

Western Canada HR Trends Report

Fall 2016

PURPOSE OF THIS REPORT

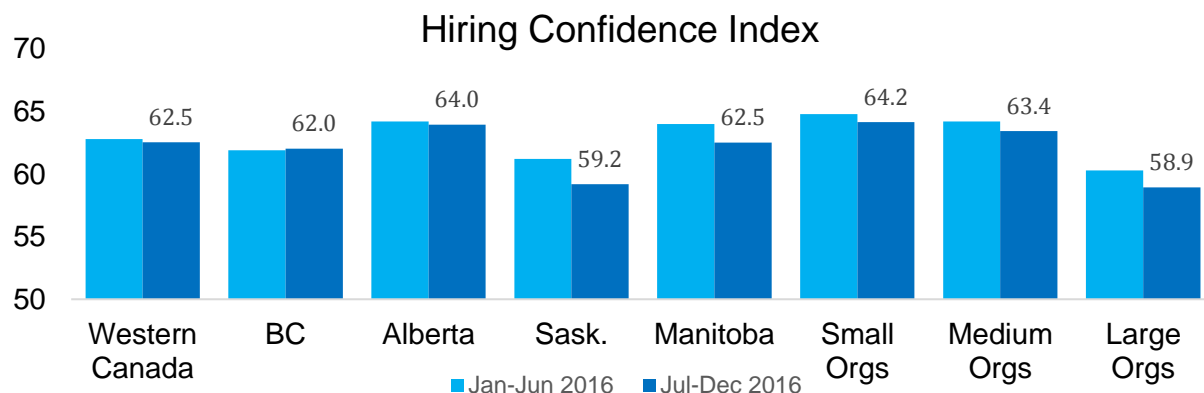
This report is intended to serve as a dependable reference tool for HR practitioners and departments across Western Canada to make informed decisions based on reliable and current information on what is occurring in workplaces. Together, with best practices, relevant labour market information can help human resources practitioners make better decisions and augment the quality of the advice that they provide to their stakeholders.

This report has been commissioned by The Human Resources Management Association (BC and Yukon), The Human Resources Institute of Alberta, the Saskatchewan Association of Human Resource Professionals and the Human Resources Management Association of Manitoba to help fill the labour information void for its members and to ascertain industry benchmarks that can help human resources professionals make better talent management decisions.

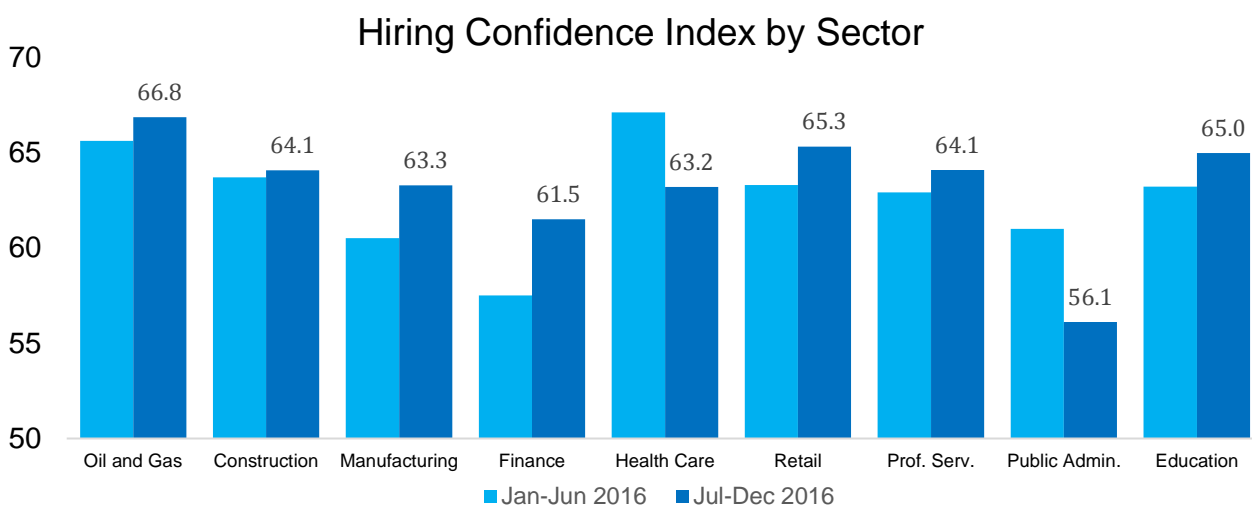
HIRING CONFIDENCE INDEX

Western Canada's Hiring Confidence Index was created to measure how Western Canadian 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 open positions, and incorporates views on expected growth in the number of positions.

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



Overall, hiring confidence for the next six months (62.5) is essentially unchanged. BC and Alberta saw no real changes in hiring confidence levels, while there were drops in Saskatchewan and Manitoba. As before, small organizations (64.2) feel the most confident and large organizations the least confident (58.9) in their hiring capabilities over the next six months. The gap between small and large organizations has widened from 4.5 in the last report to 5.3. There appears to be a trend emerging where the outlook of organizations is diverging in relation to their size.



The Oil & Gas sector has the highest confidence. The prolonged depression in oil & gas prices has contributed to layoffs and, as a result, higher confidence in finding the right individuals to fill any vacant positions. Manufacturing, Finance, Retail, Professional Services and Education all also saw increases in hiring confidence. The only two sectors to see drops in confidence are in the broader public sector – Health Care and Public Administration, driven by moderate increases in an expectation of shrinking headcounts.

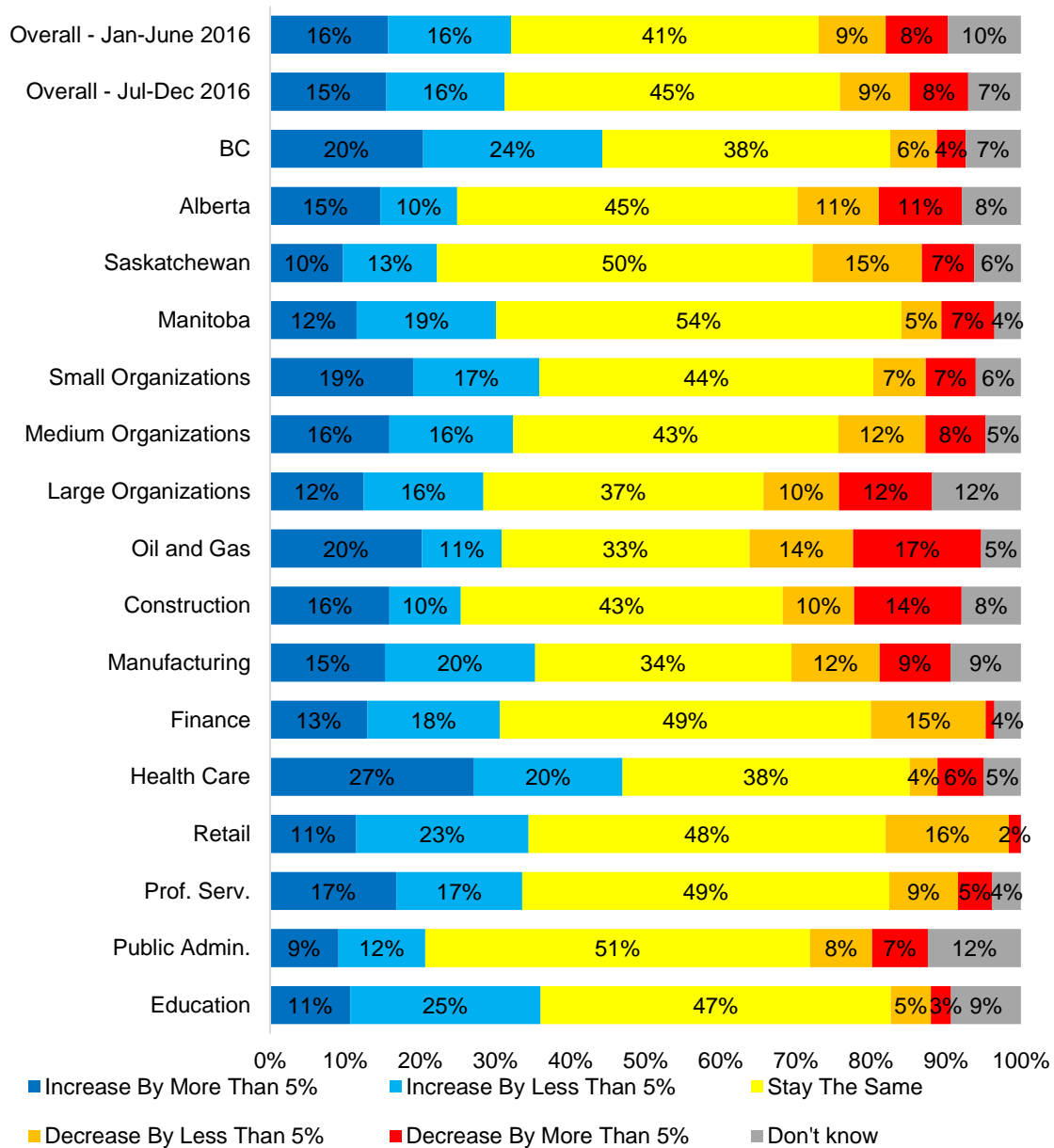
THE 6 MONTH OUTLOOK

Overall, 31% of organizations expect to see positive employment changes over the next six months, as opposed to 17% who are expecting a decrease in employment. This is basically identical to last the report. But this overall lack of change in Western Canada as a whole obscures significant changes within the provinces and sectors. In BC, more organizations are expecting to grow. In Alberta, less organizations are expecting to shrink and more organizations are expecting their workforce size to remain the same. In Saskatchewan, more are expecting to lose staff, while in Manitoba no significant changes are expected. There are no significant changes from the previous report in the expectations of employee numbers based on the size of the organization.



