

Workers without borders Addressing SME labour shortages through immigration



In business for your business ..

FEBRUARY 2020

ABOUT CFIB

The Canadian Federation of Independent Business (CFIB) is Canada's largest association of small and medium-sized businesses with 110,000 members across every industry and region. CFIB conducts research, member surveys and economic analyses to study the impact of policies on independent businesses and advise governments on how they can support entrepreneurship.

Learn more at cfib.ca/research.

ABOUT THE AUTHOR



Emilie Hayes is a Senior Policy Analyst for the Canadian Federation of Independent Business (CFIB) in Ottawa where she is responsible for helping to develop policy positions and recommendations based on member feedback and direction, as well as meeting with senior government officials and policy makers to represent the views of small- and medium-sized businesses.

Since joining CFIB in 2015, she has advocated and written reports on a wide range of topics, including youth employment, the environment, and innovation. Prior to joining CFIB, she worked in the federal public service and for a federal minister.

She graduated from the University of Ottawa with a bachelor's degree in International Development and Globalization, minoring in Political Science.

TABLE OF CONTENTS

Executive summary
The growing challenge of skills and labour shortages
The challenges of filling job vacancies
Who small businesses are looking to hire
Is Canada's immigration system working for SMEs?
Skills of new immigrants
Types of new immigrants hired
Experience using the immigration system
The Temporary Foreign Worker Program
Recruiting methods
Integrating new immigrants in the workplace
Conclusion and recommendations
Methodology
Appendix A
Member comments

EXECUTIVE SUMMARY

Since the end of the last recession in 2009, the issue of labour and skills shortages among small businesses has grown markedly. Small business owners across Canada are struggling to hire and retain workers, severely limiting their ability to remain productive and grow their business. With an aging population and low birth rates, this is not a problem that will quickly go away. For an issue as complex as this, it is clear there is no one solution that will solve Canada's labour market problems. So CFIB is looking at labour shortages from a variety of angles, from labour mobility, training and automation, to increasing the participation of underrepresented groups such as youth, Indigenous peoples and new immigrants.

This specific report looks at the growing challenge of skills and labour shortages in Canada and the role immigration can play in helping to fill gaps in the labour market. Through data and insights from CFIB members, we will highlight the experiences of small business owners who have hired new immigrants whether they are already in Canada or came through either the temporary or permanent immigration system. The report will focus on the opportunities immigrant workers have brought to their business and the challenges they have faced navigating a complex system. We aim to provide the government with concrete measures that could help support small businesses in keeping and attracting the workers they need to maintain our economy's competitive edge and help create prosperity for all Canadians.



THE GROWING CHALLENGE OF SKILLS AND LABOUR SHORTAGES

The immigration system plays a key role in ensuring that there are enough workers to fill vacant positions now and into the future. In the last ten years, the number of small business owners who said that the shortage of skilled labour has limited the growth of the business has grown, from 27% to 39%.¹ In the third quarter of 2019, the job vacancy rate remained high at 3.2% which represents approximately 433,000 vacant private-sector positions across Canada, and is particularly pronounced in sectors such as construction and personal services (e.g. hairdressers, plumbers, etc.).² When asked whether they had difficulty hiring in the past five years, 76% of business owners said it was somewhat (33%) or very difficult (43%) to find workers (see Figure 1).

FIGURE 1

During the past five years, have you had difficulty hiring new employees?

(Select one answer) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=5,487.

¹ CFIB, Business Barometer, 864 responses, January 2020.

² CFIB, Help Wanted, Q3, 2019.

Businesses in British Columbia, Quebec and Ontario struggled the most with recruiting new employees. This is no surprise as vacancy rates in these provinces are above the national average. Certain sectors also faced more challenges than others including small businesses in hospitality, transportation, personal services, manufacturing and construction.

A skills shortage is when there is a lack of candidates with the required education, experience or skills applying for vacant positions. A labour shortage is when there are generally too few people applying for vacant positions, including entry level or unskilled workers.

Of those who have had difficulty hiring new employees, most (43%) indicated that their business faced both a skills and a labour shortage, while one third (34%) faced a skills shortage and one quarter (24%) faced a labour shortage (see Figure 2).

FIGURE 2

Would you describe your firm's hiring difficulty as a skills or labour shortage? (Select one answer) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=4,055.

Businesses in Alberta and Saskatchewan, as well as those in personal services, were more likely to describe their situation as a skills shortage. Businesses in agriculture, and in Quebec, were more likely to describe their experience as a labour shortage.

The challenges of filling job vacancies

Why are business owners having such a hard time finding workers? The majority pointed to a lack of qualified applicants (71%), while others said salary expectations were too high (49%) or applicants did not show up for a scheduled interview (40%) (see Figure 3). The latter can be incredibly frustrating for small business owners as most do not have a human resources department; therefore, the owners themselves have to post job ads, go through applications, and contact potential candidates.

FIGURE 3

During the past five years, what were your biggest difficulties with applicants when hiring? (Select one answer) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=4,088.

To address this, 60% of small business owners said they improved working conditions (salary, vacation, paid time off, etc.) in order to attract more candidates, and 78% did so to retain current employees.³ However, small businesses usually have fewer financial resources than larger firms, so it is often more difficult for them to compete for the same pool of qualified workers.

As a result of not having enough employees, 41% of small business owners have said that they are losing contracts or sales, and 34% have had to cancel business plans (see Figure 4). To cope with having fewer workers available, just over 30% have automated certain tasks to reduce their reliance on labour, and almost 10% have turned to the Temporary Foreign Worker (TFW) program to help address vacancies.

³ CFIB, Your Views on Employment Survey, 7,916 responses, August-October 2018.

FIGURE 4

Thinking about your business during the past 12 months, to what extent do you agree with the following statements? (Select one answer) (% response)



Source: CFIB, Your views on employment survey, August-October 2018, n = 7,085.

