

ALBERTA HR TRENDS REPORT - FALL 2018

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PURPOSE OF THIS REPORT

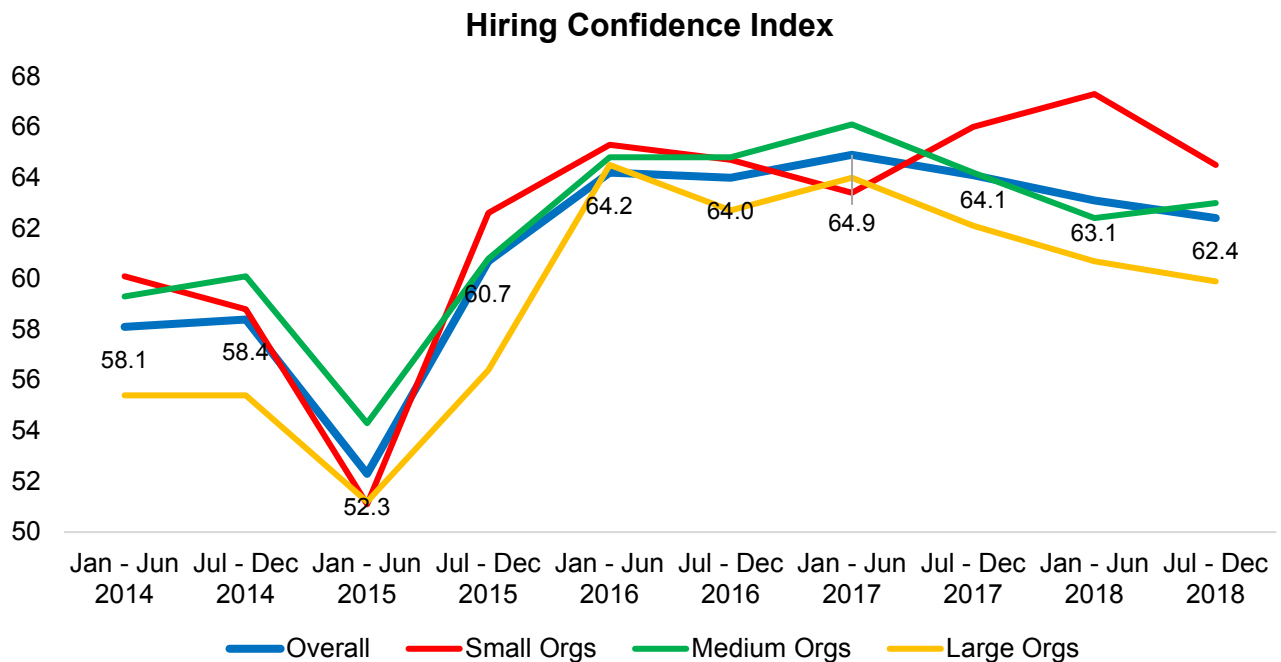
This report is an important tool for HR professionals and departments in Alberta to make informed decisions using up-to-date workplace information. Together with best practices, the right labour market information can help human resources decision makers make better decisions and improve the advice that they provide to their stakeholders.

CPHR Alberta has commissioned this report to supplement other sources of labour information available to its members and to provide benchmarks that can help human resources professionals make better talent management decisions. This is the tenth report in the series.

LABOUR MARKET FORECAST

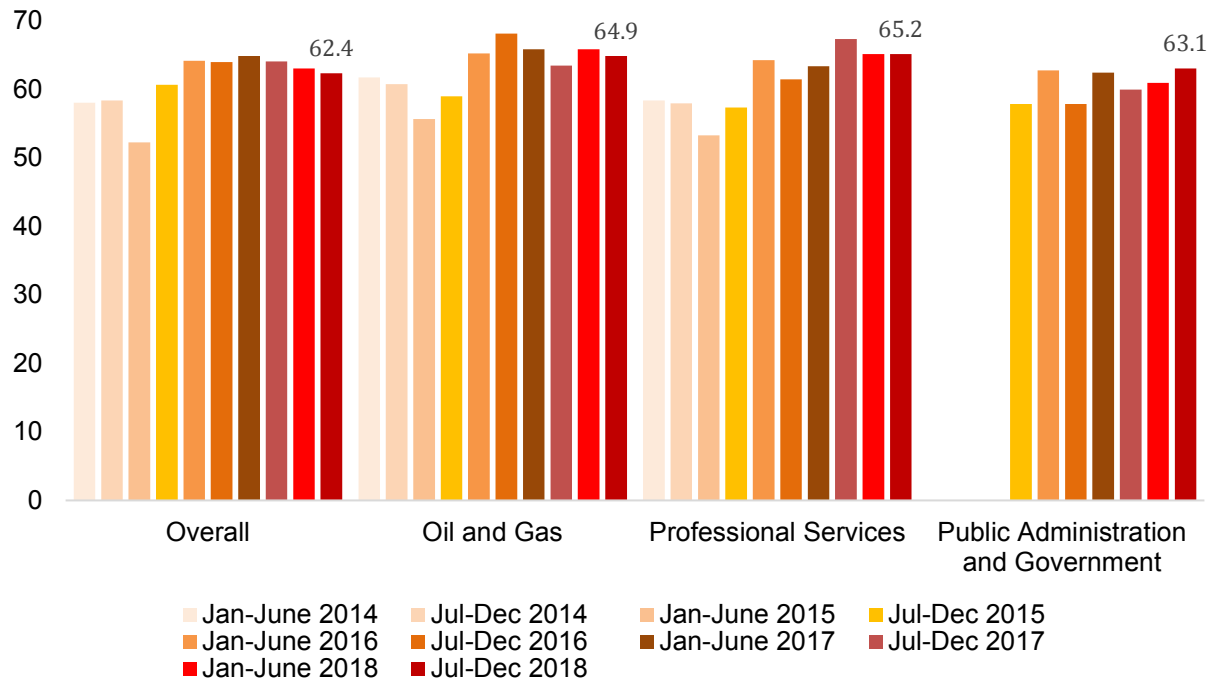
HIRING CONFIDENCE INDEX

CPHR Alberta’s Hiring Confidence Index was created to measure how Alberta employers feel about hiring over the next six months. The index emphasizes how confident HR professionals are that they can find the right people to fill vacancies; while also incorporating views on expected growth in the number of positions over the next six months. The scores have a maximum value of 100 and a minimum value of 0. Scores of more than 50 means HR professionals are more confident, than concerned, about hiring.



The Hiring Confidence Index for Alberta as a whole continues its downward trajectory. This is driven by decreases in the HCI among small and large organizations. In fact, most of the drop is due to a change of direction in the index among small organizations. After several reports trending upwards, it took a significant drop.

Hiring Confidence Index - Sector Breakdown

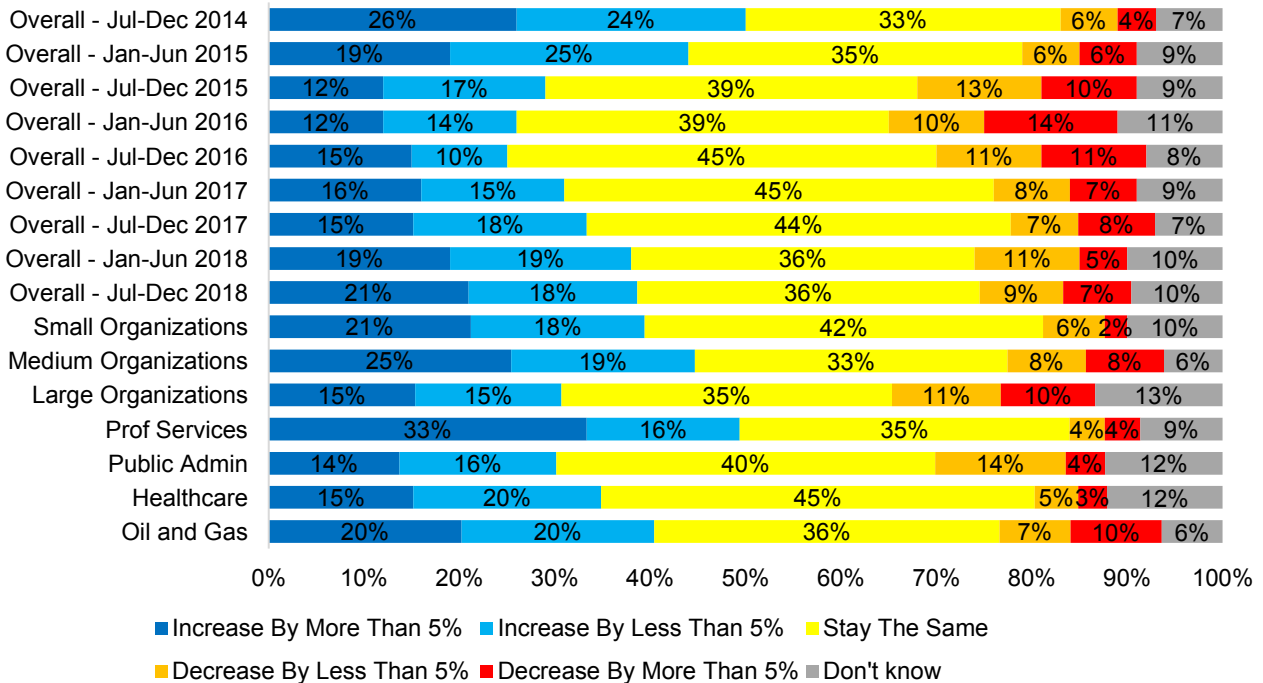


We see different trends across the various sectors in Alberta. A slight dip in the HCI for the Oil and Gas sector is offset by an increase in the HCI in Public Administration. Professional Services remain completely unchanged since the last report.