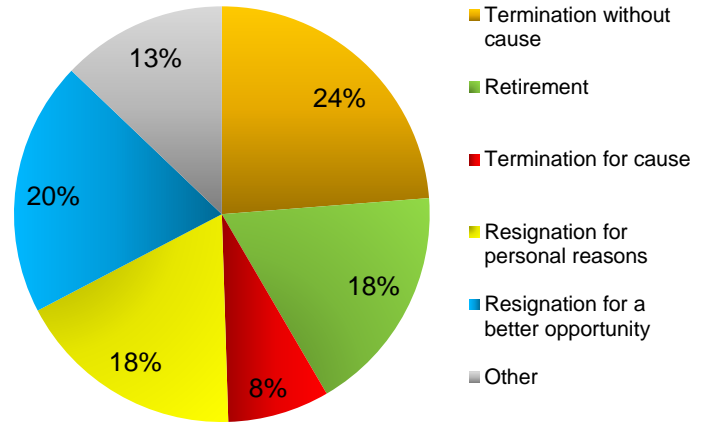
The Health Care, Manufacturing and Education sectors have the most positive outlook, while Public Administration, Construction, Oil & Gas, and Finance expect the least employment growth. That said, Oil & Gas and Finance both saw significant improvements in expectations over the last six months, as did Health Care and Education. Retail, Construction and Public Administration all saw decreased expectations of headcount growth in the last six months.

Expected Change in Employment



Over the next six months the most commonly expected reason to lose staff is *Termination without cause* (24%), an increase of 4 points over the last report. *Resignation for a better opportunity* dropped 4 points, but is still the second most expected reason to lose staff. The other reasons are more or less unchanged. *Termination without cause* increased significantly in Alberta and among larger organizations in Saskatchewan, driving up the number across Western Canada.

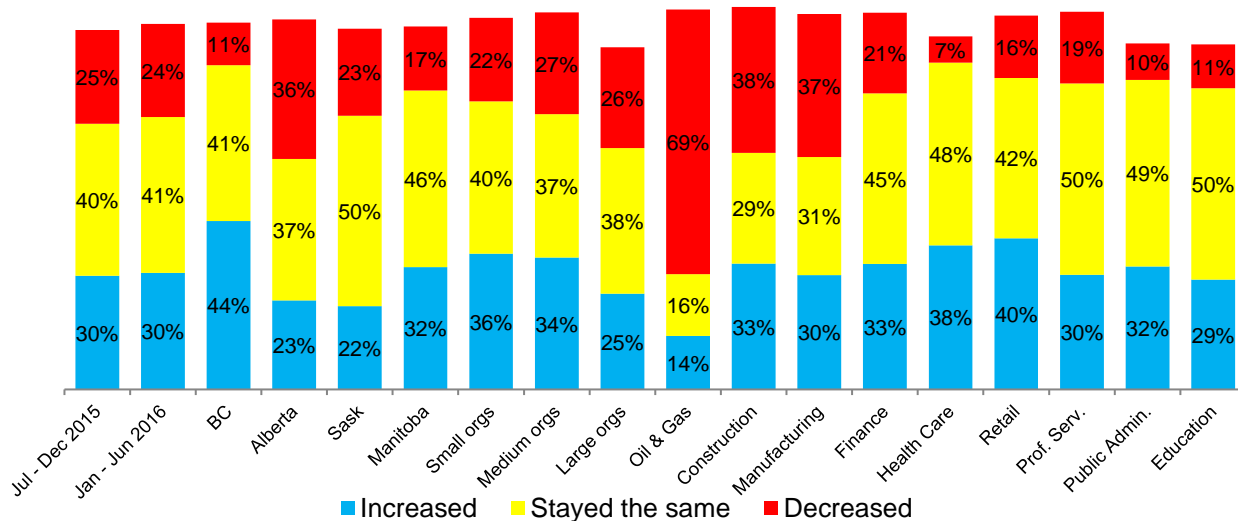
Expectation for the biggest reason to lose staff in the next six months



CURRENT TRENDS

In the first half of 2016, 30% of organizations saw a net increase in the number of employees, unchanged from the last report. This is not a particularly strong result, but it's more than the 24% who reported a net decrease. The best performing province was BC, which experienced significant improvement since the last report. Alberta is still in the grips of an economic downturn driven by low oil prices, and the numbers have only worsened. The low oil prices are now visibly impacting Saskatchewan, which saw more firms reporting a net decrease in

Percentage reporting change in employment



employment than an increase. Manitoba had more organizations reporting a net decrease compared to the previous report.

The Retail and Health Care sectors both showed strong net employment growth over the last six months, while Oil & Gas had the largest net decreases. Across all the sectors the most common change from the last report was slightly improved employment numbers. Even the Oil & Gas sector, while dire, marginally improved from late 2015. The exception is Manufacturing which saw a negative trend. On the other hand both the Construction and Finance sectors saw significant improvement from the last report.

The Health Care and Retail sectors both reported strong jobs growth in the past half year. The opposite was true in the Oil & Gas, Construction and Hospitality sectors – all of which saw net negative changes in employment. The worst performing sector was Oil & Gas, where five times as many organizations saw a drop in employment as saw growth.

The pattern of exact numbers of employees and contractors joining and leaving organizations show small declines in all three size categories. The trend is not significantly different from the last report, except that small organizations are now net losing people and that the rate of contractors being cut in large organizations has dropped significantly.

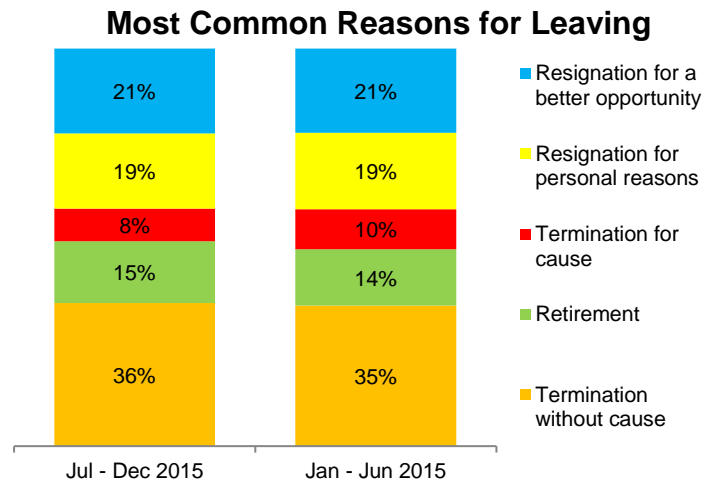
Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	5.6	29.2	110.8
Left in last six months	6.8	32.9	124.6
Net Employees	-1.2	-3.7	-13.8
Contractors			
Joined in last six months	2.8	3.5	24.5
Left in last six months	2.6	5.7	49.1
Net Contractors	+0.2	-2.2	-24.6

TERMINATION CAUSES

Over the last six months, the most common reason for employee departure was *Termination without cause*. The most common reasons for leaving have not changed in any significant way since the last report. Despite the relative strength of the labour markets in BC and Manitoba

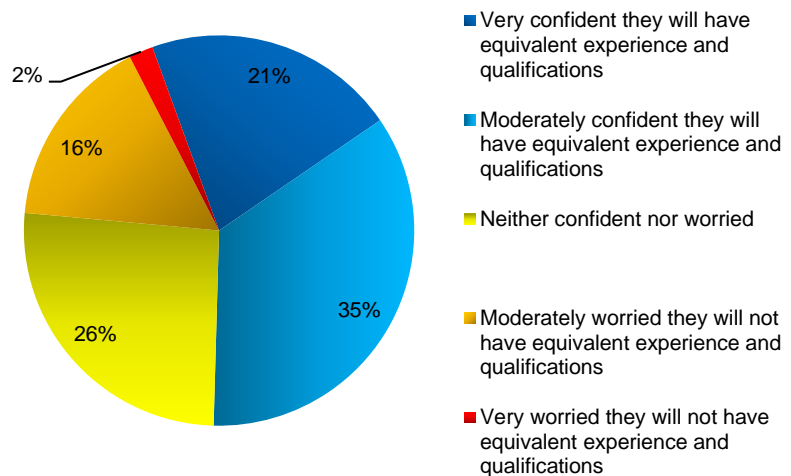
(where the most common reasons to leave are *resignation for personal reasons* and *resignation for better opportunities*), the tough state of Alberta’s economy and the worrying trends for Saskatchewan colour all of Western Canada negatively. This troubling trend continues as this reason is most common in all occupations.

