

## ALBERTA HR TRENDS REPORT - SPRING 2018

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### PURPOSE OF THIS REPORT

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

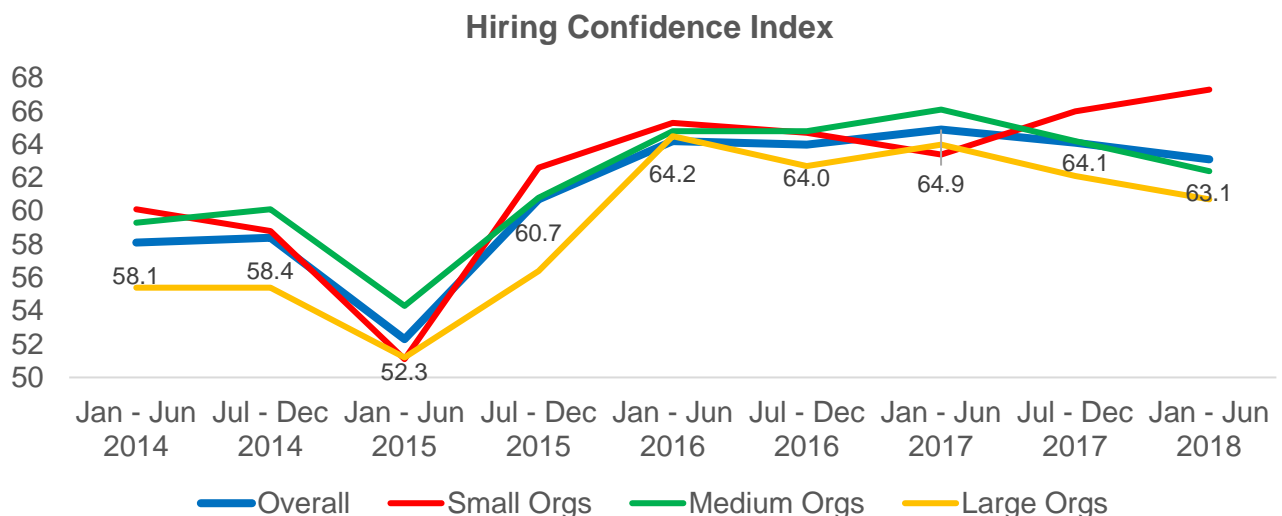
CPHR Alberta has commissioned this report to supplement other sources of labour market information available to its members and to provide benchmarks that can help human resources professionals make better talent management decisions. This is the ninth report in the series.

## LABOUR MARKET FORECAST

### HIRING CONFIDENCE INDEX

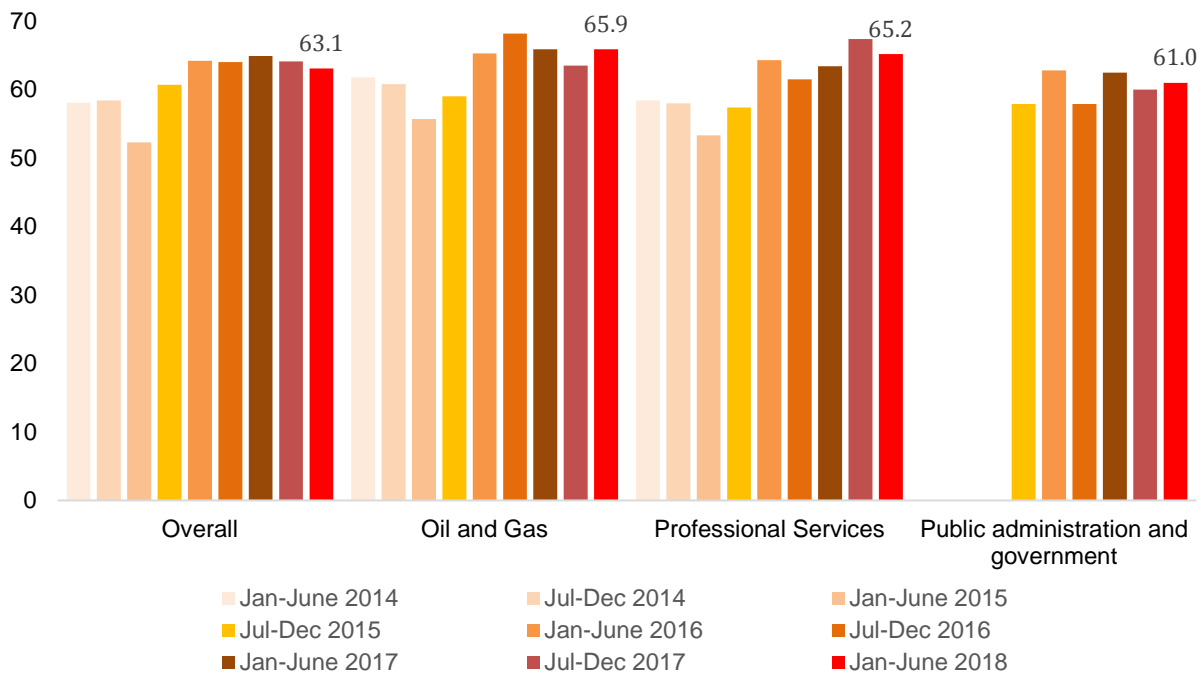
CPHR Alberta’s Hiring Confidence Index was created to measure how Alberta employers feel about hiring over the next six months. The index emphasizes how confident HR professionals are that they can hire the right people to fill vacancies; while also incorporating views on expected growth in the number of positions to be filled.

