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Analysis in Brief

Analysis on employee skills gaps, first quarter of 2026

by Samantha Menardi, Shivani Sood and Chris Johnston

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Introduction

Recruiting skilled employees remains a significant challenge for businesses in Canada. In the first quarter of 2026, almost one quarter (24.8%) of businesses expected this obstacle over the next three months. Moreover, when asked what obstacle is expected to be the most challenging, 10.5% identified this issue.

Between January and early February 2026, Statistics Canada conducted the Canadian Survey on Business Conditions (CSBC), to gain understanding on the current environment businesses in Canada are operating in and their expectations moving forward. This iteration of the CSBC included questions that focused on the skills gaps experienced by businesses and the actions taken by these businesses to improve operations. This article provides insights into business activities related to proficiency, training, and skills gaps, with a focus on the size of businesses. Compared to larger businesses, results showed that smaller businesses were most likely to have 100% proficiency among employees.

Most businesses reported that majority of employees were highly proficient in their current job

Businesses were asked what percentage of their employees are fully proficient in their current jobs. The majority (85.5%) of all businesses reported that between 80% to 100% of their employees are fully proficient in their current job. By business size, nearly 9 in 10 businesses with 1 to 4 employees (90.2%) and businesses with 100 or more employees (86.1%) reported that at least 80% of their employees were fully proficient in their current jobs. Meanwhile, around four-fifths of businesses with 5 to 19 employees (80.1%) and 20 to 99 employees (77.3%) reported the same.

Table 1
Percentage of employees that are fully proficient in their current job in the business

	Businesses that reported employee proficiency in their current job				
	All businesses	1 to 4 employees	5 to 19 employees	20 to 99 employees	100 or more employees
	percent				
100%	54.9	71.8	38.8	22.4	22.5
80% to 99%	30.6	18.4	41.3	54.9	63.6
60% to 79%	10.1	5.5	15.9	16	11.6
40% to 59%	2.1	1.4	2.6	3.7	2
20% to 39%	0.5	0.3	0.4	1.2	0.2
1% to 19%	0.4	0.3	0.3	1.7	0
0%	1.5	2.3	0.7	0.2	0.1

Source: Statistics Canada, Canadian Survey on Business Conditions, first quarter of 2026 (Table 33-10-1126-01).

Improvements in technical, practical and job specific skills would have the greatest positive impact on businesses

Businesses that reported that less than 100% of their employees were fully proficient were asked which skill among employees identified as not being fully proficient, if improved, would have the greatest positive impact on the operations of the business. Almost one-third (30.7%) of all businesses indicated that improving technical, practical and job specific skills would have the greatest positive impact on their operations. This was most commonly reported by businesses in mining, quarrying, and oil and gas extraction (57.7%), construction (44.5%) and finance and insurance (42.6%).

Just over 1 in 10 businesses reported that improving each of customer service (10.2%), critical thinking (9.6%) or problem solving skills (9.6%) would have the greatest positive impact on their business operations.

Table 2.
Skills that would have the greatest positive impact on business operations if improved by size of business

	Businesses that reported less than 100% of employees were fully proficient in their current jobs				
	All businesses	1 to 4	5 to 19	20 to 99	100 or more
		employees	employees	employees	employees
	percent				
Technical, practical or job specific	30.7	27.2	32.6	33.6	26.0
Customer service	10.2	11.0	10.3	7.7	13.8
Critical thinking	9.6	7.5	10.7	10.6	11.3
Problem solving	9.6	9.2	10.1	8.6	12.4
Team working	6.0	5.5	6.2	7.3	1.5
Basic computer and digital skills	5.4	5.6	5.4	5.2	5.4
Management skills	5.1	3.8	5.1	6.7	10.5
Oral and written communication	4.3	2.8	5.8	3.4	5.0
Basic math and calculating	1.1	1.4	0.9	0.9	0.1
Work ethic	0.8	0.8	0.0	2.5	0.0
Reading comprehension	0.5	0.5	0.4	0.6	1.5
Other skill	1.6	2.4	1.2	1.3	0.9
Unknown	15.0	22.2	11.1	11.6	11.6

Note: Respondents were asked what percentage of employees are fully proficient in the business or organization, considering the skills needed to do their current job. If they reported that less than 100% of their employees are fully proficient, they were asked which skill would have the greatest positive impact on the operations of the business or organization if improved, in relation to the employees identified as not being fully proficient.

Source: Statistics Canada, Canadian Survey on Business Conditions, first quarter of 2026 (Table 33-10-1127-01)

Businesses rely on in-house training, resources and staff to minimize skills gaps

Businesses were asked what actions they took over the last 12 months in efforts to address skills gaps or deficiencies. Two-fifths (39.8%) of all businesses provided in-house training using internal resources and staff, over one-third (34.9%) provided feedback to staff, and one-fifth (19.3%) implemented mentoring or coaching. New staff with specific qualifications, skills and competencies were recruited by 14.3% of businesses, while external training via a third-party was provided by 12.8% of businesses.

