



Now Hiring Hamilton: Workforce
Development & Retention Strategies for SMEs
Literature Review



Ontario Labour Market Partnerships Project: Hamilton Chamber of Commerce (HCC) and Mohawk College (MC) Workforce Development Strategy for small-to-medium enterprises in Hamilton, ON

I. Introduction

Historically, small to medium enterprises (SMEs) in Hamilton have had limited resources and ability to maintain the successful recruitment, onboarding, and retainment of employees. This challenge is largely due to a lack of human resources staffing within SMEs (a by-product of smaller market capital and financial reach when compared to larger enterprises). Human resources professionals are able to dedicate time and resources towards activities such as generating attractive job advertisements, holding recruiting sessions, working with recruiting agencies to find qualified labour, facilitating onboarding for new employees, researching upskilling or retraining opportunities for existing employees, and understanding the demands of the job seeker market to promote retainment, whereas a manager or business owner of an SME willing to undertake such activities is unlikely to have sufficient time to dedicate to them. This difference in resources available causes a disparity between large enterprises and SMEs (fewer than 50 employees) in Hamilton, such that SMEs face significant challenges related to recruitment, onboarding, and retainment of employees. This disparity has been exacerbated by the SARS CoV-2 pandemic, which has necessitated that many SMEs shift their already limited resources towards maintaining solvency during a time when consumer demand for in-person goods and services has been forcibly reduced by the pandemic lockdown and stay-at-home policies.

II. The impact of COVID-19 on Hamilton SMEs and the Labour Market

Hamilton Economic Development indicates that approximately 95% of Hamilton businesses are SMEs; among 1,040 Hamilton Chamber of Commerce (HCC) members, 957 (92%) can also be classified as SMEs (having fewer than 50 employees). Therefore, reports published by the City of Hamilton and Workforce Planning Hamilton (particularly Employer One surveys) largely represent SMEs. Since the beginning of the pandemic, Hamilton has lost approximately

46,000 jobs, representing a 35.8% decrease city-wide ([Workforce Planning Hamilton, 2021](#)). The 2020 Employer One survey indicates that 65% of Hamilton businesses saw reduced employment, and 20% had zero employees at some point during the pandemic. [The City of Hamilton \(2020\)](#) indicated that overall, about 55% of businesses reported more than a 50% decrease in revenue for March 2021, compared to March 2020. During a time period of substantial pandemic-related job losses, between February and May 2020, Hamilton lost a total of 32,700 jobs in the Accommodation and Food Services, Manufacturing, and Health Care and Social Assistance sectors ([Statistics Canada, 2020](#)). Ontario-wide, as of August 19th 2021, the Canadian Federation of Independent Business estimates that only 70% of Ontario small businesses are open, 44% are fully staffed, and 34% are reporting normal sales figures (CFIB, 2021). While the effect of the pandemic has clearly had a significant negative impact on both businesses and their employees, those employees displaced due to the pandemic represent excellent candidates for upskilling or rapid skilling (i.e. “micro-credentialing”) to re-enter the labour market in an entry-level position which has growth potential and/or will provide the necessary job experience to advance into an intermediate position.

III. Project aims and objectives

The goal of this Ontario Labour Market Partnership (OLMP) project was to generate a workforce development strategy and community asset map to support SMEs (<50 employees) with their recruitment, onboarding, and retention needs, particularly in the context of COVID-19 recovery. This project sought to explore where the conversation on essential skills and specifically, **in-demand entry-level employment** opportunities intersect. In many instances, in-demand entry-level positions require various levels of training and experience (i.e., a 4-year degree, or a 2-3-year diploma) that may not actually be necessary to perform the essential functions of the role. This project aimed to identify in-demand entry-level positions that SMEs find challenging to fill and to explore opportunities where alternative credentialing may be sufficient for a job seeker to be considered a viable candidate. Recently, the concept of micro-credentialing has gained considerable favour among employers and prospective