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



Over half (56%) of HR managers are confident they can fill vacancies with workers that have equivalent experience and qualifications. Only 2% are very worried about finding qualified replacements. These numbers are essentially unchanged for the last report. Much of this confidence is driven by the labour market in Alberta and Saskatchewan. The layoffs in the Oil & Gas sector have made it much easier to find people in that sector – two thirds (67%) are confident they will find suitable replacements.

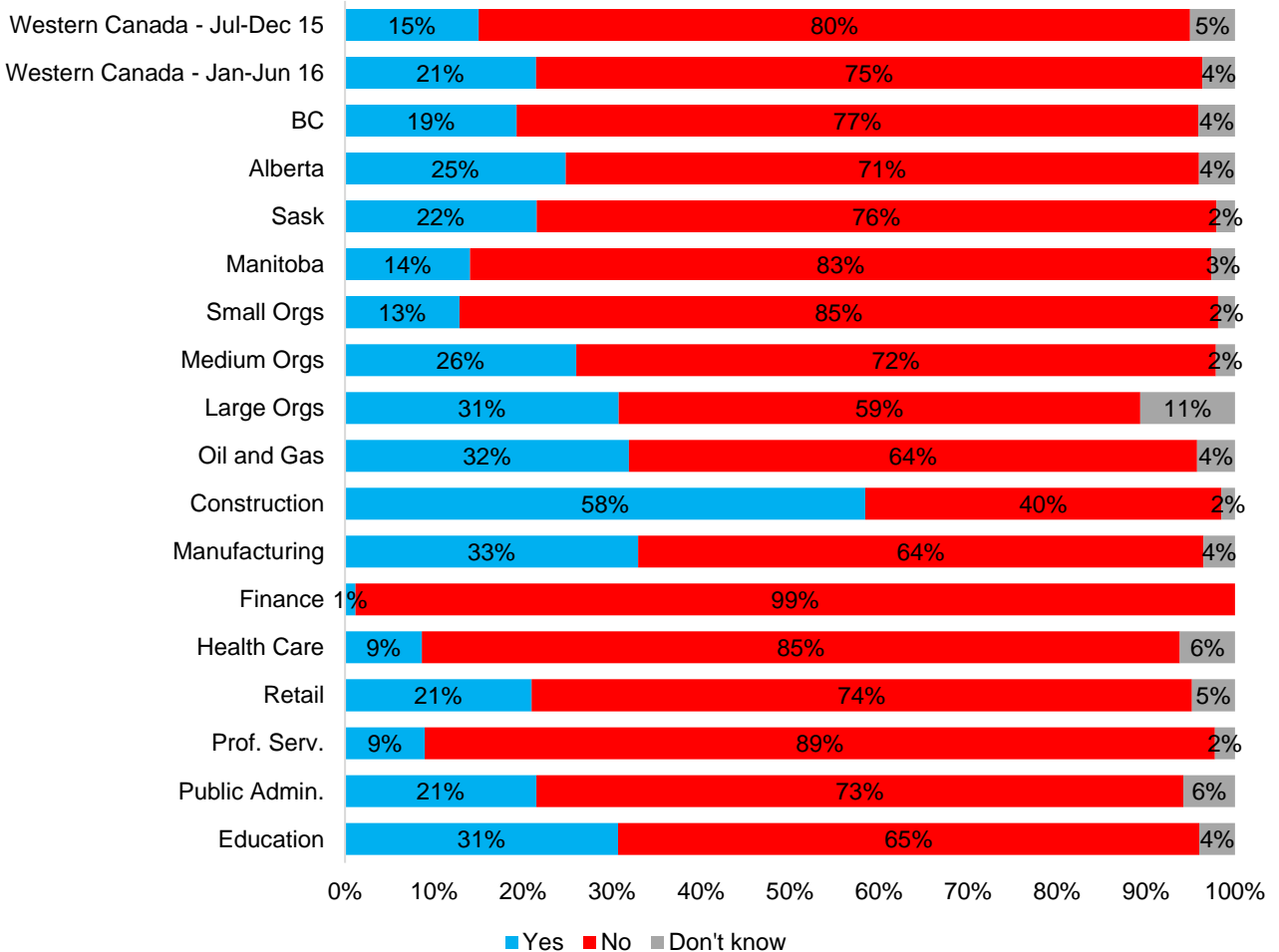
Confidence in replacing workers with equivalent experience and qualifications



TEMPORARY LAYOFFS

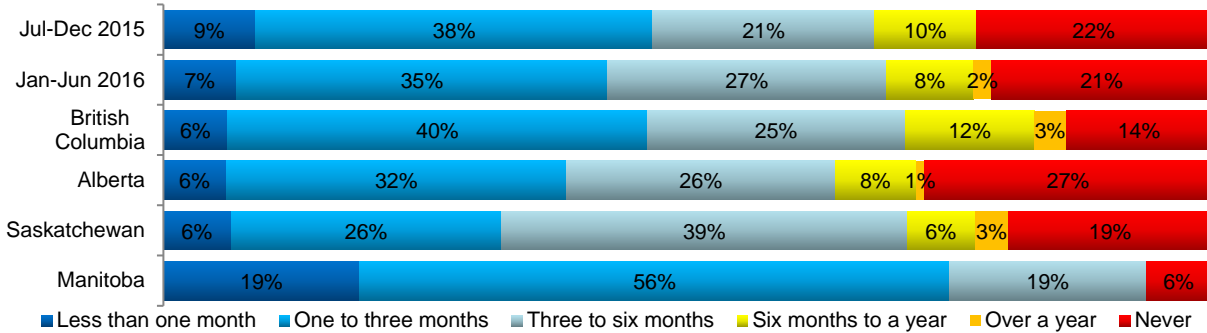
The intended outcome of temporary layoffs is for the displaced staff to return to work after a short period of time, and in most cases that happens. Temporary layoffs are being used by 21% of organizations within Western Canada. This is an increase of 6 points from the last report. Temporary layoffs are most common in Alberta and Saskatchewan, both impacted by lower oil prices. Large organizations are most likely to engage in this practice, and this has become significantly more common (+9 points) in the last six months. The sectors that have seen temporary layoffs become more significantly common are Construction (+24 points), Education (+10 points), Retail and Public Administration (+9 points each).

Have engaged in Temporary Layoffs



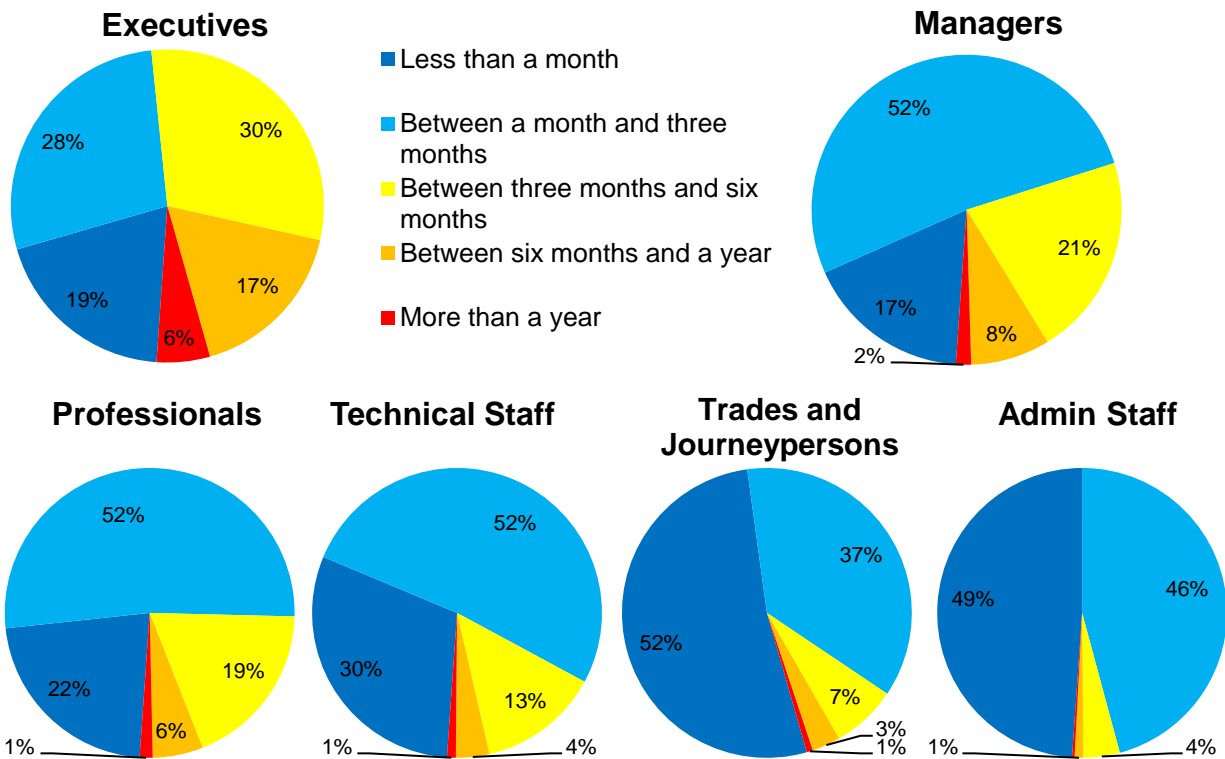
Call-back times overall are not overly long for temporary layoffs, with 69% of workers typically being called back within six months. Overall call-back times are marginally longer than they were in the last six months. Alberta and Saskatchewan, facing tougher economic times, see fewer workers who are temporarily laid off coming back to work at all.

