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B.C. companies are hard pressed for internal hires

Labour shortage slamming the province's small companies and
tech sector

By Patrick Blennerhassett | April 18, 2017, midnight

Well under a third of Canadian companies are promoting employees from within for positions that report directly to chief executive officers, a new study has found.

The Conference Board of Canada's latest annual Human Resources Trends and Metrics report also found that half of Canadian businesses see leadership development as their top worry among human resources issues.

The Conference Board also estimates British Columbians could lose upwards of \$7.9 billion in annual gross domestic product if the predicted labour shortage is not adequately reduced over the next 10 years.

It's estimated that as many as half a million skilled workers will be needed to fill expected positions. Cissy Pau, principal consultant for Clear HR Consulting, said this is a Canada-wide issue, but it's especially prevalent in B.C. because of the larger number of small business.

According to B.C. government statistics, 98% of the province's workers are employed by companies with 50 or fewer employees. Pau, whose company works primarily with small businesses on hiring and retention, said the issue is that within most small businesses, internal hiring for specialized skills just isn't possible.

According to the Conference Board report, Canadian CEOs ranked "failure to attract or retain talent" their top "hot-button issue," beating out labour relations, volatility in the energy market and outdated or insufficient infrastructure.

"There's just not enough jobs within those companies to move up," Pau said. "If you have 10 people, you have one person doing each job, where are you going to progress?"

Pau agreed it's a problem faced by companies across Canada, and said B.C. is not an "anomaly" in its struggle with retention issues. However, there is an added wrinkle for Vancouver – housing affordability.

"It makes it harder to attract to the metropolitan areas to work and live, and that has to have an impact on the job market," Pau said. "It's harder to attract people to Vancouver because it's expensive to live."

According to the Conference Board survey, most respondents feel hiring and retention issues are only a short-term problem, and that the labour shortage will wane in the coming years. But less than half the Canadian companies surveyed said they have enough "leaders in their pipeline" to deal with both a sluggish global economy and an aging workforce. Job growth is also expected to remain "slack," with the national rate stuck at 6.9% for 2017, according to projections. This means companies will be able to hire for general positions, but wage growth will remain stagnant and retention will be a problem as employees job-hop looking for better pay.

Pau said many Vancouver companies are losing out to other areas because potential hires aren't comfortable with the high cost of living in the city. She noted that even if they are looking to buy a house, the prospect of living in the Fraser Valley and commuting to Vancouver is not feasible.

"We certainly hear it from clients when they're trying to attract candidates," she said. "People say they can't afford to live here and they don't necessarily want to do a two-hour commute from Chilliwack to downtown."

JP Holecka, CEO and founder of Vancouver-based digital marketing agency Powershifter, which also has an office in Toronto, agreed that the issue is a countrywide problem.

"There is a talent gap for sure," Holecka said. "You're also seeing a lot of the smaller companies with more of a need for that director-level-type position, especially in the tech sector."

Holecka and Pau both said small companies also need to manage expectations when hiring the next generation of workers. Holecka said it's not that millennials are necessarily chronic job hunters, but rather that within the technology sector, competition to find suitable talent is supercharged.

"There's a lot of stealing of roles within the tech sector," he said. "So as bigger companies come in, lots of middle-sized tech-sector companies are having trouble recruiting or keeping staff, because you have, say, Google coming in or Amazon coming in, and they offer them all kinds of stuff and we'll lose them. And you'll see them steal from each other; they'll go back and forth as well – one year with one, and another year with another."

The B.C. government's latest Small Business Quarterly report outlines the growing impact of the local tech sector, noting it now employs more people than mining, oil and gas and forestry combined and accounts for 4.9% of the province's workforce.