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 of more than 50 means HR professionals are more confident, than concerned, about hiring.



Hiring confidence has dropped again since the last report. As in previous reports, this has been driven by decreases among medium and large organizations. In fact, the overall drop is only relatively minor because of the significant increase in hiring confidence among smaller organizations, which is at 67.3. The dichotomy in how small and large organizations see the labour market is very significant.

## Hiring Confidence Index - Sector Breakdown



This report sees a reverse of trends in specific sectors. Oil and Gas, which had been declining in hiring confidence, has rebounded, while Professional Services have bucked an 18-month trend and dropped. It seems with the price of oil slowly recovering, confidence in hiring is on the rebound. Public Administration and Government have stayed more or less the same.

It is interesting that while large organizations saw their confidence drop, it rose with Oil and Gas. In Alberta, the subset of large companies is dominated by Oil and Gas, which means that confidence must have really plunged among the other sectors.

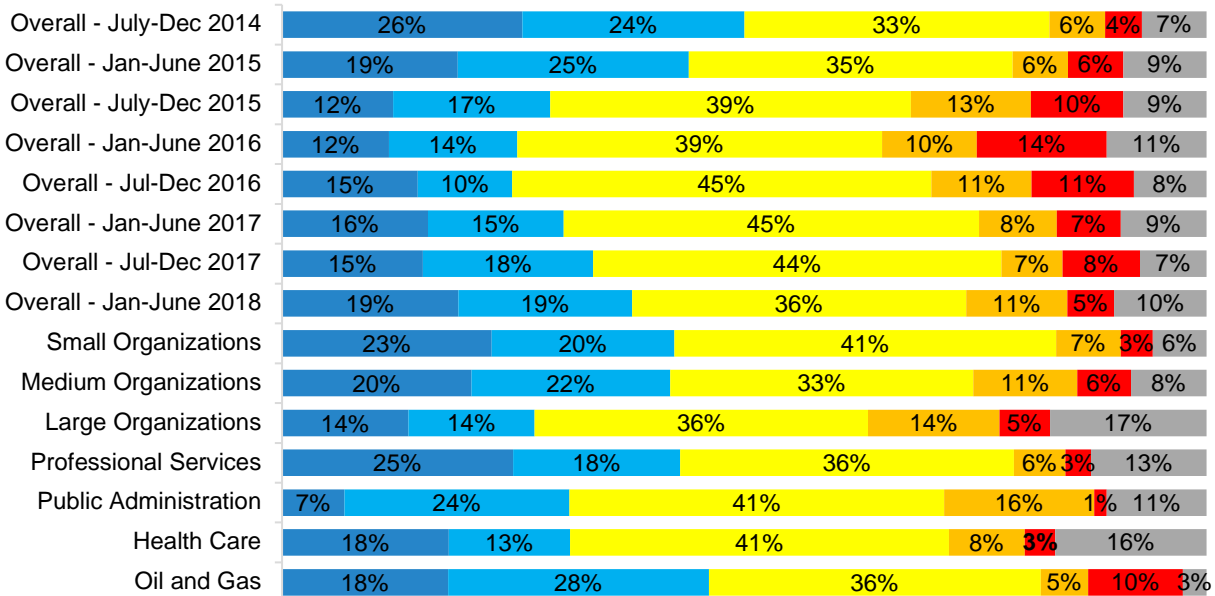
### THE 6 MONTH OUTLOOK

Across the board, organizations in Alberta expect their employment levels to increase in the next six months. In fact, the proportion of organizations who expect growth has now increased three reports in a row. There is a considerable boost in optimism and Alberta is now at levels unseen since 2015. 38% of organizations expect their headcount to grow.