Who small businesses are looking to hire

While it is clear small businesses are struggling to find the workers they need, it is important to determine what kind of skills they are seeking in their workers. Survey results show that 46% of small business owners are looking for workers with a college diploma or apprenticeship training to fill occupations in skill level B (see Figure 5). The second-most in-demand workers are in skill level C (31%), which are occupations that require a high school diploma or job-specific training. Only around 16% of small businesses were seeking primarily lower-skilled workers who require only on-the-job training (skill level D), while 7% were looking for workers with a university degree (skill level A), and 1% wanted to fill management-type positions (skill level 0).

FIGURE 5



Occupational shortages, by NOC skill level (Specify only one) (% response)

Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=3,925.

When breaking down the types of occupations most sought-after in skill level B, more than half are in the skilled trades (see Table 1). For example, included in *"Industrial, electrical and construction trades"* are carpenters, welders, plumbers, and electricians, while *"Maintenance and equipment operation trades"* include mechanics, crane operators, HVAC workers and millwrights. These shortages reflect the fact that job vacancy rates remain higher in the construction industry and personal services businesses.

TABLE 1

Top 10 Shortages in Skill Level B, by NOC Major Group

Major group Percentage looking to hire	
Industrial, electrical and construction trades (e.g. electricians, plumber	rs, carpenters) 28%
Maintenance and equipment operation trades (e.g. mechanics, crane	e operators) 27%
Service supervisors and specialized service occupations (e.g. chefs, but	chers, bakers) 17%
Technical occupations related to natural and applied sciences (e.g. architectural technologists, land surveyors, estimators)	10%
Retail sales supervisors and specialized sales occupations (e.g. store supervisors, wholesale buyers, insurance brokers)	4%
Administrative and financial supervisors and administrative occupation (e.g. office supervisor, executive assistants)	ons 4%
Technical occupations in art, culture, recreation and sport (e.g. graphic designers, interior decorators, artisans)	3%
Technical occupations in health (e.g. vet techs, dental hygienists, ultr	asound techs) 3%
Paraprofessional occupations in legal, social, community and educati (e.g. paralegals, early childhood educators, group home workers)	on services 2%
Finance, insurance and related business administrative occupations (e.g. bookkeepers, insurance adjusters, customs brokers)	2%

In skill level C, 33% of small business owners needed staff in the *"Sales representatives and salespersons"* group, which includes sales clerks (see Table 2). Eighteen percent reported that they required workers such as transport truck drivers in the *"Transport and heavy equipment operation and related maintenance occupations"* group. While many of the occupations in skill level C may not always require formal training, these should not be considered "unskilled" positions. These jobs still require informal training that is gained through on-the-job experience, and many also require certifications or licensing.

TABLE 2

Top 10 Shortages in Skill Level C, by NOC Major Group

Major group	Percentage looking to hire
Sales representatives and salespersons - wholesale and retail trade (e.g. liquor sales representatives, store clerks)	33%
Transport and heavy equipment operation and related maintenance occ (e.g. transport truck drivers, taxi drivers, excavator operators)	upations 18%
Service representatives and other customer and personal services occupa (e.g. bartenders, servers, hotel desk clerks)	ations 13%
Workers in natural resources, agriculture and related production (e.g. forestry workers, farm worker, greenhouse worker)	7%
Assemblers in manufacturing (e.g. vehicle assemblers, furniture finishers assemblers)	s, electronics 5%
Other installers, repairers and servicers and material handlers (fumigato installers, bicycle repairers)	rs, window 5%
Processing and manufacturing machine operators and related production (saw mill operators, carpet makers, printing machine operators)	on workers 4%
Office support occupations (e.g. receptionists, data entry clerks)	4%
Trades helpers, construction labourers and related occupations (e.g. bricklayers, drywall sanders, demolition workers)	3%
Care providers and educational, legal and public protection support occ (e.g. nannies, personal care attendants, housekeepers)	upations 3%

Overall, the majority of small business owners are looking for skilled and semi-skilled workers, both those who have received formal training, as well as those with on-the-job training, although there also remains a need for lower-skilled workers as well. While university degrees and advanced education may be important to some, it must be emphasized that these are not the qualifications sought by most small employers. Given that 77% of labour force needs are concentrated in skill levels B and C, it is important for governments to consider whether the immigration system is meeting the most pressing needs of small employers.

IS CANADA'S IMMIGRATION SYSTEM WORKING FOR SMEs?

While there is no one solution to labour shortages, immigration can play a key role in helping to ensure that Canada has the workers it requires to continue to grow our economy. However, many small businesses are overwhelmed by the complexities and red tape involved in using the immigration system to hire workers. In addition, when the government selects immigrants to welcome to Canada, their skills may not always be meeting the real needs of Canada's small business owners.

As hiring for foreign workers is an incredibly expensive and complicated process, most business owners focus on steps to retaining existing staff or attracting new workers already in Canada, including immigrants who are already in the country. Contrary to the belief that businesses hire foreign workers to keep their wages low, the majority (61%) said they first increased wages (see Figure 6). Forty-two percent also reported adding flexibility to work hours, 36% introduced or expanded their employee benefits and 31% expanded their recruitment efforts beyond their traditional search area. There are also differences between what smaller and newer firms do to try and retain staff, versus larger firms. Newer and smaller firms tend to focus on more flexibility in the workplace, while larger firms were more likely to try recruiting outside of their area and expand employer benefits. This is likely due to the fact that smaller firms often have fewer resources and certain benefits such as insurance are less available to them or may be too expensive. However, it still shows employers do what they can to improve working conditions and retain workers.

FIGURE 6

Prior to looking for workers through the immigration system, what steps did your business take to retain existing staff or attract new workers?

(Select as many as apply) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,488.

Skills of new immigrants

For the purposes of this report and the survey, "new immigrants" describes people who have lived in Canada for five years or less and are permanent residents, as well as temporary foreign workers who are in the country to work for a limited period on a work permit. According to Statistics Canada, between 2011 and 2016, Canada accepted over 1.2 million new permanent immigrants; however, this number does not include temporary workers or foreign students.⁴ The majority (60%) of immigrants to Canada were economic immigrants who were selected for their skills and ability to contribute to the economy, including business immigrants, skilled workers, caregivers, and those selected through a provincial nominee program. Over a quarter (27%) of new Canadians are immigrants sponsored by family members who are either Canadian citizens or permanent residents, and 12% are welcomed as refugees (see Figure 7).

