



Global Talent for
SMEs

**Building Bridges and Making
Connections**

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ALLIES supports local efforts in Canadian cities to successfully adapt and implement programs that further the suitable employment of skilled immigrants. Through a series of multi-stakeholder initiatives, ALLIES and local partners contribute to building a stronger Canada by using the talents, connections and experience of skilled immigrants who have made Canada their new home. The project is jointly funded by Maytree and The J.W. McConnell Family Foundation.

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Executive Summary

Small and medium sized enterprises (SMEs) are the engines of the Canadian economy. Collectively they generate 54% of Canada's gross domestic product (GDP) and employ 64% of private sector workers. However, SMEs face challenges finding the right talent to sustain and grow their businesses. Unlike larger businesses, SMEs might not be engaged in long-term human resource planning or strategic recruitment. They might not be aware of the business case for hiring skilled immigrants, and therefore might not be looking to this group to find the talent they need.

Each year, Canada receives 250,000 newcomers, most with high levels of education and international work experience, and many who are underutilized in the Canadian labour market. In small businesses, these skilled immigrants can boost innovation by contributing new ideas, perspectives and approaches, speaking languages in addition to English or French, providing insight into diverse domestic markets and by helping SMEs do business in the global marketplace.

This report summarizes the findings of a year-long study of promising, new or innovative initiatives that can help connect SMEs with the skilled immigrant labour pool. They draw on input from nearly 300 SMEs in focus groups in five Canadian cities, individual interviews, and an online survey conducted by the Conference Board of Canada. Some earlier findings resulting from a review of policies and programs aimed at SMEs, and interviews with more than 50 stakeholders Canada-wide, are summarized in an interim report published in October 2011.¹

Key Findings

The findings suggest that existing efforts targeted at large employers (such as online resources and service coordination) can be further targeted to meet the needs of SMEs. In particular, this study found:

- SMEs face challenges finding skilled employees – especially for those positions that require highly specialized skills or are temporary. Some SMEs are turning to social media to recruit skilled workers.
- SME must compete for skilled talent. Many SMEs cannot provide the same levels of compensation and benefits as larger organizations.
- SMEs are reluctant to train new employees. Many cannot afford the time needed to train a new worker. Others fear that their investment will be lost if the individual moves to a competitor.
- SMEs are too busy to attend HR training events, workshops or seminars. However, they are more likely to attend networking, professional training or business development events.
- SMEs trust business information and advice that they get from their peers and professional service providers such as accountants.
- SMEs perceive government programs as rigid and not flexible enough to meet their needs. They are wary of the costs involved in labour force programs – including the cost of applying and reporting.
- SMEs might be less familiar than larger companies with the business case for hiring skilled immigrants, as well as the demographic trends affecting their business.

1. ALLIES. (2011). Global Talent for SMEs: Practical Ideas to Connect Small and Medium Business with the Skilled Immigrant Workforce. Retrieved from <http://alliescanada.ca/wp-content/uploads/2010/05/Global-Talent-for-SMEs-web1.pdf>

Recommendations

The following principles should guide the design of government, non-profit or other initiatives that seek to engage SMEs:

1. Make SMEs the focus of employment programs and policies. These initiatives must meet the needs of SMEs in addition to the needs of skilled immigrant job seekers.
2. Ensure that initiatives are designed to support employers pre- and post-hire. Support should cover the first six months of employment.
3. Design programs to include hiring for temporary/ contract or seasonal positions.
4. Make application procedures simple, straightforward and fast. Schedule administrative procedures to align with existing business procedures, if possible.
5. Dedicate staff and resources to engage SMEs. Focus efforts on those organizations that have between 50-500 employees because these organizations are more likely to have staff turnover. Ensure that staff have the industry knowledge and training to learn about each SME and gain their trust.

In addition, while politically controversial in some jurisdictions, governments should consider providing financial supports to SMEs:

6. Provide financial support, especially for smaller organizations with 1-49 employees, for hiring an immigrant for their first job in Canada commensurate with their education and experience.
7. Consider cash flow in addition to the amount of funds provided.
8. Recognize, support or reward SMEs for providing training and orientation to new employees.

The SMEs who participated in our research were willing to hire a skilled immigrant, but did not know where to find qualified immigrant candidates or how to access the programs and services that facilitate this employment. Therefore, both program delivery and financial incentives should be supported by a national and local communications strategy:

9. Deliver or market programs through individuals and organizations that SMEs trust – such as accountants, industry and professional associations, and peers.
10. Work with services or resources that SMEs already use - such as HRDownloads.com - to deliver information or market programs.
11. Implement a public awareness and media campaign with national and local mainstream media.

Promising Practices

The 2011 interim report describes existing practices or new initiatives that could encourage SMEs to hire immigrants at a level commensurate with their training and experience. Based on the feedback received from SMEs in this stage, five of the most promising interventions are highlighted in this report. Further details for eligibility, delivery and evaluation are presented.

1. Single point of access to recruiting and hiring supports
2. Online database of screened immigrant candidates
3. Financial incentives:
 - a. Wage and orientation subsidy
 - b. Employment Insurance (EI) tax holiday
4. Information and education delivered by accountants serving SMEs
5. Partnership with services and institutions that SMEs use

Prosperity for Canada

The potential impact of engaging SMEs in immigrant employment strategies can have significant positive outcomes for local labour markets across different sectors and regions. In the private sector alone, SMEs employ 6.7 million Canadians. Many SMEs are already facing skill and labour shortages. Effective programs to connect SMEs with the highly educated, skilled and experienced immigrant labour pool will have an enormous impact on SMEs, skilled immigrants, and on the Canadian economy.