The charge was led by small and medium-sized organizations among whom the expectation of employment growth grew by five points to 42%. Large organizations still lag behind at

27%, but this is also an increase over the last half of 2017. The expectation of growth grew the most in the Public Administration sector (up 13 points to 31%) and is highest in the Oil and Gas sector (49%). Professional Services are also more optimistic than last time (43%, up seven points), while the Health Care sector is actually less optimistic (31%, down two points).

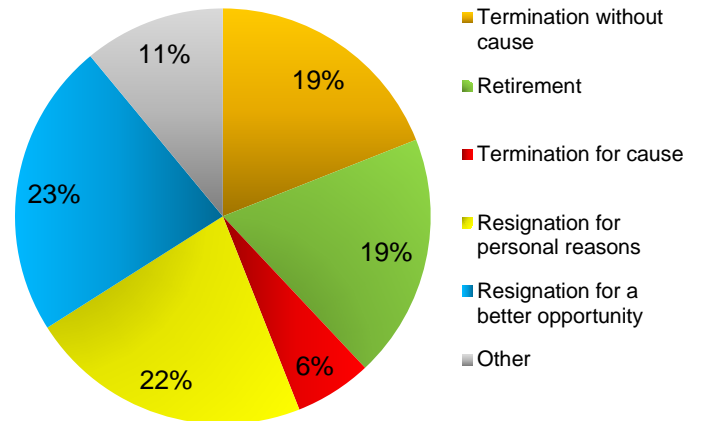
## Expected Change in Employment



■ Increase By More Than 5%  
 ■ Increase By Less Than 5%  
 ■ Stay The Same  
■ Decrease By Less Than 5%  
 ■ Decrease By More Than 5%  
 ■ Don't know

The most common expected reason to lose staff is *Resignation for a better opportunity* (23%), followed by *Resignation for personal reasons* (22%). Both of these reasons increased three points since the last report. One of the biggest changes is that *Retirement* as an expected reason for leaving has increased significantly to 19%. All of these show a return to a healthy economy not dominated by layoffs. *Termination without cause* has dropped to 19% (down 2 points). In the last report *Termination without cause* was still the most common expected reason, now it is tied for fourth.

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



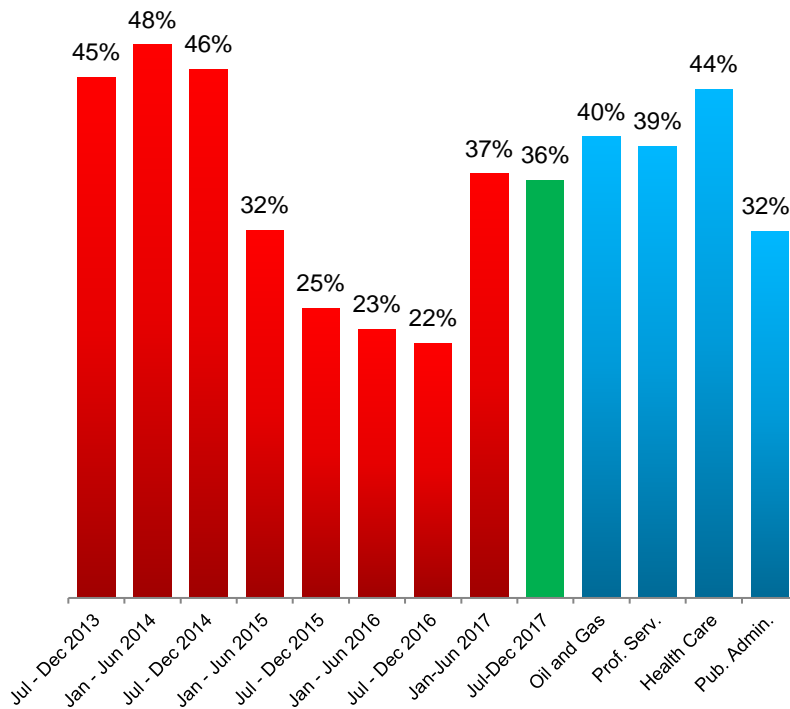
Organizations report that on average they planned for changes in their workforce 5.2 months in advance (an increase of about a week since the last report). The larger the organization the more likely they were to plan further in advance. Thus, respondents with fewer than 100 employees plan 4.2 months in advance while those with more than 1,000 staff begin planning 7.2 months in advance (about two weeks longer on average than in the last report).

