

British Columbia and Yukon HR Trends Report **March 2016**

PURPOSE OF THIS REPORT

This report is intended to serve as a dependable reference tool for HR professionals and departments in British Columbia and the Yukon to make informed decisions reliant on current and reliable workplace information. Taken in concert with best practice, the right labour market information can help human resources practitioners make more optimal decisions and augment the quality of the advice that they provide to their stakeholders.

The Human Resources Management Association (HRMA) has commissioned this report to avail or to otherwise supplement other sources of labour information available to its members and to expose industry benchmarks that can help human resources professionals make better talent management decisions.

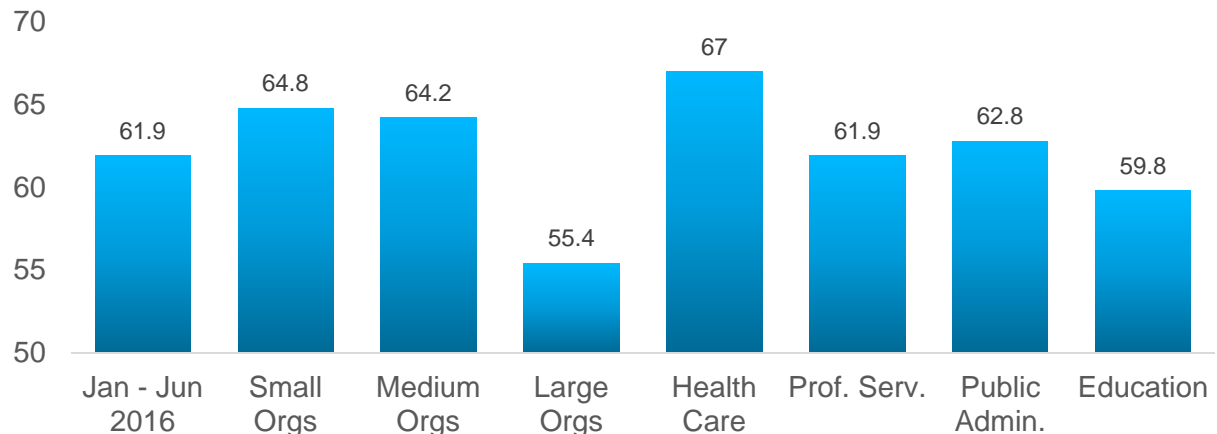
HIRING CONFIDENCE INDEX

British Columbia and the Yukon's Hiring Confidence Index was designed to quantify how British Columbia and Yukon employers feel about hiring over the next six months. The index emphasizes how confident HR professionals are that they can hire the right people to fill vacancies; incorporating also views on the expected growth in the number of positions.

The index is made up of both the expectation of hiring levels over the next six months and the confidence that respondents have in finding the right people to fill anticipated vacancies. The scores can aggregate to a maximum value of 100 and a minimum value of 0. Scores of more than 50 signifies that HR professionals are more confident than they are concerned about hiring.



Hiring Confidence Index



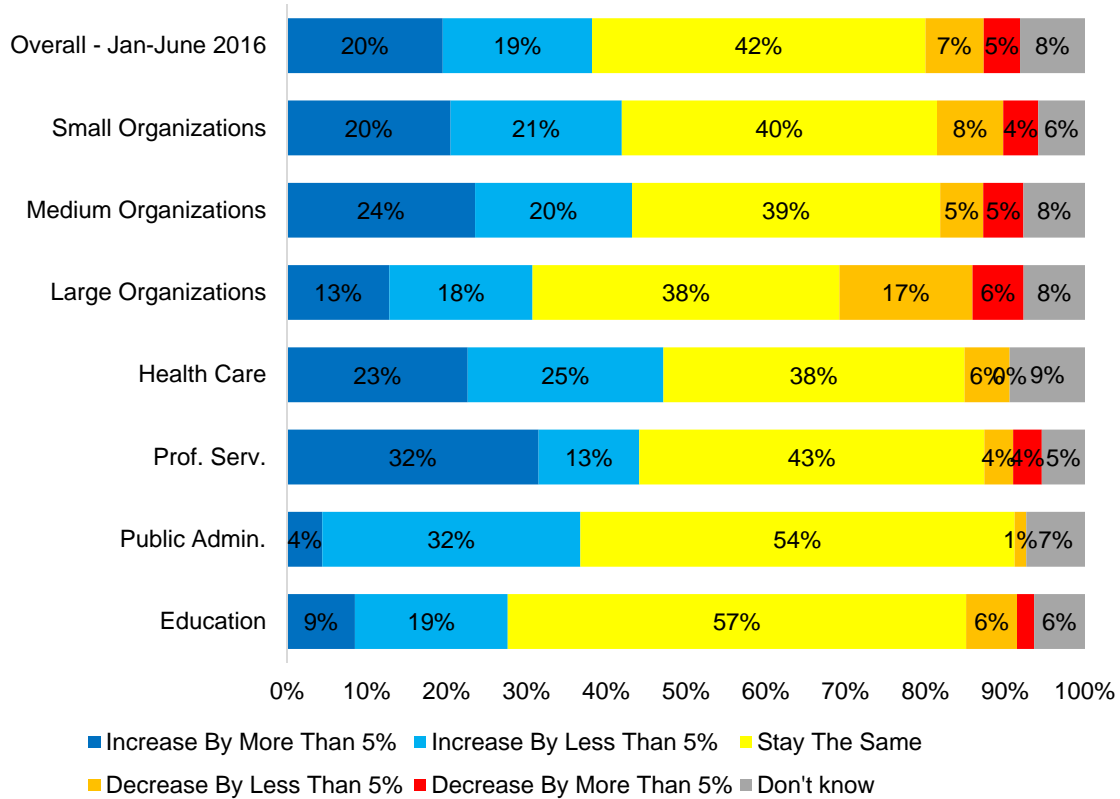
Overall, hiring confidence for the next six months (61.9) is about the same as the confidence across Western Canada (62.8). Scores in the mid-60s suggest strong confidence levels. Small sized companies feel the most confident (64.8) in their hiring capabilities over the next six months, a significant 9.4 points higher than their large organization counterparts (55.4) – revealing a meaningful difference in outlook between these two organizational cohorts. Hiring confidence is highest in the health care sector (67) and lowest in Education (59.8).

THE 6 MONTH OUTLOOK

Overall, 39% of participating organizations expect to see positive employment changes over the next six months, as opposed to the 12% expecting any sort of decrease. This is a very strong ratio, but it accentuates also significant differences in expectations – small and medium sized organizations are very optimistic, while large organizations are more evenly split. The health care sector is the most likely to expect growth (48%) while Education is far less optimistic (29%).