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



FILLING VACANCIES

In a typical labour market, the expected time period for filling vacancies follows a particular pattern, where more specialized positions take longer to fill than less specialized positions. This holds true across Western Canada during the first six months of 2016. About one in five executive and managerial positions were filled in less than a month – and 6% of executive jobs sat vacant for over a year (unchanged from the last report). By contrast half of administrative jobs were filled within a single month and 95% within three months. The only role to see a significant change from the last report is trades and journeypersons who are now replaced more quickly than they were in the second half of 2015.



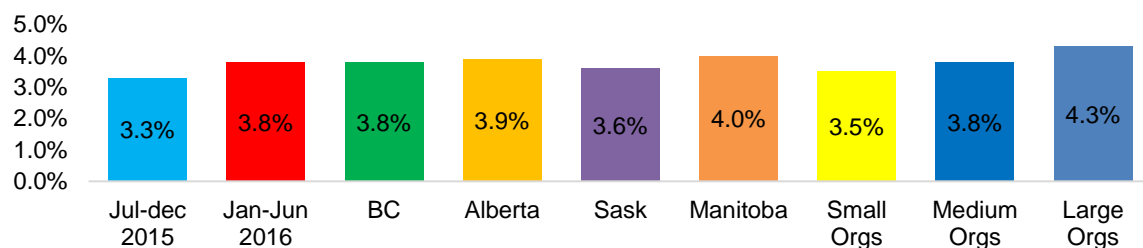
HR TEAM RATIO

Respondents were asked to provide an approximate ratio of HR employees to overall employees in their organizations. The ratio is very dependent on the size of the organization, with small organizations having one HR person per 38 employees and large ones with a ratio of 175 to 1. Medium-sized organizations had an average ratio of 108 to 1. The HR team ratios of small and medium-sized organizations do not vary significantly by province. There is some variation within large organizations in Saskatchewan and Manitoba, but this may be a result of small sample sizes.

LEARNING AND DEVELOPMENT

On average, organizations are investing slightly less than 4% of their total budget towards learning and development. Notably, small organizations devote slightly less (3.5%) than the average towards learning and development, possibly because they are more constrained by having less resources available to them than larger organizations. Investment in learning and development grew in the last six months across every province and all organization sizes. The biggest increase occurred in large organizations.

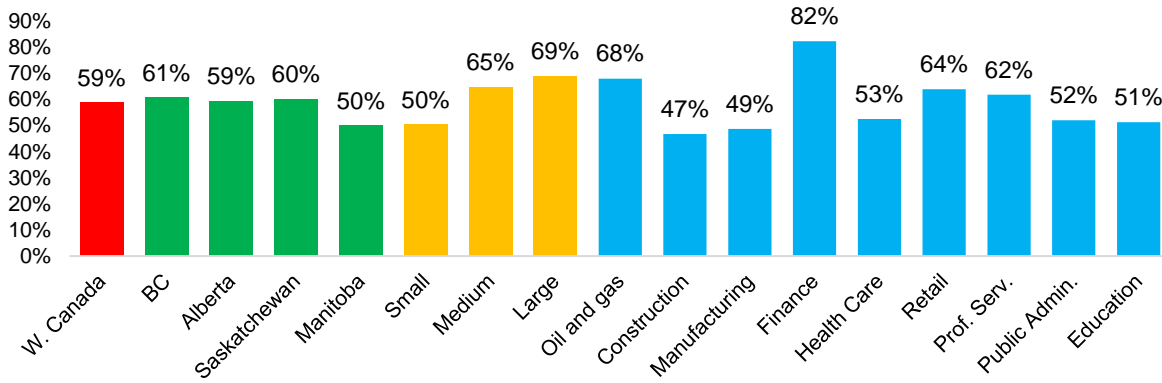
% of Budget Allocated to Learning and Development



COMPENSATION

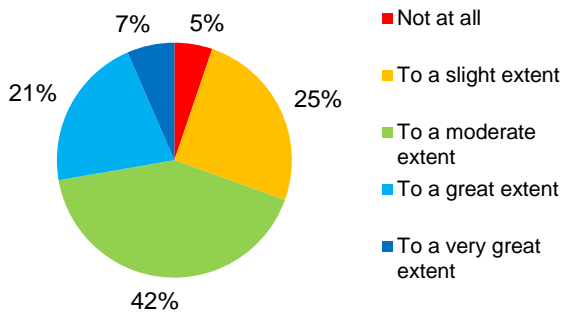
Almost three in five organizations have a compensation philosophy (59%). It is more common for organizations to have a compensation philosophy in larger organizations and in the Oil & Gas and Finance sectors. It is least common in organizations in Manitoba and the Construction and Manufacturing sectors.

Organizations with a compensation philosophy



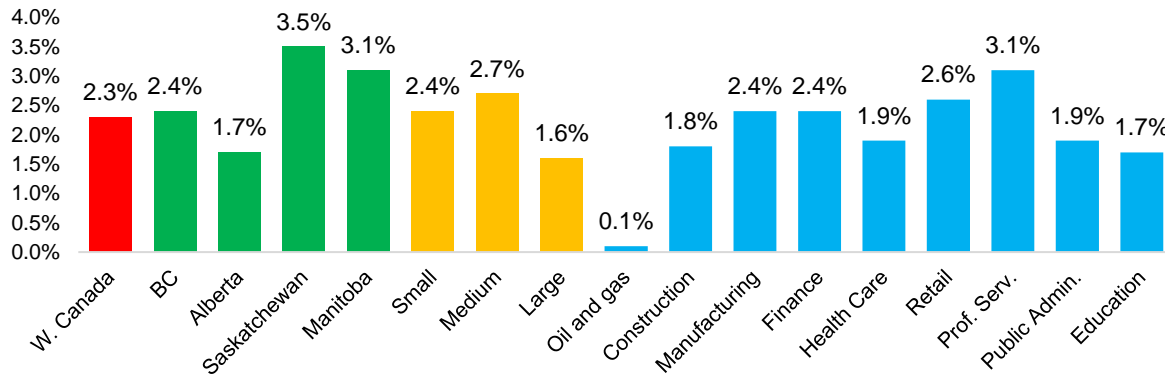
Across Western Canada 28% of organizations believe their employees have a great or very great understanding of how their compensation is determined. Two in five (42%) think their employees have an only “moderate” understanding, which speaks to a need for more clarity on this subject. There are no significant differences in opinion between organizations of different sizes, or provinces.

Employees understanding of how their compensation is determined



Overall, base salaries in Western Canada are expected to rise 2.3% in 2017. Saskatchewan is the most optimistic with an assumption of 3.5%, double that of Alberta which expects a rise of 1.7%. Small and medium-sized organizations expect bigger salary increases than large ones (1.6%). The Oil & Gas sector is not expecting any increase in salaries, while Construction, Health Care, Public Administration and Education all expect increases of less than 2%. Professional Services organizations foresee an increase of 3.1% to salaries in 2017.

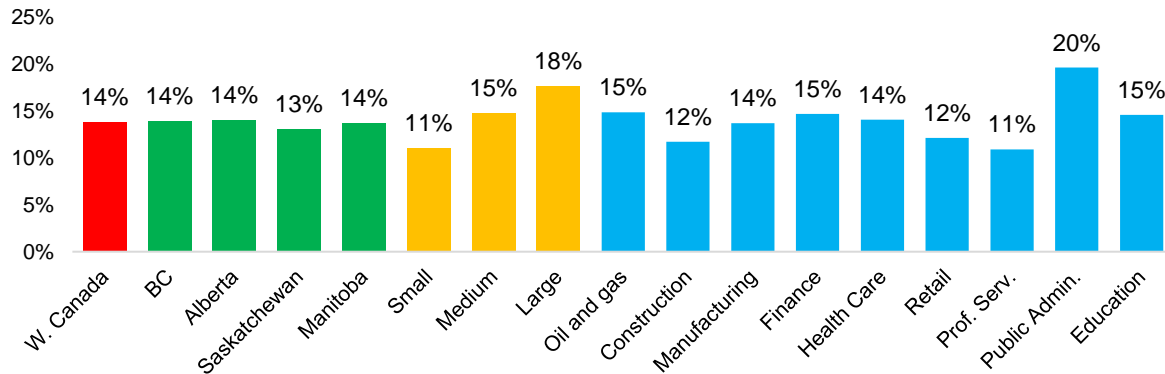
Expected change to base salaries in 2017



BENEFITS

Overall organizations spend 14% of what they pay in salaries on benefits. This increases with organization size, as large organizations spend 18%. Organizations in Public Administration spend more than the average on benefits.