FIGURE 7

Permanent immigrants accepted into Canada between 2011 and 2016

(% by category)



Source: Statistics Canada, 2016 Census. Catalogue Number 98-400-X2016201.

⁴ Statistics Canada, 2016 Census. Catalogue Number 98-400-X2016201.

It is important to consider whether those who entered the country as economic immigrants have the skills that match the actual needs of the labour force. However, as seen in Figure 8 below, there is a serious mismatch between the skill levels of skilled workers who are in Canada as permanent residents and the skills that small business owners need the most. Whereas almost half of small business owners (46%) are looking for workers with skill level B, workers within this skill level only make up 17% of permanent residents. Similarly, 31% of small employers are looking for workers with skill level C, but these only make up 2% of permanent resident. Instead, the majority of permanent residents (59%) are highly-skilled workers with skill level A. It seems the government is focused on prioritizing immigrants with university degrees rather than those whose skills are needed the most by the labour market.

FIGURE 8

Skill level of skilled workers who were permanent residents in Canada in 2017 versus occupational shortages reported by SMEs (% response)



Source: Immigration, Refugees and Citizenship Canada, Facts and Figures 2017: Immigration Overview — Permanent Residents, 2008 – 2017. CFIB, Labour Shortages and Immigration Survey, June 2019, n=3,925.

Currently, the Federal Skilled Work Program and the Express Entry Program assess eligibility of immigrants based on a points system which assigns a numerical value to various skills and characteristics/abilities, including language, education, work experience, and age. However, some of these other factors (age, work experience, education and language) garner a greater number of points than a job offer when the government evaluates someone entering into Canada. The province of Quebec selects its own skilled workers based on separate criteria.

Immigration Streams for Skilled Workers

Express Entry

The Express Entry system is the federal program that manages online applications for permanent residency from skilled workers. If workers meet the minimum requirements, they can submit their documents and create a profile which will determine whether they are eligible to be placed in a pool of candidates. Once in the pool, they are ranked using a points-based system and receive a score. Candidates with the highest scores in their pool will be invited to submit their application for permanent residency within 60 days. Applications are generally processed within six months or less.

Within the Express Entry system, there are several classes:

Canadian Experience Class

This class is for skilled workers who meet minimum language requirements and have previous skilled work experience in Canada for at least a year. This includes managerial jobs (skill level 0), professional jobs (skill type A), or technical jobs and skilled trades (skill type B).

···• Federal Skilled Worker Program

Skilled workers with foreign work experience can apply for permanent residency through this class. Similarly to the Canadian Experience Class, applicants must have previous work experience of at least a year in occupations in skill level 0, A or B.

Enderal Skilled Trades Program

This stream is aimed at foreign workers in the skilled trades (e.g. electricians, chefs, butchers, carpenters) who wish to become permanent residents. No Canadian work experience is required, but applicants must have had at least two years work experience within the last five years in a skilled trade. Applicants must also either have a valid job offer for at least a year, or a certificate of qualification for their trade.

Global Talent Stream

This stream was created under the Temporary Foreign Worker Program, but is aimed at highly skilled workers and is intended for firms who need to fill an in-demand position on the Global Talent Occupations List (e.g. computer engineers, web designers, video game designers) or individuals with "unique and specialized" talents specific to certain industries or positions. To qualify, employers must submit a Labour Market Benefits Plan that outlines activities that they must undertake to improve the Canadian labour market (e.g. improving hiring of underrepresented groups, increasing firm's employment and investments).

In the past five years, a third (33%) of small business owners reported hiring a new immigrant (see Figure 9). Businesses who had reported that they had difficulty hiring new employees were much more likely to have hired a new immigrant (55% who said it was very difficult and 37% who said it was somewhat difficult) versus those who had no difficulty (8%). When broken down by sector, businesses in hospitality, manufacturing, enterprise and administrative management, and agriculture, were more likely to have hired a new immigrant. It was also more likely for an urban-based business (35%) to have hired a new immigrant than those in rural areas (23%). This is not surprising given that often new immigrants tend to migrate towards the larger urban centres where they may find more community and social services geared towards their needs. To help balance this out better, immigration and settlement programs that aim to increase the presence of new immigrants in more rural and remote areas are welcome.

FIGURE 9



Have you hired any new immigrants in the past five years? (Select one answer) (% response)

Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=4,743.

When looking at the distribution of employees within their workforce, 61% of small business owners reported that less than 10% of their employees were new immigrants (see Figure 11). Only 6% reported that more than 50% of their workforce was comprised of new immigrants.

FIGURE 10

Approximately what percentage of your current workforce are new immigrants?

(Select one answer only) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,563.



Agriculture was the sector with the highest proportion of new immigrants in the workforce, with 23% reporting that more than half their workforce was comprised of new immigrants (see Figure 11). Due to the seasonality of their industry, and agriculture-specific programs such as the Seasonal Agricultural Worker Program, many farmers face difficulties finding local workers and turn to new immigrant workers (both temporary and permanent) to fill their vacancies.

FIGURE 11

66

Approximately what percentage of your current workforce are new immigrants? By sector (Select one answer only) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,563.

Apple orchards require TFWs for the harvest season. Legally our company puts a job ad out; however, we do not receive applicants as Canadians do not want to work these necessary jobs.

– Orchard, Ontario

Types of new immigrants hired

When asked about what types of new immigrants they hired, the majority (79%) of small business owners said they hired immigrants who were already in Canada with permission to work. Due to the number of immigrants in urban centres versus rural locations, businesses in urban areas (80%) were more likely to hire immigrants already in Canada than rural ones (68%). Just over a quarter (27%) reported hiring a foreign worker in Canada to work for a limited period of time (see Figure 12). This number jumped to 73% for businesses in the agricultural sector and 51% for businesses in hospitality, both of which are often in need of seasonal workers.