In order to maximize this impact, governments and other funders must dedicate resources to these promising programs and policies. Ongoing evaluation of pilot programs will ensure the continuous improvement of programs and the development of innovative and responsive programs and policies.

ALLIES supports local efforts in Canadian cities to successfully adapt and implement programs that further the suitable employment of skilled immigrants. Through a series of multi-stakeholder initiatives, ALLIES and local partners contribute to building a stronger Canada by using the talents, connections and experience of skilled immigrants who have made Canada their new home. The project is jointly funded by Maytree and The J.W. McConnell Family Foundation.

1. Introduction

Small and medium-sized enterprises (SMEs) are engine of the Canadian economy. According to Industry Canada, 98% of businesses in Canada have fewer than 100 employees, and each year approximately 139,000 new small businesses are created.² Collectively they generate 54% of Canada's gross domestic product (GDP) and employ 64% of private sector workers. It is crucial to Canada's prosperity, and to the health of the Canadian labour force, that these businesses are able to effectively staff their organizations.

However, even in recessionary periods, many SMEs face challenges finding the right talent to sustain and grow their businesses. According to a 2010 Canadian Federation of Independent Business survey of more than 24,000 small businesses, 41% find the "shortage of qualified workers" the most important issue facing their business.

Unlike larger organizations, SMEs may not have dedicated human resources staff and may not be engaged in long-term HR planning or comprehensive recruitment activities. Human resources may be seen as peripheral to core business activities and senior management may see HR as one small area competing with multiple strategic priorities.

Each year, Canada receives 250,000 newcomers, many with high levels of education and international work experience, and many who are underutilized in the Canadian labour market.

Skilled immigrants can boost innovation in small businesses by bringing new perspectives, speaking international languages, providing insight into the diverse domestic markets and by helping SMEs do business in the global marketplace.

While the problem is clear, the solutions are not. How can we work with such a diverse group of businesses with diverse needs, across the country, with limited HR capacity, to find immigrant talent?

In 2010, ALLIES began a research initiative Global Talent for SMEs: Finding Solutions. The first stage of this project examined publically available data on the sector and industry profiles of SMEs.

The second stage consisted of an examination of more than 100 existing programs and policies which target small and medium-sized enterprises on employment and related issues and interviews with more than 50 key stakeholders (government, community agencies, post-secondary institutions, immigrant employment councils, etc.) to determine the effectiveness of existing interventions and to explore ways to improve or develop new interventions.

The results of these first stages of research, including a list of eight promising practices and program ideas to explore further, were summarized in our interim report.³ Table 1 lists the eight promising practices and program ideas.

In the final stage of research, the priority was to hear directly from the SMEs that are the potential users of programs and policies. The findings draw on input from nearly 300 SMEs through focus groups in five Canadian cities, individual interviews, and an online survey conducted by the Conference Board of Canada. The findings largely confirm what we found in the first two stages, and added insight into the preferences and attitudes of SMEs. Significantly, this research finds that the challenge for those who are interested in encouraging immigrant employment is less about program design, and more about communications and outreach. This report summarizes the findings of the final stage of research.

2. Industry Canada. (2011). Key Small Business Statistics – July 2008. Retrieved from <http://www.ic.gc.ca/eic/site/sbrp-rppe.nsf/eng/rd02298.html>

3. ALLIES. (2011). Global Talent for SMEs: Practical Ideas to Connect Small and Medium Business with the Skilled Immigrant Workforce. Retrieved from <http://alliescanada.ca/wp-content/uploads/2010/05/Global-Talent-for-SMEs-web1.pdf>

Table 1: Promising Practices and Program Ideas Identified in Interim Report

Hiring Programs	Awareness and Education
<ul style="list-style-type: none"> • Activity-focused internships • One-stop for recruiting and HR support services • Online database of screened candidates • Wage and orientation subsidy 	<ul style="list-style-type: none"> • HR resources online • Financial institutions providing information/ education to business clients
Communication / Marketing	
<ul style="list-style-type: none"> • Corporate call (one-on-one) • Business and industry associations 	

2. Method

Business and Industry Associations

Identifying SMEs to consult with, and persuading them to spend their time in consultation, is challenging, so the research team began by speaking to intermediaries, such as business and industry associations.

The research team conducted open-ended telephone interviews with 10 business and industry associations and one small business service provider. (Please see Appendix 1 for a list of interviewees.) The goal of these consultations was to gather feedback on the identified specific practices and ideas, and to gain a better understanding of which ideas to take forward into consultations with SMEs.

Focus Group Interviews with SMEs

Equipped with the knowledge gained from interviews with business and industry associations, ALLIES worked with local immigrant employment councils to organize focus groups with local SMEs. Immigrant employment councils are local, multi-stakeholder councils working with employers to address the many challenges of integrating skilled immigrants into the labour market.

In total, 42 individuals from very small (1-19 employees), small (20-49 employees) and medium sized (100-499

employees) private sector businesses participated in focus groups in Vancouver, Edmonton, Toronto, London-Middlesex, and Halifax.

In some cities, the SMEs who participated in the focus groups were well-known to the local councils, in others, efforts were made to recruit SMEs through ads, community agencies and personal networks.

