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Analysis in Brief

Analysis of challenges to worker recruitment and retention, fourth quarter of 2022

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Analysis of challenges to worker recruitment and retention, fourth quarter of 2022

by **Samantha Menardi, Robert Fair** and **Chris Johnston**

In October, Canada added 108,000 jobs, an increase of 0.6% from September.¹ The unemployment rate remained unchanged in September and October at 5.2%, after hitting historic lows in June. Employers faced challenges filling positions with the continually low unemployment rate, while the participation rate for core age workers (25 to 54) sat at a high of 88.2%.² In light of these conditions, in which finding and retaining skilled employees was especially difficult, Canadian businesses are taking extra steps to attract and retain talent.

From the beginning of October to early November 2022, Statistics Canada conducted the Canadian Survey on Business Conditions to better understand the current environment that businesses in Canada are operating in and their expectations moving forward. Based on the results of the survey, most businesses were likely to expect obstacles regarding the retention of current staff as well as the recruitment of new staff in order to fill vacant positions they may be experiencing. Almost half of businesses foresee rising costs of inputs and labour to be an obstacle in addressing staffing challenges. This article provides insights on the topics of challenges of hiring and vacant positions.

Businesses are aiming to retain employees in order to keep up with increased supply and demand pressures. More than three in five businesses reported that this was more of a challenge than it was 12 months ago. More than half (53.3%) of businesses have plans in place to aid in the retention of current employees in the final quarter of 2022.

Recruitment remains a priority to businesses despite rising labour costs

On average, prices have been rising faster than wages. Meanwhile, the demand for goods and services is stronger than the ability for businesses to supply them. In October average hourly wages rose 5.6% on a year-over-year basis, while the Consumer Price Index rose by 6.9%.³

Nearly half (48.1%) of businesses expect the rising cost of inputs, including labour, capital, energy and raw materials to be an obstacle over the next three months.⁴ Despite these expected challenges, 25.3% of businesses planned to increase wages for new employees, and 8.7% planned to increase benefits for new employees. One in five (20.5%) businesses reported that they consider inflation to a large extent when setting wages, with businesses in the mining, quarrying, and oil and gas extraction sector being most likely to do so at 27.2%.

Businesses with 20 to 99 employees were the most likely to expect vacant positions to increase, at 17.6%, followed by businesses with 100 or more employees (15.9%) and businesses with 5 to 19 employees (11.2%). In contrast, smaller businesses were the least likely to expect vacancies, with those with 1 to 4 employees expecting a 5.6% increase. Over half (51.6%) of all businesses expected to have about the same number of vacant positions.

Table 1
Outlook on vacant positions over the next three months, by employment size, third and fourth quarter of 2022

	Expected change, third quarter of 2022				Expected change, fourth quarter of 2022			
	Increase	Stay about the same	Decrease	Not applicable	Increase	Stay about the same	Decrease	Not applicable
	% of businesses							
All employment sizes	8.2	53.2	5.0	33.7	8.9	51.6	5.4	34.0
1 to 4 employees	4.3	47.8	2.2	45.8	5.6	49.5	2.6	42.3
5 to 19 employees	11.4	60.3	6.4	22.0	11.2	53.1	6.9	28.8
20 to 99 employees	16.3	59.2	13.1	11.5	17.6	55.5	13.2	13.7
100 or more employees	19.9	57.9	14.0	8.3	15.9	62.8	16.1	5.3

Source: Canadian Survey on Business Conditions, third quarter of 2022 (Table 33-10-533-01).
Canadian Survey on Business Conditions, fourth quarter of 2022 (Table 33-10-0602-01).

1. Statistics Canada. (2022). [Labour Force Survey, October 2022](#). The Daily. Statistics Canada catalogue no. 11-001-X.
2. Statistics Canada. 2022. [Labour Force Survey, October 2022](#). The Daily. Statistics Canada catalogue no. 11-001-X.
3. Statistics Canada. 2022. [Consumer Price Index, October 2022](#). The Daily. Statistics Canada catalogue no. 11-001-X.
4. The results in this article are based on the survey that was in collection from October 3 to November 7, 2022, and respondents were asked what their plans would be over the next three-month period. As a result, those three months could range from October 3, 2022 to February 7, 2023, depending on when the business responded.