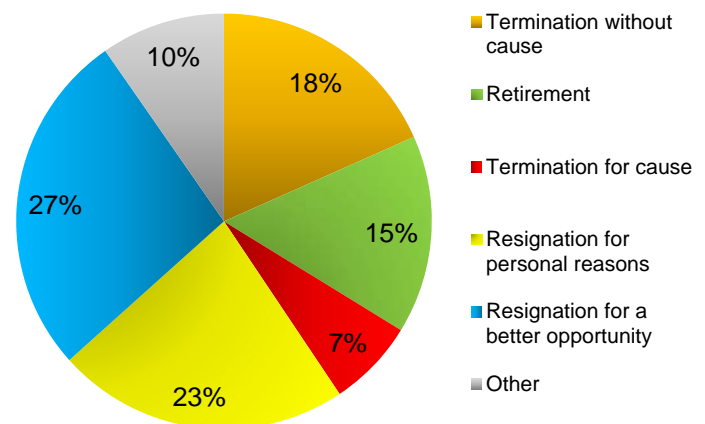


Expected Change in Employment



Over the next six months the most commonly expected reason to lose staff is resignation for a better opportunity (27%). This is an indicator of a very healthy job market. That said, termination without cause is at 18%, more than retirement. This indicates that there may be some layoffs anticipated for the next six months as the economy weakens.

Expectation for the biggest reason to lose staff in the next six months



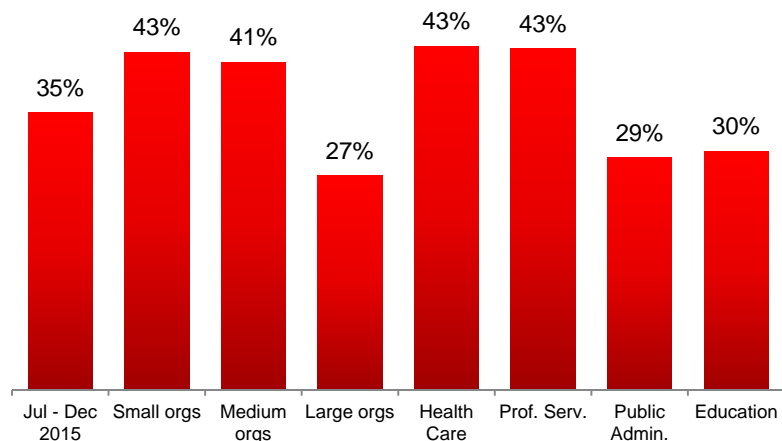
CURRENT TRENDS

In the July to December 2015 period, 35% of organizations saw a net increase in the number of employees. While this is not extremely strong, it is still significantly more than the 25% reporting a net decrease. Small organizations were the strongest when it came to employment growth, with considerably more of them reporting a net increase in employees than large organizations.

There is also a significant dichotomy between health care and professional services employers who had over 40% reporting a net increase in employment and those in public administration or education of whom only around 30% saw an increase.

The pattern of exact numbers of employees and contractors joining and leaving organizations shows growth, particularly among employees, but a shedding of contractors among medium and large organizations.

Percentage reporting net increase in employment



While the net number of employees increased in each size category, the increase was not particularly large, which calls into question the overall absolute strength of the labour market. The decrease in contractors indicates that either organizations are bringing contractors in house or, more likely, cutting budgets in the face of expected tougher times.

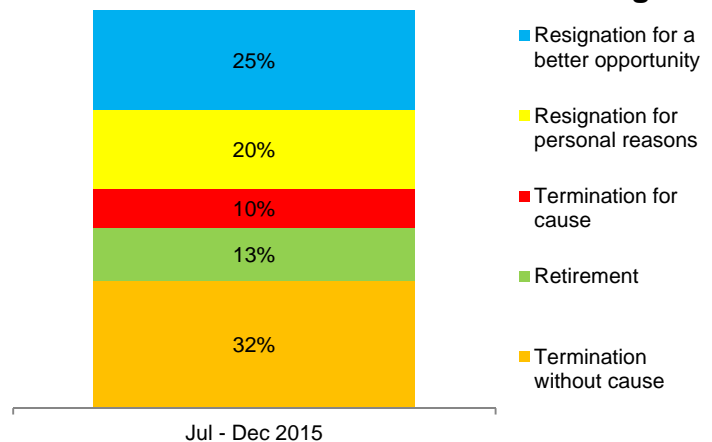
Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	5.4	38.4	82.9
Left in last six months	4.6	37.5	78.5
Net Employees	+0.8	+0.9	+4.4
Contractors			
Joined in last six months	3.6	3.6	5.9
Left in last six months	3.4	7.2	25.6
Net Contractors	+0.2	-3.6	-20.0

TERMINATION CAUSES

Over the last six months, the most common reason for employee departure was *termination without cause*. This is a troubling sign as this reason is most common in all occupations excepting professionals. So while the job market is seen to be strong, there is an undercurrent of cutting back, layoffs, perhaps tied to the decline in the Canadian dollar.

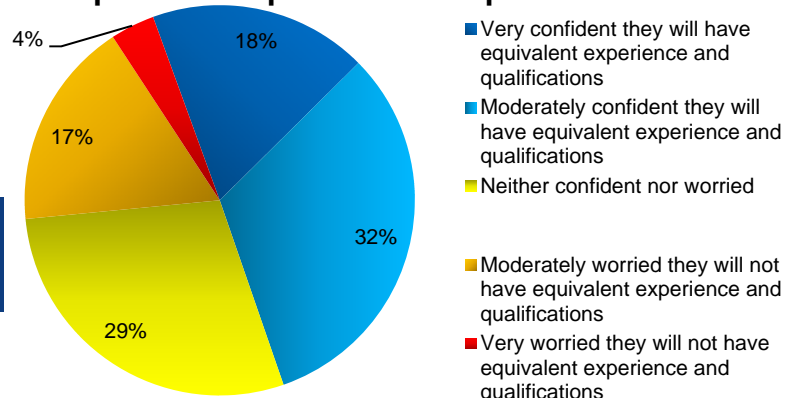
Category of Employee	Most Common Reason to Leave
Executives	Termination without Cause
Managers	Termination without Cause
Professionals (i.e. engineers, accountants, HR)	Resignation for a better opportunity
Technical Staff (i.e. designers, technicians)	Termination without Cause
Tradesperson or Journeypersons	Termination without Cause
Administrative or support staff	Termination without Cause

Most Common Reasons for Leaving



Exactly half (50%) of HR managers are confident they can fill vacancies with workers having equivalent experience and qualifications. 4% are very worried about finding qualified