In four cities, the focus group questions consisted of two sections: first, general questions about the SME's hiring challenges and practices; and second, questions to explore one or two program ideas proposed in this project's interim report⁴. The local councils selected the program ideas to focus on, based on their knowledge of local conditions or on a survey of the participants to identify their interests. Table 2 lists the programs discussed in each focus group. In Vancouver, the immigrant employment council chose not to discuss a specific program idea, and instead devoted the group discussion to assessing needs and brainstorming possible solutions.

4. ALLIES. (2011). Global Talent for SMEs: Practical Ideas to Connect Small and Medium Business with the Skilled Immigrant Workforce. Retrieved from <http://alliescanada.ca/wp-content/uploads/2010/05/Global-Talent-for-SMEs-web1.pdf>

Table 2: Programs Discussed in Focus Groups

Focus Group	Program #1	Program #2
Toronto	Single point of access to recruiting and hiring supports	Marketing
London	Wage and orientation subsidy	Activity-focused internships
Halifax	Wage and orientation subsidy	Marketing
Vancouver	--	--
Edmonton	Single point of access to recruiting and hiring supports	Online database of screened candidates

Individual Interviews with SMEs

In addition, two SMEs participated in individual interviews by phone. These SMEs were located outside of the cities where focus groups were held. Please see Appendix 2 for a list of individual interview participants

Other Sources of SME Input

To expand the breadth and diversity of the organizations engaged, this study also draws on similar, timely research by other organizations into the hiring needs and challenges of SMEs and possible program and policy solutions. For example, the Commission for the Review of Social Assistance in Ontario conducted a focus group in

Toronto with SMEs to explore how to better connect them with job-seekers receiving social assistance.

Significantly, the Conference Board of Canada conducted an online survey of 245 SMEs exploring potential programs and policies to connect SMEs with skilled immigrant job seekers. ALLIES provided input into the survey design, and the Conference Board of Canada generously provided a detailed analysis of the data. While the survey sample is not random, it reached a larger number of SMEs than would have otherwise been possible.

In total, this report considers the views of almost 300 small and medium-sized enterprises.

3. Findings

SMEs must compete for talent, and are reluctant or unable to train employees

The first stages of research found that SME face hiring and retention challenges. These findings were confirmed and deepened by the consultations with SMEs.

SMEs identified two ways that they must compete for talent with other businesses, including larger businesses. First, SMEs that require highly specialized skills must compete for a very small pool of people with these qualifications. Similarly, SMEs that need workers with disparate sets of skills – for example, developing or maintaining specialized technology and client service – are challenged to find individuals with both skill sets.

Second, it is a challenge for SMEs to find high quality candidates at the price they can afford to pay. Many participants identified this as a major challenge. In some cases, employers responded by hiring younger workers (whom they hire at a lower pay rate), or by using financial incentive programs to offset the wages of a new hire.

Participants in all cities identified employee retention as a challenge. This challenge was often related to two factors. First, SMEs said that workers with highly specialized skills recognize that they are in-demand, and therefore can easily find opportunities with competitors. Many participants were reluctant to invest in training for new hires, because of the risk that the now more highly-trained worker will leave, taking the organization's investment with them.

Second, some SMEs are unable to provide training for new workers because they do not have the financial resources to do so, or, especially in cases of project-based work, they do not have time to allot to training for a new employee.

Participants also said that filling short-term or seasonal positions is a challenge. Many of these SMEs work in industries that are cyclical, seasonal or project-based, and therefore staffing requirements fluctuate. As a result, these SMEs are looking for workers who require little or no training so that they will be productive immediately, and who are willing to work on a temporary or contract basis.

Finally, focus group participants said that finding workers who will be the right “fit” for their workplace is a challenge. By fit, employers are referring to the intangible factors that make up the workplace culture. Employers are hesitant to hire individuals if they are not sure they will “fit in” to the existing workplace culture.

SMEs use old and new methods to look for new employees

The Conference Board of Canada survey of SMEs⁵ found that the most common methods of looking for a new employee were:

- Posting a job description on their company’s website – 75%
- Posting a job description on search websites (e.g. Workopolis, Monster) – 67%
- Seeking referrals from family, friends, employees and colleagues – 66%
- Posting a job description on an industry association website or publication - 64%
- Reviewing unsolicited resumes sent in by applicants – 61%

In the present study, focus groups in three cities discussed using social media for recruiting new employees. In these groups, about half of participants said they were using social media – notably LinkedIn, Twitter and Facebook – to source new employees. Those participants who are not using social media generally cited lack of time to learn new methods, or indicated that it was not a method that they had seriously considered. Some participants commented that due to busy schedules, sometimes it is easier to stick with familiar search methods, even when they know that they are not the most effective.

Aside from well-known search websites like Monster and Workopolis, participants identified the social recruiting website Bullhornreach.com, and the local search website knighthunter.com (for London, Ontario).

These findings suggest that SMEs may be aware of the limitations of their current recruitment practices. They may be open to new recruitment methods, if they see them as easier and faster to use and more cost effective than their current practices.

SMEs need support integrating skilled immigrants into the workforce

Participants that have hired skilled immigrants in the past identified language and communication as challenges they face with skilled immigrant employees.

Participants discussed language both in terms of technical language skills – for example, writing skills, and verbal skills (including pronunciation and accents) – as well as cultural use of English – for example, level of formality required in an email or written report. Some participants explicitly mentioned that accent was not an issue in communication, while others believed that a strong accent is a barrier to communication.