students. A micro-credential is “a representation of learning, awarded for completion of a short program that is focused on a discrete set of competencies (i.e., skills, knowledge, attributes), and is sometimes related to other credentials” (Higher Education Quality Council of Ontario, 2021). When compared to traditional education, micro-credentials offer the benefits of being directed towards specific skills required for a job, and they can be completed in short time periods. A survey administered in 2020 by the Higher Education Quality Council of Ontario indicated that while micro-credentialing is likely to expedite the process of hiring qualified labour, it is also likely to facilitate retention; 70% of employer respondents to this survey indicated that they felt micro-credentialing would facilitate retention. The Ryerson Diversity Institute’s ‘Supporting Entrepreneurship and SMEs: A Post-Pandemic Skills and Training Agenda’ report (2021) indicates that “many firms are shifting their focus towards “skills” and “competencies,” and away from credentials. In other words, businesses are learning to focus more on what someone can actually do, instead of where they went to school” (pp. 64, 65), and that this is important because, “recruiting and retaining talent is one of the top three factors strengthening an organization’s competitiveness and a vital competitive challenge” (pp. 66, 67).

The specific objectives for this OLMP project were to:

- Create a broad industry/community partnership necessary to address labour market issues, particularly those faced by SMEs
- Identify **in-demand entry-level jobs** where SME employers are experiencing disproportionate challenges with recruitment, onboarding, and retention
- Understand the labour market implications of COVID-19 among Hamilton SMEs through a skills and training lens
- Identify, articulate, and operationalize key competency needs and gaps in local labour force
- Leverage the findings of Mohawk College’s Challenge 2025 OLMP to better understand the issues through the perspective of job seekers and displaced workers

- Create an asset map outlining existing resources and programs that address the needs and gaps identified by participating SMEs; develop recommendations to address the needs and gaps identified
- Develop recommendations that would ensure a smooth labour force adjustment after COVID-19, with specific considerations for employers, government, and education and training providers
- Provide recommendations on how to develop an innovative program framework to prepare skills requirements and prevent skills shortages within local industry (note: any actual resource or curriculum creation is outside the scope of this project)

In summary, the intent for this OLMP initiative was to perform an extensive scan of the Hamilton SME landscape, including their needs, existing resources, and gaps in resources, and to then create a consolidated asset map (i.e., resource guide) that they can access to inform their own human resource planning and development. Moreover, this project aimed to develop a consolidated and comprehensive workforce development strategy to address the needs of the Hamilton SMEs and improve opportunities for local job-seekers by making recommendations for employers, government, and education and training institutions.

IV. Challenges SMEs face related to hiring, onboarding, and recruiting

In order to inform the design of the focus groups and surveys utilized to collect new data for this project, available information related to the current challenges SMEs face broadly, and in Hamilton, were investigated. The [Ryerson Diversity Institute's 'Supporting Entrepreneurship and SMEs: A Post-Pandemic Skills and Training Agenda' report \(2021\)](#) details a Canada-wide survey administered to employers, with the aim of understanding the challenges that SMEs face across the country. While this report is not Hamilton specific, the general challenges faced by SMEs nation-wide are expected to be relevant to Hamilton's local labour market. Further, it was useful to compare the results of this nation-wide survey to the results of the focus groups and survey administered in the current OLMP project to understand which challenges were

more or less prevalent in Hamilton. The results of the Ryerson Diversity Institute's survey contain the following key findings (**bolded**) which are highly relevant to the current project:

1. **Following anticipated changes to business models imposed by the COVID-19 pandemic, 72.1% of employers indicated a skill readiness level of 7 or below (on a 1-10 scale where 10 is the highest readiness level) when asked, “Generally speaking, to what extent do the people working in your company have the necessary skills to deal with the anticipated changes?” (p. 17).** This finding suggests that many employees do not have the full suite of necessary skills to adapt to new ways of doing business within their roles, which are likely to require a level of digital and technological skills not previously required.
2. **Employers find it difficult to recruit employees with the necessary essential skills; 71.4% of employers indicated a level of 5 or below (on a 1-10 scale where 10 is very easy) when asked, “How easy or difficult is it to recruit employees whose skills are essential to your business’ mission and development?” (p.18).** This finding speaks to the difficulty SMEs have recruiting qualified applicants. As previously discussed, increased availability of micro-credentialing and other types of rapid skills training are expected to at least partially address this challenge, as they offer an opportunity for job seekers to efficiently obtain the skills required for a certain job or industry. Additionally, this finding suggests that one or more of the following are barriers to recruitment: First, the workforce is, in general, under-trained; second, job seekers have received training that does not actually meet the requirements of the job; third, the competencies and skills required by the business are not captured by available training options and/or job seekers are unaware of these training options. The [Ontario Chamber of Commerce \(2016\)](#) writes that there is “a serious mismatch between the nature of job vacancies and the qualifications of those seeking work.” The barriers identified in this section were investigated further in the current OLMP project.