## LABOUR MARKET STATISTICS

### CURRENT TRENDS

Over the second half of 2017, organizations in Alberta showed that the turnaround in their hiring reported in the first half of the year was continuing. While the overall number of organizations reporting a net increase in employment did not grow, it remained in a statistical tie from the first half of the year. 36% reported increasing their headcount (down only 1% from 37% previously), compared to 22% which saw a decrease (unchanged). Another interesting observation is that the performance between the different sizes of

**Percentage of Companies Reporting net increase in employment**



organizations has more or less equalized. While previously, medium-sized organizations were far more likely to report growth than large ones, now

they are nearly the same - with 34% of large organizations seeing headcount growth (up from 28% previously) and 37% of small and medium-sized organizations doing the same.

40% of organizations in the Oil and Gas sector saw a net increase in employment - up another six points from what it was six months ago, and far higher than in 2016. What is most exciting, only 27% of Oil and Gas organizations reported a decrease in their number of employees, meaning more organizations grew in terms of employment than shrank for the first time in years. Compared to

the last report, organizations in the Public Administration sector were less likely to report a net increase in the number of employees (down 8% to 32%), while the Health Care and Professional Services sectors saw significant increases in the number of growing organizations.

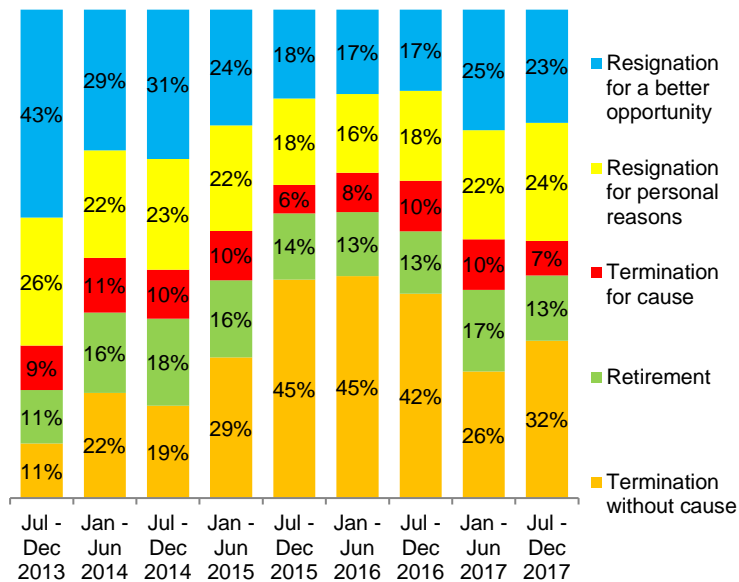
The average number of net contractors increased across the board. While medium-sized and large organizations were on average hiring more people (gross) than in the last report, it was more or less offset by employees leaving and a bigger reliance on contractors.

| Employees                 | Small organizations | Medium organizations | Large organizations |
|---------------------------|---------------------|----------------------|---------------------|
| Joined in last six months | 6.6                 | 42.0                 | 133.6               |
| Left in last six months   | 8.2                 | 40.1                 | 138.2               |
| Net Employees             | -1.6                | +1.9                 | -4.6                |
| Contractors               |                     |                      |                     |
| Joined in last six months | 7.4                 | 14.2                 | 43.8                |
| Left in last six months   | 5.5                 | 19.0                 | 77.9                |
| Net Contractors           | +1.9                | +4.8                 | +34.1               |