Participants often tied language skills to communication skills more generally. For example, working with team mates, understanding the expectations of their

5. Conference Board of Canada. (2011). SME Hiring Practices. (Unpublished data from online survey).

supervisors, and performance feedback were areas where culturally different communication styles may present challenges.

In two cities – Vancouver and Edmonton – participants discussed their desire to increase their cultural competency so that they could more effectively communicate with immigrant candidates and workers. This included, for example, learning more about the cultural communication styles of candidates and employees.

On the other hand, participants also talked about their positive experiences with skilled immigrant employees – for example, employees with excellent technical skills, work habits and attitudes. In addition, skilled immigrant workers brought language skills and knowledge of international business practices, which were especially beneficial to SMEs with international clients.

SMEs trust other businesses and their accountants

The Conference Board of Canada survey⁶ asked SMEs the extent to which they trust certain individuals and groups to provide good business advice. The survey found that the most trusted individuals/groups are:

- Your organization’s accountant/financial advisor – 86% had a great deal of trust or some trust
- Other business owners/colleagues – 86% had a great deal of trust or some trust
- Industry association - 83% had a great deal of trust or some trust
- Federal government (e.g. Industry Canada, Human Resources and Skills Development) - 77% had a great deal of trust or some trust
- Your organization’s financial institution - 74% had a great deal of trust or some trust

In this study, participants in two focus groups discussed trusted sources of information. The participants reinforced the Conference Board findings that accountants are well-trusted sources of business information. Participants said that accountants understand their business well and have a genuine and professional interest in its success. Accountants therefore represent a significant channel to market programs or distribute information and tools to SMEs. The challenge for immigrant employment councils and program delivery agents will be to find efficient, effective ways to work with the numerous small firms and independent accountants providing services to SMEs.

On the other hand, opinions about financial institutions were mixed. Some participants said that they would trust information from banks because it would be well vetted and likely to add value to their business. Others felt that the information currently distributed by their banks is superficial and too general. However, if the message was coming from a local branch or someone with whom the SME already has a relationship, some participants were more willing to listen. This suggests that banks might be a valuable channel of information for some SMEs, and that programming efforts should focus on the relationship that SMEs have with their local branch.

Not surprisingly, most participants indicated that they look for some HR information or tools online. The website HRDownloads.com was identified, unprompted, by participants in four out of five focus groups as a relied-upon source of tips, tools and templates. Other participants suggested other websites that they use, or that they find resources as needed by simply using an internet search engine. Some focus group participants suggested that enough HR websites already exist, and that there is little need to create new ones.

6. Conference Board of Canada. (2011). SME Hiring Practices. (Unpublished data from online survey).

The Conference Board of Canada found⁷ that SMEs commonly look for these HR topics online:

- Human resources basics (e.g. employment laws, keeping records, training new employees, role of a manager, etc.) – 78% of respondents
- Human resources templates (e.g. job descriptions, employee contracts, etc.) – 59% of respondents
- New employee search (e.g. looking for resumes) – 56% of respondents

Money talks – and cash flow is king

Despite the fact that financial incentives such as wage subsidies, tax credits and tax holidays for hiring skilled immigrants can be politically contentious, business associations and SMEs generally agree that they would be effective in encouraging immigrant employment in small businesses.

The Conference Board of Canada survey found⁸ only 38% of respondents said that a financial incentive would make a great deal of difference or some difference in their consideration of hiring a skilled immigrant without Canadian work experience. However, 57% of businesses with 5-9 employees and 53% of businesses with 10-19 employees said that a financial incentive would make a great deal of difference or some difference, suggesting that financial incentives may be more effective for businesses in these smaller size ranges.

In focus groups, the idea of receiving a financial incentive was appealing, as long as the administrative burden is “reasonable.” In one focus group a participant described his experience with a federal hiring program:

“The paperwork process upfront was substantial. ... The amount of paperwork I had to do to get a \$15,000 grant was ten times more than I'd have to do to get a \$15,000 customer.”

- focus group participant

On the question of whether SME employers would prefer direct subsidies, tax credits or tax holidays, the opinion was mixed. Some business associations interviewed believe that if the amount and administration are equivalent, SMEs are equally likely to participate in any type of program. Others suggested that tax credits may not be meaningful if the business is not making money. Some suggested that tax holidays, such as a payroll tax holiday, might be easier for SME employers because they would see an immediate return at each pay period, as opposed to a tax credit, which employers might have to wait many months to receive. Still others suggested that tax credits or holidays can appear too complicated for some SMEs. One business association suggested that these types of programs should be designed so that reporting requirements align with other government reporting requirements, in order to ease the administrative burden on SMEs. For example, for tax incentives, time administrative processes to coincide with the tax cycle.

In the two focus groups that discussed financial incentives, participants liked the idea of the direct subsidy. They were also open to the idea of a tax credit, though some participants mentioned that a business might have to wait 18 months to see the return on a tax credit. SMEs were generally unfamiliar with tax holidays. However, upon explanation, the participants saw the benefits that a tax holiday could have on their cash flow, when compared to a tax credit. This suggests that any tax

7. Conference Board of Canada. (2011). SME Hiring Practices. (Unpublished data from online survey).
8. Conference Board of Canada. (2011). SME Hiring Practices. (Unpublished data from online survey).

holiday initiative should be accompanied by marketing that clearly explains how the program works, and differentiates it from other types of tax incentives.

