




INFORMATION REPORT

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	May 3, 2023
SUBJECT/REPORT NO:	2023 Employer Survey (PED23087) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Adam Durrant (905) 546-2424 Ext. 4486
SUBMITTED BY:	Norm Schleeahn Director, Economic Development Planning and Economic Development Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable

INFORMATION

1. Relevant Context

The 2021-2025 Economic Development Action Plan identifies the facilitation of an adaptable workforce as the first of six key priorities. Within this priority, the design and delivery of an annual survey focused on local economic conditions and workforce needs is identified as action item 3.

In late-2022 the previously delivered Hamilton Business and Workforce Needs Survey (HBWNS) was rebranded to “Employer One” as part of an ongoing data gathering partnership with Workforce Planning Hamilton. The delivery of this survey occurred concurrent to an additional employer survey sponsored by the Adult Basic Education Association in support of their Career Pathways tool. Economic Development made efforts to promote this survey by providing a direct link to it at the end of the Employer One survey. This approach represented a best effort at mitigating the effect of survey fatigue among Hamilton’s employers – a paramount concern since the outset of the COVID-19 pandemic.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

The timing of Employer One, which opened for data collection on January 12, 2023 and closed on February 24, 2023 was aligned to past employer surveys delivered jointly by Economic Development and Workforce Planning Hamilton.

2. Survey Distribution and Participation

Invitations to complete the survey were delivered primarily through weekly email blasts. The contact database for this outreach combined mailing lists from Economic Development's internal business directory and Business Licencing's contact directory to produce a list of approximately 8,228 Hamilton businesses. In coordination with Workforce Planning Hamilton, Economic Development staff also prepared a robust social media and traditional media outreach campaign. The latter securing two earned media placements via interviews with Economic Development staff on CHML AM900.

Overall, 1,039 respondents opened the survey, which yielded 612 completed responses and an additional 48 partial responses which were included in the dataset for a total sample size of 660 responses. Though this sample size is smaller than the data set gathered in January to February of 2022, the final completion rate increased from 58.1% in 2022 to 63.5% in 2023. This decline in survey opens can be seen as part of a broader trend of survey fatigue observed among businesses since the early days of the pandemic. This survey fatigue is also combined with contemporary business challenges that are perceived to be too large in scope to be supported through a local data gathering exercise e.g. inflation, rising inflation rates, trade and supply chain disruptions, and a persistently tight labour market.

Despite declining participation levels, the data collected remains a statistically viable sample for Citywide business trends at a 95% confidence level and a $\pm 3.8\%$ margin of error. While ward data were collected these data should only be treated as representative of the business who completed the survey, and not extrapolated to be statistically reliable indicators of ward-level trends.

3. Survey Findings

3.1 Industry Profile

The industry sectors (Appendix "A" to Report PED23087, Fig. 1) that reported the greatest survey completion were accommodation and food service (19.3% of respondents) other services (12.6%) – note: this sector typically includes businesses engaged in the repair or maintenance of machines, the provision of personal care services, the provision of funerary services, and all other services related to grant making or the advocacy of social causes – manufacturing (12.0%) retail trade (10.8%) and construction

(10.6%). These five sectors account for more than 65% of all survey responses.

3.2 Employee Count

Survey respondents were asked to compare their current employee count in January 2023 to an early-pandemic employee count in January 2021 (Appendix “A” to Report PED23087, Table 1). Respondents reported employing a total of 23,869 employees in January of 2021, which increased by 20.2% to 28,680 in January of 2023. Respondents in accommodations and food service reported the sharpest increase in employees, in absolute terms, with a 44.4% (1,041 employees) increase in their workforce. The largest proportional increase was seen among respondents in the Finance and Insurance sector, who reported a 110.3% increase in employees – though this only represented an absolute gain of 256 individuals.