## TERMINATION CAUSES

In the previous report, it seemed like Alberta's economy had turned the corner with *Resignation for a better opportunity* nearly becoming the most common reason to lose staff, only slightly behind *Termination without cause*. As proof that the recovery is slow and bumpy, *Termination without cause* was not only still the most common reason to lose employees, but more common than six months ago (up six points). Even with this turn in the wrong direction Alberta's job market is still not in the situation that prevailed

Most Common Reasons for Leaving

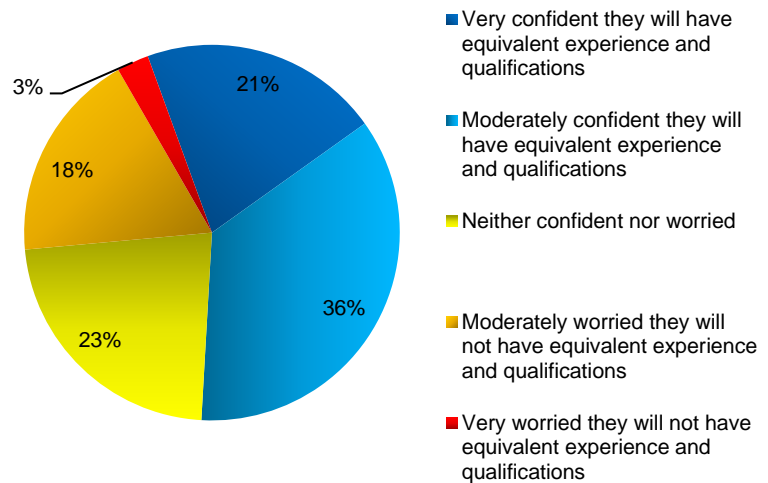


from mid-2015 to the end of 2016. The job market is healthier than it has been for the past two years, but just not quite as healthy as it was in early 2017.

As *Termination without cause* became more common across the province, it became the most common reason to lose staff in all job types. This is a marked change from the last report when it was only executives who were most likely to leave by *Termination without cause*.

| 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   |

**Confidence in replacing workers with equivalent experience and qualifications**



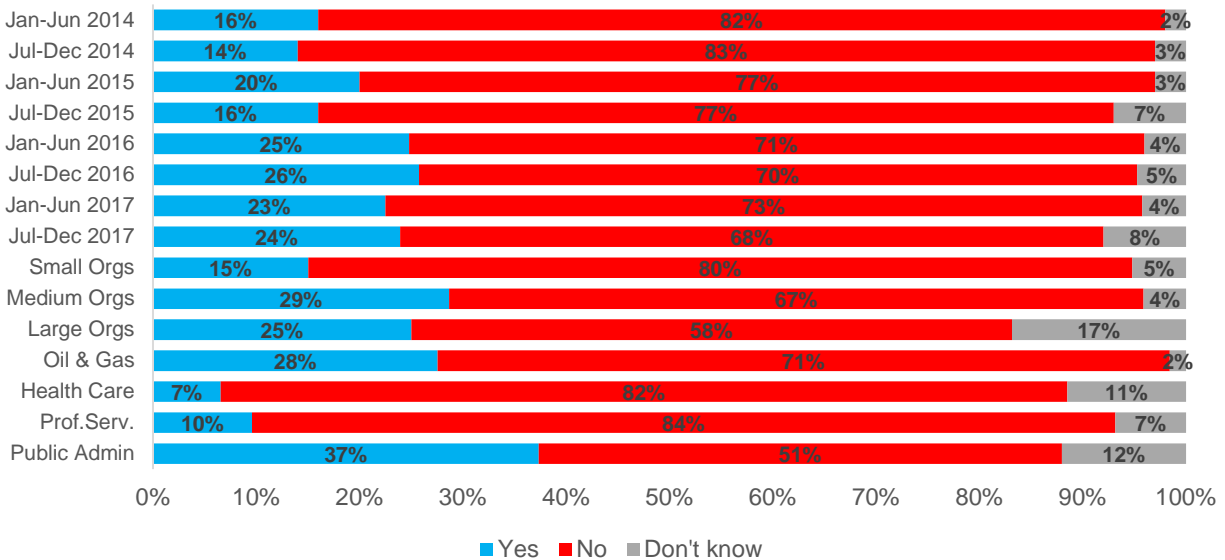
The general trend of HR professionals expecting that it will become harder to fill vacancies with employees with the equivalent experience and qualifications continues, though a majority of respondents are still confident they can do so (57%). This is a drop of five points, on top a drop of six points in the last report which taken together shows a clear trend. Only three percent of respondents are very worried they will not be able to fill gaps with qualified replacements.