Participants in both groups identified six months as the minimum timeframe that they would like to receive a financial incentive. Another participant suggested that any financial incentive should provide a greater amount of funds upfront, and the amount of funds could decrease later in the program period.

In the interviews and focus groups, the research team did not inquire about specific existing financial incentive programs, such as the Hiring Credit for Small Business (HCSB) that was introduced in 2011. This tax credit aims to stimulate new employment by paying employers up to \$1,000 based on the increase in the amount of EI premiums paid in 2011 over those paid in 2010.

The findings of this study suggest that continuing this tax credit in 2012 would benefit small businesses, and that building on this tax credit or introducing a tax holiday that targets skilled immigrant employees specifically would achieve two goals: 1) stimulating the small business sector and 2) helping to address the underemployment of skilled immigrants.

The Conference Board of Canada survey found that 56% of respondents preferred a wage subsidy, while only 8% preferred a tax credit. The survey did not ask respondents about tax holidays.

SMEs are willing to consider candidates pre-screened by other business

Two of the program ideas presented to business associations and focus groups involved matching SMEs with skilled immigrant candidates for employment: 1) an online database of screened immigrant candidates; and 2) a single point of access to recruiting and hiring supports.

Among business associations, opinions on whether SMEs have an appetite for these types of services were mixed. In some areas experiencing labour shortages, SMEs may be willing to use this service, but they anticipated challenges in providing qualified candidates. On the other hand, in some jurisdictions, business associations suggested that previous efforts to provide similar services have not been successful – employers indicated that they did not need this type of service.

However, despite the concerns expressed by the business associations, focus group participants who were asked generally agreed that these types of programs could be helpful. They felt that these programs represent novel ways to recruit new workers, which can be especially useful when there is intense competition for talent.

Most participants agreed that the people or organizations that screen the candidate must have current and specialized knowledge of the industry or occupation – for example, industry and professional organizations. More generally, some participants felt that organizations that have a vested interest in the program and maintaining their own reputation may be suitable – for instance, non-profit organizations, post-secondary institutions, Chambers of Commerce and Boards of Trade. However, some participants raised concerns about whether these kinds of organizations would have enough specialized knowledge to understand their needs and match them with suitable candidates.

In the Conference Board of Canada⁹ survey, respondents in all size ranges between 1-499 employees indicated that SMEs have confidence in two groups to recommend qualified applicants:

- Other businesses or colleagues in [same] industry – 97% had a great deal or some confidence
- Current staff – 96% had a great deal or some confidence

9. Conference Board of Canada. (2011). SME Hiring Practices. (Unpublished data from online survey).

In comparison, only 79% of respondents had a great deal or some confidence in industry associations to recommend a qualified applicant.

Significantly, participants in one focus group raised a concern over the structure of these programs, which are based on the premise that an SME is looking for skilled immigrant candidates specifically – which is not how they look for new employees. That is, they are not looking for an immigrant employee, rather, they are looking for a qualified employee without targeting any specific demographic group.

In one focus group, a participant suggested that the database could work using the opposite approach – a database of SMEs that are open to hiring immigrants or that have targeted recruitment programs in place could be searched by immigrants to target their job search.

For those areas where a need and appetite exists, would SMEs be willing to pay for this service? Generally, business associations thought that SMEs would be willing to pay, as long as the fee was reasonable or less than a private recruitment/staffing service, or if fees were structured so that an SME only pays if they agree to hire – that is, if the service was successful. Of course, some suggested that free services are more appealing.

Similarly, focus group participants suggested that they are willing to pay for a high quality service. In fact, participants said that payment for the service is not the important issue.

“I’m more than willing to get the right person and figure out whatever issues there are... But free isn’t what I want. I want effective. And I want the right person.”

- focus group participant

Applying and reporting must be simple and straightforward

Participants agreed that onerous paperwork or procedures are a significant deterrent to participating in a program. They equated the time and effort spent with a cost to the business.

While it is difficult to determine exactly how much paperwork is “too much,” this comment might give some indication:

“Some of the government documents have asked for, ‘Write one page on...’ I can’t write one page. I’ve got no time for that. [What I want is] Here’s a quick answer, let’s go.”

- focus group participant

Other participants discussed applications that they found acceptable. These tended to feature check-boxes and be limited to 2-3 pages.

The processing time of program applications and reports is also an important factor to SMEs. One participant spoke of a hiring program that he had participated in. He had identified a candidate to hire, and the approval took six months, during which time he was not able to hire the candidate. In addition, for SMEs doing project-based work, this long turnaround time may mean that the business would not be able to deliver on a contract if they had to wait that long – and therefore such a program would not be useful for them.

On the other hand, a participant in another focus group spoke highly of a provincial program for which the one-page application took ten minutes to complete; within two weeks, they had received a response and the program was in operation in their business. Other participants agreed that this was an appealing procedure and timeline.

SMEs need services focused on their needs

In many of the focus groups, participants expressed skepticism over programs that match job-seekers with employers. Because the program goal is to get job-seekers into employment, the participants did not feel confident in the quality of the candidate or of the match. On the other hand, participants talked more favourably about suggestions for programs that make them (the SME employer) the “client” or target of the program. This would mean that the program would be designed to meet the SMEs’ needs, and would prioritize benefit to the SMEs. Participants said that such a program would ideally serve their pre-hire and post-hiring needs through the probation period. For example, it would match them with a candidate and assist them with initial performance evaluations. The post-hire supports are seen to be a key added value that traditional services such as recruiters do not provide.