THE 6 MONTH OUTLOOK

Organizations in Alberta are the most optimistic concerning job growth since the collapse of the price of oil in 2015, with 39% expecting to see their headcount grow in the next six months, while only 16% expect it to shrink. The expectation of job growth is highest among medium-sized organizations and to a lesser extent the Oil and Gas industry. Job growth within large organizations appears to be lagging behind, with only 30% expecting an increase in their headcount, but this may be related to the longer workforce planning timelines common in large organizations.

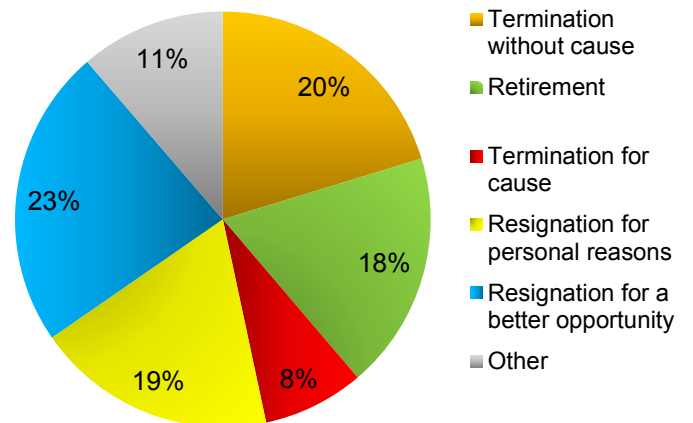
Expected Change in Employment



The most common reason to expect to lose staff in the next six months is due to *Resignation for a better opportunity* (23%) followed by *Termination without cause* (20%), but both *Resignation for personal reasons* and *Retirement* remain nearly as common. There has not been very much significant change in the last six months.

Organizations report that on average they planned for changes in their workforce 5.2 months in advance (unchanged since the last report). The larger the organization the more likely they were to plan further in advance. Thus, respondents with fewer than 100 employees plan 4 months in advance while those with more than 1,000 staff begin planning 7.1 months in advance (slightly less time on average than in the last report).

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

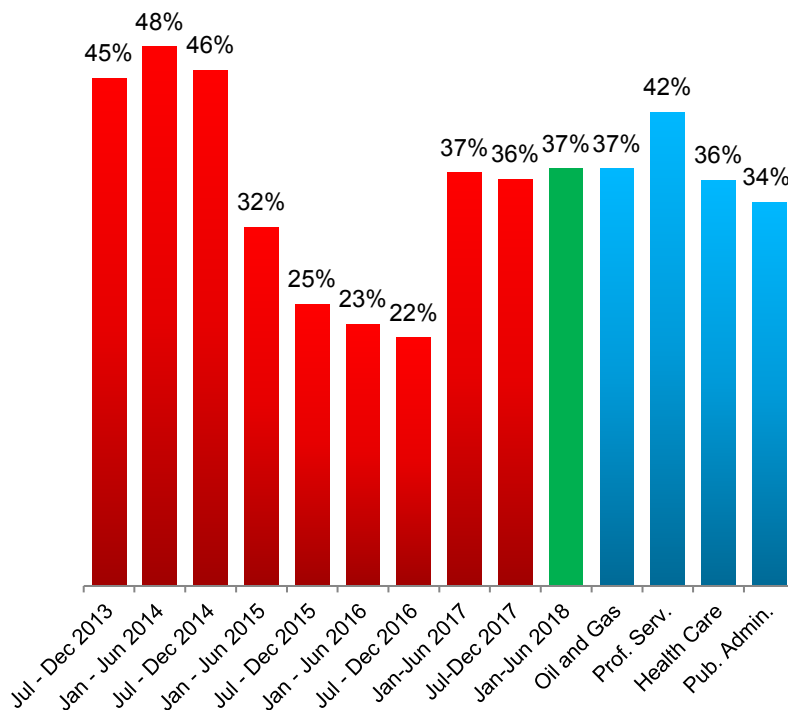


LABOUR MARKET STATISTICS

CURRENT TRENDS

For the last year and a half the number of organizations in Alberta reporting a net increase in employment has stayed at the same level. Over the last six months, 37% of organizations reported a net increase in employment. Only 20% of organizations reported a drop in employment (an improvement from 22% in the last report). The Oil and Gas and Health Care sectors are reporting the same overall growth as the economy as a whole. What

Percentage of Companies Reporting net increase in employment



is significant is that Professional Services organizations are doing better than average, with 42% of them reporting a net increase of employees in the last six months.

For the second report in a row, the average number of net contractors increased across the board. In terms of employees, small organizations saw net growth, and medium-sized ones were almost neutral, if not slightly negative. It was among Alberta's large organizations where a significant number of employees were lost in the last six months. This was only slightly offset by the number of contractors increasing.

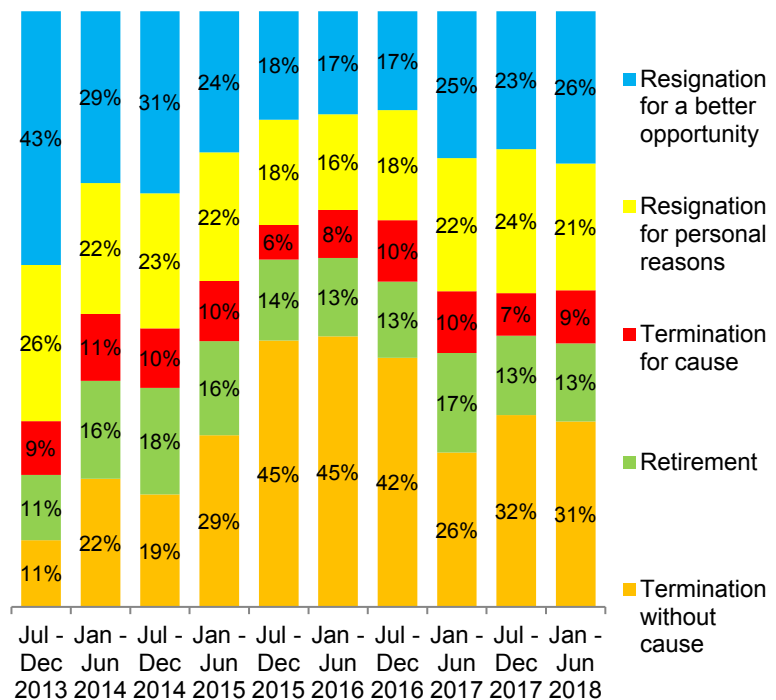
Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	7.0	27.9	65.2
Left in last six months	5.5	28.8	92.0
Net Employees	+1.5	-0.9	-26.8

Contractors	Small organizations	Medium organizations	Large organizations
Joined in last six months	4.3	23.4	59.4
Left in last six months	3.0	14.8	53.6
Net Contractors	+1.3	+8.6	+5.8

TERMINATION CAUSES

Since late 2014, the most common reasons for employees leaving has been *Termination without cause*. This is a sign of an economy that has not fully recovered. Still, less than a third of employees (31%) left for this reason in Alberta in the last six months, well below the peak experienced in early 2016. Over the last year Alberta's job market seems to have stabilized somewhere between the worst of the recession that was triggered by the crash in the price of oil and the heady days of 2013. On the good news front, *Resignation for a better opportunity* is at its highest level since 2014. If this trend continues we could see a more robust recovery.

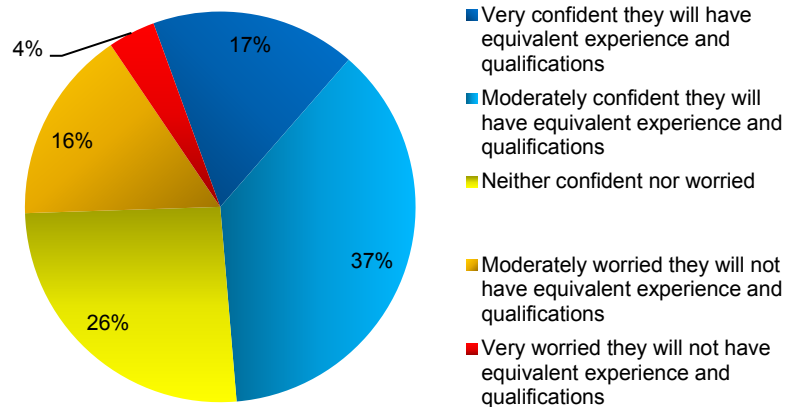
Most Common Reasons for Leaving



Termination without cause remains the most common reason to leave for all job categories except one. This is an improvement from the last report, when all job categories were dominated by *Termination without cause*. Now professionals, like engineers and accountants, are most likely to leave due to pursuing a better opportunity, certainly a sign that the labour market is moving in the right direction.