Confidence in replacing workers with equivalent experience and qualifications



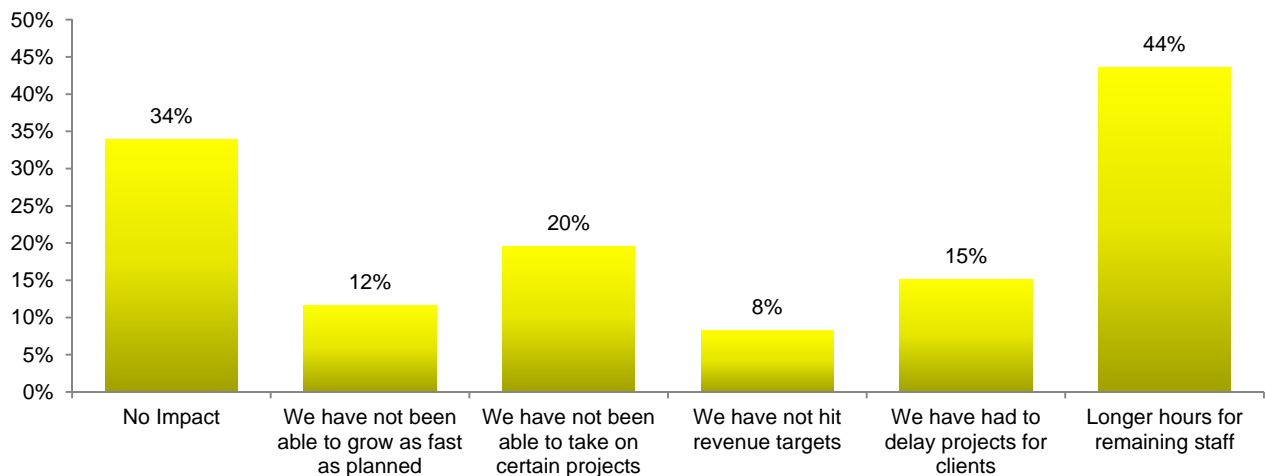
replacements. With unemployment relatively low, it is no wonder that a significant number of respondents are confident they will find workers who are the right fit.

TURNOVER COSTS AND RESPONSE

It is conceivably the remaining staff that bear the brunt of turnover. Only 34% of organizations report that turnover has had no impact on them in the last year, while over two in five (44%) said it resulted in longer hours for remaining team members.

This is a significant number when compared to the other potential impacts which were found in only in 8% to 20% of organizations. The next most common impacts are the inability to take on certain projects (20%) and delaying the projects that have been taken on (15%). About one in ten organizations said that turnout had impacted revenue targets or growth plans.

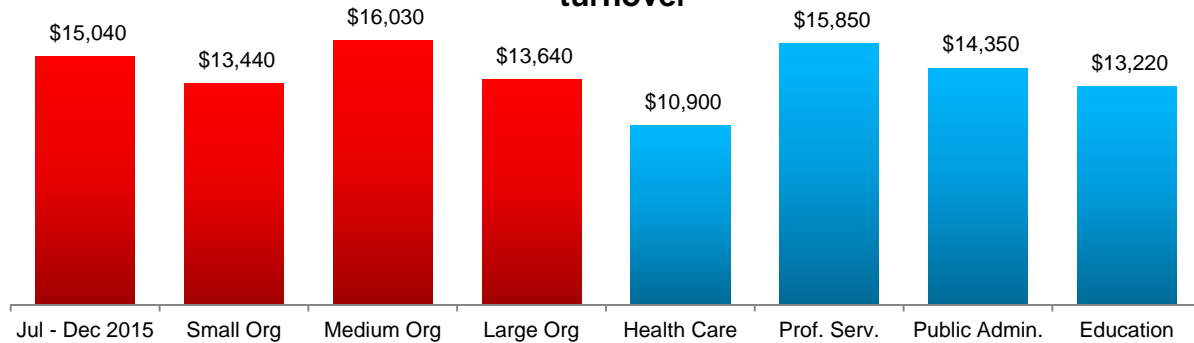
Impact of turnover in the last year



Turnover is expensive for any organization. In BC and the Yukon, the average cost is about \$15,000 for processing the turnover of an employee. Costs associated with replacing an employee as well as lost productivity can be high. The cost of processing turnover is highest with large organizations and can include severance, separation pays, benefits, and other costs. While small organizations had the lowest costs, they were not dramatically lower than those of larger organizations.

Health care had the lowest cost of turnover, perhaps evidence of their ease and confidence in finding replacements. The cost is almost \$5,000 more in the professional services sector.

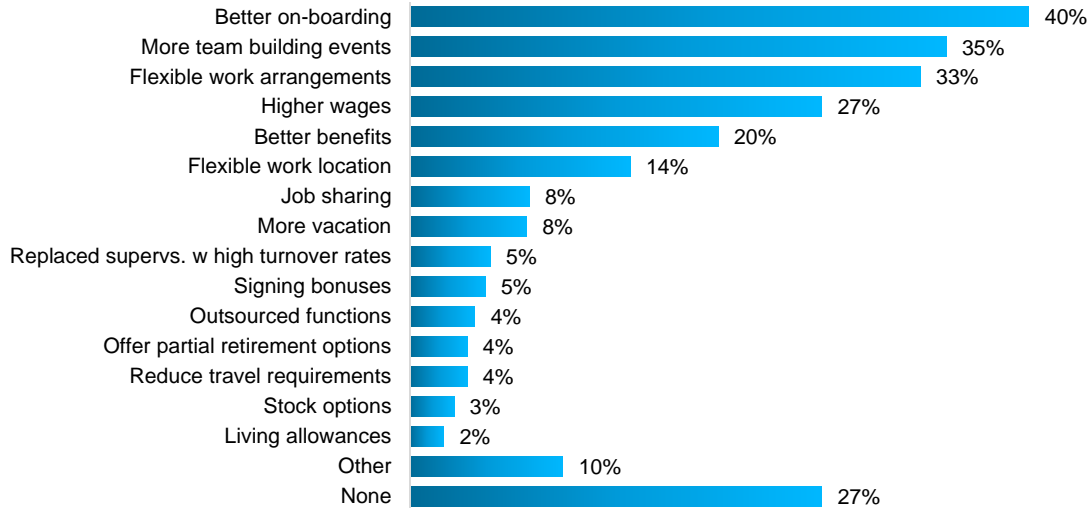
Estimated average total cost of processing an employee turnover



With turnover impacting so many organizations and costing them so much, it is worth noting that 27% of respondents said they do not take any action to reduce turnover. However, this number is low compared to the western province aggregate of 29%.

The most popular responses to effect reduced turnover include better onboarding practices, followed by other options like team building events and flexible working arrangements. Higher wages and benefits are common techniques, but not the most popular. Simply stated, employers continue to rely on an interesting and diverse mix of monetary and non-monetary practices. It appears that a significant number of respondents see a link between increased levels of employee satisfaction and employee morale, productivity, personal/ professional relationships, retention rates and decreased stress levels, mental/physical health issues and labour costs.