“If this agency is for me, then that agency is also going to help me evaluate whether or not I should fire that person. ...

It's not, 'let's make this person work.' No, this needs to be good for the business. ... Not everybody's going to work out.”

- focus group participant

Making the SME the client means orienting services towards them, and also getting to know the business well. Participants placed great value on program staff taking the time to understand their business and their requirements.

Notably, employer participants in consultations for the Commission for the Review of Social Assistance in Ontario expressed similar views on this topic. “Employer representatives stressed that it is important that employment service agencies focus on what businesses need... They noted that it is critical for the employment service provider to understand how particular businesses operate and what their specific requirements are.”¹⁰

Participants expressed a slight preference for working with provincial governments over federal governments. This seemed to be due to experience with provincial programs with fewer paperwork requirements and faster program approval, reporting and other procedures.

10. Commission for the Review of Social Assistance in Ontario. (2012). What we heard: A summary of discussions on social assistance. Retrieved from <http://www.socialassistancereview.ca/uploads/File/What-We-Heard---A-Summary-of-Discussions-on-Social->

[Assistance\(1\).pdf](#), p. 14.

4. Recommendations

While the needs and preferences of SMEs are diverse, some common principles can inform interventions aimed at connecting SMEs with unemployed or underemployed skilled immigrants. These recommendations will be relevant to government, service providers in non-profit organizations, and immigrant employment councils.

The following principles should guide the design of government, non-profit or other initiatives that seek to engage SMEs:

1. Make SMEs the focus of employment programs and policies. These initiatives must meet the needs of SMEs in addition to the needs of skilled immigrant job seekers.
 2. Ensure that initiatives are designed to support employers pre- and post-hire. Support should cover the first six months of employment.
 3. Design programs to include SMEs hiring for temporary/contract or seasonal positions.
 4. Make application procedures simple, straightforward and fast. Schedule administrative procedures to align with existing business procedures, if possible.
 5. Dedicate staff and resources to engage SMEs. Focus efforts on those organizations that have between 50-500 employees because these organizations are more likely to have staff turnover. Ensure that staff have the industry knowledge and training to learn about each SME and gain their trust.
- Governments should consider providing financial supports directly to SMEs, where politically feasible:
6. Provide financial support, especially for smaller organizations with 1-49 employees, for hiring an immigrant for their first job in Canada commensurate with their education and experience.
 7. Consider cash flow in addition to the amount of funds provided.
 8. Recognize, support or reward SMEs for providing training and orientation to new employees.

Any intervention must be supported by strong national and local marketing and communications:

9. Deliver or market programs through individuals and organizations that SMEs trust – such as accountants, industry and professional associations, and peers.
10. Work with services or resources that SMEs already use - such as HRDownloads.com - to deliver information or market programs.
11. Implement a public awareness and media campaign with national and local mainstream media.

Program Proposals

Previous phases of this research described existing practices or new initiatives that could be undertaken to encourage SMEs to hire immigrants at the level of their training and experience. Based on the feedback received from SMEs, the characteristics of six initiatives are described in detail.

Single Point of Access for Recruiting and Hiring Supports

- Description: An “account manager” acts as a single point of contact for SMEs seeking to fill a job opening
- Eligibility: SMEs with a job opening that need assistance sourcing skilled immigrant candidates
- Target: Small businesses with 20-100 employees

- Service providers:
 - Match SMEs with a shortlist of qualified immigrant candidates, drawn from a database of candidates (below), and/or from a network of sources including settlement agencies, post-secondary institutions, mentorship/bridging/internship programs, etc.
 - Provide assistance during pre-hiring and hiring period: job descriptions, interview techniques, job contracts, information on financial incentives and other government programs
 - Provide assistance during post-hiring/probationary period (up to six months): initial performance evaluation, information about training and orientation, etc.
 - Provide information and referral services to SMEs about economic development/workforce development/HR information, tools and resources
- Program is managed by an IEC or similar body that can manage relationships between employers, government, settlement agencies
- Sample metrics: Number of SMEs served, number and percentage of candidates interviewed, number and percentage of candidates hired, employer participation in relevant programs

Online Database of Screened Immigrant Candidates

- Description: SMEs can search resumes posted by skilled immigrants and screened by a trusted source
- Eligibility: All employers that register for an account
- Target: SMEs with 1-499 employees
- Resumes are screened by industry or professional association. Screening includes: credential assessment, verification of work history and references
- Immigrants can provide personal references provided by mentors, internship and work placement supervisors
- SMEs can post job openings for free
- SMEs can post their organization's profile as an employer who is open to or actively recruiting skilled immigrants – profiles are screened by industry or professional associations to ensure that organizations meet minimum employment standards
- Login is required; database is free to use
- Database coordinated by an IEC or similar body that can manage relationships between employers, industry and professional organizations, settlement agencies
- Sample metrics: Number of resumes, number of SME profiles, number of job positions posted, number and percentage of interviews resulting from contact made through database

Financial Incentives

The findings suggest that two types of financial incentives may be most effective with SMEs.