- 3. Many employers do not frequently assess their employees' training needs; 46% of employers indicated a level of 5 or below (on a 1-10 scale where 10 is very frequently) when asked, "How often do you assess your employees' training needs?" (p.23).** This finding suggests that the ability of SMEs to understand what skills or competencies their employees lack or may require moving forward is limited. It is expected that this is in part due to a lack of human resources capabilities and awareness of skills development opportunities. Generally speaking, this finding highlights a potential retention issue, where employees who do not have the necessary skills may be at a higher risk of losing their job. Ideally, an employer would be able to assess an employee's need for more training and suggest a rapid and financially feasible training program that the employee could participate in, such that retainment is favoured over the alternative of hiring a new employee.

- 4. When asked, "To what extent have the following reasons restricted your organization's investment in training?", employers indicated that investing in training for employees is difficult for a variety of reasons, outlined in Fig 1.** According to these results, employers are hesitant to provide training to existing employees as they prefer to recruit individuals who already possess the required competencies and skills. It was expected, and explored further in the current OLMP project, that this result was related to the responses that "training options on the market do not meet the organization's needs", "the costs of training courses are high", and "training needs are difficult to assess". Certainly, there is little incentive for employers to invest in training given these significant barriers. These findings highlight challenges related to both retention and onboarding.

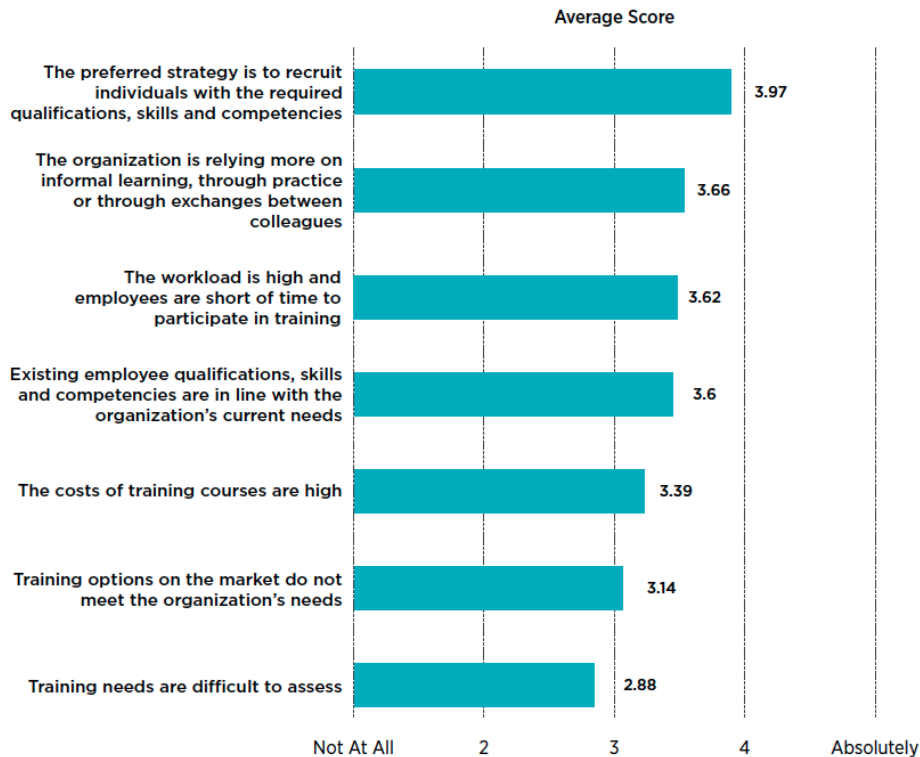


Figure 1. Employer responses when asked “To what extent have the following reasons restricted your organization’s investment in training?” (p.24, Ryerson Diversity Institute, 2021)

Finally, it has been observed that there is a skills perception mismatch between employers and job seekers. In a survey prepared by the Ontario Human Capital Research and Innovation Fund (OHCRIF), and published by Cukier (2014), 91% of recent graduates indicated that they believed their oral communication skills were strong, while only 47% of employers believed recent graduates had strong oral communication skills. Similarly, 93% of the recent graduates perceived themselves as having strong writing skills, while only 39% of employers perceived recent graduates as having strong writing skills.