Average percentage of salary paid in benefits



There is no uniformity when it comes to the kinds benefits offered and the employee type, except for Contractors, who are not offered any benefits by an overwhelming majority of organizations. Part-time employees are offered health benefits including prescription, extended health, paramedical health and life insurance by at least half organizations. This category of benefits is even more common among full-time salaried employees and management.

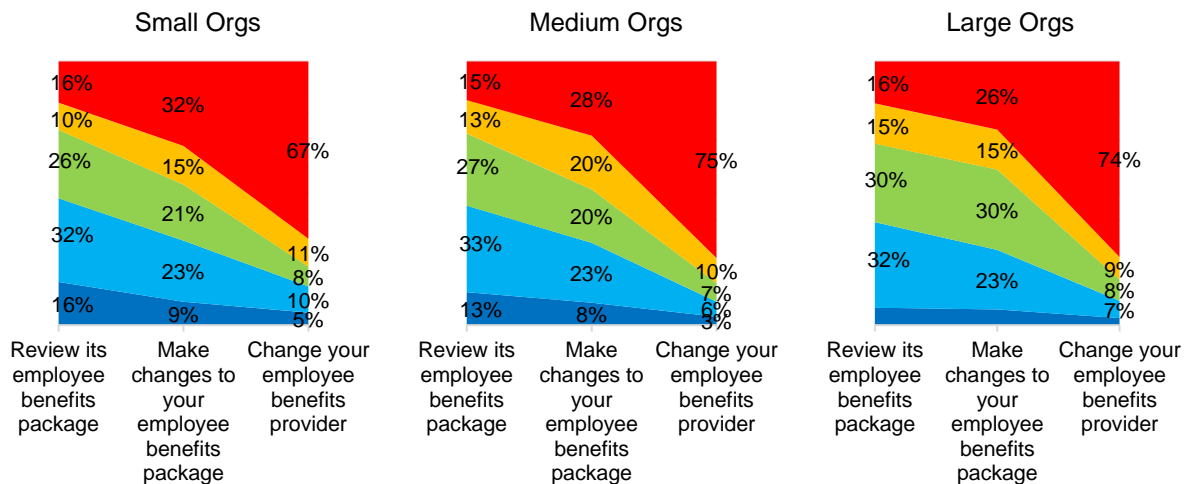
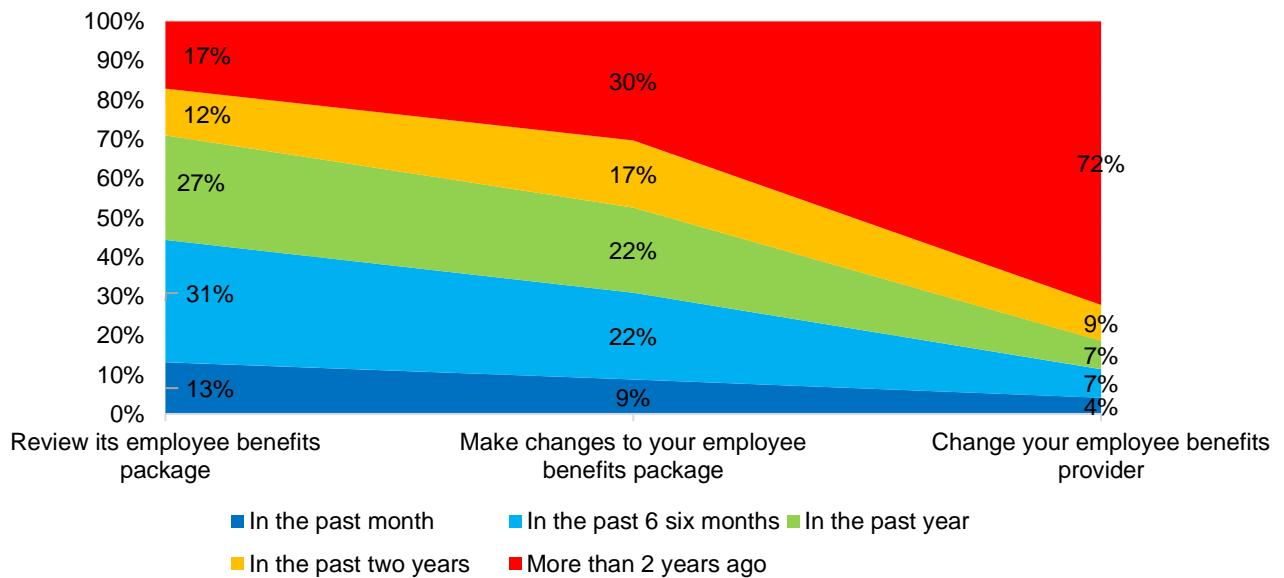
Benefits related to retirement like pension plans, RRSP matching and stock options are offered by less than half of organizations; even to top management. It should be noted that only publically traded companies may offer stock options as a form of compensation benefit. Pension plans, in particular, vary considerably by province with them being more common in Saskatchewan and Manitoba while less so in BC and Alberta.

Over 60% of organizations offer paid professional development and tuition reimbursement to all full time-employees. Vehicle related benefits like an allowance or paid parking are only common among management and even then it is still a minority of organizations that offer it. Across the benefits offered, in general, they are more commonly provided to employees in management positions.

Benefits Offered	Contractors	Part-time employees that work a minimum number of hours	Full-time hourly employees	Full-time salaried employees	Management employees	Senior Management employees	Not provided to anyone
Employee Pension Plan	1%	31%	40%	50%	47%	47%	46%
Group RRSP with employer matching contributions	1%	22%	35%	45%	43%	43%	50%
Core Health benefits	3%	50%	65%	80%	75%	74%	17%
Prescription drugs coverage (full or cost-shared)	3%	54%	71%	87%	82%	81%	9%
Extended Health (Dentist, Optometrist, etc.) benefits	3%	53%	70%	86%	81%	81%	10%
Paramedical Health (physiotherapy, chiropractor, etc.) benefits	3%	52%	68%	84%	80%	80%	11%
Health Spending Account	1%	23%	27%	38%	37%	39%	55%
Employee Assistance Program (EAP)	7%	56%	63%	76%	71%	71%	22%
Employee life insurance policy	2%	51%	69%	86%	82%	80%	10%
Stock Options	1%	4%	6%	11%	12%	19%	79%
Paid flex days	2%	15%	24%	36%	34%	34%	56%
Paid vacation time over and above Employment Standards minimum	2%	39%	52%	74%	73%	75%	15%
Paid Parking	6%	16%	19%	25%	31%	43%	52%
Vehicle Allowance	2%	3%	7%	11%	20%	43%	50%
Paid Professional Development Opportunities (Courses, Conferences, Workshops, etc.)	3%	38%	54%	77%	79%	79%	9%
Tuition Reimbursement	1%	26%	40%	61%	60%	62%	30%

Organizations review their employee benefits packages relatively frequently with 71% doing so in the past year. They change the packages slightly less frequently with 51% altering them in the last year. However, only 18% have actually changed their employee benefits provider in the last year. Small organizations are more likely to have changed providers in the last year (23%).

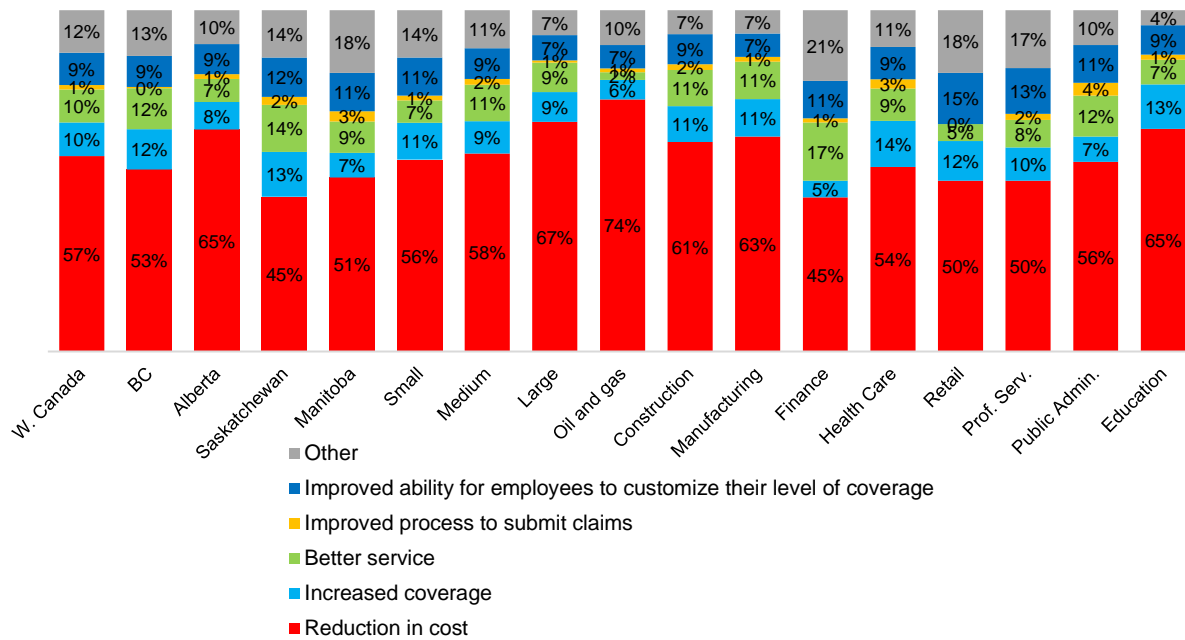
When did your organization last do the following?