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

Confidence in replacing workers with equivalent experience and qualifications

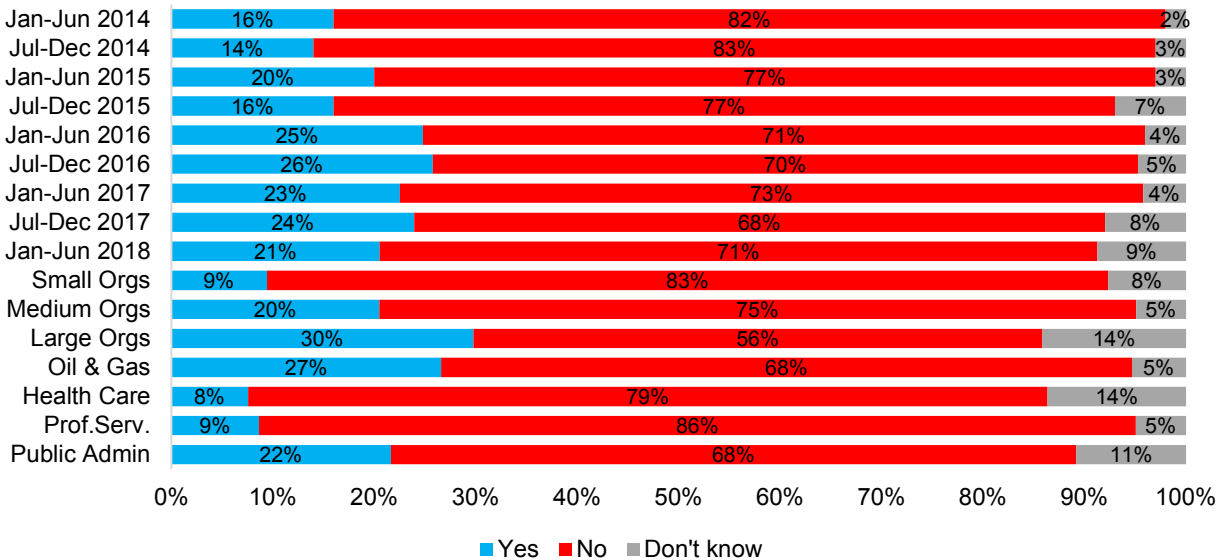


One side effect of the recession was that employers became much more confident in their ability to fill vacancies with people with equivalent experience and qualifications. The number of respondents who are confident they can find adequate replacements is now at 54% which is down from 57% six months ago and from 63% a year ago. Conversely, only 4% are very worried they won't be able to find suitable replacements.

TEMPORARY LAYOFFS

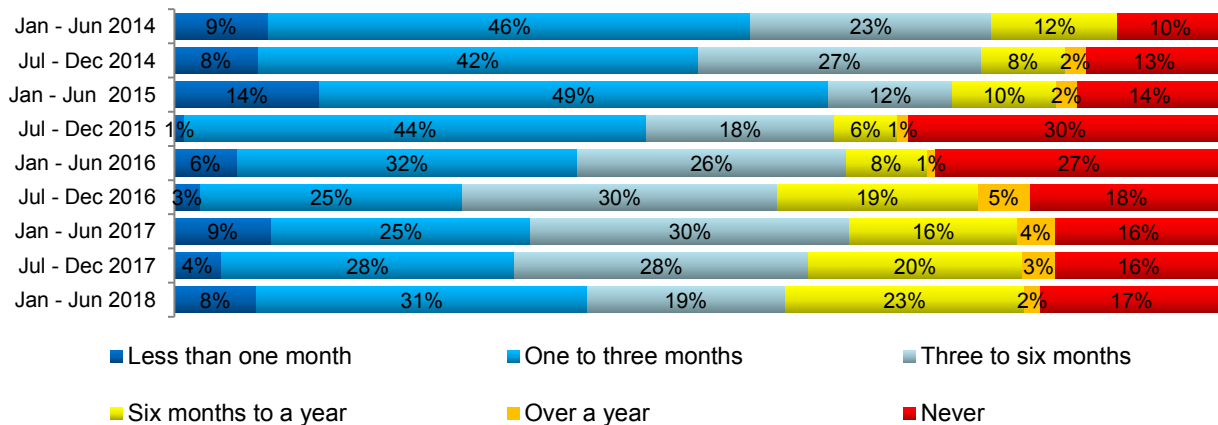
Just over one in five organizations (21%) in Alberta have engaged in temporary layoffs in the last six months. This is a drop from 24% in the previous report, and below the average since the oil and gas downturn. Temporary layoffs are far more common among large organizations than small ones and in the Oil and Gas sector.

Engaged in Temporary Layoffs in the last Six Months



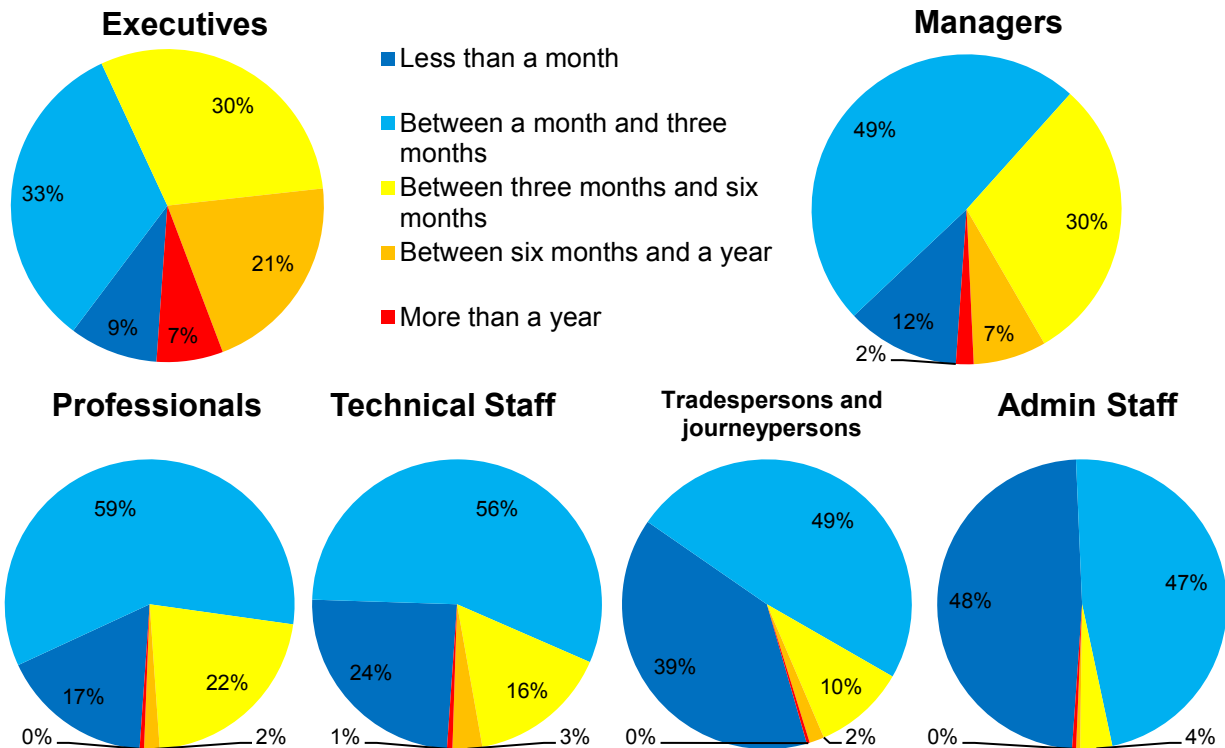
The goal of temporary layoffs for both the employer and the employee is for the layoff to actually be temporary, so that the employee can return to work as soon as the business environment makes it possible. 39% of workers return to work in three months or less, an increase since the last report and the highest figure since early 2016. About one in six workers (16%) never return to work from their "temporary" layoff.

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



FILLING VACANCIES

In general, when it comes to filling vacancies the more specialized a position, the longer it takes to fill. Therefore, it is no surprise that only 42% of executive vacancies are filled within three months, while 95% of administrative and support staff vacancies are filled within that same period of time.



A majority of organizations who reported losing staff over the first six months of the year are not planning to fill the majority of the vacancies (67%). Out of the organizations that are planning to fill the vacancies, they are likely to fill the positions with permanent full-time staff (21%), while using contractors (8%) and part-time employees are less common (3%). None of these proportions has changed significantly since the last report.

HR TEAM RATIO

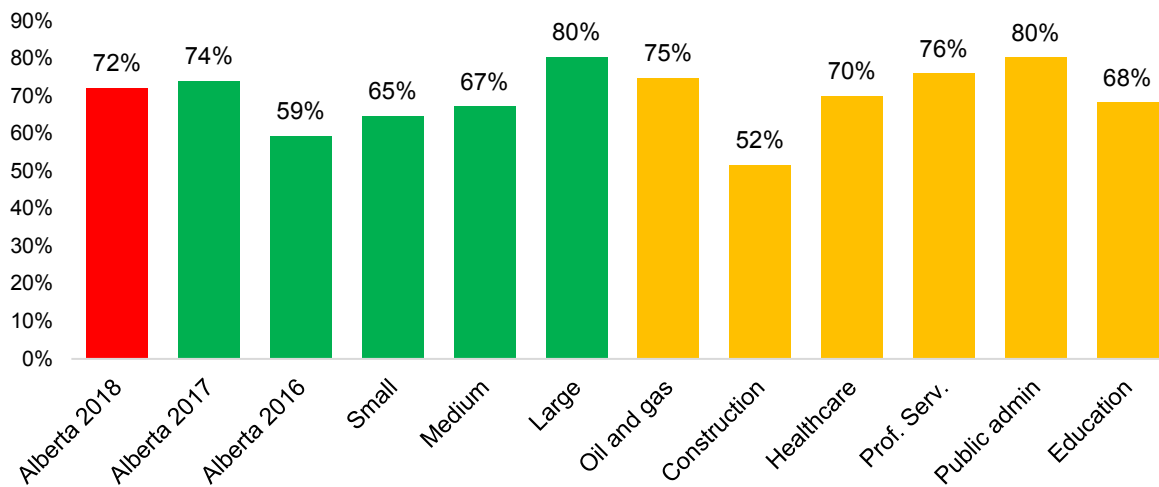
Respondents were asked to provide an approximate ratio of HR employees to overall employees in their organizations. The ratio grows with the size of the organization. Small organizations have 46 regular employees for each HR staff member, the ratio is 114:1 for medium-sized organizations and 234:1 for large organizations.

