



Canadian Hiring Outlook Dampens in First Half of 2026

Most companies anticipate facing hiring challenges due to growing skills gap and evolving technology.

TORONTO, Dec. 29, 2025 — Canadian businesses are entering 2026 with cautious optimism, but expect to face several hiring challenges, according to a recent Express Employment Professionals-Harris Poll survey.

Cautious Optimism in Hiring Plans

The majority of companies (67%) are using positive terms to describe their hiring outlook for the year ahead, down slightly from 71% in the first half of 2025. Almost half (47%) are using negative terms, with 25% of companies using the term “cautious” to describe their year ahead.

Less than half of companies (44%) plan to increase headcount in the first half of 2026; down from 51% in the first half of last year and 49% in the first half of 2024. Almost as many (42%) plan to keep their headcount about the same, while 10% plan to decrease their numbers.

For companies planning to increase their headcount, the most common reason continues to be to manage increased volume of work (55%), followed by to fill newly created positions (38%), and to fill positions that are open due to employee turnover (36%). Many are hiring to expand into new markets and gain expertise in emerging areas, with 29% seeking new skill sets and 24% focused on market expansion in new areas.

For those who plan to decrease the number of employees at their company, by far the biggest reason continues to be to reduce costs (69%), followed by aligning with changes in government policies such as tariffs or regulations (42%), and a decline in demand at the company (30%).

Automation and artificial intelligence (AI) are influencing workforce decisions. Among companies planning to reduce staff, 23% cite increased use of automation and AI, and 21% say they will not replace employees who leave.

Temporary and contract workers continue to be a key part of workforce strategies. More than one in four companies (29%) plan to hire contingent staff in 2026, and 71% say they are willing



to use contingent workers to meet business needs.

For the first half of 2026, companies plan to hire recent university graduates (46%), university students (32%), college/career tech graduates (26%), or retirees (8%), all at similar rates to last year.

Hiring Challenges Persist

More than one-quarter of companies (29%) report having open positions they cannot fill. The primary obstacle is not pay or benefits, but skills:

- 49% say applicants lack relevant experience, up 45% from last year.
- 47% cite lack of hard skills in applicants.
- 44% point to applicants with lack of soft skills
- 13% struggle to evaluate informal or self-taught skills.

Meanwhile, compensation-related barriers are declining with fewer employers citing unwillingness to work required hours (19%, down from 30% in first half of 2025), pay not being competitive (17%, down from 27% in the first half of 2025) or benefits not being competitive (9%, down from 14% in first half of 2025).

These trends underscore that skill gaps, not incentives, are the critical hurdle to hiring.

Looking ahead, most hiring managers (86%) expect challenges in 2026, with the most pressing concerns being:

- Finding qualified candidates (41%)
- AI-related complexities (26%)
- Increased competition for talent (22%)
- Difficulty planning labour needs (22%) due to concerns about economic downturn and changes in government policies (e.g., regulations, tariffs)

“As we move into 2026, companies that thrive will be those that invest in people and adaptability. Technology will continue to transform how we work, but human expertise and creativity remain irreplaceable,” said Bob Funk Jr., CEO, President and Chairman of Express Employment International. “Closing skill gaps isn’t just a hiring challenge; it’s a strategic opportunity for long-term growth.”

Survey Methodology

The Job Insights survey was conducted online within Canada by The Harris Poll on behalf of Express Employment Professionals from November 3 - 19, 2025, among 504 Canadian hiring decision-makers

For full survey methodology, please contact Ana Curic at Ana@MapleLeafStrategies.com.

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 Robert (Bob) Funk Jr.

Robert (Bob) Funk Jr., is the Chief Executive Officer, President and Chairman of Express Employment International, a global staffing franchisor founded and headquartered in Oklahoma City, Oklahoma. He leads a portfolio of workforce solution brands, including the flagship Express Employment Professionals franchise, along with several affiliated brands serving specialized markets. The Express franchise brand is an industry-leading, international staffing company with franchise locations across the U.S., Canada, South Africa, Australia and New Zealand.

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