## TEMPORARY LAYOFFS

A quarter (24%, up one point) of organizations in Alberta engaged in temporary layoffs in the last six months. Medium-sized organizations are now the most likely to use temporary layoffs, an uncommon situation, as usually the use of the practice increases with organization size. The practice is most popular in the Public Administration sector (37%) and becoming more so, and least popular with the healthcare sector. The use of temporary layoffs within the Oil and Gas sector was only slightly more common than among all respondents.

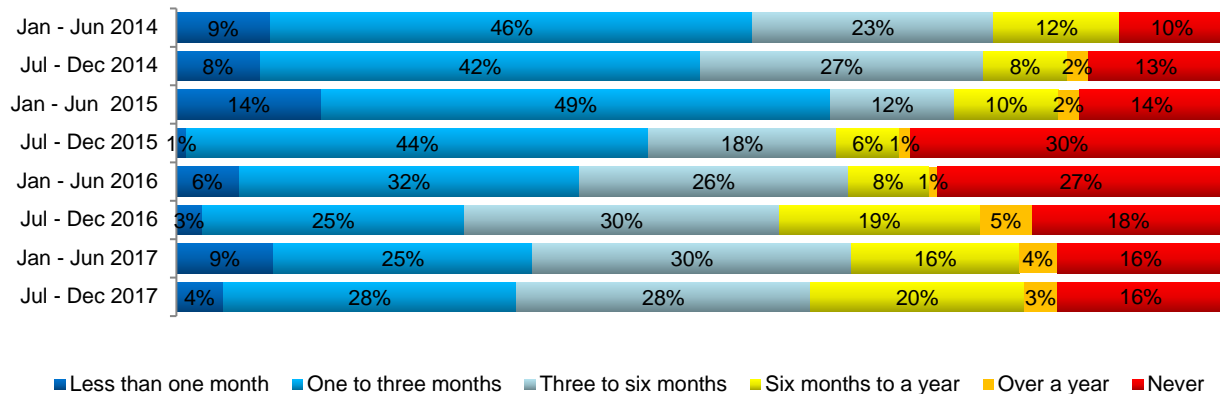


## Engaged in Temporary Layoffs in the last Six Months



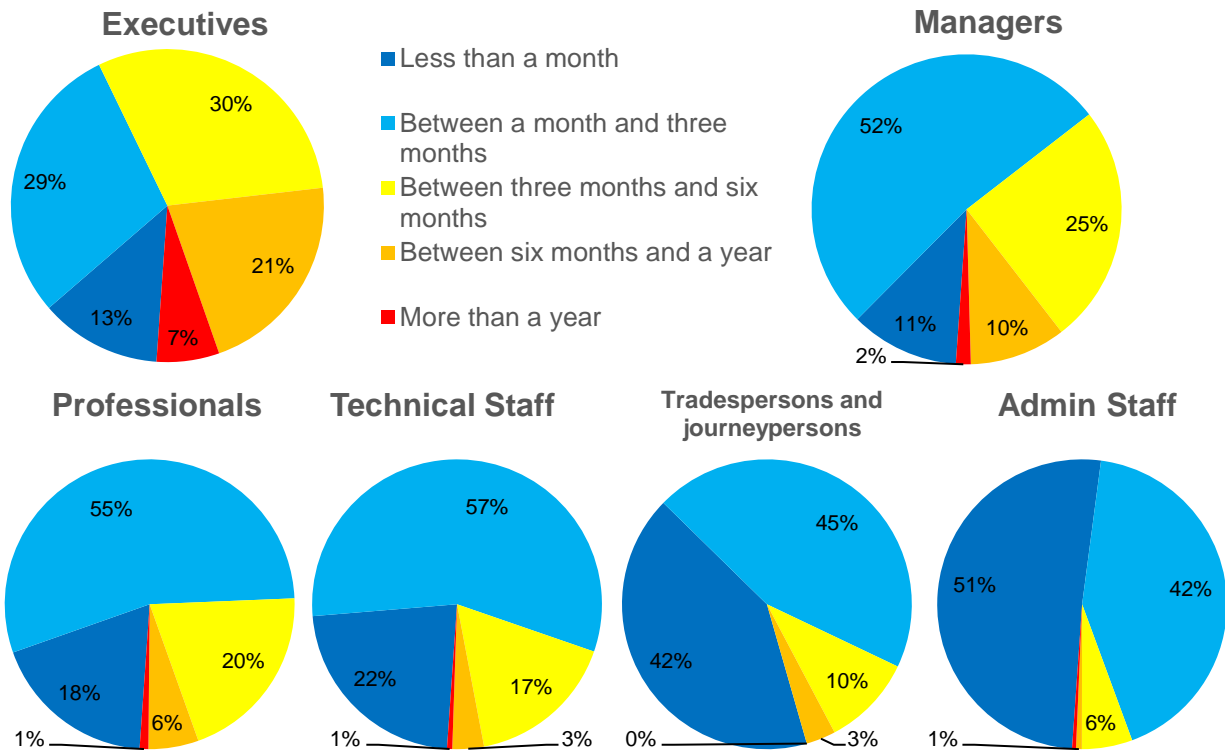
The goal of temporary layoffs for both the employer and the employee is for the layoff to actually be temporary so that the employee can return to work as soon as the business environment makes it possible. About a third of workers (32%, down two points) return to work in three months or less. It is slightly concerning that the number of workers who take more than six months to return to work has grown (up three points). The proportion that never return to work remains high compared to the pre-downturn figures.