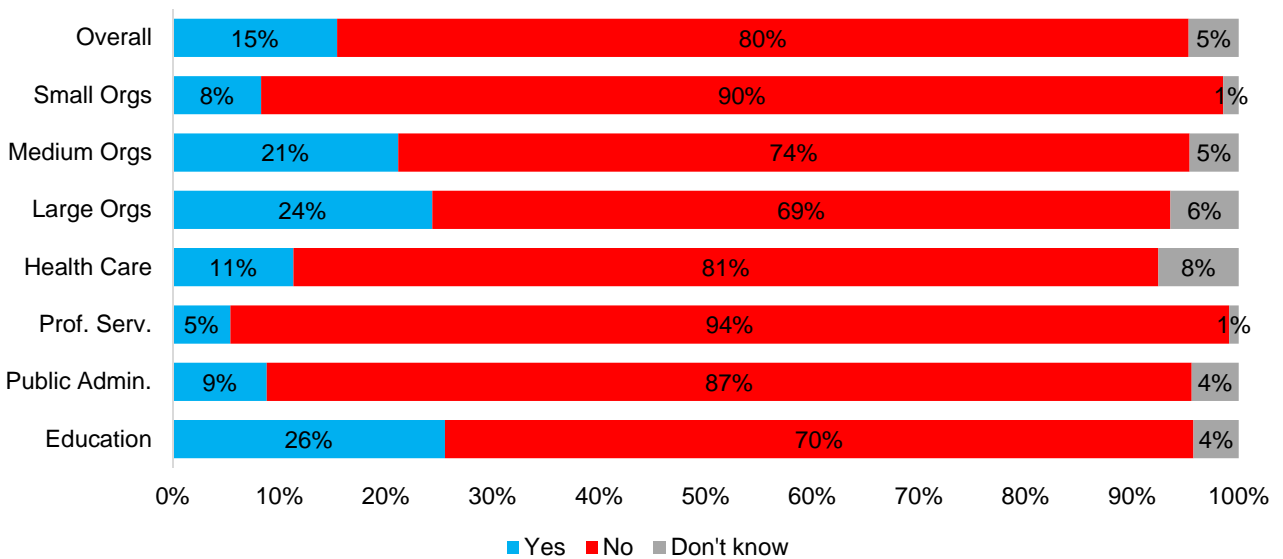
Actions taken to reduce turnover for any reason



TEMPORARY LAYOFFS

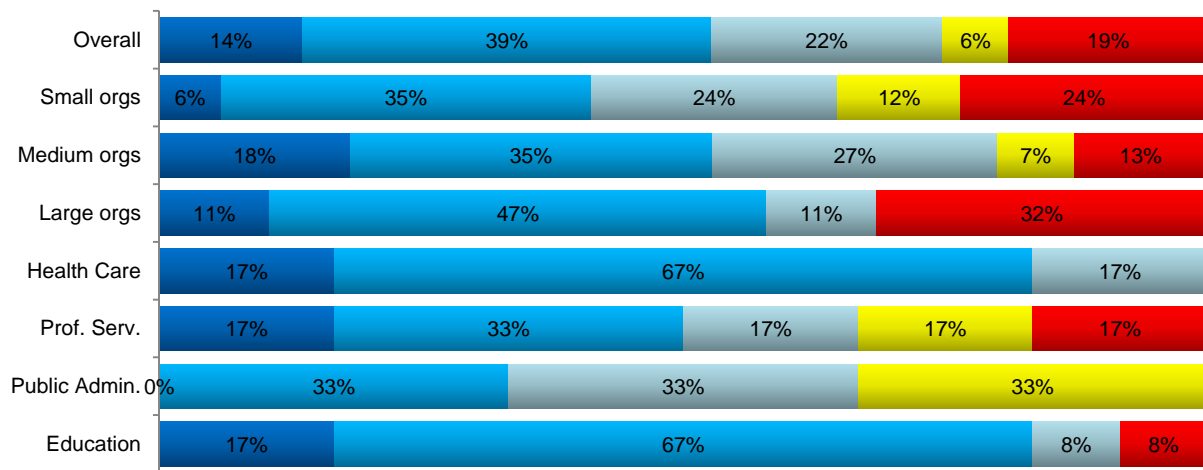
The intended outcome of temporary layoffs is for the displaced staff to return to work before long, and in most cases that happens. Temporary layoffs are being used by 15% of organizations. Interestingly, the practice is much more prevalent in large-sized organizations, and particularly in the education sector.

Have engaged in Temporary Layoffs



Overall, call-back times are reasonably short for temporary layoffs, with 75% of companies reporting that they call back temporary employees at some point within a year. It is worth noting that call back times are generally longer for smaller organizations, and comparatively few are called within a month – a layoff period of one to six months is considerably more common. Call backs are shortest in the health care and education sectors.

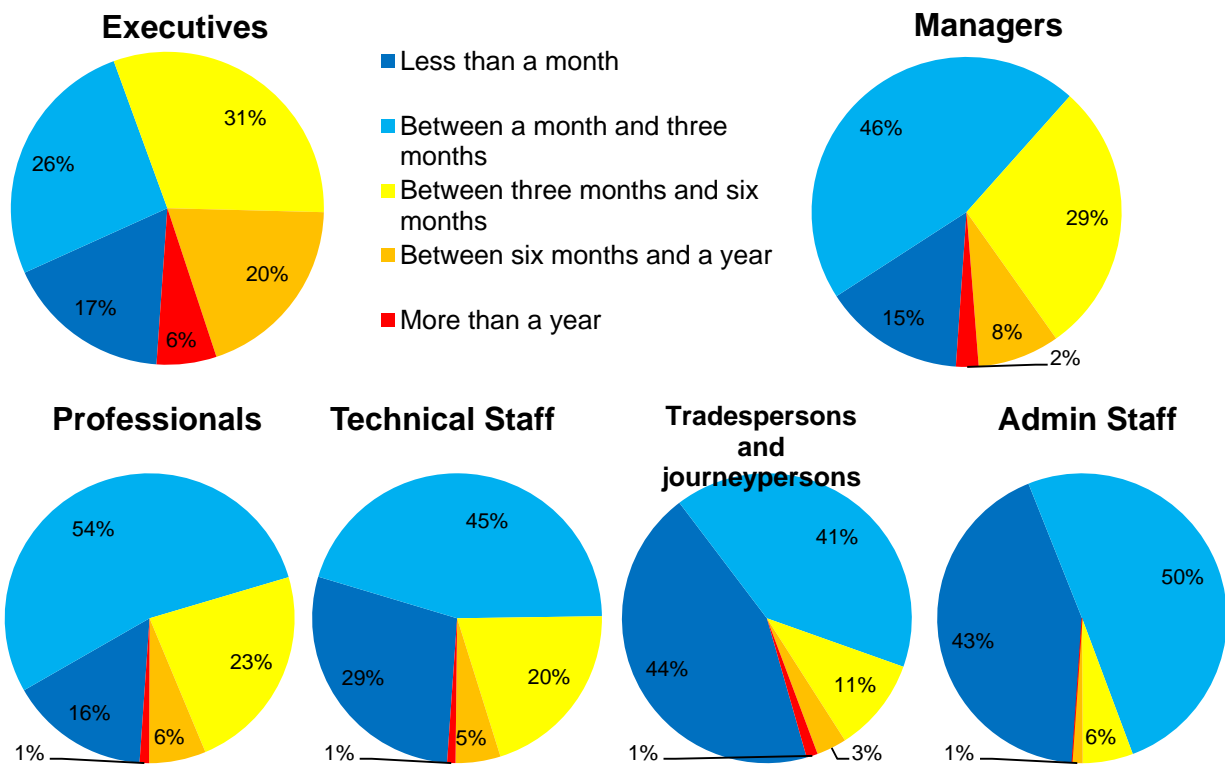
Length of time laid off before being typically called back to work