Less than a fifth of organizations changed their benefits provider in the past year. The biggest reason to do so is to reduce costs (57%) followed by increased coverage. Reducing costs is a relatively larger driver for switching providers in Alberta, among large organizations, and the Oil

& Gas sector. The Retail sector sees a significant proportion of firms (15%) switching in order to give their employees the ability to customize their own levels of coverage.

Biggest motivator to change employee benefits provider

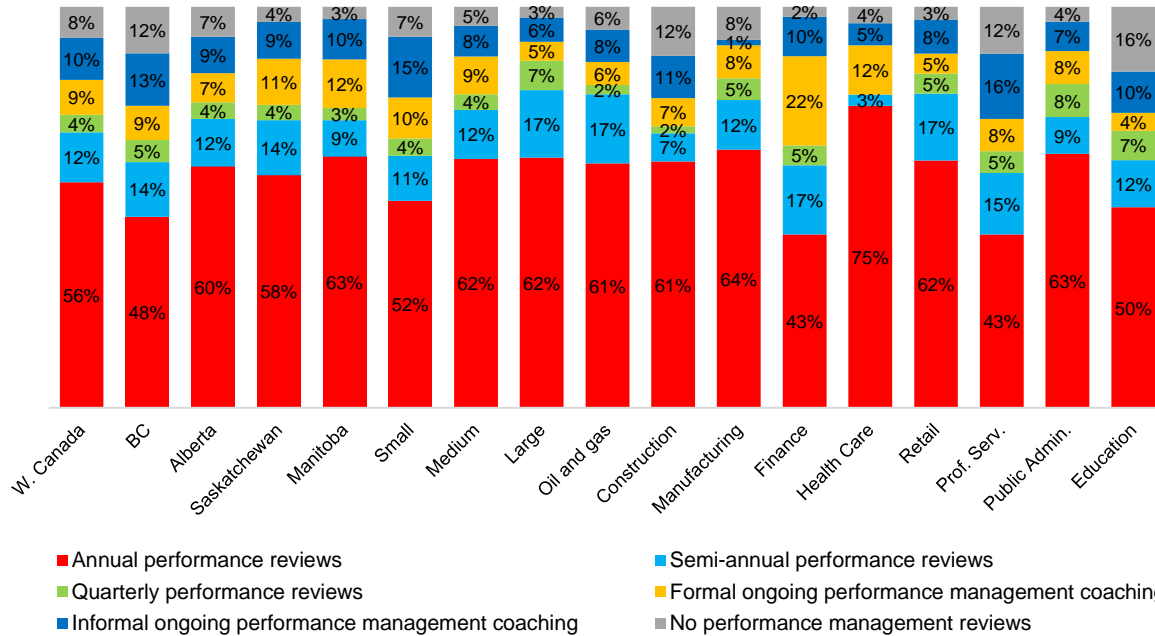


PERFORMANCE REVIEW PROCESS

Performance reviews and performance management is considered crucial to the success of team members in an organization, as employees benefit from knowing how they are performing and what areas need improvement.

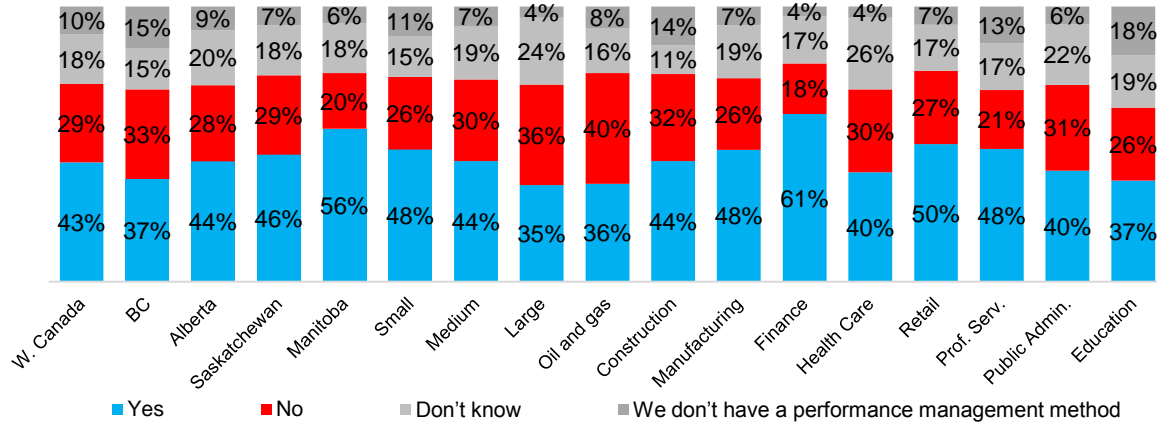
Just over half of organizations (56%) perform annual performance reviews. Another 16% perform them more frequently, while 8% don't perform them at all. The remaining 19% of organizations provide either formal or informal ongoing performance management coaching. Smaller organizations, ones in British Columbia, Finance, Public Administration and the Education sectors are less likely to have regular performance reviews and more likely to engage in ongoing coaching. Semi-annual reviews are most common in large organizations, Oil & Gas, Finance and Retail.

Method used for performance review process



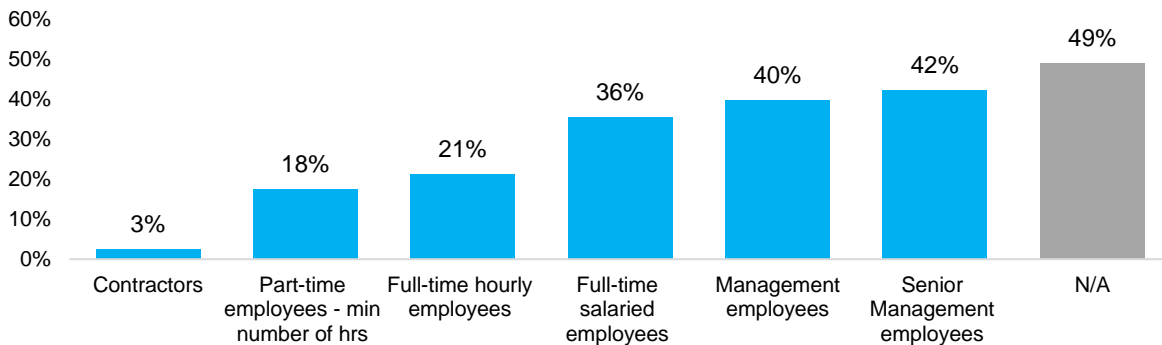
Despite the high proportion of organizations that engage in some sort of performance review or coaching, just over two in five (43%) organizations report that the reviews are producing the expected results. Some sectors are seeing more success; with about half or more organizations in the Manufacturing, Finance, Retail or Professional Services sector saying they are getting the desired results. Small organizations and those based in Manitoba are also more likely to be satisfied. The least satisfied are large organizations where only 35% are getting the results that they expect.

Is current performance review process producing expected results?



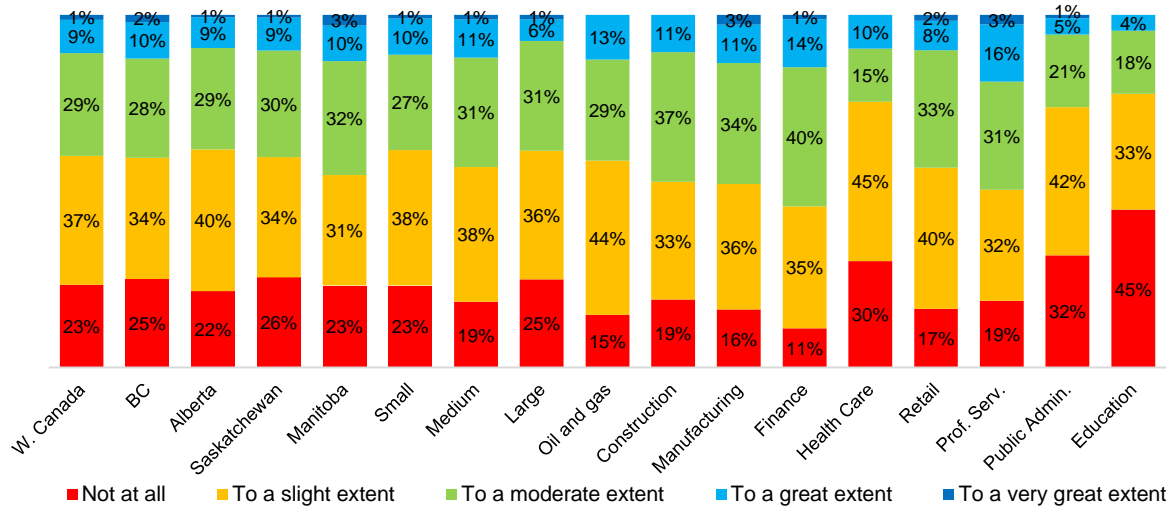
The likelihood that an organization ties the amount of pay to the performance of the employee varies considerably based on the role of that employee. The more senior the employee, the more likely that they are at least partially paid for their performance. It is uncommon with contractors, part-time and hourly employees. But between 36% and 42% of full-time salaried employees and management are rewarded in this manner.