Due to the limited availability and scope of current programs, in addition to their complexity, fewer businesses (15%) were involved in hiring an immigrant through the permanent immigration system (e.g. through a provincial nominee program or the Atlantic Immigration Pilot). Businesses in hospitality (35%) were the most likely to have used the permanent immigration system.

FIGURE 12

What categories of new immigrants have your business hired?

(Select as many as apply) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,564.

Businesses in British Columbia (37%), Alberta (35%) and Quebec (28%) were the most likely to have hired a temporary foreign worker. Businesses in British Columbia and Quebec also reported the highest job vacancy rates in the country.⁵ SMEs in the Atlantic provinces and Saskatchewan hired the most new immigrants through the permanent immigration system, often through provincial nominee programs and, in the case of Atlantic Canada, the Atlantic Immigration Pilot program (see box on page 27) (see Figure 13).

⁵ CFIB, Help Wanted, Q3, 2019.

Provincial Nominee Program

Based on agreements with the federal government, each province and territory is able to accept a certain amount of new immigrants as permanent residents every year who intend to settle in their province. Every jurisdiction is able to create streams through which immigrants can apply with specific criteria that may target certain segments of the population or groups (e.g. students or skilled workers). For example, Ontario has an "In-Demand Skills Stream" and Nova Scotia has a specific stream for physicians. For temporary foreign workers in lower-skilled jobs, this is the only available avenue for them to apply for permanent residency.

FIGURE 13

What categories of new immigrants has your business hired? By province (Select as many as apply) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,564.

Experience using the immigration system

For small businesses looking to fill gaps in their workforce through the immigration system, the process can be overwhelming. Many business owners expressed frustration with the amount of paperwork involved and the complexity of the forms. Others were frustrated by the length of time to process applications or to get an answer from government officials. Of the hundreds of comments we received on the survey, close to three quarters of small business owners described their experience with the government as negative.

66

It was extremely frustrating as we have no HR department to monitor all the paperwork to ensure we are in compliance. [Government] employees have no idea how to help small businesses wade through the process. They expect us to know all the lingo and places to search online. We got raked over the coals because we didn't know all the ins and outs. This was through the Provincial Nominee program.

– Bakery, Manitoba

66

I have used the Seasonal Workers Agricultural Program (SAWP) for six years now. The paperwork is too complicated. Without the program my farm would be out of business. There are no people able to do physical work. Using temporary foreign workers costs more money than locals.

– Farmer, Ontario

66

We currently have four TFWs [temporary foreign workers] and they are doing well. We are expecting three more, but the delays have increased. They were supposed to arrive in November 2018, we are at the end of June 2019 and we do not yet have an arrival date. [translated]

- Cabinet maker, Quebec

66

We use the SAWP program, gone excellently, well done aovernment (and without it we would not be able to support our 70 fulltime Canadians). We also have hired high skilled immigrants. This has been trickier, more costly, but still manageable. Without these people, we would also be severely restricted in growth.

– Farmer, British Columbia



When asked to rate their experience when hiring a new immigrant, small business owners were less than satisfied with how the process unfolded. The cost, the amount of paperwork and the lengthy timelines were identified as being the most problematic areas. Over half (56%) of respondents rated timelines as poor and 47% said that the amount of paperwork required was poor. The area with the most satisfaction was the availability of information on how to apply, where 3% rated it as excellent, 24% said it was good, and 33% said it was fair (see Figure 14).

FIGURE 14

Please rate your experience hiring a new immigrant.

(Select one for each line) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=537.

However, there remains work to do to ensure that small businesses have all the information they need before hiring a foreign worker. In a follow-up question, half of small business owners somewhat (24%) or strongly (26%) disagreed that it was easy to find information on hiring foreign workers. While services such as Immigration, Refugees and Citizenship Canada's outreach officers exist to help employers learn about the immigration system, they are seldom used as most employers are unaware that they exist.

When asked specifically whether they had encountered any problems with the immigration system, close to 60% of business owners said that it was too complex or they had issues with the amount of paperwork involved in hiring a foreign worker (see Figure 15). Fifty-four percent of business owners said that delays in processing applications or paperwork was a problem. Advertising requirements to demonstrate hiring difficulties, such as proving that a job had been posted to the Job Bank for a certain period of time, was an issue for almost half (48%) of small businesses.

FIGURE 15

What problems, if any, has your business encountered with the immigration system? (Select as many as apply) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=522.

The following are just a few of the comments from small business owners that illustrate their frustrations with some of the issues they encountered when dealing with Canada's immigration system (more comments are available in appendix A):

66

New immigrants were hard to hire. The onus on business to advertise in multiple places for trades people that are not available in Canada delayed the process by several months. The advertising requirements to use the Canada Job Bank is not helpful. Many unqualified applicants and a waste of time. Site uses only pull-down menu items and does not allow for expanded definition of work requirements. The LMIA process is also difficult. I needed to hire a consultant to get through the process and it was still cumbersome. Now that they are here it is another difficult process to get them their permanent resident status before the work permit expires.

– Electrician, Ontario

66

Most everything has been fine except for all the paperwork, and delays in visas and PR applications. As a skilled trade we are not looking for temporary foreign workers, but for permanent solutions as it takes months for new employees to get familiar with the equipment and processes. To retain the same employee, we had to go through the same LMIA process twice so he could get his PR application in the works. He is a skilled worker and exactly what we need and exactly what we cannot find locally. You hear about skilled labour applications being fast tracked, but that still means a couple of years of paperwork with no guarantees that something won't fall apart, and we'll be left looking for a new employee on short notice.

- Machine shop, British Columbia



66

We are currently short 35 employees and are only receiving applications from foreign workers. Foreign workers have saved our business. We would like to hire more, however, the programs keep changing. We need a simple process to get the workers here and working. We currently have several with temporary permits who are struggling to stay and scared they will be sent home. They are amazing employees, community members and are valuable to our business. We are always stressed about losing them."