3.3 Business Outlook

A majority of respondents (62.5%) n=648 reported a short-term business outlook (Appendix “A” to Report PED23087, Table 2) as either excellent (rapid growth/expansion of business), very good (growth/expansion of business), or good (stable business operation with stable/growth outlook).

The most commonly selected response to this question was a “good” outlook, representing 45.8% of respondents. Approximately 23.3% of respondents reported a fair outlook (relatively stable business operations with a slightly negative outlook).

Fewer than one percent of responses (0.77%) reported an emergency (imminent permanent closure) and slightly less than one response in ten (9.9%) reported a poor outlook (unstable business operations with a negative outlook). Staff reviewed all responses who reported either a poor, emergency, or “other” business outlook for follow-up by the Business Investment and Sector Development Section’s Business Development Consultant team. Business outlook data were also provided to the Hamilton Business Centre to support targeted funding applications in support of Hamilton’s retail and personal service businesses.

Ward level business outlooks are provided in Appendix “A” to Report PED23087, Table 3. Note that ward level data was derived by asking employers “in what wards do your operations have a physical presence?”. Following-up on efforts to improve ward-level data gathering from last year’s survey, this year’s survey tool was programmed with a ward map to facilitate ease of response. Respondents were then able to select multiple wards

such that the average number of wards represented per respondent was approximately 1.7.

3.4 Revenue Changes and Labour Costs

Approximately 29.7% of survey respondents noted that they suffered some level of revenue loss in 2022 compared to 2021 (Appendix “A” to Report PED23087, Figure 2). The plurality of responses (48.8%) reported that revenues increased during the same time period, and slightly more than one respondent in five (21.4%) reported no impact or change.

These data can be put into further context by comparing the 62.5% of respondents who forecasted either stable or growing business conditions for 2023 to the 70.2% of respondents who reported either an increase or stable year-on-year revenue. Both of these data points suggest generally positive trends at the citywide level and a clear improvement over data reported during the height of the COVID-19 pandemic.

3.5 Staffing Cost Changes

The seventh stretch target in the 2021-2025 Economic Development Action Plan calls for the creation of a list of 1,000 living wage employers in Hamilton. This survey acts as Economic Development’s primary tool for creating this list through a question that asked respondents to self-identify as living wage employers (Appendix “A” to Report PED23087, Figure 3). Among 638 respondents to this question, 368 believed they qualified as living wage employers. In 2022’s survey 255 respondents self-identified as living wage employers. The preliminary list of 623 employers can now be vetted in collaboration with the Hamilton Roundtable for Poverty Reduction.

This year’s survey also asked respondents how the increase of Ontario’s minimum wage to \$15.50/hour impacted business operations. This most recent increase was pegged to inflationary pressures as measured in the Consumer Price Index. From among 637 respondents, approximately 63.3% reported that it had no noticeable impact on the business (Appendix “A” to Report PED23087, Figure 4). Slightly more than one-in-five respondents (22.8%) reported a moderate negative impact and slightly more than one-in-ten respondents (11.2%) reported a large negative impact. Only 2.8% of respondents reported that the minimum wage increase had a positive impact on their business.

3.6 Labour Force Availability and Recruitment

The COVID-19 pandemic had the effect of accelerating expectations on the changing nature of work, while creating additional demographic pressures on the Canadian labour force. Consequently, measures of labour force quality and recruitment challenges are an essential component of this survey.

Among 629 respondents, only 15 rated the availability of qualified workers in Hamilton as “excellent” on a four-point scale (Appendix “A” to Report PED23087, Figure 5). The majority of respondents rated labour force availability as either “poor” (33.4%) or fair (40.1%). For additional context, the Canadian Survey on Business Conditions (CSBC) reported in Q1 of 2023 that 32.3% of Ontario businesses reported recruiting skilled employees was a key business obstacle for the next three months.