COMPENSATION AND BENEFITS

COMPENSATION PHILOSOPHY

72% of organizations have a compensation philosophy. This is more or less unchanged from a year ago when this question was asked last. Large organizations are more likely to have a compensation philosophy (80%), than smaller ones (65%). Compensation philosophies are most common in the public administration (80%) and professional services (76%) sectors.

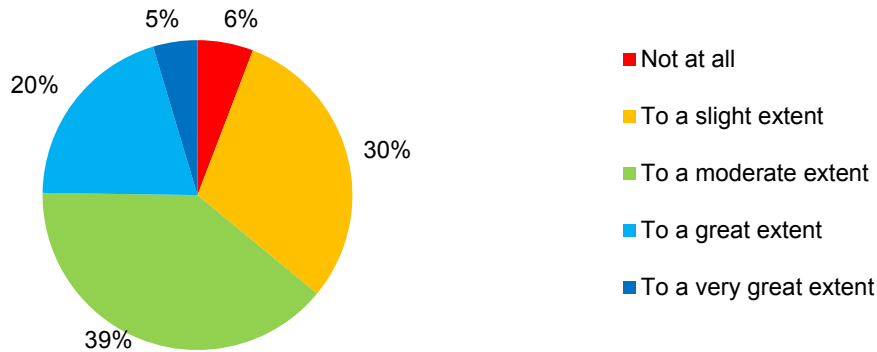
Organizations with a compensation philosophy



Only one in six (16%) respondents foresee a significant change in their compensation philosophy in the next year. Almost three-quarters (72%) do not expect any change.

Despite the large proportion of organizations that have a compensation philosophy, very few HR Professionals believe their employees understand the basis on which their compensation is determined. Only 5% believe that employees understand it to a very great extent and another 20% to a great extent. Over two-thirds (69%) believe their employees understand to a slight or moderate extent.

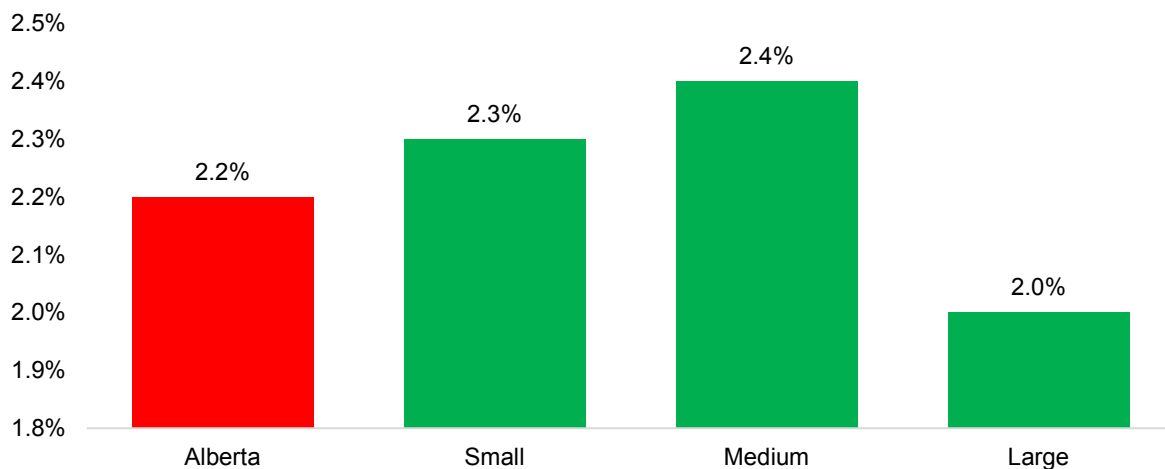
Perception of extent of employees' understanding of how their compensation is determined



SALARIES AND BENEFITS

In Alberta the average expected change to base salaries is 2.2% for 2019. This is highest among medium-sized organizations (2.4%) and lowest among large ones (2.0%). The biggest increases are expected in the Oil and Gas (+2.8%) and Construction (+2.6%) sectors. The broader public service expects salary increases lower than average - with Healthcare at +1.2% and Education at +0.7%.

Expected change to base salaries in 2019

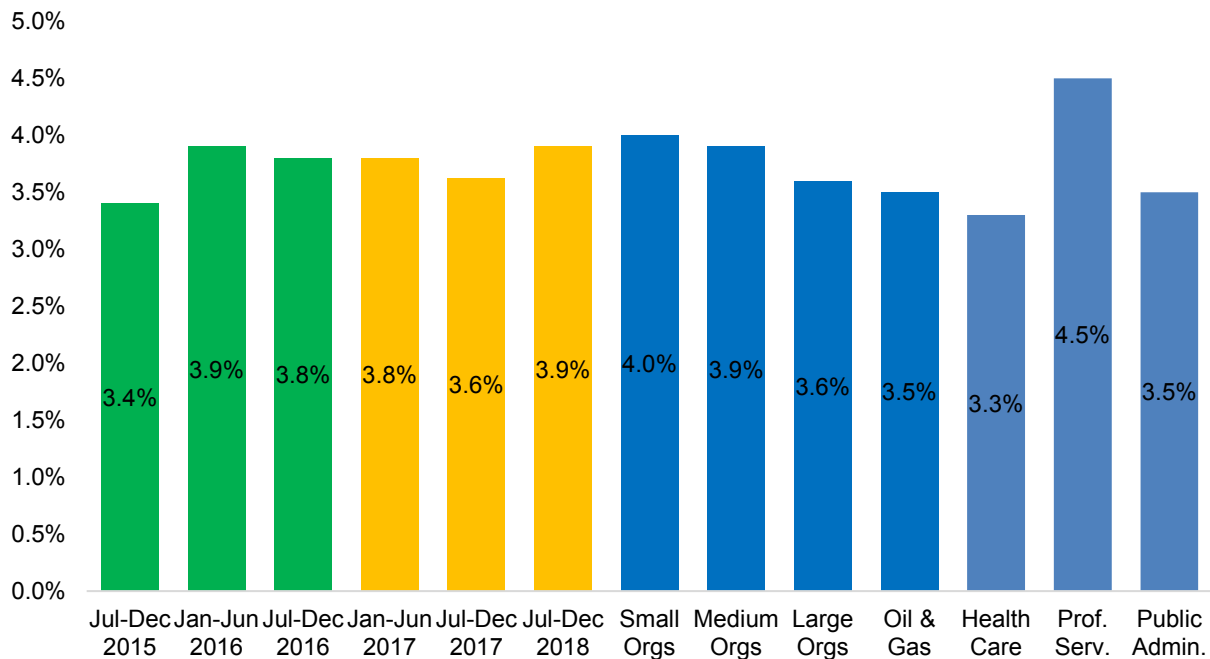


The average percentage of the salary paid in benefits, including pensions, is 14%, and is unchanged from the past two years. This varies from 11% for small organizations to 18% for large ones.

LEARNING AND DEVELOPMENT BUDGETS

Organizations in Alberta on average spend 3.9% of their budgets on learning and development. This is the highest level since early 2016. As the size of organizations increases the percentage of budget spent on learning and development drops from 4.0% among small organizations to 3.6% within large ones. Professional Services spend more (4.5%) on learning and development.

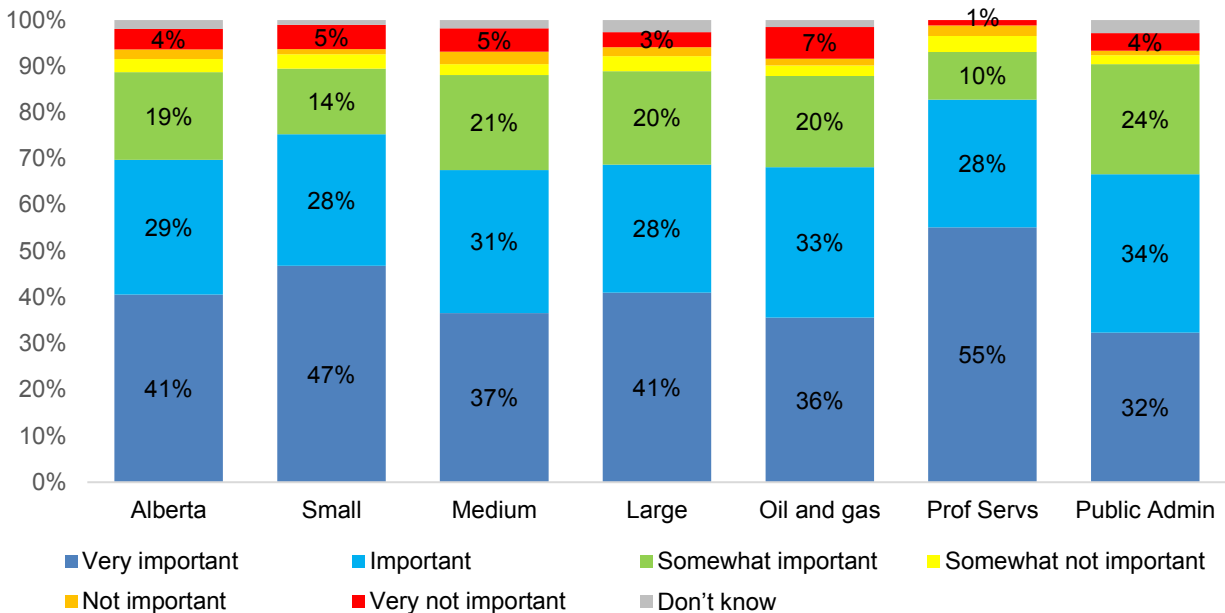
% of Budget Allocated to Learning and Development