## 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 is, the longer it takes to fill. Therefore, it is no surprise that only 42% of executive vacancies were filled within three months, while 93% of administrative and support staff vacancies were filled within that same period of time. Compared to six months ago it took longer to fill every type of position.



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 created (66%). Out of the organizations that are planning to fill the vacancies, they are likely to fill the positions with permanent full-time staff (23%), while using contractors (7%) and part-time employees are less common (4%). None of these proportions have changed significantly since the last report. Hiring full-time permanent staff to fill vacancies is most common with small organizations (32%), and in the Public Administration (27%) and Professional Services (33%) sectors.

## HR TEAM RATIO

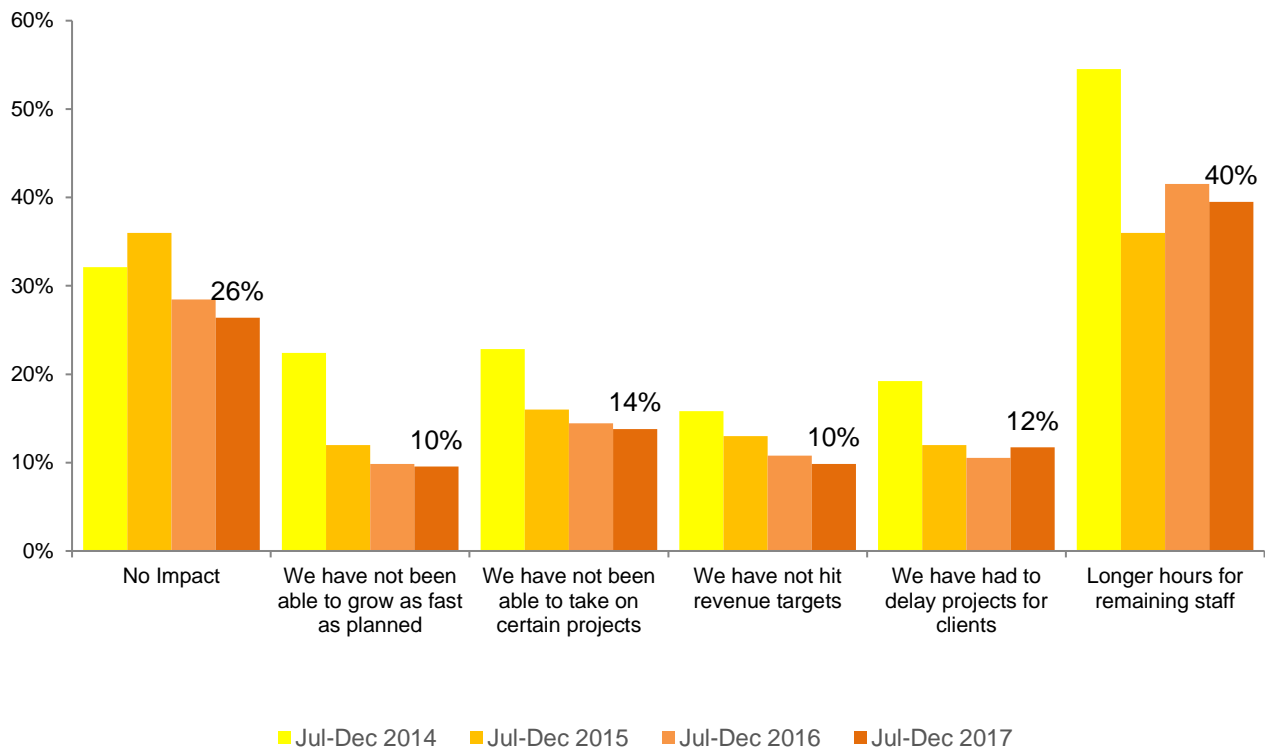
Respondents were asked to provide an approximate ratio of HR employees to overall employees in their organizations. The ratio grows with the size of the organization. Small organizations have 39 regular employees for each HR staff member, the ratio is 128:1 for medium-sized organizations and 242:1 for large organizations.

