

Historic Inflation and Persistent Labour Shortages Forcing Businesses to Raise Prices

Companies Passing Increased Costs to Consumers

TORONTO, Feb. 22, 2023—Record low unemployment may be good news for Canadian job seekers, but labour shortages coupled with high inflation means companies are being forced to make difficult choices to stay afloat—such as passing on increased costs to consumers, according to a survey from The Harris Poll commissioned by Express Employment Professionals.

Over the past few years, companies have had to adapt to a variety of obstacles—a global pandemic, inflation, labour shortages and even the fear of a recession. Unfortunately, many of these challenges will persist in the years to come, with labour shortages among the most stubborn.

Apart from having an impact on hiring, companies say that if labour shortages continue, the most likely responses will be raising prices (28%), being forced to absorb additional costs (24%) and turning down work (22%). Additionally, some companies report they will also have to resort to automating more tasks/processes (22%) and outsourcing some work (22%).



Inflation remains a key challenge impacting companies. In the first half of 2022, nearly all hiring managers (91%) said their company had been impacted by the rise in inflation, with more than half (56%) reporting it had a major/moderate impact on their company.

If high inflation persists, companies say they will have to raise prices (45%), absorb additional costs (30%), adopt new technology to automate more tasks/processes (22%), reduce staff (17%) and turn down work (14%).

Hanif Hemani, an Express franchise owner in Saskatoon, Saskatchewan, expects these hiring challenges to continue throughout this year and beyond.

“If inflation remains high, companies will have to continue to adjust their rates upwards and pass the costs to their clients,” said Hemani. “Clients across the board have made pricing adjustments to compensate.”

Hemani says, while there has been some improvement with both inflation and labour shortages, the situation is still acute and impacting the ability of some companies to grow. “If capacity is not there when it comes to the workforce, then the obvious consequence is that clients will have to say no to projects or opportunities,” according to Hemani.

While attracting talent remains an ongoing issue for companies, Hemani says the more consequential issue is talent retention. “Losing a great employee would be disastrous in such a tight labour market,” said Hemani. “So, employers need to seriously look at their wage parity, but more importantly their engagement and retention strategy, which often includes benefits, pensions and future growth opportunities within the organization.”

He says employers need to do a better job of finding and employing traditionally ignored and underemployed job seekers.

“There are many unfilled roles. Yet as unemployment remains historically low and labour participation rates remain historically high, there really is not a lot of untapped labour supply available,” said Hemani. “The real question is where is the talent going to come from, and one obvious source is newcomers and immigrants. But despite the challenges created by labour shortages, the business community is still reluctant to hire from this under-utilized source that is available right now for more professional and senior roles.”

The latest jobs report shows openings are numerous, which means despite layoffs in certain sectors, many companies are still desperate for workers, according to Express Employment International CEO Bill Stoller.

“The employment landscape right now is an anomaly as employers struggle to find workers but also face exorbitant costs for talent,” he said. “Let’s hope as the year goes on, more candidates continue to come off the sidelines, ultimately tampering down inflation and market

uncertainty.”

Survey Methodology

The Job Insights survey was conducted online within Canada by The Harris Poll on behalf of Express Employment Professionals between Dec. 1 and Dec. 15, 2022, among 506 Canadian hiring decision-makers (defined as adults ages 18+ in Canada who are employed full-time or self-employed, work at companies with more than one employee, and have full/significant involvement in hiring decisions at their company). Data were weighted where necessary by company size to bring them into line with their actual proportions in the population.

Respondents for this survey were selected from among those who have agreed to participate in our surveys. The sampling precision of Harris online polls is measured by using a Bayesian credible interval. For this study, the sample data is accurate to within + 4.6 percentage points using a 95% confidence level. This credible interval will be wider among subsets of the surveyed population of interest.

If you would like to arrange for an interview to discuss this topic, please contact Ana Curic at (613) 858-2622 or email Ana@MapleLeafStrategies.com.

About Bill Stoller

William H. "Bill" Stoller is chairman and chief executive officer of Express Employment International. Founded in Oklahoma City, Oklahoma, the international staffing franchisor supports the Express Employment Professionals franchise and related brands. The Express franchise brand is an industry-leading, international staffing company with franchise locations in the U.S., Canada, South Africa, Australia, and New Zealand.

About Express Employment Professionals

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