EMPLOYEE ENGAGEMENT

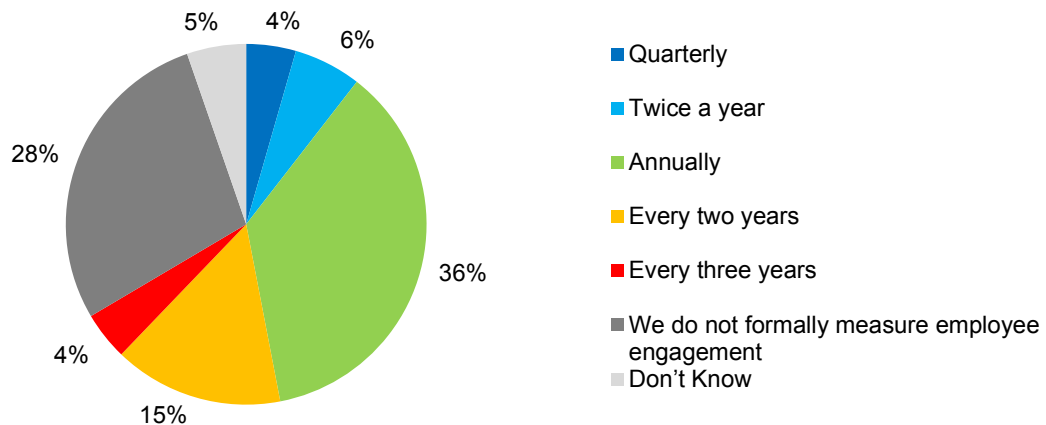
Seven in ten respondents (70%) said that employee engagement was either very important or important to the senior leadership of their organization. This is higher (75%) for small organizations and those in the professional services sector (83%).

Importance of employee engagement to senior leadership



Across Alberta, 28% of organizations do not formally measure employee engagement. Despite that 47% do measure it formally at least once a year and 4% do it every quarter.

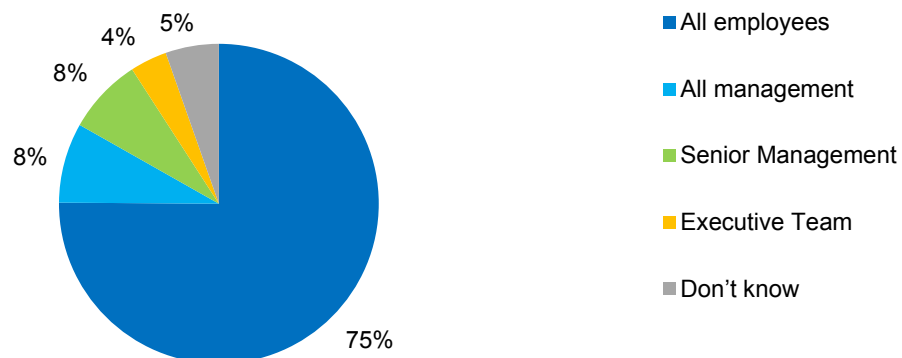
Organization formally measures employee engagement



Based on the most recent employee engagement survey data collected by organizations, an average of 55% of employees were engaged in their work with passion and feel a profound connection to their company. 23% of employees are not engaged with their work and are essentially "checked out," putting in time but neither energy nor passion. A further 11% are actively disengaged employees who are more than unhappy at work, they actually undermine what their engaged co-workers accomplish. These numbers do not add up to 100% because they are averages of each category in each individual organization. Professional Services organizations are the most likely to have engaged employees (64%), while the sector with the most employees who are not engaged is Oil and Gas (27%). The Construction sector suffers from having the most actively disengaged employees (14%).

When it comes to sharing the results of employee engagement surveys 75% of organizations share them with all employees. Another 8% share with all of management, just senior management see it in another 8% of cases and for 4% of organizations only the executive team see the results. Generally large organizations are more likely to share the results with all employees (78%).

Organization shares the results of the employee engagement survey with...



Three-quarters (76%) of organizations share concrete steps taken in response to the employee engagement survey. Medium-sized organizations are the most likely to share these steps (81%).

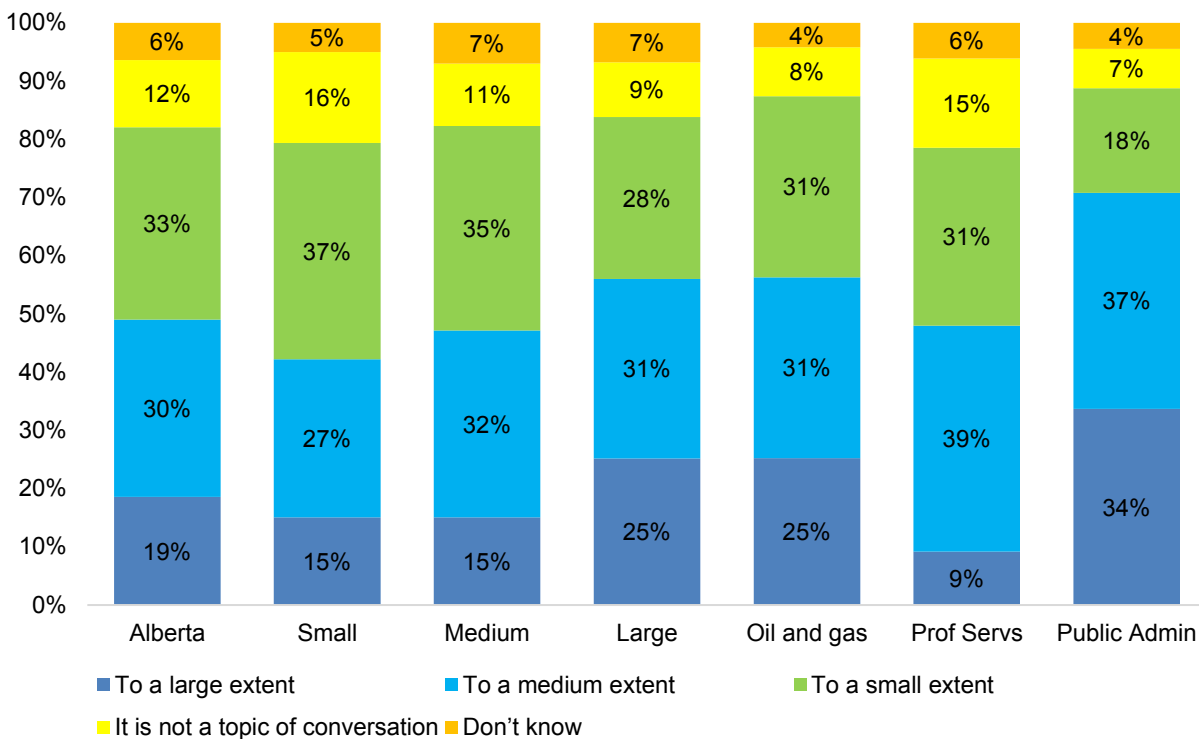
Statistically, organizations are equally likely to not hold individual managers accountable for the employee engagement results for their team (43%) as they are to hold them accountable (41%). Only in large organizations does the percentage who hold managers accountable for the employee engagement results (45%) exceed those who do not hold them accountable (39%).