– Franchise restaurant, Nova Scotia



The Temporary Foreign Worker Program

Most small businesses turn to the Temporary Foreign Worker Program (TFWP) as a last resort when trying to fill job vacancies. This is because the costs and complexities involved in navigating the immigration system, on top of other costs such as airfare and accommodations, mean that it is far cheaper and simpler to hire a worker that is already in Canada. The majority (73%) of business owners strongly (45%) or somewhat (28%) agreed that the TFWP should not be used to replace Canadians that are willing and able to work (see Figure 16). However, nearly 30% of all business owners, and 75% of businesses in agriculture, said that their business would not be able to operate without foreign workers, which would put the jobs of their Canadian employees at risk.

FIGURE 16

Please indicate your level of agreement with the following statements.

(Select one for each line) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,430.

66

From both a business risk and a complexity standpoint, businesses would prefer to hire local (Canadian) workers than incur the cost and procedural burden of hiring foreign workers. The reality is that businesses who resort to hiring foreign workers are literally left with no alternative. If there were reasonable alternatives to hiring foreign workers, no business owner in their right mind would choose to undertake the risk and cost of attracting a foreign worker. If the government realized this, perhaps they would not make the process of proving the need so onerous.

– Mechanic, Alberta

In order to hire a TFW, including those in agricultural streams, businesses must prove to the government that there is no Canadian available to fill the position. This application process involves several steps including completing a Labour Market Impact Assessment (LMIA), for which the employer must submit a form that is over 15 pages long. They must also prove that the business tried recruiting a Canadian worker through the Job Bank and two additional methods within the last three months for a minimum of four consecutive weeks. Once they submit their application, the business must pay a \$1,000 fee (plus other administrative fees) for each position, which is not refunded should their application be denied.

Many of the survey comments mentioned significant delays in the application process, some waiting as long as 18 months for a response on their LMIA application. Over half (54%) of small business owners reported that it took more than six months to process their application, with 15% saying it took longer than 12 months (see Figure 17). These delays are most significant in British Columbia, where 53% of businesses are waiting between 6 and 12 months, and Alberta where 42% of businesses are waiting 6 to 12 months and 20% are waiting more than 12 months. Delays are also more significant in some sectors versus others – 51% of businesses in construction and 42% in manufacturing are facing delays of between 6 and 12 months.

FIGURE 17

How many months did it take to process your application for a foreign worker, from the date you submitted your application to the date you received your approval? (Select one answer only) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=466.

Significant delays in hiring a TFW can cause major stress and financial hardship for many small businesses, leaving them uncertain about whether they will have to delay business plans or increase their own hours of work. This can be particularly damaging for seasonal or agricultural businesses, who often cannot wait to fill vacant positions. Sixty-nine percent of small business owners said they somewhat (25%) or strongly (44%) agree that the federal government should make it easier for small businesses to access the TFWP (see Figure 16).

Employers can also face additional red tape when dealing with the government once their workers have been hired. A lack of communication between government departments and a lack of consistency in applying the rules can make it confusing, and frustrating, for small business owners simply trying to follow the rules. For example, one business owner was flagged as non-compliant by the Integrity Services Branch at Employment and Social Development Canada (ESDC) for having their TFWs work more than 40 hours a week, despite having the information on their LMIA, abiding by their provincial labour standards and notifying Service Canada's Employment Contact Centre. Reducing the red tape involved in hiring a foreign worker can be one way to address some of these frustrations.

However, reducing red tape and delays does not mean that small business owners believe that protections for workers should be reduced. While there have been reports of certain employers mistreating TFWs or misusing the program, the vast majority of employers follow the rules and want those who do not comply to face strong penalties. The majority (83%) of small business owners agree that businesses that misuse the TFWP should see their access to the program revoked (see Figure 16).

For businesses who hire TFWs, it is complex and often not possible to keep workers in their business in the longer term as there are limited ways for them to become Canadian citizens. The Canadian Experience Class, Atlantic Immigration Pilot and the new Rural and Northern Immigration Pilot provide pathways to permanent residency for skilled workers. However, for lower-skilled workers, provincial nominee programs are one of the only avenues towards permanent residency and the federal government only allots a limited number of new immigrants to each province. Apart from the new Agri-Food Immigration Pilot that will be available to certain industries, there currently is no federal pathway to permanent residency for lower-skilled workers. As such, it can be difficult for a TFW who has been trained by a business and who has integrated into the community over a period of several years to transition to permanent residency.



Agri-Food Immigration Pilot

In March 2020, the federal government plans to launch a 3-year Agri-Food Immigration Pilot which will provide a pathway to permanent residency for TFWs in eligible occupations and industries (including meat processing and mushroom harvesting). Employers participating in the pilot will be eligible for a 2-year LMIA after which the worker can apply for permanent residency.



Atlantic Immigration Pilot

The federal government launched this pilot in 2017, designed as an employer-driven program to allow businesses in Atlantic Canada to hire workers at skill levels 0, A, B or C (see page 8 for description of skill levels) for jobs they have been unable to fill with local candidates. To qualify, employers must become designated by their province and commit to four settlement-related obligations which include partnering with a settlement service, providing a welcoming workplace, ensuring that applicants and their families receive a settlement plan, and supporting access to settlement services. Once hired and in Canada, employees can then apply for permanent residency through the program. During the 2019 federal election, the Liberal government promised to make this program permanent.



Rural and Northern Immigration Pilot

Similar in scope to the Atlantic Immigration Pilot, the Rural and Northern Immigration Pilot is community-driven rather than employer-driven to try and encourage greater retention of economic immigrants in smaller communities. Local community groups work with employers to hire immigrants to meet their employment needs and offer community support to help settle and integrate newcomers. Immigrants who have been selected by the community can then apply for permanent residency. As of summer 2019, eleven municipalities have been selected to participate in the pilot and immigration candidates could start applying in fall of 2019.



Seasonal Agricultural Worker Program (SAWP)

This program is part of the TFWP, but is specifically aimed at businesses in the agricultural sector. Employers in primary agriculture for commodities such as fruits and vegetables, poultry and dairy can hire TFWs from participating Caribbean countries or Mexico for a maximum period of eight months between January 1st and December 15th. As part of this program, employers are responsible for providing their workers with day-to-day transportation and housing. Employers are still required to follow the same process as hiring a TFW, including advertising the position in Canada first and applying for an LMIA.

