Percentage of Canadian small businesses experiencing labour shortages, by industry

	Agri.	Nat. res.*	Constr.	Manuf.	Wholes.	Retail	Transp.	Arts, rec., info	Fin., ins.	Prof. serv.	Ent. & admin. mgmt	Soc. serv.	Hosp.	Pers., misc. serv.
% of businesses that do not have all their staff due to labour shortages	35	39	48	36	33	29	41	29	21	23	34	27	48	31
+ % of businesses that have all their staff, but cannot get the staff needed to expand	17	19	26	26	23	18	26	23	18	24	27	23	17	21
= % of businesses experiencing labour shortages**	52	58	74	62	56	47	68	52	40	47	61	51	65	52
% of businesses that have all their staff, but at a significant additional cost	12	13	10	15	16	18	11	19	18	14	16	18	18	15

* Note: The natural resources sector has fewer than 40 respondents.

**Due to rounding, the total share of businesses experiencing labour shortages may not equal the sum of businesses that do not have all of their staff or that have all of their staff but cannot get the staff needed to expand.

A 4 Utilization and success rate of the wage increase measure, by province (%)

	CANADA	BC	AB	SK & MB	ON	QC	Atlantic
Utilization rate	82	88	72	84	80	86	87
Success rate	31	36	28	32	35	25	18

A 5 Utilization and success rate of the wage increase measure, by sector (%)

	Agri. et nat. res.	Constr.	Manuf.	Wholesale & Transport.	Retail	Arts, rec., inf.	Fin., ins. & ent.	Prof. serv.	Soc. serv.	Hospit.	Pers., misc. serv.
Utilization rate	86	84	91	84	80	71	88	73	79	83	75
Success rate	17	26	39	26	29	27	33	69	42	25	37

A 6 Average job vacancy wage and average wage, by industry

	Average offered hourly wage, Q2 2021 (\$)	Average hourly earnings in 2020 (\$)	Ratio of the average offered hourly wage to the average hourly earnings (%)*
Educational services	28.30	23.53	120
Information and cultural industries	32.30	28.66	113
Professional, scientific and technical services	33.30	31.29	106
Real estate and rental and leasing	23.65	25.04	94
Finance and insurance	30.25	32.44	93
Administrative and support, waste management and remediation services	20.70	22.68	91
Arts, entertainment and recreation	18.75	20.76	90
Accommodation and food services	14.95	16.86	89
Wholesale	23.60	26.49	89
Other services	21.45	24.50	88
Total	22.85	26.97	85
Retail	16.65	19.79	84
Health care and social assistance	24.95	29.56	84
Manufacturing	21.90	26.91	81
Transportation	23.00	28.68	80
Construction	25.95	33.65	77
Mining, quarrying, and oil and gas extraction	32.40	43.99	74
Agriculture, forestry, fishing and hunting	17.85	27.52 (2019)	65
Management of companies and enterprises	29.00	-	-

Sources : 1) Statistics Canada, Canadian Industry Statistics (CIS).

2) Statistics Canada. Table 14-10-0206-01 Average hourly earnings for employees paid by the hour, by industry, annual.

3) Statistics Canada. Table 14-10-0326-01 Job vacancies, payroll employees, job vacancy rate, and average offered hourly wage by industry sector, quarterly, unadjusted for seasonality.

*Note: The average hourly earnings include overtime, contrary to the average offered hourly wage. In addition, vacant positions could include an over-representation of junior positions. Therefore, the ratio of the average offered hourly wage to the average hourly earnings is conservative.

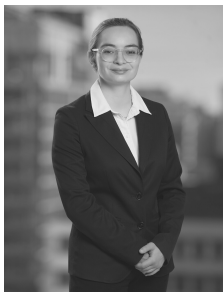
About CFIB



The Canadian Federation of Independent Business (CFIB) is Canada's largest association of small and medium-sized businesses with 95,000 members across every industry and region. CFIB is dedicated to increasing business owners' chances of success by driving policy change at all levels of government, providing expert advice and tools, and negotiating exclusive savings.

Learn more at cfib.ca.

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