■ Less than one month ■ One to three months ■ Three to six months ■ Six months to a year ■ Over a year ■ Never

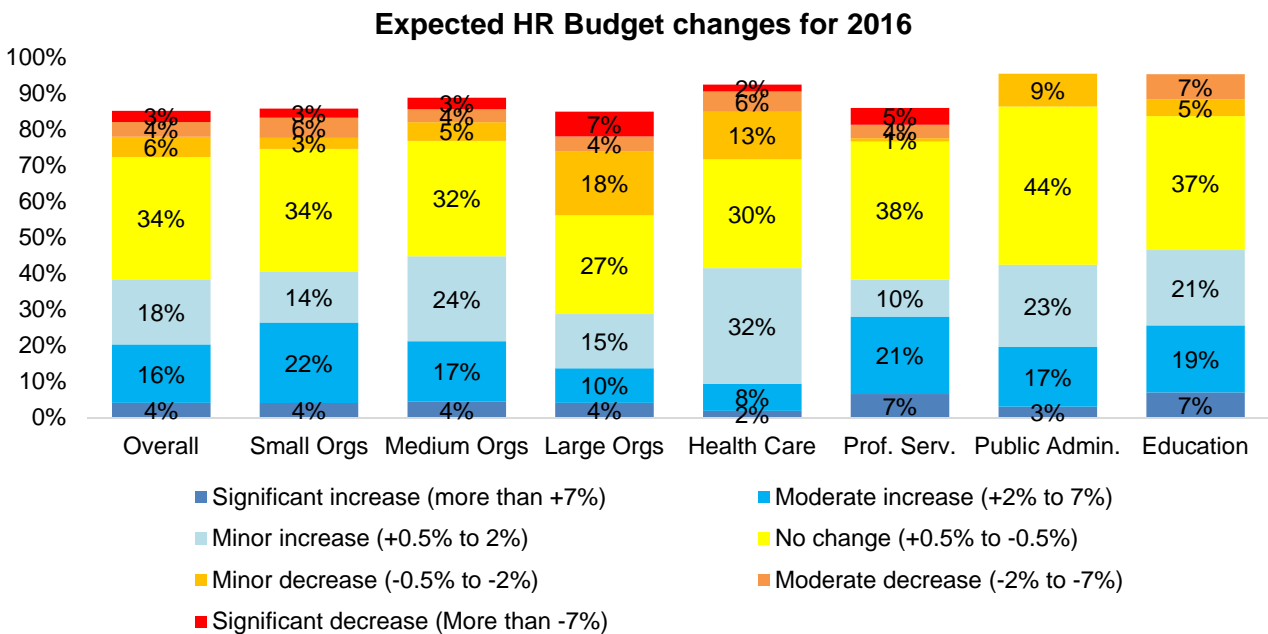
FILLING VACANCIES

In a usual labour market, the expected period for filling vacancies of more specialized positions typically takes longer to fill than less specialized positions. This holds true in BC and the Yukon in the second half of 2015. About one in six executive and managerial positions were filled in less than a month – and one in twenty executive jobs sat vacant for over a year. By contrast, almost half of administrative jobs were filled within a single month, and 93% within three months. As the level of specialization and complexity is reduced the speed of hiring significantly increases.



HR BUDGET CHANGES

More organizations expect their HR budgets to increase (38%) over the next year than those expecting a contraction in their budget (13%). Medium-sized organizations are most likely to anticipate a growing HR budget. All of the break-out sectors have a higher than average expectation of HR budget growth.

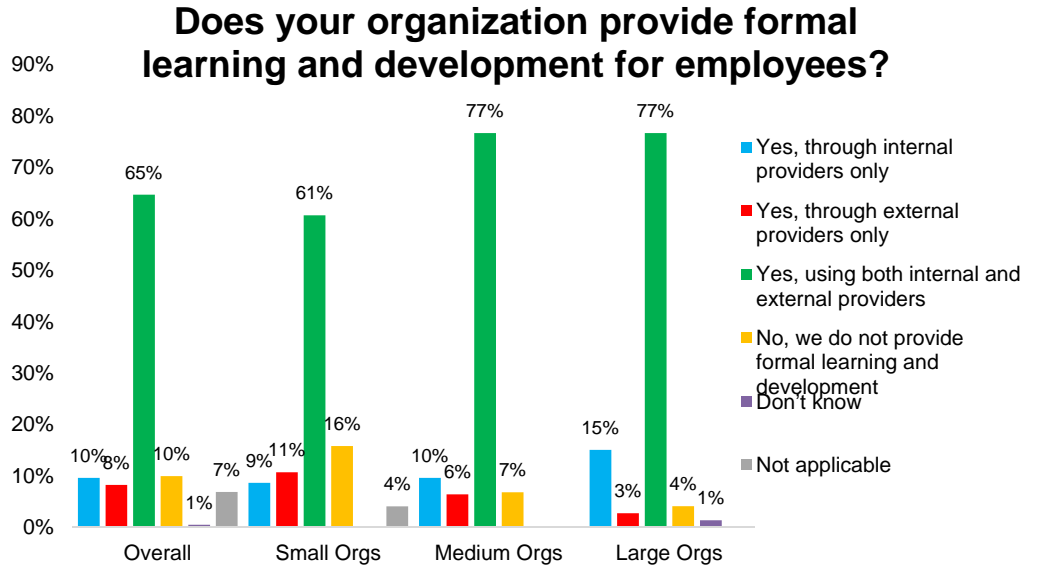


Respondents were asked to provide an approximate ratio of HR employees to overall employees in their organizations. The average was one HR employee for every 120 employees overall. This figure is very dependent on the size of the organization, with small organizations having one HR person per 39 employees and large ones having almost six times that with a ratio of 225 to 1. Medium-sized organizations had an average ratio of 122 to 1. Health care and education have the highest ratios with 203 and 153 to 1, respectively.