POLITICS, HARASSMENT AND SUBSTANCE ABUSE

POLITICS

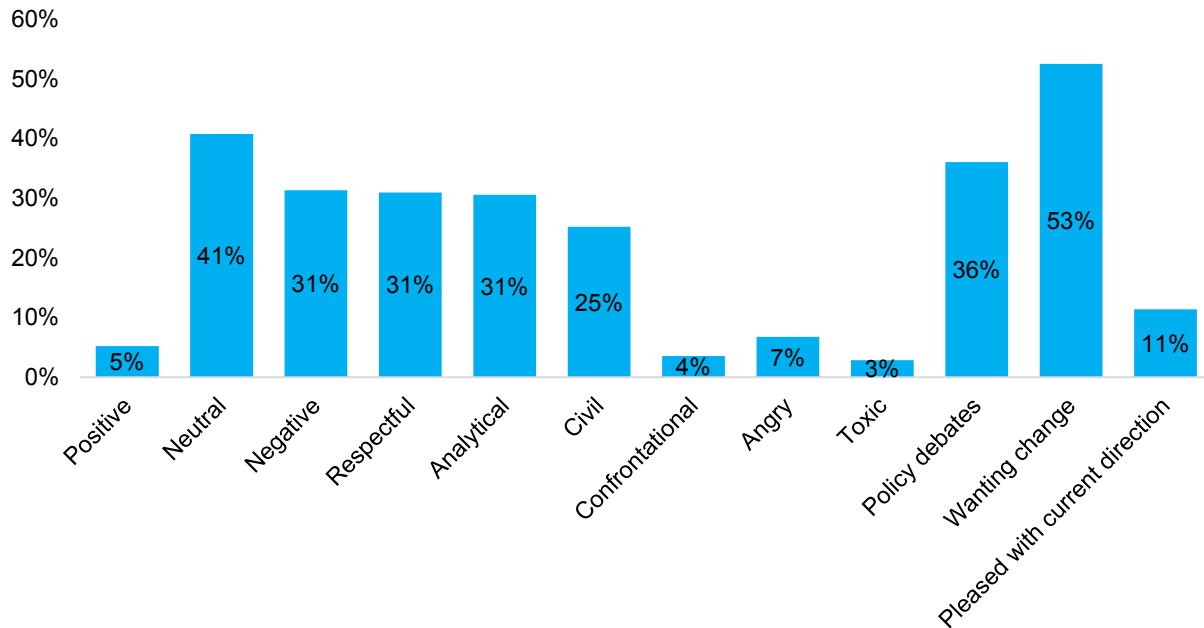
External politics do not dominate conversations within Alberta workplaces (19% say that world, national or provincial politics are a large topic of conversation in their workplace), but neither is the topic avoided completely (12% say that politics is not a topic of conversation). Political conversations are more likely to be part of conversations in organizations in the Oil and Gas (25%) and Public Administration (34%) sectors as well as in large organizations (25%).

The extent politics is a topic of conversation in the workplace



In Alberta, the most common words used to describe the tone of political discussions occurring in workplaces are: focused on wanting change (53%), neutral in tone (41%), focused on policy debates (36%) and negative, respectful and analytical (all 31%).

Tone of the political conversation in the workplace



Only 10% of organizations explicitly encourage employees to refrain from political discussions. This does not vary significantly with the size of an organization.

In Alberta, only 6% of respondents said their organization has a formal policy addressing political discussions in the workplace. Another 2% said they did not have one presently but were working on a policy, and 3% said they planned to have one within a year. Large organizations are more likely to have a formal policy (9%).

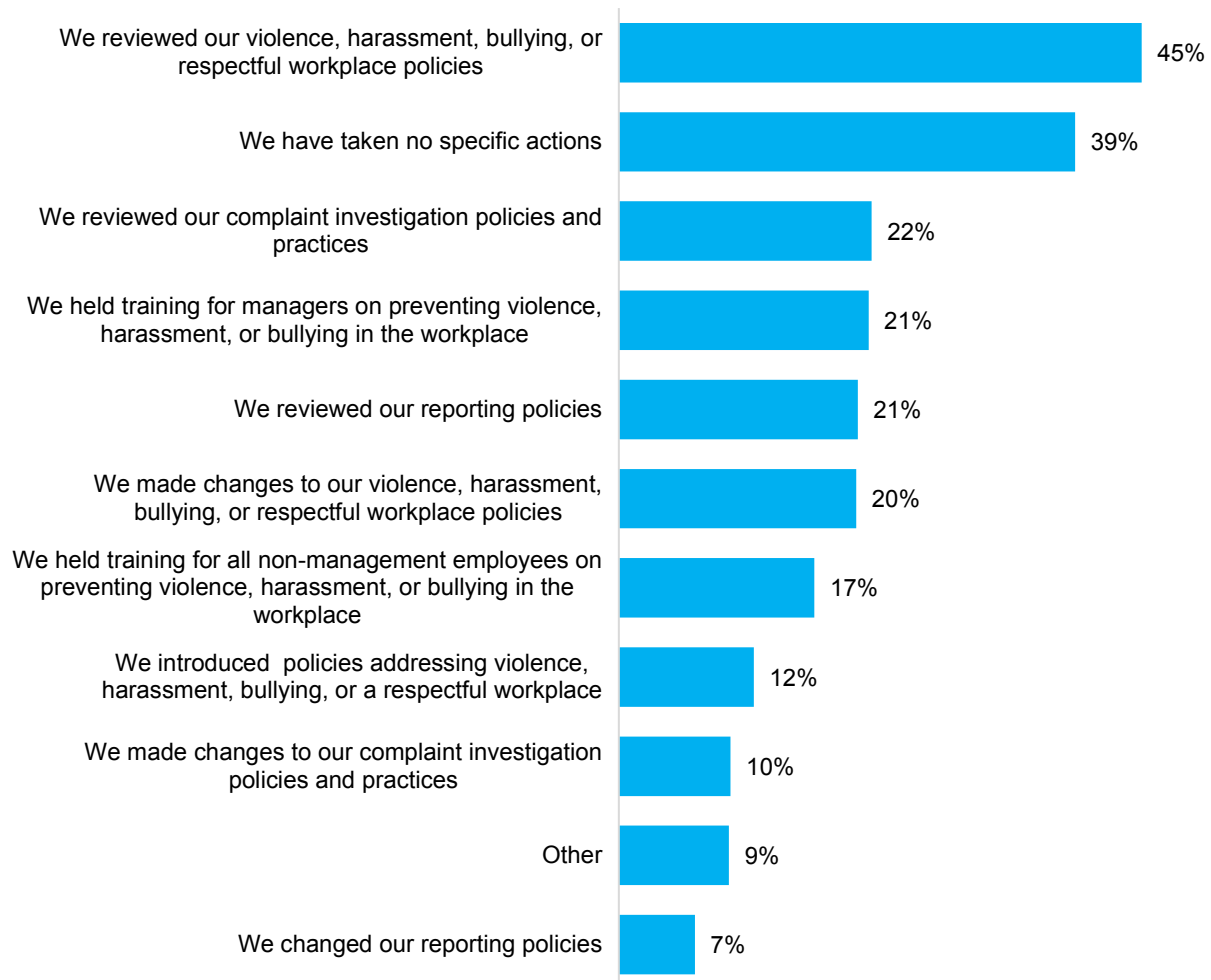
Of those that have policies or are working on them, 59% include the expectation that employees refrain from these discussions, 44% include guidelines for having respectful political discussions, 54% include expectations on how to respond to discussions that make an employee uncomfortable and 39% include procedures to report inappropriate political discussions.

#METOO

The #MeToo movement triggered a lot of organizations to act on their workplace policies related to bullying and harassment. 61% of organizations took some sort of action. The most common actions were: reviewed the violence, harassment, bullying, or respectful workplace policies (45%); reviewed the complaint investigation policies and practices (22%); held training for managers on preventing violence, harassment, or bullying in the

workplace (21%) and reviewed reporting policies (21%). Although 39% took no specific actions, this is not indicative that an organization is indifferent to harassment in the workplace since they may already have a positive and supportive organizational culture.

How have organizations responded to the #metoo movement?

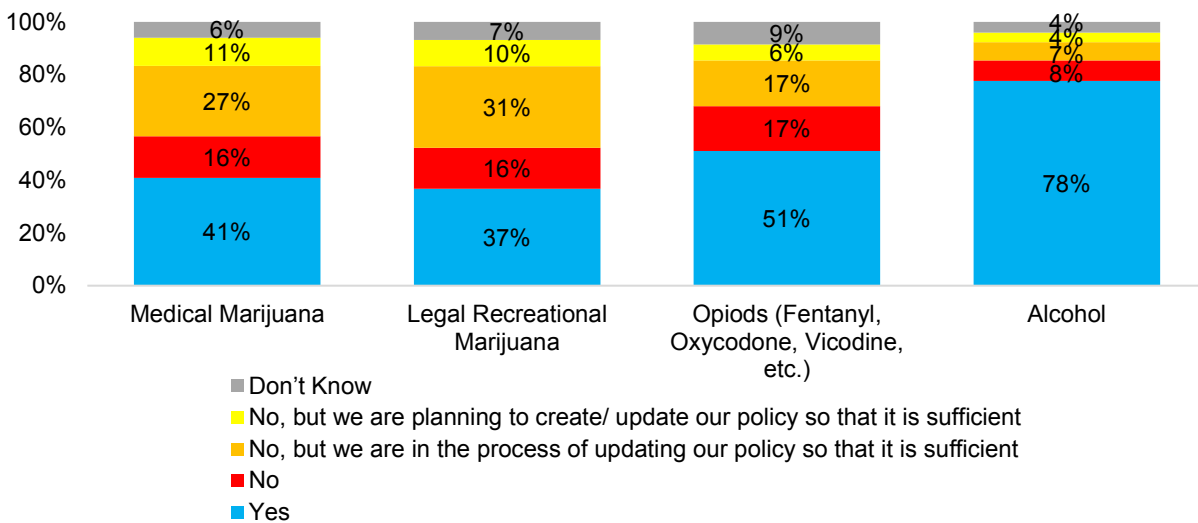


DRUGS AND ALCOHOL

Organizations are well equipped to deal with alcohol, and to a lesser extent, opioids, but medical marijuana and legal recreational marijuana still pose significant challenges to many organizations, although there is improvement from a year ago. Two in five respondents

(41%) say their organizations have a drug and alcohol policy that is sufficient to address medical marijuana (compared to 24% a year ago), and another 37% say while they do not have a policy now, they are working on one or will have one within a year. A year ago only 15% of organizations had a policy for legal recreational marijuana, now this sits at 37%, with 41% working on a policy or will have a policy within a year. Half (51%) have a policy sufficient to deal with opioids like Fentanyl or Oxycodone (compared to 38% a year ago), and 23% are working on one or will have one within 12 months. About three-quarters (78%) have a sufficient policy on alcohol and 11% are working on one or will have one within the next year.