RECRUITING METHODS

When asked how they recruited new immigrants to their business, most small business owners (52%) said that they were hired through the same process as other staff since many were hiring new immigrants that were already in Canada (see Figure 18). The next most common methods were new immigrants approaching the business owner for employment (35%) and referrals from existing staff who were also new immigrants (24%). Only 13% reported using a government program, such as the TFWP, or a paid immigration consultant.

FIGURE 18

How did your business go about recruiting new immigrants?

(Select as many as apply) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,485.

INTEGRATING NEW IMMIGRANTS IN THE WORKPLACE

While the process to hire a new immigrant can be long and costly, the work does not stop there for a small business. Once their employee is hired, small business owners must then work to train and retain their new worker. While most businesses (43%) said they did not have difficulties retaining new immigrants, around 28% said they did have trouble. In their comments, some business owners expressed that it can be difficult to retain workers, who sometimes chose to move from more remote, rural areas to an urban centre (see comments below).

While there are certain pilot programs that aim to provide opportunities for permanent residency for workers with a broader range of skill levels, such as the Atlantic Immigration Pilot, they are limited in scope and there remain challenges with regards to retention. The new Rural and Northern Immigration Pilot aims to address certain issues around retention of new immigrants outside large urban centres through the involvement of community-based partners in recruitment and integration of foreign workers.

66 I tried the immigration system to We have had good All immigrants that I hired were retain a foreign worker, but the success with the excellent workers, but most would process was too complicated and I foreign workers, move to bigger cities once they got gave up. however, once they their full Canadian status. receive permanent - Equipment rental company, - Restaurant, Nova Scotia status many leave British Columbia for the larger centres. Of ten workers, we have 66 retained two. What is positive is that they now have skills We had a server who was here on a working visa and then applied for beneficial to the permanent residency with us being her sponsor. It was a really long process, industry. although she was allowed to work during the waiting period which was - Construction firm, good. She did, however, guit as soon as her permanent residency was issued. Alberta - Restaurant, British Columbia

While integrating any new employee into a workplace is not always easy, integrating a new immigrant comes with some unique challenges for small business owners who often lack the resources of larger companies. When asked what their biggest challenges were when hiring a new immigrant, 52% of small business owners identified language barriers (see Figure 19). The second biggest challenge was a lack of understanding of the Canadian workplace culture (33%). However, almost a quarter (24%) said that they did not face any challenges.

FIGURE 19

What are the biggest challenges your business faced when employing a new immigrant? (Select as many as apply) (% response)



Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=1,438.

These challenges varied somewhat across the country. In particular, 35% of businesses in British Columbia said that the lack of affordable housing was a challenge, making it the second-biggest issue for business owners in that province, while in the social services sector, 39% said that they had difficulties recognizing foreign qualifications. Urban centres in British Columbia, particularly around the Greater Vancouver Area and Victoria have seen significant increases in housing prices over the last decade, making it difficult for employees to find affordable housing close to work. Validating foreign credentials remains an area that the government can help address alongside professional associations. The social service sector, which includes dentists, early-childhood educators and doctors, faces significant challenges not knowing whether credentials are enough in the Canadian context and can face a lengthy and complex process to validate them.

66

We have hired two new immigrants. One did not work out at all and was only employed with us for a couple of days. The other has been with us for over two years. The language barrier can make it very difficult on job sites. The main issue we have is finding the government mandated training in the language of the employee. We are required to have our employee fully trained in Working at Heights, WHMIS and Health and Safety, however, none of those programs are offered in their primary language. Without the training we could face fines/penalties from the Ministry, but our employee does not understand the courses when they are only provided in English. The government should have put the resources in place for the Syrian refugees before they brought them to this country.

– Plumber, Ontario

66

66

Language and lack of qualifications is the biggest problem that we have seen. There should be a skills assessment beforehand. It is hard to determine the skill set with the language barriers.

- Mechanic, Alberta

99

99

Basic communication of safety issues can be difficult if the new employee does not have a comprehensive understanding of the English language.

– Landscaper, British Columbia

66

Overall, we have had a good experience in hiring new immigrants. There is a minor cultural and language barrier at the start, but it is easily overcome.

- Restoration Service, New Brunswick

In order to ensure new immigrants are integrated into their workplace, including those already in Canada, many small business owners provide additional support or assistance to their new employees. Thirty percent of small business owners said they offered additional training to help meet the job requirements. Almost 20% also provided them with assistance with settlement and 18% offered mentorship or social activities to help better integrate them in their new community and workplace. Thirty percent reported that no additional support was necessary, particularly for those who hired new immigrants already settled in Canada, and 22% said that their business did not have the capacity to provide additional support.

When looking specifically at TFWs and new immigrants that a business helped bring in through the permanent immigration system, most businesses provided more significant support. As many of these workers have not yet set down roots in Canada, business owners go above and beyond to help them find housing, set up a bank account and feel integrated within their new community. For example, over half of those who hired a new immigrant directly from another country assisted with their settlement, as did 41% of those who hired a TFW (see Figure 20). Training was also offered in 49% of businesses who hired new immigrants and 39% who hired TFWs, and 32% and 28% of businesses also offered mentorship to new immigrants and TFWs respectively. As employee retention is a challenge for many small businesses, 25% increased wages for new immigrants and 23% introduced or expanded employee benefits. Some (23%) also offered language training to their employees to help facilitate their integration into the workplace.

FIGURE 20

In hiring new immigrants, what has your business done to ease their transition into your workplace or community and ensure their retention?

(Select as many as apply) (% response)



New immigrant(s) through the regular permanent immigration system with my business' involvement

Foreign worker(s) in Canada to work for a limited period of time

Source: CFIB, Labour Shortages and Immigration Survey, June 2019, n=567.