LEARNING AND DEVELOPMENT

Not surprisingly, learning and development plays a very important role in many organizations, with most respondents in the survey suggesting that their organizations use some form of either internal and/or external offerings. Overall,

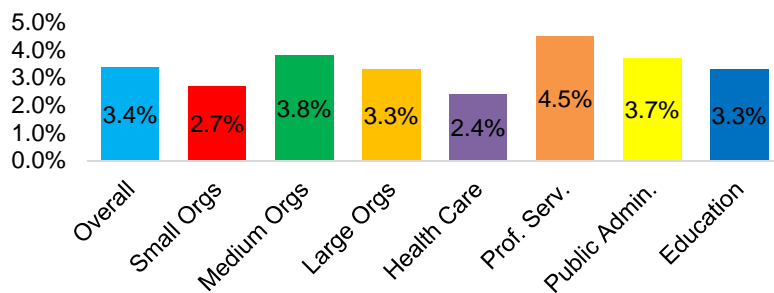
approximately 85% of respondents provide some form of learning and development opportunities, with 10% reporting that their companies do not invest in learning and development. Combining internal and external opportunities is the most popular form of learning and development for organizations of all sizes.



On average, organizations are investing slightly more than 3% of their total budget towards learning and development. Notably, professional services organizations devote slightly more (4.5%) than the provincial average to learning and development. In a human capital intense sector like that, learning and development is clearly a priority.

As seen above, most organizations use both internal and external resources for learning and development. But they use internal and external resources for different tasks. One on one and

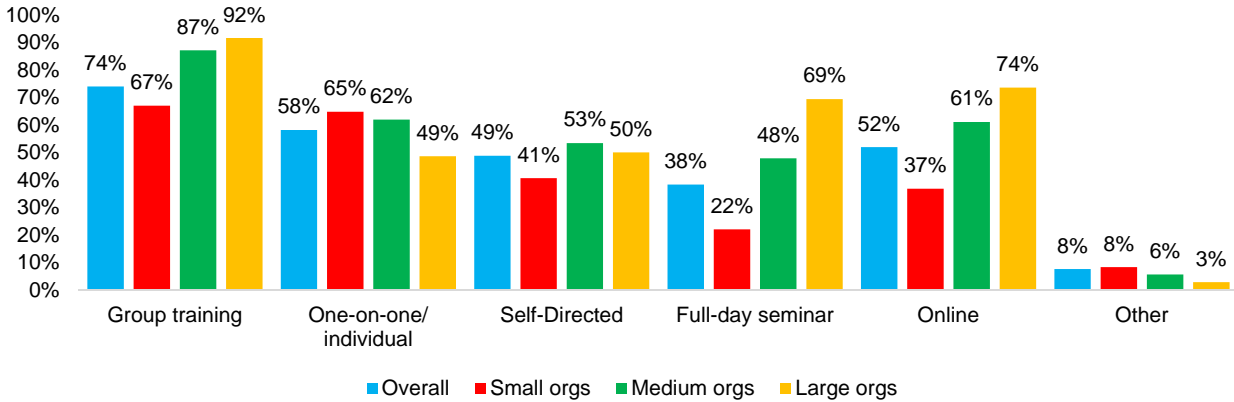
% of Budget Allocated to Learning and Development



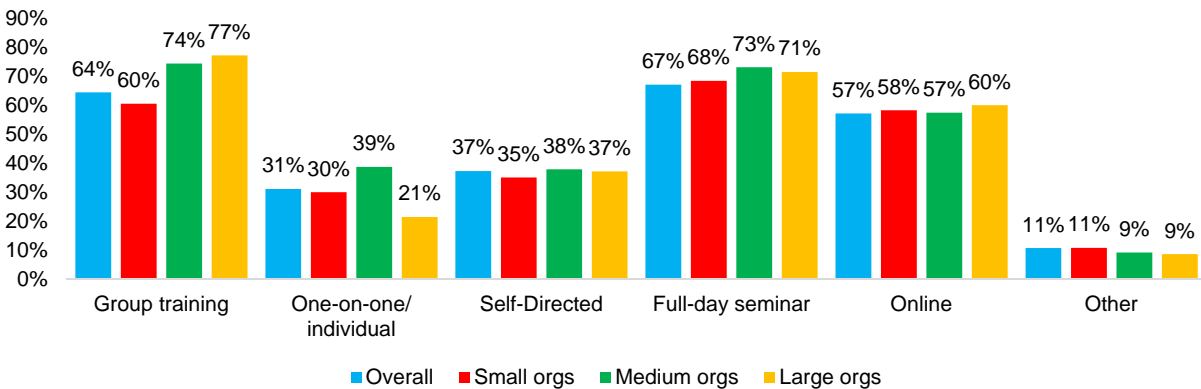
self-directed are much more likely to be done internally. Full-day seminars are more likely to feature an outside speaker or resource than an internal one. That said both online training and group training is equally likely to be delivered by external and internal resources. It is also worth noting that large

organizations do a better job of using internal resources for online learning and development as well as full-day seminars.

Method of Delivering Internally Provided Learning and Development Opportunities



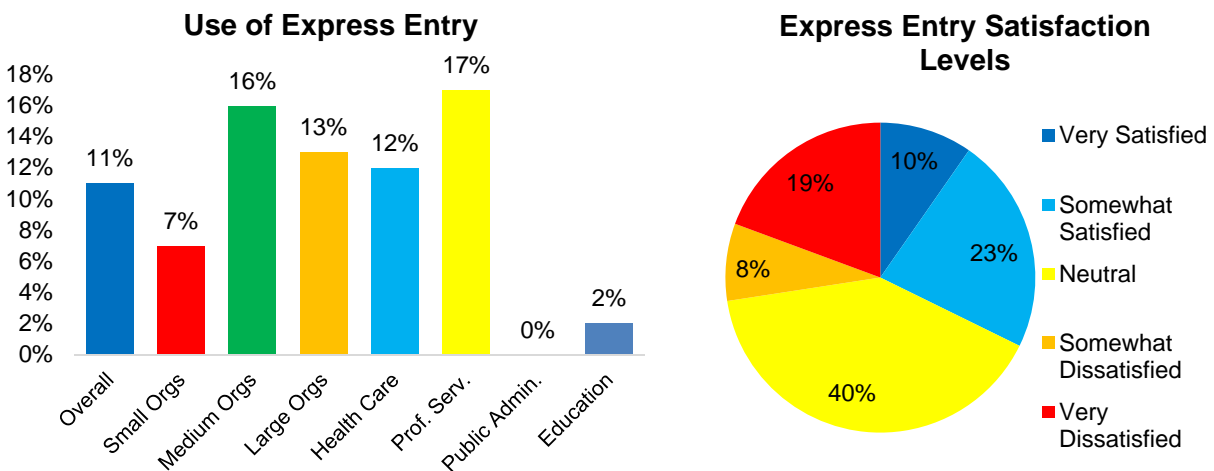
Method of Delivering Externally Provided Learning and Development Opportunities



Lastly, 56% of respondents across BC and the Yukon felt that they would use online training more over the next year, while not a single respondent thought they would use it less. In addition to fueling the online training industry, we should expect to see the number of respondents benefiting from this trend to grow.