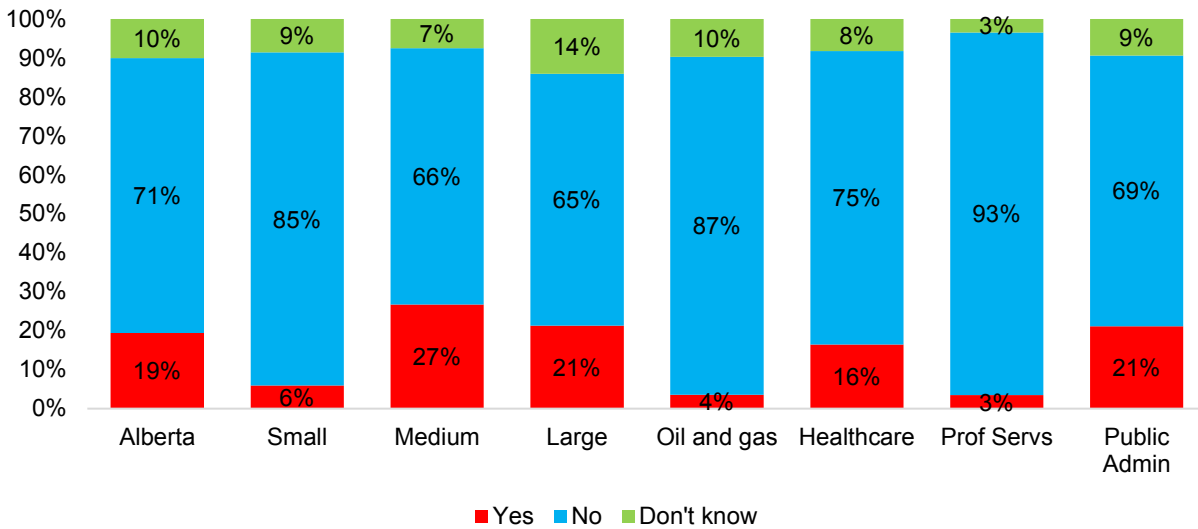
Organization currently has a drug & alcohol policy that is sufficient to address...



ALBERTA'S MINIMUM WAGE

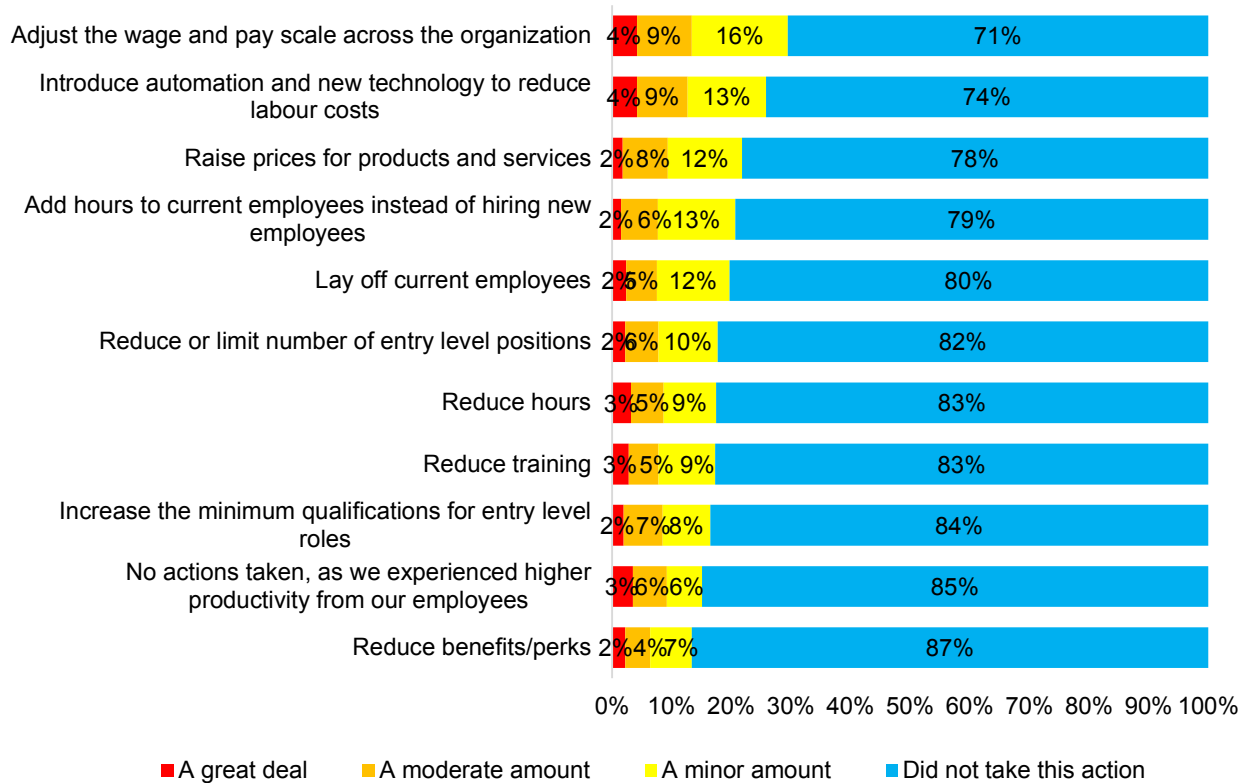
19% of organizations had employees earning less than \$15 per hour before the first minimum wage hike occurred in Alberta on October 1, 2015. They were more likely to work in medium-sized organizations (27%), and less likely to work in the Oil and Gas (4%) and Professional Services (3%) sectors.

Had employees earning less than \$15.00 per hour prior to the first minimum wage increase that occurred on October 1, 2015



The most common reaction to minimum wage hikes over the last few years (among those who had employees earning less than \$15 per hour before the first minimum wage hike in 2015) was adjusting the wage and pay scale across the organization (29% did this at least partly). Other popular reactions included introducing automation to reduce labour costs (26%), raising prices for products and services (24%) and adding hours to current employees instead of hiring new ones (21%). The least popular reaction was reducing benefits or perks (13%). It should be noted that only 15% of organizations experienced higher productivity from their employees due to the higher minimum wage, but only 3% said this amounted to a great deal more productivity.

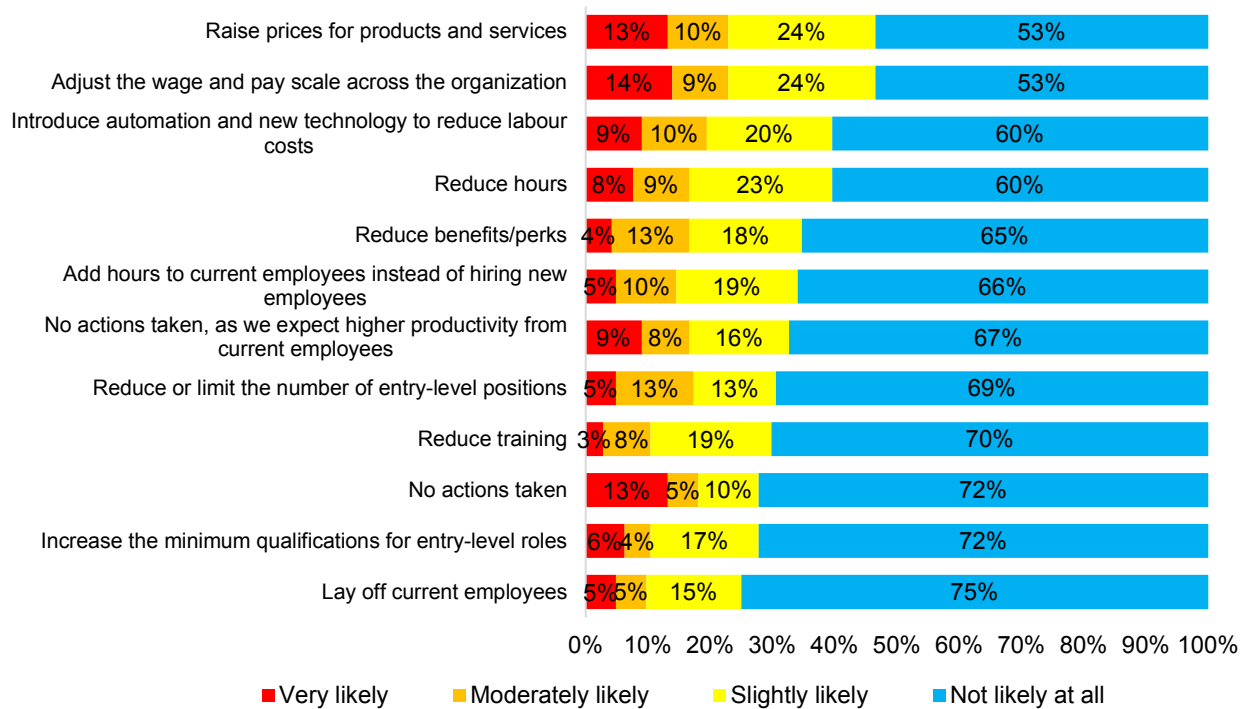
How employers reacted to the minimum wage increases over the past three years



21% of organizations in Alberta are paying at least part of their workforce the current minimum wage. These are more likely to be medium-sized organizations (28%), and far less likely to be in the oil and gas (4%) or professional services (8%) sectors.