Similarly, among 629 respondents, 30.0% rated their organization’s hiring climate as “very difficult” and 40.9% rated it as “difficult” (Appendix “A” to Report PED23087, Figure 6). This results in more than 73% of respondents holding a negative view of labour availability and more than 70% of respondents holding a negative view on ease of hiring. Given that only 27.3% of Ontario businesses in the Q1 2023 CSBC reported labour shortages as business obstacles, both of these data points may suggest that Hamilton’s local labour market is tighter than the provincial benchmark.

3.7 Business Priorities for 2022

The Employer One survey asked respondents to identify their business priorities for the balance of 2023 (Appendix “A” to Report PED23087, Table 4). Respondents were able to select from a matrix of priorities as well as offering their own priority before identifying which of those priorities was their top priority for 2023.

From among 540 respondents, the most selected priority was “attracting new employees” (51.1% of respondents). This was followed by “increasing marketing/promotional activities to increase customer awareness (including increasing online presence)” (44.4% of respondents) and “finding and applying to current provincial and federal government funding programs” (43.3% of respondents). As aligned to previous data captured in this survey, “attracting new employees” was as the most frequently identified top priority for respondents.

These top three priorities are all closely aligned to Economic Development's in-progress efforts underway to support Hamilton's employers and businesses:

- 1) In Early 2023, Economic Development staff kicked off the development of a city-wide workforce retention and attraction strategy. The primary purpose of this strategy is to map the employer support landscape in Hamilton and then determine where Economic Development can best support the work already in progress and engage in new activities;
- 2) The Hamilton Business Centre is entering its fourth delivery of the Digital Main Street program, which supports businesses creating modern websites and other e-commerce tools; and,
- 3) In Q4 of 2022 Economic Development staff launched a "funding finder" tool on investinhamilton.ca that allows companies of all sizes to leverage an AI-driven funding aggregation tool.

3.8 Business Concerns for 2023

Survey respondents were asked to identify their primary business concern for 2023. Once again respondents could choose multiple responses from a matrix, which also allowed the creation of their own priority. (Appendix "A" to Report PED23087, Table 5). From this list, respondents were asked to rank their top concern.

Among the 550 respondents who completed this question, "the impacts of inflation on my business and customers" was selected by a majority of respondents (59.1%) and was also the top ranked concern for 2023. Other frequently cited concerns included "the mental and physical health of the employees of the business" (39.6%), "global supply chain issues relating to receiving good/shipping goods" (37.8%), and existing business debt levels (26.9%).

Of additional note, 81 respondents (14.7%) noted downsizing their operation as a concern for 2023. Similarly, 62 respondents (11.3%) identified having to permanently close their business as a concern for 2023. Only 17 respondents identified downsizing as top ranked concern, with another 15 identifying permanent closure as a top concern. Contact information on these respondents, where authorized by the respondent, was provided to City Staff for follow-up.

3.9 Hiring Equity in Leadership Positions

The consultations that informed the creation of the 2021-2025 Economic Development Action Plan identified a need for actions and insights supporting equity, diversity, and inclusion in Hamilton. As such, the findings of these questions provide boots-on-the-ground insights that will support and inform Economic Development's existing work with the CITYLab program (EDAP action item 2) while providing valuable intelligence to the Division's emerging workforce development strategy (EDAP action item 5).

This year's delivery of the Employer One survey asked respondents to identify if one of the organization's owners, C-Suite officers, or senior executives identified as a member of an equity deserving group. The options presented (Indigenous peoples, members of racialized groups, women, and persons with disabilities) are aligned with the groups identified in the *Canadian Employment Equity Act*, and further allow Employer One data to be placed into a national context using data from the Government of Canada 2016 Employment Equity Data Report.

Among survey respondents, 394 (59.7% of survey respondents) identified as having senior leadership from at least one identified group under the *Canadian Employment Equity Act* (Appendix "A" to Report PED23087, Figure 7). Approximately 17.0% of survey respondents identified as having senior leadership from two or more groups identified under the *Canadian Employment Equity Act*.