EXPRESS ENTRY

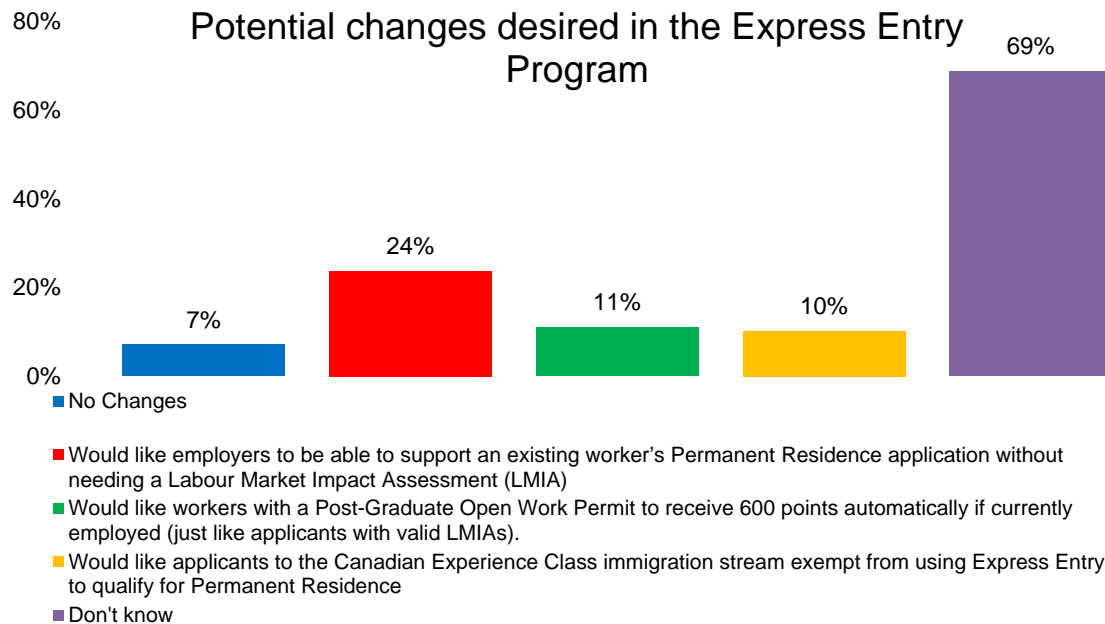
Express Entry is the selection system for Canadian immigration designed to select skilled workers for immigration to Canada through the economic class immigration streams. It is a completely electronic process involving the federal government, provincial governments, and Canadian employers. It allows organizations and employers to select skilled international candidates (without cost) and facilitates bringing candidates over more quickly.



Since its inception last year, 11% of organizations report having used the Express Entry program. It is most popular with large-sized organizations (16%) and those in the professional services sector (17%). It was not used by anyone in the public administration sector and was extremely rare in education.

Overall, 33% of organizations feel satisfied with the program versus 27% reporting having negative experiences. Given that it's a recently introduced program, it is to be expected that certain issues and kinks will need to be worked out over the next while before ratings improve. This is clearly shown, as only 7% of respondents suggested that no change is needed for the Express Entry program.

That being said, the majority (69%) of companies and organizations still don't know exactly what, if anything, they want to change about the program. 24% of respondents want to be able to support an existing worker's Permanent Residency application without needing a Labour Impact Market Assessment with fewer respondents pushing for other changes.



PARENTAL LEAVE

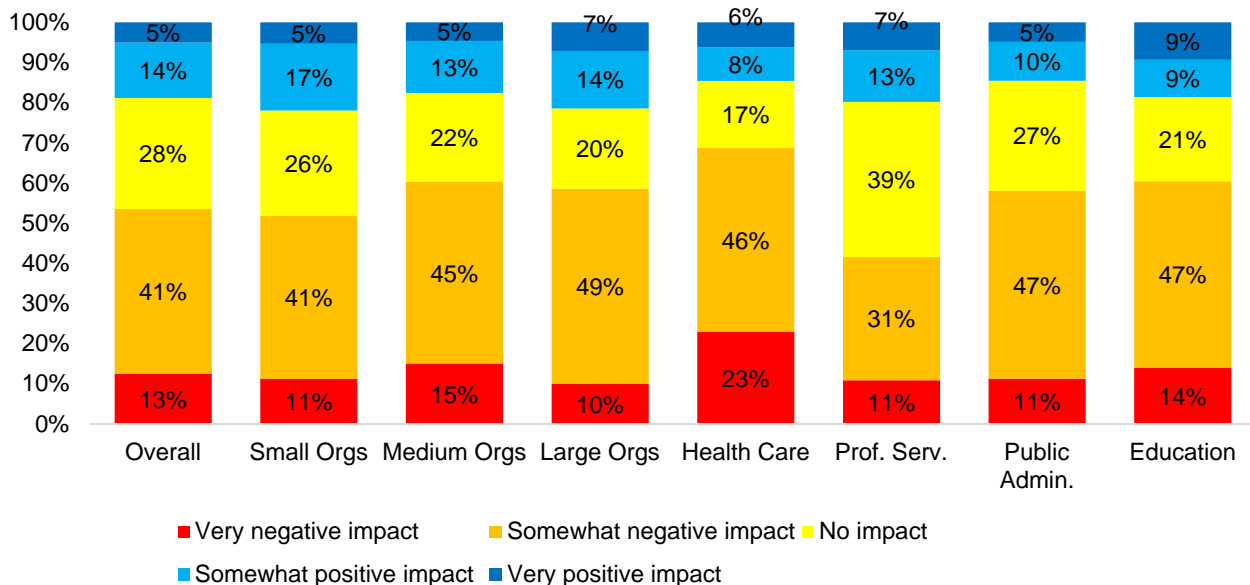
During the recent Federal election, both the now governing Liberals and the Official Opposition Conservatives promised to implement changes to parental leave benefits available through Employment Insurance.

When asked what the impact to their organization would be if parental leave was changed (in order to allow employees to access benefits in portions over 18 months), and allowing for leave to be taken in chunks rather than all at once, 62% of companies responded it would have a negative impact.

All organization sizes anticipated more negative impacts than positive. Only 15% of organizations foresee a positive impact. There is very little variation in views between small and medium sized organizations. Large organizations feel slightly more positive about the proposed policy, but are still more negative than positive.



Impact of allowing parental leave to be taken over 18 months



EMPLOYMENT STANDARDS

Respondents were asked to provide written comments on what changes they would like to see to Employment Standards in their province. The answers varied considerably. By far the most common was to make no change, with some providing rationale. The rationale fell into two categories – those who think things are satisfactory as they are and those who prefer government to stay out of the way.

The other significant number of comments can be categorized as:

- Changes to rules around overtime, leave and vacation entitlements;
- Concern about raising the minimum wage;
- Increase flexibility in the standards, particularly around hours and overtime; and,
- More clarity in how the standards apply to employers and employees.