Proportion of organizations who pay for performance with annual variable pay



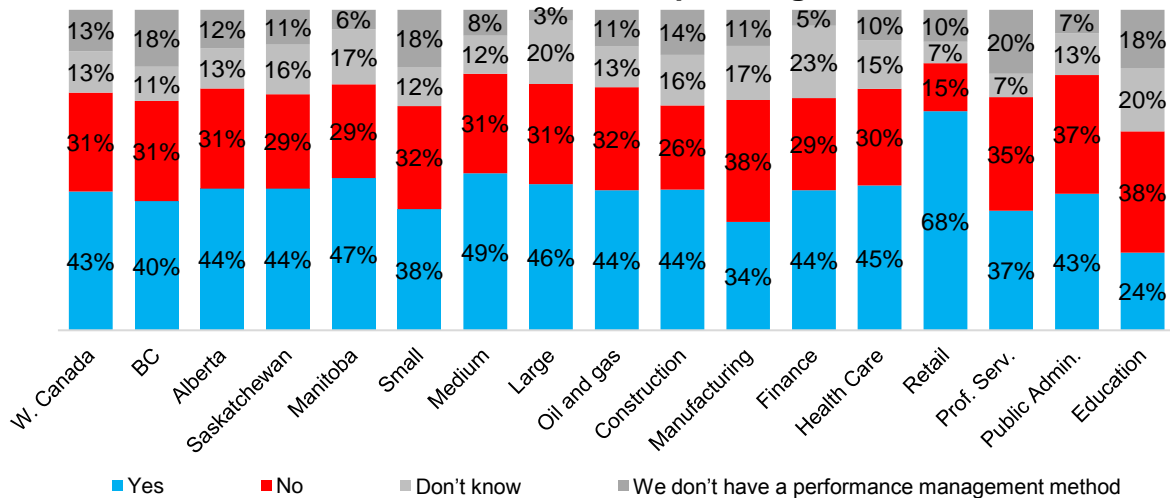
Few organizations reported that their current review process was producing the expected results. Perhaps, the reason is that comparatively, few organizations proactively adjust their compensation policies in response to their current talent management and recruitment challenges. Only 39% of organizations said they proactively adapt their compensation policies even to a "moderate" extent. Only 1% adapt to a very great extent. Medium-sized organizations, ones based in Manitoba, and ones in the Construction, Manufacturing, Finance and the Professional Services sectors are the most likely to adapt proactively.

Extent organization proactively adapts compensation policies to address talent retention and acquisition challenges



Just over two in five (43%) of organizations report using their performance management programs to inform their succession planning. This is most common in Manitoba, medium-sized organizations and in the Retail sector. It is least common in Education, Manufacturing and small organizations.

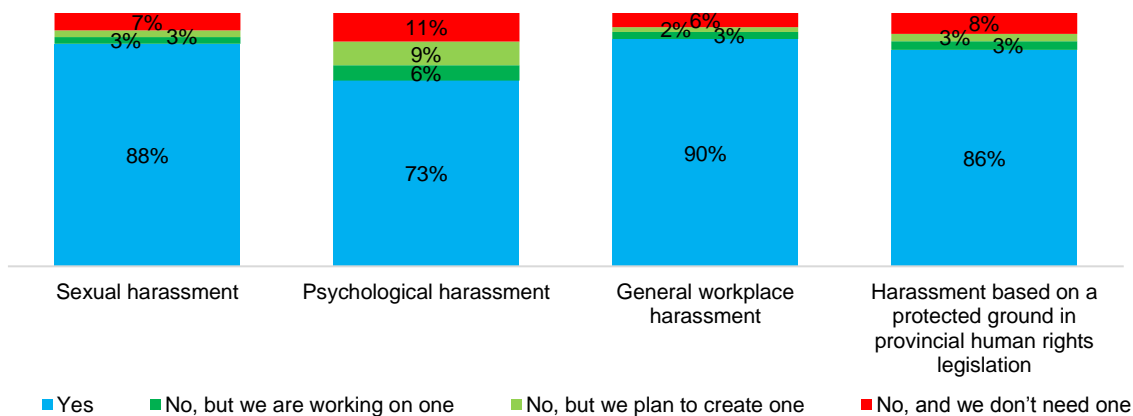
Does organization use performance management program to inform succession planning?



HARASSMENT POLICY

Between 86% and 90% of organizations have policies for sexual harassment, general workplace harassment and harassment based on protected grounds in provincial human rights legislation. Policies against psychological harassment are less common, but still nearly three-quarters (73%) of organizations have them in place.

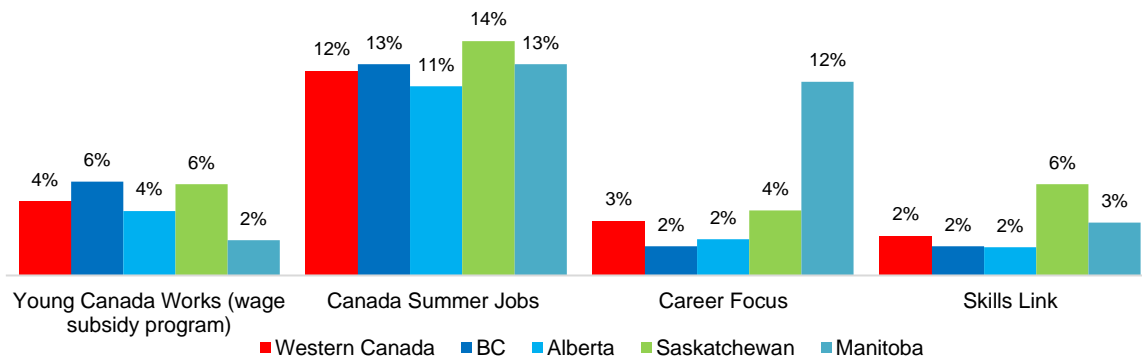
Status of types of harassment policies



STUDENT OR YOUTH EMPLOYMENT PROGRAMS

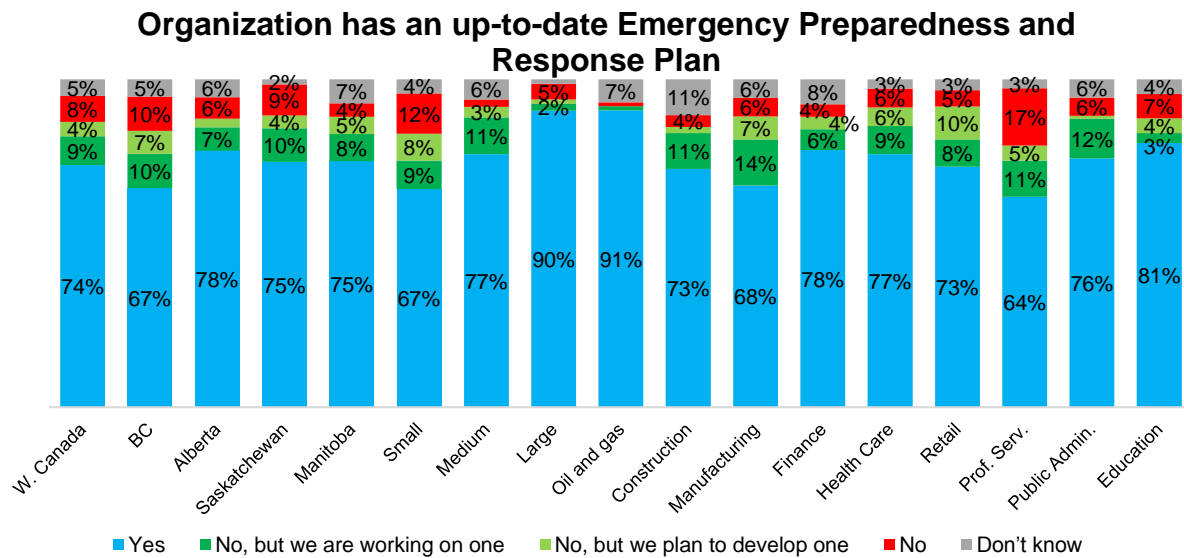
There are many summer job programs organizations can apply to for help hiring students, and what is available varies by province. However, four programs are offered across all provinces. The program most commonly applied to is the Canada Summer Jobs Program which saw 12% of organizations apply. It was slightly more popular in Saskatchewan. Across Western Canada, the next most popular program is Young Canada Works, followed by Career Focus. It should be noted that Career Focus is much more popular in Manitoba, where 12% of firms had applied. Skills Link is the least commonly applied to, but is three times more popular in Saskatchewan.