The vast majority (93.7%) of businesses with 100 or more employees took at least one action over the last 12 months to address skills gaps or deficiencies. Businesses of this size were most likely to provide in-house training using internal resources and staff, with 71.1% taking this action and three-fifths (60.0%) provided feedback to staff.

Half (51.0%) of businesses with 1 to 4 employees indicated taking no action. Among those that took action to address skills gaps or deficiencies, one-quarter (24.3%) provided in-house training using internal resources and staff, 22.7% provided feedback to staff.

Table 3
Actions taken by businesses and organizations to address skills gaps or employee skill deficiencies over the last 12 months

	Businesses that reported actions taken to address skills gaps or employee skill deficiencies				
	All businesses	1 to 4	5 to 19	20 to 99	100 or more
		employees	employees	employees	employees
	percent				
Provided in-house training using internal resources and staff	39.8	24.3	55.9	65.0	71.1
Provided feedback to staff	34.9	22.7	45.6	59.9	60.0
Implemented mentoring or coaching	19.3	10.5	27.8	36.1	36.7
Recruited new staff with qualifications, skills, and competencies	14.3	6.5	19.1	34.1	43.1
Provided external training using a third-party provider	12.8	9.7	13.3	23.5	33.4
Other action	1.3	1.2	0.8	2.9	1.3
None	34.8	51.0	17.0	10.2	6.3
Unknown	7.2	6.9	8.1	6.6	6.7

Source: Statistics Canada, Canadian Survey on Business Conditions, first quarter of 2026 (Table 33-10-1128-01)

Larger businesses were more likely to have adopted new technologies in the last three years

Nearly half (47.9%) of all businesses adopted new technologies over the last three years. Businesses with 1 to 4 employees were the least likely to adopt new technologies over the last three years (40.0%), while at least half of business in all other size categories reported doing so.

Table 4
Businesses that adopted new technologies over the last three years

	Businesses that adopted new technologies over the last three years				
	All businesses	1 to 4 employees	5 to 19 employees	20 to 99 employees	100 or more employees
Business adopted new technologies	47.9	40.0	54.4	63.0	80.4

Source: Statistics Canada, Canadian Survey on Business Conditions, first quarter of 2026 (Table 33-10-1129-01)

The majority (85.7%) of businesses that adopted new technologies over the last three years provided training to support their employees in the adoption of these new technologies. Nearly half of these businesses indicated that employees were able to make significant use of new technologies (48.6%) or were able to make full use of new technologies (43.2%).

Over one-third of businesses experienced challenges finding skilled candidates over the last 12 months

Over one-third (35.1%) of all businesses reported difficulties finding candidates who possess the skills needed to fulfill their roles over the last 12 months. For almost half (45.9%) of these businesses, the main difficulty experienced was receiving a low number of applicants or not having enough people interested in doing the type of work offered. This was most likely for businesses in construction (62.5%) and accommodation and food services (58.6%). Furthermore, 15.6% of businesses reported that the main difficulty was that the qualifications, credentials or educational background of the candidates were not recognized in the jurisdiction of the business.

Table 5
Main difficulty experienced by businesses in finding skilled candidates over the last 12 months

	Businesses that reported difficulty finding skilled candidates over the last 12 months				
	All businesses	1 to 4 employees	5 to 19 employees	20 to 99 employees	100 or more employees
Low number of applicants or not enough people interested in doing this type of work	45.9	45.4	44.7	50.1	44.5
Qualifications, credentials, educational background of candidates are not recognized in the jurisdiction of the business or organization	15.6	15.7	15.6	16.6	7.3
Wages and compensation offered by the business or organization are lower than in similar businesses or organizations	11.1	11.7	10.4	11.2	14.0
Geographic location of the business or organization	7.3	3.9	9.8	7.3	7.3
Challenging working conditions	5.5	8.2	3.6	5.3	6.8
Lack of qualified or experienced candidates	4.7	3.9	4.5	5.9	10.4
Geographic location of candidates	2.6	4.9	1.4	1.2	4.5
Other main difficulty	3.8	4.7	4.7	0.7	0.5
Unknown	3.4	1.7	5.3	1.8	4.7

Source: Statistics Canada, Canadian Survey on Business Conditions, first quarter of 2026 (Table 33-10-1131-01)

Overall, larger businesses had more difficulty finding experienced candidates with just under three-fifths (59.4%) of businesses with 20 to 99 employees, and over half of businesses with 100 or more employees (54.5%) or with 5 to 19 employees (50.4%) reporting this. Conversely, difficulties finding experienced candidates were reported by one-fifth (20.8%) of businesses with 1 to 4 employees.

Methodology

From January 2 to February 6, 2026, representatives from businesses across Canada were invited to complete 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. Proportions are estimated using calibrated weights to calculate the population totals in the domains of interest. The total sample size for this iteration of the survey is 20,710 and results are based on responses from a total of 8,793 businesses or organizations.

References

Statistics Canada. (2026). Canadian Survey on Business Conditions, first quarter of 2026.