TRENDS IN HR

Respondents were also asked to identify trends impacting their work in HR including government policies. While there are too many to enumerate, the most popular and significant include:

- Immigration, temporary foreign worker and Express Entry rules;
- A wage freeze;
- Lack of government funding in the public sector; and
- Concerns over the economy.

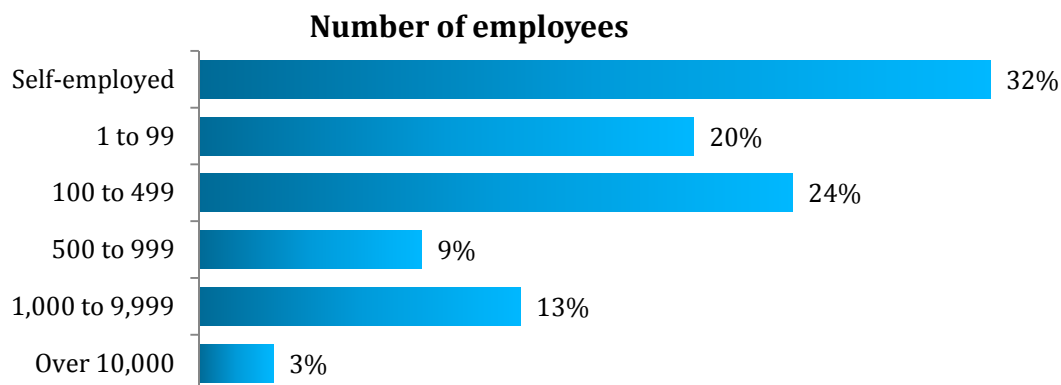
METHODOLOGY

This survey was administered online between November 18 and December 9, 2015. 5,386 members of the HRMA were invited to participate via e-mail communication. Of these, 1,093 or 20.3% completed sufficiently enough of the survey for their responses to be materially reliable. 550 respondents completed every question, representing a completion rate of 10.2%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/-2.6% nineteen times out of twenty and +/- 4.0% nineteen times out of twenty.

RESPONDENT PROFILE

The respondents come from organizations of all sizes from sole-proprietors to multi-national corporations. The median number of employees in British Columbia and the Yukon per organization is 234 and the average number of employees is 1,711.

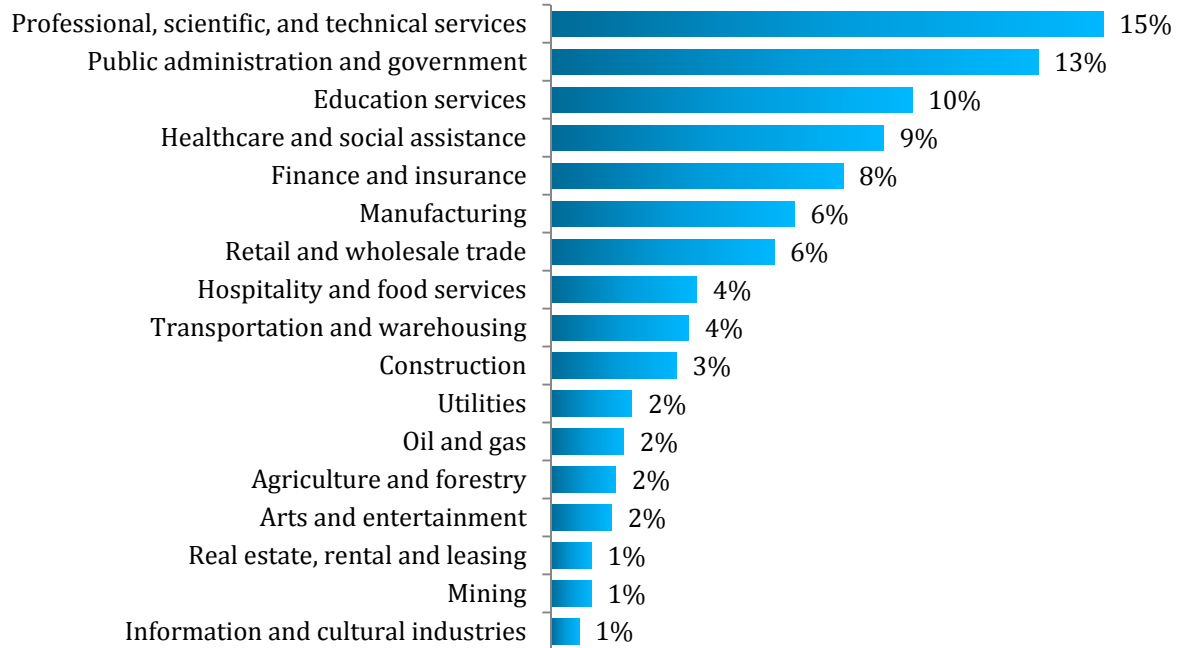
For the purposes of this report, small organizations are defined as those having fewer than 100 employees, medium organizations as those having between 100 and 999 employees, and large as those employing 1,000 or more employees. Respondents were also distributed across a wide range of sectors.



Due to the sample size, only four sectors could be broken out with separate results:

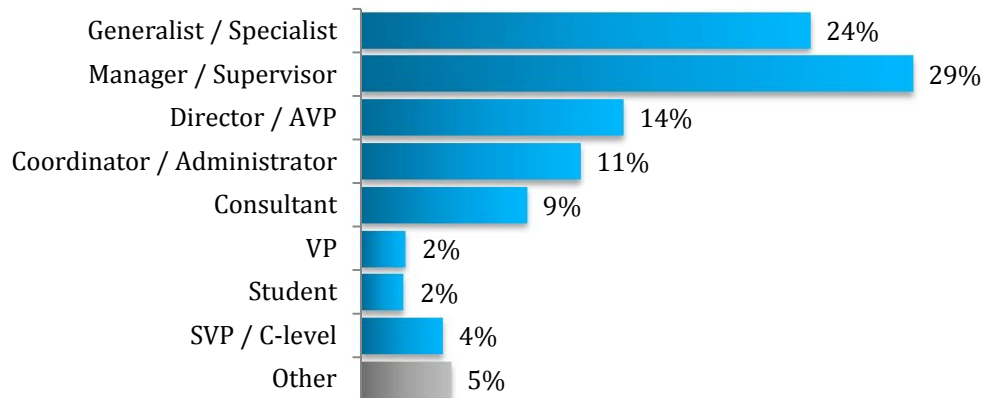
- Health Care
- Professional Services
- Public Administration
- Education

Responses by Sector



Respondents work in all sorts of roles within their organizations, but generalists and managers were by far the most common.

Distribution by Role



FURTHER INFORMATION

Founded in 1942, HRMA has grown to include more than 5,500 members encompassing CEOs, VPs, directors of HR, HR generalists, HR advisors, consultants, educators, students and small-business owners in BC and the Yukon. We are all Human Resources.

HRMA offers professional development and networking opportunities as well as resources for every stage of your career.

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