Part of this disparity in skills perceptions between potential job seekers and employers is likely a function of different perceptions of the definitions of ‘oral communication skills’, or ‘writing skills.’ While those who work in the adult literacy and education sector may recognize these skills as part of Canada’s Essential Skills Framework, job seekers and employers are not likely to be familiar with this framework and may have very different ideas about what constitutes, for

example, strong writing skills. Writing and Oral Communication are two of nine skills identified by Canada's Essential Skills Research Project (ESRP), an initiative launched in the 1990s which aimed to identify a standardized framework of teachable, transferable and measurable skills (called "essential" skills or more recently, "Skills for Success") which could then be profiled to specific occupations (Human Resources and Skills Development Canada, 2021). These essential skills are a focus of many adult literacy service providers, who aim to assess and develop these skills in their learners such that they can pursue a pathway towards further education or employment.

A recent report (2020) published by the Future Skills Center, writes that:

Automation, disruptive technologies and globalization are speeding up the pace of change in the workplace. As this happens, Canadians must develop and maintain the skills and competencies necessary to make the country's evolving economy run. But how? One problem is that there is little agreement on skills and competencies nomenclature used by employers, job-seekers and service-providers. (Gyarmati et al., 2020)

It is clear that even though the concept of Essential Skills was introduced in Canada almost three decades ago, there is still a need for more clarity and consistency in the implementation and use of Essential Skills definitions, descriptors and competencies in the Ontario labour market, and in the adult literacy and education sector. A more standardized interpretation and application of the Essential Skills framework, by job seekers, learners, employers, and adult literacy service providers, is expected to be one part of the solution to the labour market issue identified in this current OLMP project.

V. The way forward: Addressing the challenges faced by SMEs

This section provides a summary of some noteworthy proposed solutions and pathways to some of the challenges SMEs face, as published in recent literature. Some of these solutions and pathways, as they were applicable to the Hamilton labour market, were incorporated into the employer facing asset map created in the current OLMP project ([see page x](#)).

The Canadian Federation of Independent Business (CFIB) frequently releases articles and survey findings that inform important aspects of managing a business, including human resources and recruitment. Some particularly relevant recommendations include:

1) ***Employee retention: Once you hire them, how to keep them (CFIB, 2015)***

This article recognizes some key incentives that have been effectively used to retain employees. These include retention bonuses, regular salary reviews, flex-time, mentoring, training, and career development, and employee assistance programs. Further, it is recommended that employers are aware of ***median wages in their region/sector***. While some of these may seem obvious, retention is a significant challenge for SMEs, one which is becoming all the more challenging as job seekers become increasingly selective about their working conditions, wages, and opportunities at work.

2) ***Ask the right questions, find the right employee (CFIB, 2018)***

This article highlights the importance of asking “behavioural” questions during a job interview. These are questions that can allow an employer to predict a candidate’s future performance, based on their past performance. Recruiting the right employee encourages retention, and also reduces the resources that need to be used to conduct additional recruiting and interviews.

3) ***Accessing financial incentives when hiring apprentices (CFIB, 2021)***

Employers can make use of government incentives to hire apprentices. These incentives may allow them to pay an apprentice a higher wage to encourage retention,

or strategically distribute financial resources that would have otherwise been used to compensate the apprentice. Apprentices of skilled trades have historically been, and continue to be, in high demand in the Hamilton area.

Ryerson Diversity Institute's 'Supporting Entrepreneurship and SMEs: A Post-Pandemic Skills and Training Agenda' report (2021), referenced earlier in this review, also provides some general recommendations for SMEs moving forward:

1) *Improved human resources strategies and practices*

SMEs should place greater priority on, and allot more resources to, training and upskilling current employees. "Creative ways to support and incentivize investments in training (both in time and money) need to be explored." (pg. 34). The current OLMP project recognizes that SMEs are financially limited when it comes to investments in training, however, investing in training can promote retention and may outweigh the costs of having to search for a candidate who already possesses the specific skills and competencies for the job and/or replace a candidate who could not successfully perform the job.