Amongst those who say they have employees making the current minimum wage, 72% are planning to take some sort of action as a result of the increase to \$15 per hour. The most common reaction will be raising prices for products and services (47% have a chance of doing so). The next most likely reactions are adjusting the pay scale across the organization (47% have a chance of doing so), followed by introducing automation to reduce labour costs and reducing hours (both have a 40% likelihood of happening).

How they will likely react to the minimum wage at \$15/hr



TRENDS IMPACTING HR

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

- Wage freezes
- NAFTA uncertainty
- Slow to recover economy
- Legalization of marijuana
- Price of oil and gas
- Pipeline politics
- Minimum wage increase
- Provincial government budget
- Changes to employment standards

The most common responses to what is the largest obstacle or challenge the respondent has in achieving their objectives in their current role were:

- Workload
- Unsupportive or micro-managing management
- Lack of time
- Turnover
- Lack of training
- Changes to labour laws
- HR is understaffed
- Finding the right candidates
- Not enough resources
- Management decision making in a timely manner
- Lack of communication
- Employee engagement
- Change management

SURVEY METHODOLOGY AND RESPONDENT PROFILE

METHODOLOGY

This survey was conducted online between June 19 and July 10, 2018. 4,753 members of CPHR Alberta were invited to participate via an email. Of these 1,048 completed enough of the survey for their responses to be usable, a response rate of 22.0%. 603 respondents completed every question, a completion rate of 12.7%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/-2.7% nineteen times out of twenty and +/- 3.7% nineteen times out of twenty. The previous reports were based on data collected in December 2017.

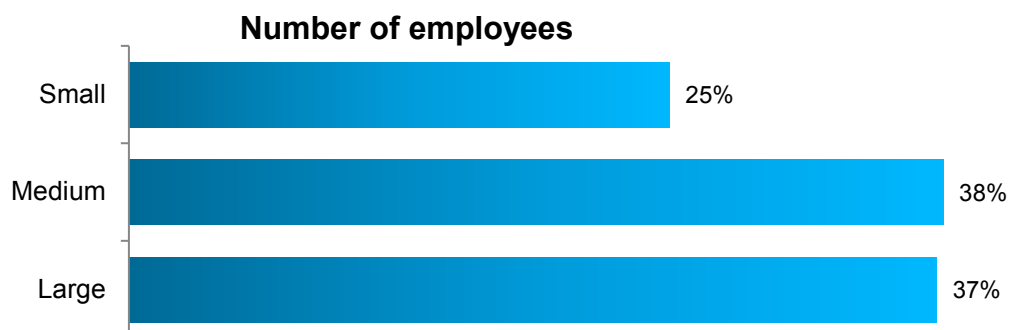
Due to rounding, some numbers may not add up.

RESPONDENT PROFILE

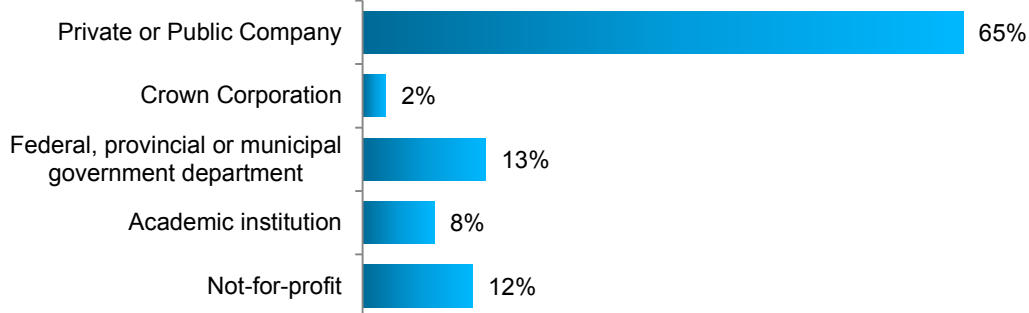
The respondents come from organizations of all sizes from sole proprietors to multinational corporations. The median number of employees in Alberta per organization is 408 and the average number of employees is 5,478.

In this report, small organizations are ones with fewer than 100 employees, medium have between 100 and 999 and large have 1,000 or more employees. Respondents were also distributed across a wide range of sectors.

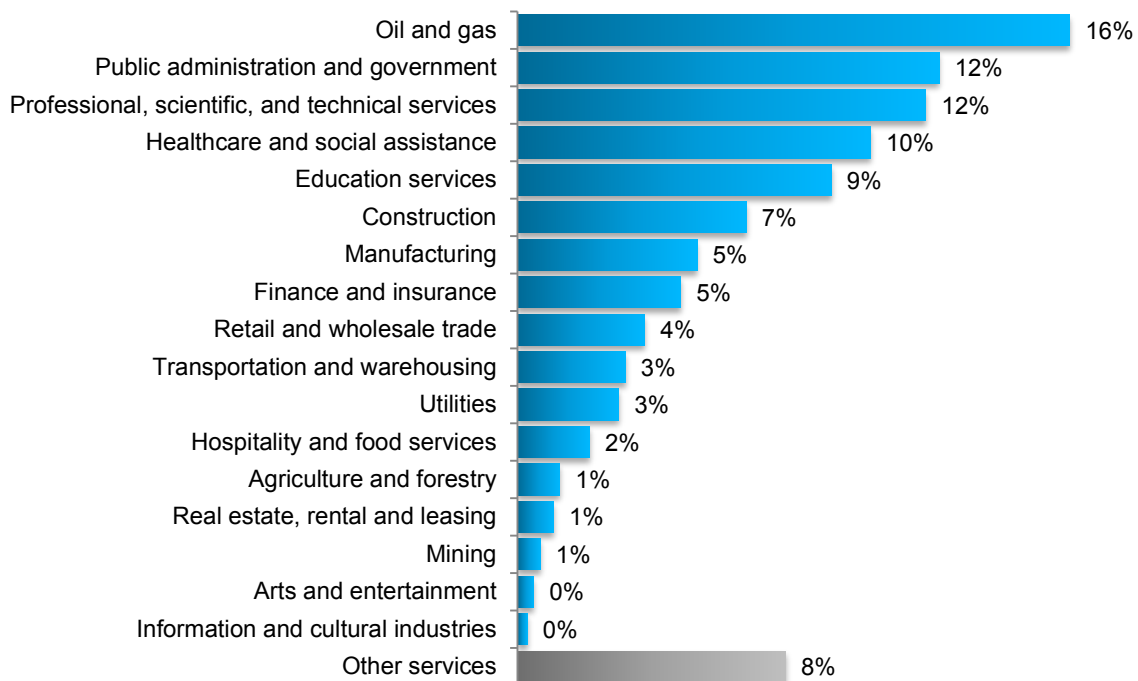
Respondents were also distributed across a wide range of sectors. Due to the sample size, the only sectors that can be broken out with separate results are: Oil and Gas, Construction, Healthcare, Professional Services, Public Administration, Education.



Responses by Organization Type



Distribution by Sector

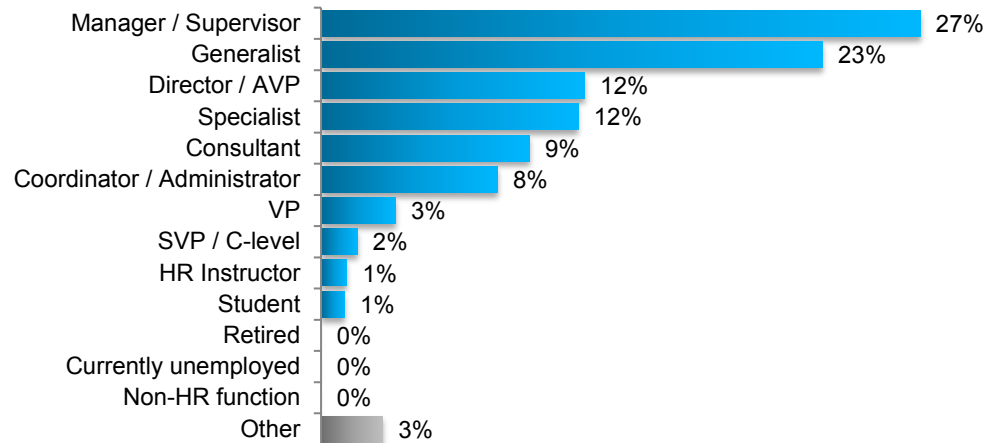


Responses by Unionization



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

Distribution by Role



CONTACT INFORMATION

CPHR Alberta is our province's community for Human Resources, dedicated to strengthening and promoting the HR profession. As the exclusive granting body for the Chartered Professional in Human Resources (CPHR) designation, CPHR Alberta establishes professional standards within the industry through education, research and public policy initiatives. Our association connects almost 6,000 HR professionals through professional development, networking, and community initiatives.

For more information contact:

Phone: 403-209-2420

Email: info@cphrab.ca

www.cphrab.ca

For media inquiries, contact:

Geoffrey Person

Director, Marketing & Communications

Phone: 403-541-8700

Email: gperson@cphrab.ca

For inquiries regarding the survey and analysis, contact:

Daniel Boucher

Director, Regulatory Affairs & Research, and Registrar

Phone: 403-541-8714

Email: dboucher@cphrab.ca

For inquiries regarding the methodology and survey tool, contact:

Hamish I. Marshall

One

Phone: 778-835-3715

Email: hamish.marshall@onepersuades.com