More than three in five businesses (63.4%) with 100 or more employees expected the recruitment of skilled employees to be an obstacle in the fourth quarter of 2022, as did 61.5% of businesses with 20 to 99 employees. Since the third quarter of 2021, this has been a consistent concern for businesses in these two size categories. Half of businesses (50.0%) with 5 to 19 employees expected this to be an obstacle, as did 22.7% of businesses with 1 to 4 employees.

From an industry perspective, the construction sector (48.5%) was the most likely to expect the obstacle of recruiting skilled employees, followed by retail trade (47.5%) and wholesale trade (42.5%).

Businesses are taking different actions to retain staff

Businesses are not just concerned with recruitment of new employees but also the retention of current employees. More than one in four businesses (26.6%) have experienced challenges retaining employees. To increase staff retention, more than half (53.3%) of employers have already or plan to increase wages while 14.5% planned to increase benefits. Less than half (42.1%) of businesses with 1 to 4 employees planned to increase wages for existing employees, but approximately two thirds of larger businesses plan to increase wages.

Table 2

Businesses plans to increase wages and or benefits, by employment size, fourth quarter of 2022

	Increase wages offered to existing employees	Increase benefits offered to existing employees
	% of businesses	
All employment sizes	53.3	14.5
1 to 4 employees	42.1	10.4
5 to 19 employees	65.9	18.3
20 to 99 employees	69.4	22.9
100 or more employees	66.6	19.5

Source: Canadian Survey on Business Conditions, fourth quarter of 2022 (Table 33-10-0616-01).

The industries that were most likely to report retaining skilled employees as an obstacle were accommodation and food services (40.4%), administrative and support, waste management and remediation services (37.1%), and retail trade (36.6%).

Businesses aim to adapt for planned retirements

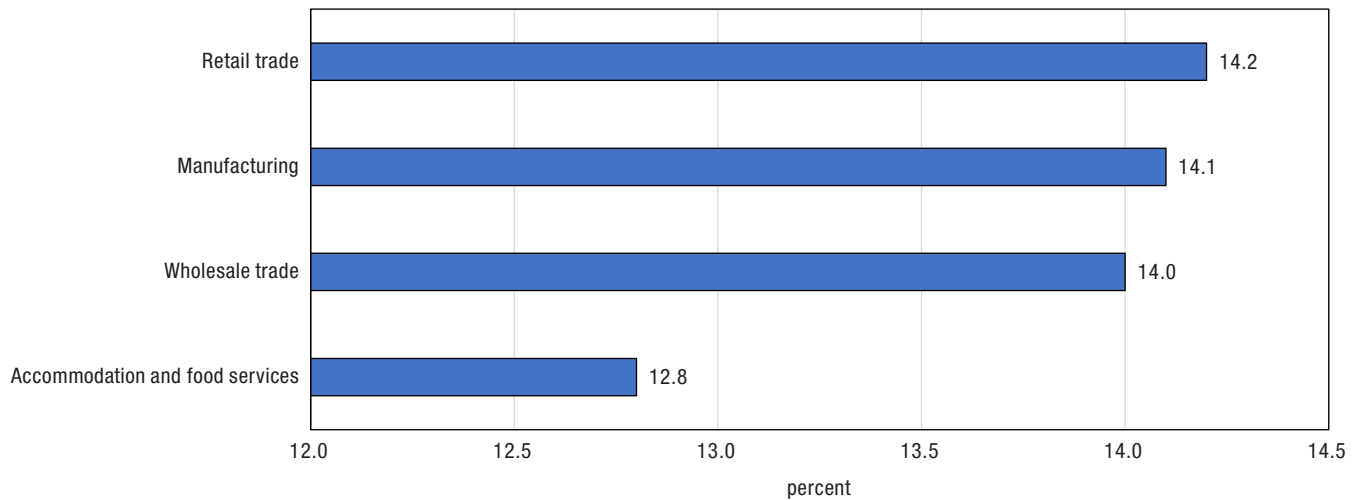
Just over one tenth (10.4%) of businesses expected at least some retirements over the next 12 months.⁵ Retail trade (14.2%), manufacturing (14.1%), and wholesale trade (14.0%) were the most likely industries to expect retirements over the next 12 months. Meanwhile, over one-quarter (27.0%) of businesses were uncertain if they would have any employees retiring over the next 12 months. Among businesses that expected at least some retirements over the next 12 months, over three-fifths (61.7%) of businesses had plans to address expected retirements.

Businesses were more likely to have plans in place to address retirements if they had more employees. Businesses with 100 or more employees were the most likely at 80.4%, followed by businesses with 20 to 99 employees at 73.2%, 5 to 19 employees at 67.2%, and 1 to 4 employees at 40.6%.