The following are some examples of how some small business owners feel about integrating new immigrant employees into their workplace (more comments available in appendix A):

66

My experience is they have a great work ethic and are willing to work hard which is wonderful. Language skills are an issue as there is a lot of productivity lost in trying to explain everyday tasks. Some skills gaps are also problematic, but depending on the job, can be overcome with training. More programs should be available to small business to give us the opportunity to spend the time and money needed to properly train and integrate new immigrant employees to our teams.

– Web design company, Quebec 🚽

56

Welcome addition with a strong work ethic. It takes extra effort to ensure their comfort with the rest of the team and their community, but it's worth it when we see their strong desire to make the most of their new opportunities.

– Farmer, Alberta

99

66

Most of the new immigrants that we have hired have become valuable employees. We try to help them have a happy work and personal life and to thrive here, become homeowners, obtain a vehicle, education, and English classes. Encourage them to show their talents in our workplace.

- Restaurant and motel, Saskatchewan



Despite the challenges with paperwork and integrating new employees, the vast majority of comments we received from small business owners indicated that they had an overall positive experience hiring a new immigrant in their business. Many of them described their employees as especially hardworking and dedicated members of their team. Here are some of the comments members had about their overall experience:



CONCLUSION AND RECOMMENDATIONS

Immigration is one of many solutions to address labour shortages, and can play an essential role in helping small employers fill vacant positions. However, the complexities and costs involved can make it difficult for SMEs to find and hire the workers they need. The government has an important role to play in ensuring that the immigration system remains fair while meeting the needs of Canada's labour force. The following are CFIB's recommendations to improve Canada's immigration system and help ensure that small businesses can hire the workers they need.

RECOMMENDATIONS Creating an "Introduction to Canada" Visa

Despite being intended to help employers fill temporary vacancies, an accurate criticism of the Temporary Foreign Worker program is that it is often used to fill permanent labour market needs instead. With continuing labour shortages, there remains a need to ensure that employers are able to access lower-skilled workers and those in occupational categories. However, Provincial Nominee Programs (PNP) remain the only pathway to permanent residency for these workers.

The Introduction to Canada Visa could replace much of the need for expanded PNP programs and build on the success of the Atlantic Immigration Pilot. Rather than creating a patchwork quilt of programs, building this approach as the mainstay of the economic immigration program would replace the need for much of the TFW program and provide a more permanent solution to ongoing labour shortages.

Proposed details of the Introduction to Canada Visa:

- \checkmark 2-year initial working visa to work in a sector or region with high demand.
- \checkmark National or provincial path to permanent residency after 2 years.
- \checkmark Targeted at more junior skill sets.
- \checkmark Employer must pay same wages in the business, not the sector.
- ✓ Employer must have 1 Canadian employee at same wage rate to have 1 Intro Visa.
- ✓ Ability to switch employers, not sectors or regions, if promises not kept.
- \checkmark Strict national or provincial enforcement.

RECOMMENDATIONS Creating better connections between employers and immigrant workers

- ✓ Ensure all economic immigration categories are accessible to workers at all skills level, including trades and semi-skilled occupational categories.
- Rework the "points system" for immigration to ensure that economic immigrants being welcomed into Canada are filling actual labour market needs by placing more emphasis on those who have already secured a job offer from a Canadian employer.
- ✓ Continue to work with employer groups, professional associations and educational institutions to ensure that the assessment of foreign credentials is done in a timely and efficient manner and is easily accessible to newcomers so that they can find relevant employment opportunities more quickly. Ensure this information is communicated to employers so they are aware of where to go for additional support to recognize credentials.

RECOMMENDATIONS Matching labour market needs

Permanent Immigration System

- ✓ Improve and expand pilot programs that promote employer-led immigration, such as the Atlantic Immigration Pilot, specifically working to address the issues around retention. One solution may be to require the new immigrant to remain with that employer for a defined period of time (i.e. 24 months) prior to them getting permanent residency (see recommendation on Introduction to Canada Visa).
- ✓ Ensure that the skills of new immigrants being welcomed into Canada on a temporary or permanent basis more closely align with the skill levels needed by employers of all sizes, including the skilled trades, lower-skilled and entry-level occupations.
- ✓ Ensure current immigration streams, such as "Express Entry," are better able to match skilled immigrants with job vacancies. This can be done by improving SMEs' awareness of the system, making sure it is simple for them to access, and ensuring that new immigrants can be hired in a timely manner.

Temporary Foreign Worker Program

✓ Improve the National Occupational Classification (NOC) system to better reflect the current realities of the labour force. Small employers, particularly in newer sectors, often have difficulties identifying the code under which their jobs fall.

- ✓ Review the economic regions for unemployment rates to ensure that they are truly representative of the labour market situation on the ground. Many economic regions span vast areas, particularly in rural and remote regions, and so they do not always accurately reflect the realities of many communities that may have much lower unemployment rates than the broader economic region.
- ✓ In the absence of a federal solution for permanent immigration for lowerskilled workers, increase the number of immigrants allowed into Canada through provincial nominee programs and potentially through the new municipal nominee program to help more TFWs apply for permanent residency.

RECOMMENDATIONS Reducing red tape in the immigration system

- ✓ Conduct a full review of the LMIA process to reduce the complexity of applications, improve government customer service, and significantly reduce delays in processing applications.
- ✓ Create a trusted employer stream for the LMIA process for employers with a proven track record of complying with the rules, with clear requirements for acceptance and severe penalties if ever found to be in non-compliance. This would allow more experienced firms to bypass the more basic paperwork required for first-time users of the TFW program.
- ✓ Reduce fees associated with applying for an LMIA and allow fees to be refunded if the application is denied.
- ✓ Provide employers with more details about why an LMIA application may have been denied, rather than providing only a generic letter.
- ✓ Review the system for setting wages for TFWs to better reflect the realities of small businesses by allowing them to be set according to existing wages within the individual firm rather than according to the economic region.
- ✓ Ensure that information concerning the rules and procedures of the Canadian immigration system are clear and accessible to employers and new immigrants, particularly for employers filling out the LMIA application.
- ✓ Provide better support, both online and over the phone, for employers. This could include assigning a specific agent to a file, as soon as an application is submitted, with whom the employer can communicate directly and get status updates for their LMIA applications. Employers should also be able to verify the status of their application online and submit any additional supporting documents digitally.
- ✓ Create and clearly list service standards for LMIA applications so employers know what they can expect in terms of wait times and, should wait times exceed service standards, provide avenues for recourse for employers to ensure the government is held accountable (for example, providing partial refunds of application fees if wait times are found to be excessive).