2) *Diversifying the talent pool*

"...business support organizations and industry associations, as well as community organizations, could support [SMEs] in building the systems, policies, practices and tools needed to improve their EDI practices." (pg. 34). This recommendation highlights the finding that many SMEs rely on existing social networks and informal practices, thus limiting their access to diverse talent. Access to a more diverse pool of applicants, by way of improving EDI (Equity, Diversity, Inclusion) practices, may allow SMEs to find candidates who have the specific skills and competencies that they seek.

3) *Assessing impact and setting targets*

This recommendation stresses the importance of continuously measuring the performance of SMEs in terms of their ability to recruit, onboard, and retain employees, such that policymakers can set targets and enact change where necessary. One of the aims of the current OLMP study was to provide a “baseline” for SMEs’ recruiting, onboarding, and retention success in the Hamilton area. An understanding of what SMEs find challenging and what they envision as solutions to their challenges is critically important for policymakers and other organizations (post-secondary institutions, literacy service providers, funders, employment services, etc.) who have the capacity to be involved in facilitating solutions.

[The Hamilton Report of the Mayor’s Task Force on Economic Recovery](#), most recently published in December 2020, provides actionable recommendations that aim to promote a sustainable and inclusive labour market both in the short and long term. As the vast majority of Hamilton’s employers are SMEs (roughly 95%), the recommendations provided by this task force are highly applicable to the current OLMP project. The recommendations, as they appear in the Task Force report, are provided below:

- “ 1. We recommend that all employers in Hamilton pay all employees a living wage or set a short timeline by which to bring all employees to a living wage.
2. We recommend that all employers (who contract jobs or services) adopt procedures whereby living wage requirements are written into procurement and tendering policies.
3. We recommend that all employers in Hamilton, who have not already undertaken pay equity assessments to do so by contacting the Ontario Pay Equity Commission for Gender Equity and in consultation with the standard set by the Canadian Human Rights Commission for those whose gender is intersectional with race, LGBTQ2SI+, and/or disability.
4. We recommend that the Task Force communicate support of publicly run, single-payer, universal pharmacare and dental care plans to federal and provincial levels of government.
5. We recommend that all employers strictly adhere to article 25(2)(h) of the Occupational Health and Safety Act which dictates that an employer shall “take every precaution reasonable in the circumstances for the protection of a worker”.
6. We recommend that all employers strictly adhere to Article 50.1 which prohibits reprisals

against any worker who is acting or reporting in compliance with the Occupational Health and Safety Act.

7. We recommend all employers adopt policies, practices and procedures that clearly ensure effective and impartial mechanisms are in place to ensure investigation of complaints, providing support and protection for survivors of gender-based violence, and holding perpetrators accountable.

8. We recommend the City of Hamilton should connect any existing targets for greenhouse gas emissions to future infrastructure development in renewable energies, home and building retrofits, public transit, and just transition measures supporting workers and their families.

9. We recommend that the City of Hamilton and other large employers in the city help to ensure all of the above decent work practices across Hamilton by requiring attestations of compliance to the aforementioned recommendations from all businesses who are part of tendering or procurement for goods or services.”

(Report of the Mayor’s Task Force on Economic Recovery, pp. 6-7, 2020)

Many of these recommendations speak to provisions or conditions that an employer *should* offer to its employees. For example, a living wage, pay equity assessments, or universal health and dental coverage are attributes that most job seekers would consider to be attractive. If an employer is able align their offerings with what job seekers prioritize, they are likely to be more successful at recruiting and retaining employees. The challenges SMEs face with these practices is not solely dependent on the labour supply – a qualified candidate may choose not to apply for a job, or choose not to stay in a job, because the employer is not offering, for example, a living wage. In the current OLMP project, it was important to consider not only the perspective of the employer, but also the perspective of the job seeker. Both perspectives must be understood and considered in order to provide SMEs with pathways they can follow to address their recruiting, onboarding, and retention challenges. The analysis completed in the current study incorporated data collected from focus groups and surveys administered to both employers (SMEs) and job seekers.

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