5. The results in this article are based on the survey that was in collection from October 3 to November 7, 2022, and respondents were asked what their expectations would be over the next 12-month period. As a result, those 12 months could range from October 3, 2022 to November 7, 2023, depending on when the business responded.

Chart 1

Top 4 industries where businesses expected employees to retire over the next 12 months, fourth quarter of 2022



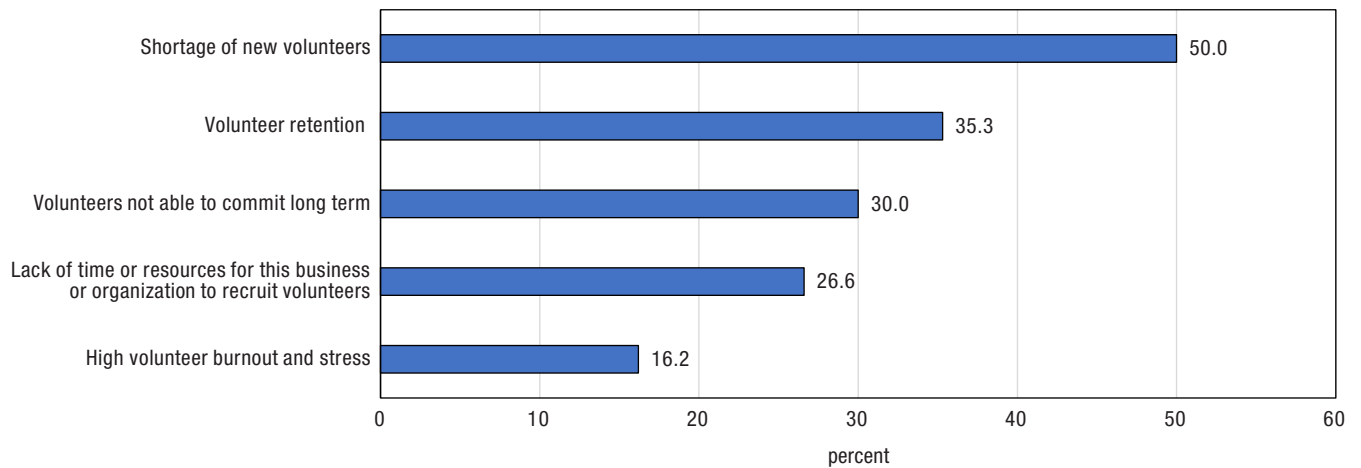
Source: Canadian Survey on Business Conditions, fourth quarter of 2022 (Table 33-10-0612-01).

Challenges recruiting and retaining volunteers

Businesses and organizations face similar issues with recruitment and retention of volunteers, as some rely heavily on volunteers to support their operations. In the fourth quarter, 7.7% of businesses and organizations had or intended to recruit volunteers. Of these, half (50.0%) experienced a shortage of volunteers. Retention of volunteers was a challenge for 35.3% of businesses and organizations and 30.0% found that volunteers were not able to commit long term.

Chart 2

Challenges faced by businesses or organizations in volunteer recruitment and retention, fourth quarter 2022



Note: Challenges faced in volunteer recruitment and retention were reported only by businesses and organizations that had or intended to recruit volunteers.

Source: Canadian Survey on Business Conditions, fourth quarter of 2022 (Table 33-10-0617-01).

Given the vacancies in volunteer positions, businesses and organizations have had to adapt their staffing strategies. These strategies included having paid employees work increased hours to take on volunteer roles (24.8%), adapting current volunteer tasks to meet operational requirements (23.1%), as well as reducing the programs and services offered (22.9%), and in some instances, cancellation of these programs and services (12.5%).

Methodology

From October 3 to November 7, 2022, representatives from businesses across Canada were invited to take part in an online questionnaire about business conditions and business expectations moving forward. The Canadian Survey on Business Conditions uses a stratified random sample of business establishments with employees classified by geography, industry sector, and size. An estimation of proportions is done using calibrated weights to calculate the population totals in the domains of interest. The total sample size for this iteration of the survey is 35,914 and results are based on responses from a total of 17,363 businesses or organizations.

References

Statistics Canada. 2022. Canadian Survey on Business Conditions, fourth quarter of 2022.

Statistics Canada. 2022. Canadian Survey on Business Conditions, third quarter of 2022.