Which student or youth employment programs applied to



EMERGENCY RESPONSE PLAN

About three-quarters of organizations have an up to date emergency preparedness and response plan. It is more common for an organization to have one in Alberta and less so in British Columbia. The likelihood of such a plan increases with the size of the organization - 90% of large organizations reported having one. These plans are also more common in the Oil & Gas and Education sectors. Only 64% of professional services organizations report having a plan.



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:

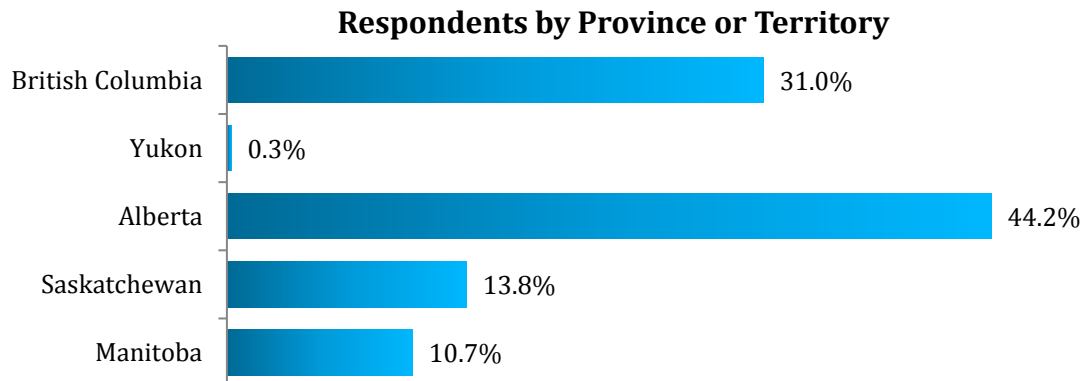
- Alberta's economy hurting all of Western Canada
- The cost of living and Vancouver's housing market
- Aging workforce
- Low oil prices
- Shortage of skills
- Changes to immigration rules and ongoing TFW issues
- General concern over the economy
- Minimum wage hike
- Government changes to the oil and gas industry
- Barriers to pipelines being built
- Provincial government spending cuts in Saskatchewan
- Provincial government hiring freeze in Manitoba

METHODOLOGY

This survey was conducted online between June 1 and 23, 2016. 13,413 members of the HRMA, HRIA, SAHRP and HRMAM were invited to participate via email communication. Of these, 1,900 completed sufficiently enough of the survey for their responses to be useable, a response rate of 14.2%. 1,153 respondents completed every question, representing a completion rate of 8.6%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/- 2.1% nineteen times out of twenty and +/- 2.8% nineteen times out of twenty. The data for the previous report was collected in November and December 2015.

RESPONDENT PROFILE

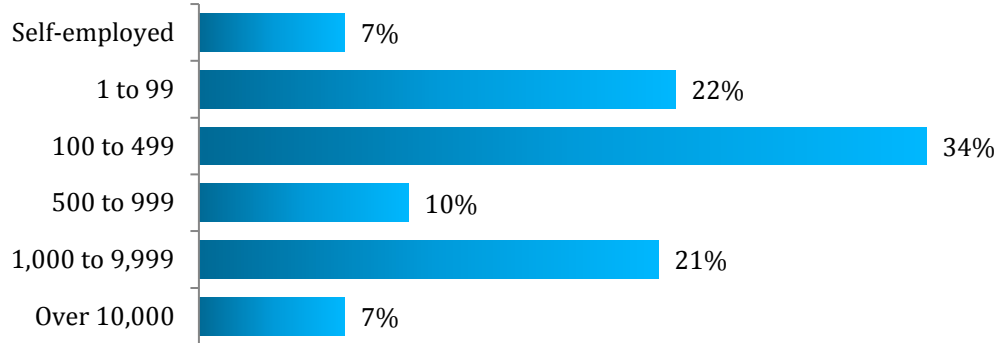
The respondents come from organizations of all sizes from sole-proprietors to multi-national corporations. The median number of employees in Western Canada per organization is 300 and the average number of employees is 3,237.



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

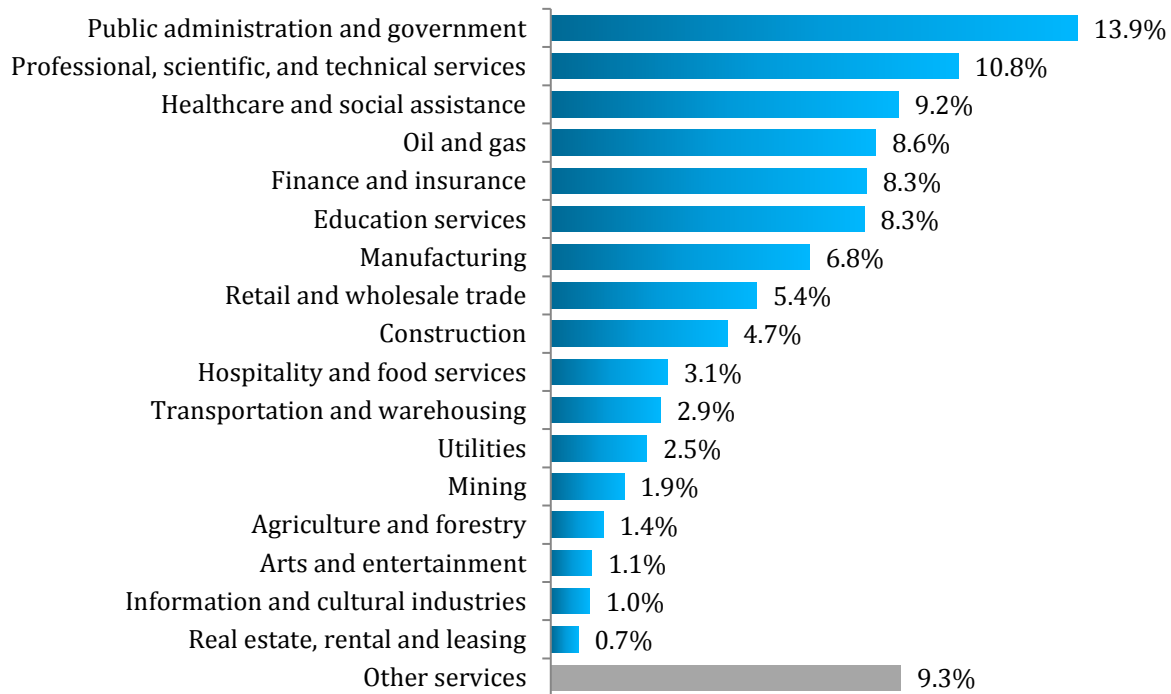


Number of employees



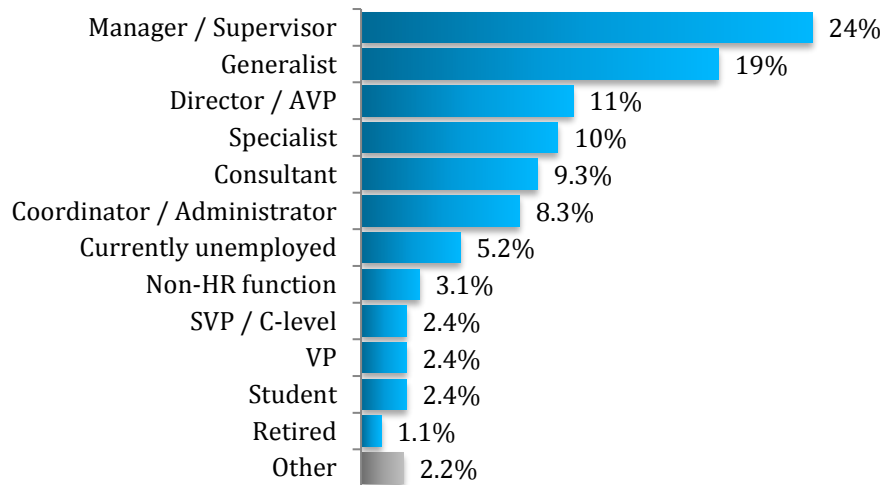
Due to the sample size, only breakouts were provided for nine industry sectors.

Responses by Sector



Respondents work in a variety of roles within their organizations, but HR generalists and managers were the most common respondents.

Distribution by Role



FURTHER INFORMATION

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ABOUT THE ORGANIZATIONS

Human Resources Management Association (BC and Yukon)

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.

Human Resources Institute of Alberta

The Human Resources Institute of Alberta was founded in 1984 and is the governing body for the training, certification and promotion of Alberta's human resources professionals. With over 6,000 voluntary members, HRIA is Alberta's only human resources professional body with six chapters across Alberta providing support to members in every major urban centre.

Saskatchewan Association of Human Resource Professionals

The Saskatchewan Association of Human Resource Professionals (SAHRP) is the premiere professional association for human resource professionals and is the Certified Human Resources Professional (CHRP) granting body within the Province of Saskatchewan.

Human Resource Management Association of Manitoba

Committed to the Human Resource profession, the Human Resource Management Association of Manitoba (HRMAM) is a vibrant association full of passion and vitality. With over 1,400 members, our membership is overflowing with a wealth of knowledge and resources. Established in 1942, HRMAM is a network that links members, businesses, and the general public to important HR issues and trends that are occurring provincially, nationally, and globally.