Wage and orientation subsidy:

- Description: An SME receives funds when hiring an eligible skilled immigrant
- Eligibility: SMEs hiring a recent immigrant for their first job in their field in Canada; the position must be a permanent position or a contract position for 12 or more months
- Target: Small businesses with 1-49 employees
- Duration: 12 months

- Funds are weighted to first six months of employment and decreased in months 6-12; for example: 45% funds in months 1-3, 30% in months 4-6, 25% in months 7-12
- Additional funds may be used for orientation and training for the new employee – training and orientation may be provided internally or by an external organization
- Program managed by provincial government
- Sample metrics: Number of employers, number of immigrants hired, number and percentage of immigrants still in employment after 6 months/12 months

Employment Insurance (EI) tax holiday:

- Description: SMEs do not pay EI premiums for duration of program
- Eligibility: SMEs hiring a recent immigrant for their first job in their field in Canada. The position must be a permanent position or a contract position for 12 or more months
- Target: Small businesses with 1-49 employees
- Duration: 12 months
- Program managed by federal government
- Marketing materials should clearly explain how a tax holiday works, how it compares to a tax credit, and how the savings could be used (for example, to offset costs of training and orientation for the new employee)
- Sample metrics: Number of employers, number of immigrants hired, number and percentage of immigrants still in employment after 6 months/12 months

How to Reach SMEs

Identifying SMEs to target for programming remains a challenge for immigrant employment councils and service providers. The findings suggest that no simple solution exists – the diversity of SMEs means that a multi-pronged approach will be needed.

Information and education delivered by accountants serving SMEs

- Work with accountants specializing in SME services – ensure that these service providers are aware of existing programs and financial incentives, and are equipped with information about the local immigrant talent pool and local IECs/other relevant organizations

Partnership with services and institutions that SMEs use

- Work with financial institutions that provide services to SMEs. Focus on delivering information and education through local branches and representatives.
- Market programs through services, events, publications that SMEs consume – for example, websites such as HRDownloads.com, industry training events, etc.

In addition:

- Dedicate staff time and resources to a scan of local SMEs, using business directories, job posting boards, local business, industry or professional associations with high SME membership, etc.
- Implement a public awareness and media campaign with national and local mainstream media.

5. Conclusion

The potential impact of engaging SMEs in immigrant employment is tremendous and can have significant positive outcomes for local labour markets across different sectors and regions. In the private sector alone, SMEs employ 6.7 million Canadians. Many SMEs are already facing skill and labour shortages. Effective programs to connect SMEs with the highly educated, skilled and experienced immigrant labour pool will have an enormous impact on SMEs and on the Canadian economy.

For skilled immigrants, better links with SMEs can open up more opportunities to integrate into the labour market, using their education and experience to their full potential.

Governments should support interventions aimed at connecting SMEs with skilled immigrant labour, particularly those supported by research on SME needs, preferences and behaviour. Ongoing evaluation of programs can ensure the continuous improvement of programs and the development of innovative and responsive programs and policies.

Big businesses have a role to play as well – as champions of immigrant employment and as channels of information to their small and medium-sized counterparts.

Immigrant employment councils and networks across Canada will continue to play a crucial role – they can bring their expertise to bear on the selection and implementation of these promising programs, engaging employers, and brokering the relationships between the myriad of players involved in moving immigrant employment forward.

Appendix 1 – Business and Industry Associations

- Anne Argyris, Director, SME Policy
Canadian Chamber of Commerce
- Andrew Cardozo, Executive Director
The Alliance of Sector Councils
- Nancy Conrad, Senior Vice President, Policy
Brian Rose, Vice President, Membership
Halifax Chamber of Commerce
- John Kiru, Executive Director
Toronto Association of Business Improvement
Areas
- Ken Kobly, President and CEO
Alberta Chamber of Commerce
- Tessa Mintz, Vice President, Volunteers and
Programs
Mark McLean, Regional Operations
Canadian Youth Business Foundation
- Jayson Myers, President and CEO
Canadian Manufacturers & Exporters
- Aneel Rangi, Director of Legal and Research
Services
Canadian Construction Association
- Catherine Swift, Chair, President and CEO
Canadian Federation of Independent Business
- Tim Tucker, Executive Director
Nova Scotia Chamber of Commerce

Small Business Service Provider

- Glenn Nishimura, Principal
Nishimura Consulting

Appendix 2 – SME Focus Group and Interview Participants

Toronto - November 25, 2011, 9-10:30 am

Participants:

1. Feroz Amlani, CEO & Founder
Moosa Security
2. Latha Balakrishnan, HR Generalist
TWD technologies
3. Christine Graham, HR Manager
Kingspan Insulated Panels
4. Nasir Khan
MN Dynamic Construction Ltd.
5. Brent Kobayashi, President
Kobayashi Online
6. Claudine MacKenzie, HR Specialist
ESRI
7. David Mathew, Consultant
Global Retail Systems
8. Donna Matys, HR Manager
Interfast Inc.

London – December 7, 2011, 8-10 am

1. David Billson, President
rtraction
2. Brian Hughes, Vice President Human Resources
JMP Engineering
3. Elizabeth Kuzminski, Human Resources Generalist
Jones Packaging
4. Nancy Meyer, Human Resources Generalist
Amway
5. Pat Moloney, Human Resources Manager
Fortune Minerals
6. Lucy Quaglia, Administrative and HR Manager
Sciencetech
7. Christian Weth, Human Resources Generalist
Trudell Medical International

Halifax – December 14, 2011, 9-11 am

1. Keith Carlaw, Vice President
Alscott Air Systems Limited
2. Pat D'Entremont, Partner
Nicom IT Solutions
3. John Payne, Customer Support Supervisor
Single Digits
4. Paul Rigg, President
Copernicus Studios Inc.
5. Karen Saunders, Operations and HR
Solution Inc.
6. Natalie Doyle Oldfield, Chief Marketing Officer
Solution Inc.