- ✓ Facilitate better communication between Service Canada's Employment Contact Centre and Integrity Service Branch at ESDC to ensure that auditors are fully aware of any changes reported by employers.
- ✓ Improve awareness of outreach services for employers hiring foreign workers (e.g. Outreach Officers or the designated service channel for the Atlantic Immigration Pilot from Immigration, Refugees and Citizenship Canada) to help ensure small business owners understand the requirements of immigration programs.
 - For example, employers who call Service Canada's Employment Contact Centre should also be informed about the Outreach Officers and how to contact them.
- ✓ Ensure information about immigration programs, including the TFWP, is more accessible to small businesses. This includes reducing wait times for the Service Canada and Immigration and Citizenship employer phone lines and providing information in plain language on government websites.
- ✓ Improve the accessibility of information to business owners by creating more awareness of Service Canada's Employer Contact Centre which deals with TFW-related inquiries.
 - For example, the number should be more clearly listed on the website. Currently, the phone number is listed under the ESDC Corporate information section, where very few business owners would think to look.

RECOMMENDATIONS Helping small businesses retain workers

- ✓ Work with industry associations, community groups and settlement organizations to improve awareness and accessibility of services that help integrate new immigrants into local communities, particularly in rural areas.
- ✓ Improve access to language training for small businesses who hire foreign workers, particularly in rural or remote areas. This can include virtual and online training for workers.

METHODOLOGY

This report presents findings from CFIB's *Immigration and Shortage of Labour Survey*, a new online survey completed by 5,525 CFIB members between June 13 and June 27, 2019.

For comparison purposes, a probability sample with the same number of respondents would have a margin of error of plus or minus 1.3 percent, 19 times out of 20.

Unless otherwise specified, all the data cited in the text of the report is from this survey.

Chart and figure numbers throughout the report may not always add to 100 due to rounding.

APPENDIX A

Member Comments

Please share your overall experience, good or bad, hiring a new immigrant. This can include their impact on your business, how well they integrated into the community or your experience using the immigration system.

After paying \$1,000 for the application, the government agent denied it based solely on this reason: We did not adequately advertise to recruit a Canadian for his position first. The fact is, we did comply with the advertising on Job Bank Canada. The problem was the position doesn't have a NOC code (Vinyl Repair Tech), so we picked the closest one (Upholsterer) but advertised it at the wage the position pays, which is lower than the Job Code calls for. She informed me I would have had to hire and pay a Canadian at the advertised wage, even though the job descriptions didn't match. The agent exercised no discretion."

- Vinyl repair, Alberta

We would not be able to operate our business without foreign workers. We have positions that have been empty for as much as two years with no Canadians applying. The foreign workers from TFW, through youth travel visa to full immigrants, have been an asset to our business, our community and our country. The only bad part of our experience has been working with the visa and immigration processes of our government. The processes have over the past years been onerous, changing (often midstream without warning) and have been erratic and often more suited to political needs than employer or employee needs. Our foreign workers have experienced unnecessary stress and heartache and massive inconvenience as they have had to even leave the country as they waited for slow moving and often incompetent bureaucracy to make decisions. Canada's treatment of these individuals is a disgrace."

- Hotel, British Columbia

Many businesses in our sector could simply not operate without access to the foreign worker program. Government needs to streamline the program, remove the red tape and take a zero tolerance position with those employers and recruiters who are operating outside the law and rules of the program in order to protect the migrant workers who wish to come to Canada for legitimate jobs."

- Consultant, Alberta



Overall it was a positive experience as they brought an energy and curiosity to their work that was valued and appreciated by myself and our customers."

- Bookkeeping service, Ontario

The most difficult task for a newly arrived Canadian is to find their first job. Our firm has hired over 150 good people over the years who had no training or expertise in our field of activity and encouraged them to add our firm as a reference when applying elsewhere for permanent employment. All found good-paying jobs in their fields of expertise, some within days."

– Map publisher, British Columbia

You may hire a person with a broad experience, coming from large companies which is a benefit for small employers. It takes more time for the person to understand Canadian rules, which requires patience and extra training. Overall, our experience has been great."

- Construction firm, Ontario

Being a hotel, my most honest and hardworking employees are in my housekeeping department. Most employees in that department are new immigrants to Canada. I find they typically value their job and positions more than non-immigrant staff. I have had a few issues in the past regarding differences in work culture and language barriers, but we are typically able to navigate past that with the support of our local immigration integration office. The majority of women I hire learn English within the first year and seem to find community and family in the workplace."

– Hotel, Manitoba

Very positive experience both internally with the staff and all the immigrants have settled into life here. We include everyone in social activities so there is greater integration both into the community and into the workplace. The immigrants I have work very hard, are conscientious and continually want to learn more."

- Restaurant, British Columbia

Immigrants themselves are amazing. They help fill vacancies for certain positions and in turn help the company hire more permanent residents and citizens for other positions. A company is a team of individuals that work together in their assigned roles that collectively work towards a finished product/result. The government sometimes has a hard time seeing this and works to restrict how we can hire or retain potential new immigrants based on data that was obtained from some survey or statistic that may not actually represent our company. If they are really serious about boosting our economy, they probably should allow more immigrants that are looking to work hard and contribute to the well-being of this country."

- Restaurant, British Columbia

The new immigrants have shown great efforts to learn the jobs and societies. They shared their knowledge and experience with the company. We have received a lot of positive results."

- Hardware store, Alberta

Hiring a foreign worker has been a great experience and contributes to the diversity that we already have in the workplace. It is educational and enlightening to us as Canadians and tells us what a great country and what a great standard of living we enjoy."

- Cleaning company, Alberta