Data on women from the most recent Employment Equity Data Report, which is derived from census data, reported 51% of private sector employers had women in executive roles. Among Hamilton's survey respondents, 50.3% noted having women in leadership/senior executive positions. Staff intent to revisit these data when the 2021 Report is released.

3.10 Policies Supporting Identified Groups

New to 2023's delivery of the Employer One survey is a question that asks respondents if their organization had experienced any successes that had emerged from the creation of policies and procedures that support the recruitment and retention of any of the below listed groups of people.

- Indigenous peoples;
- Racialized peoples and communities;
- 2SLGBTQIA+ peoples and communities;

- Women;
- Newcomers to Canada (i.e. refugees, landed immigrants, and permanent residents);
- Francophone peoples;
- Non-official language speakers;
- Persons with disabilities;
- Recent graduates;
- Youth (aged 15 to 29); and,
- Older individuals (aged 55+).

Among respondents to this question, 38.5% reported they had experienced success from the creation of these policies. Furthermore, 33.6% of respondents reported that their organization would be interested in furthering knowledge of equity, diversity and inclusion through the participation in training programs. Data such as these will offer a direct benefit the ecosystem mapping component of Economic Development's workforce strategy. Sectors that reported most frequently finding success from creating these policies and procedures were: accommodation and food services (20.4% of respondents who reported successes from targeted recruitment and retention polices), other services (14.0%), and manufacturing (11.3%) (Appendix "A" to Report PED23087, Table 6).

Respondents were invited to share individual success stories through this survey. A total of 39 success stories were shared. Staff will review these stories as to determine if best practices can be identified and integrated into the workforce survey.

3.11 Newcomer Recruitment and Retention

More than 75% of respondents stated that their organization had not experienced challenges in the past with respect to recruiting and retaining newcomers (i.e. landed immigrants, refugees, and permanent residents). The remaining 24.1% of respondents who noted they had experienced challenges in newcomer recruitment and retention received a follow-up question asking them to select all applicable challenges to their hiring newcomers (Appendix "A" Report PED23087, Figure 8)

Slightly more than one-third (35.9%) of those respondents to the follow-up on specific challenges cited a lack of newcomer/immigrant applicants. About one-third (33.8%) of respondents noted that their newcomer/immigrant applicants had insufficient qualifications. Slightly less than one-third (30.3%) of respondents selected both a lack of knowledge on where to find newcomer/immigrant talent and that newcomer/immigrant applicants lacked sufficient work experience.

The least most pressing challenges identified by respondents was the inability to assess a foreign educational qualification (8.5%), and an inability to compete with other employers for qualified candidates (7.7%).

4.0 Expectations for 2024's Survey

This year's delivery of the survey marked the second successive year of declining survey opens since the joint survey was created with Workforce Planning Hamilton in 2021 as part of a coordinated pandemic response. With survey opens declining, but survey completions increasing following a year of streamlines and improvements to the survey tool, Economic Development has proposed further changes to survey that would result in a radical redesign that aims to reduce the length of the survey by more than 50%. This change would attempt to encourage completions on the survey. Increasing survey opens in a data gathering landscape that is highly saturated by private-sector market research firms who are offering tangible incentives for survey completion (e.g. gift cards, cash payments, draws) is likely to remain a challenging proposition in the years to come. Workforce Planning Hamilton has been receptive to this idea, and meetings are planned for Q2 of 2023 to explore the redesign in more detail.

This year further demonstrated that direct email campaigns delivered by City Staff and City partners yielded the strongest results in terms of survey opens. Approximately 80.4% of survey opens were received through direct email campaigns. Despite the creation of on-going social media campaigns to promote the survey, these efforts yielded approximately 2% of total survey opens. As such, staff recommend that efforts toward digital promotion of this survey be scaled back to a bare minimum as this is not a vertical has proven capable of driving businesses to opening the survey.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report PED23087 – Invest In Hamilton – Where Innovation Goes To Work