Vancouver – December 14, 12-2:30 pm

1. David Bacic, CGA
David Bacic and Associates Inc.
2. Toby Barazzuol, President
Eclipse Awards International Inc.
3. Lisa Garcia, Manager
AIM Medical Imaging Inc.
4. Ben Garfinkel, Partner and Creative Director
Industrial Brand Inc.
5. Tim Graham, Manager
Rempel Brothers Concrete Inc.
6. Ben Hume, Chairman
Alco Ventures Inc.
7. Vida Jurcic, Partner and Creative Director
Hanger 18 Creative Group Inc.
8. Mike Merakian, President
Blue Ocean Construction Inc.
9. Craig Pollack, President
Pollack Management Corporation
10. Jessica Saris, AMP Mortgage Broker
Verico Manifest Mortgage Corporation

11. Gina Shimizu, Claims Department
Coastal Pacific Express Inc.
12. Barrie Urquhart, President
Oxford Construction Inc.
13. Nigel Yonge, Vice President, Partner
Hanger 18 Creative Group Inc.

Individual Interviews

1. Merv Gunter, President
Frontiers North Adventures
2. Tracy Peterson, General Manager
CMO Data Systems

Edmonton – January 31, 2012, 12-2 pm

1. Henrik Almström, International Business
Development
Silverdane Corporation
2. Erick Ambtman, Executive Director
Edmonton Mennonite Centre for Newcomers
3. Lionel Carriere, President
XEA Services
4. John Ennis
Edmonton Economic Development Corporation
5. Beatrice Ghetubba, Managing Partner
K2Z Accounting
6. Adrian LeCoyte, VP Marketing & Business
Development
Silverdane Corporation
7. Dave McGarva, Partner, Vice President Client
Delivery
Acton Consulting Ltd.
8. Ian Smith, Acting Sgt., Recruit Selection Unit
Edmonton Police Services

Appendix 3 – Focus Group Interview Guides

Focus groups in four cities were semi-structured, using the following questions as a guide.

Section 1 – Introduction

This section is common to four out of five focus groups.

About You and Your Business

1. Can you please introduce yourself and your company? Including:
 - How many people does your company employ?
 - What is the top challenge you face in finding the right employees?

Section 2 – Discussion of Program Options

In this section, each focus group focused on two of the following five program options.

Option 1 - Single Point of Access to Recruiting and Hiring Supports

1. Does this sound like something your business would use?
2. Would you be willing to pay for this service? How much? Who would you want to deal with when using this service?
 - Probe on community, government, post-secondary, business and industry associations, etc.
3. What would persuade you to use community or government services? What would dissuade you?

Other probing questions:

Your Current Hiring Practices

2. How many here have ever hired a skilled immigrant?
 - For those of you who have ever hired a skilled immigrant, what challenges did this present?
 - For those of you who have not, what would encourage you to do so?
3. Do you ever need HR help? If so, what kind of help, and who do you go to?
 - Do you use online resources for HR help?
 - Do you use social media to look for new employees?

- What else would you be interested in getting from this type of service?
- Would you want this service to focus on candidates who are skilled immigrants, or to include a wider range of applicants?

Option 2 - Online Database of Screened Immigrant Candidates

1. What would persuade you to use an online database like this one to search for job candidates?
2. Who do you think should perform the screening of the candidates?
3. How would you want this database to be focused?
 - Probes on industry, occupation, geography, etc.
 - Probe on demographic groups
4. What functions would you want this website/database to have?

5. Do you use social media to look for new employees?
 - Probe on connection with social media

Option 3 - Activity-Focused Internship

1. What business areas could an intern help you with?
 - Probes on areas, e.g. e-commerce, communications (including social media), IT (general), financial management/accounting, marketing to local ethnic or international markets, export activities
2. How long would you like an internship to last? How much do you expect to pay an intern?
3. Who would you like to work with to get your interns?
 - Probe on organizations that might manage a program like this – e.g. community government, business association, industry association, post-secondary

Other probing questions:

- What about the costs/capacity needed to get an intern working? How could this program help you with that?

Option 4 - Wage and Orientation Subsidy

1. How would a subsidy like this influence your decision to hire a skilled immigrant?
2. How would you use a subsidy for training and orientation?

3. Imagine that you use this program to hire a skilled immigrant, and that employee works out well. Would you consider hiring a skilled immigrant for your next job opening, even if there was no subsidy available?
4. Would you prefer a tax credit or a tax holiday instead of a wage subsidy? Why?

Other probing questions:

- Have you ever used a similar subsidy or other financial incentive program? Would you do it again?

Option 5 - Marketing – Promoting Programs and Services to You

1. If your bank provided you with information about hiring skilled immigrants – which is unrelated to your loan or contract with the bank – are you likely to act on this information? Why or why not?
 - Probe on current HR advice or support provided by financial institution
2. Aside from your bank, who would you trust to get this kind of information?
 - Probe on individuals and organizations – e.g. accountant, lawyer, industry associations, etc.
3. What's the most effective way to market to you? What grabs your attention?
 - Probes on methods – e.g. channel, format

Section 3 – Closing

1. Are there any other comments that you would like to make?