## TURNOVER COSTS AND RESPONSE

Over the past few years, the number of organizations impacted by employee turnover in Alberta has increased. This year, only 26% (down two points) say there has been no impact on their organizations in the last year. While most impacts became slightly less common, delaying projects for clients became slightly more common, being reported by 12% of organizations.

The most common impact of turnover remains longer hours for the remaining staff (40%, down two points). When there is turnover it is the other members of the team that feel the impact the most, much more so than the ability of the organization to grow or meet project deadlines.

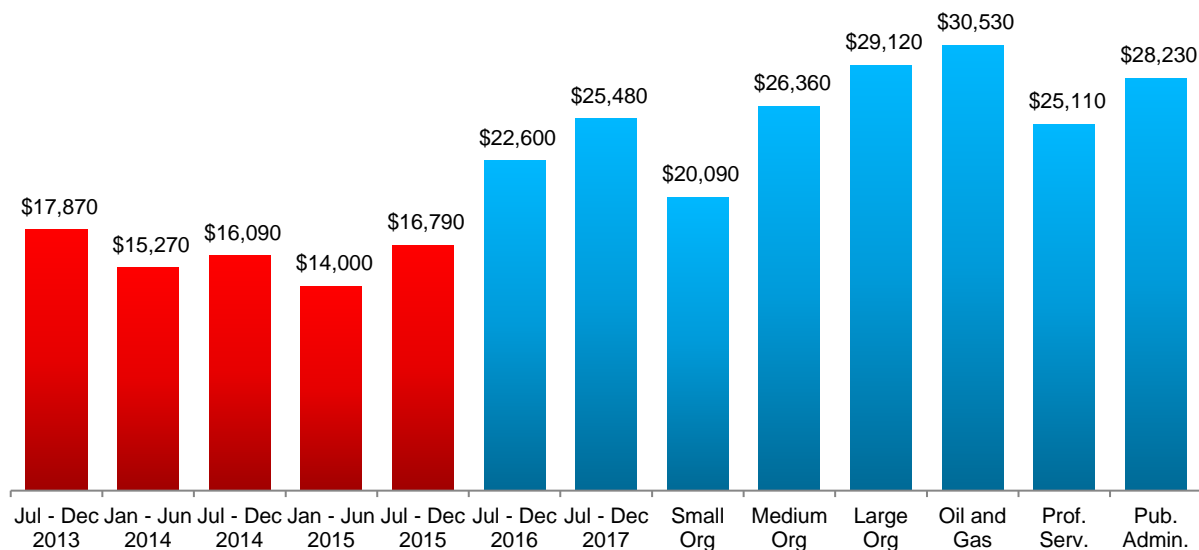
Impact of turnover in the last year



Employee turnover is expensive and getting more so. In Alberta, the costs saw a large increase over the last year from \$22,600 to \$25,480, an increase of nearly \$3,000. The processing cost includes the time of the HR team, severance, separation pay, working with recruiters, the interview process and assorted regulatory requirements. The cost of

processing is highest among large organizations (\$29,120, up \$300). It is also significantly above the average in the Oil & Gas (\$30,530, down about \$500) and Public Administration sectors (\$28,230, up more than \$3,000). The significant increase in the cost is present across all sectors and organization sizes.

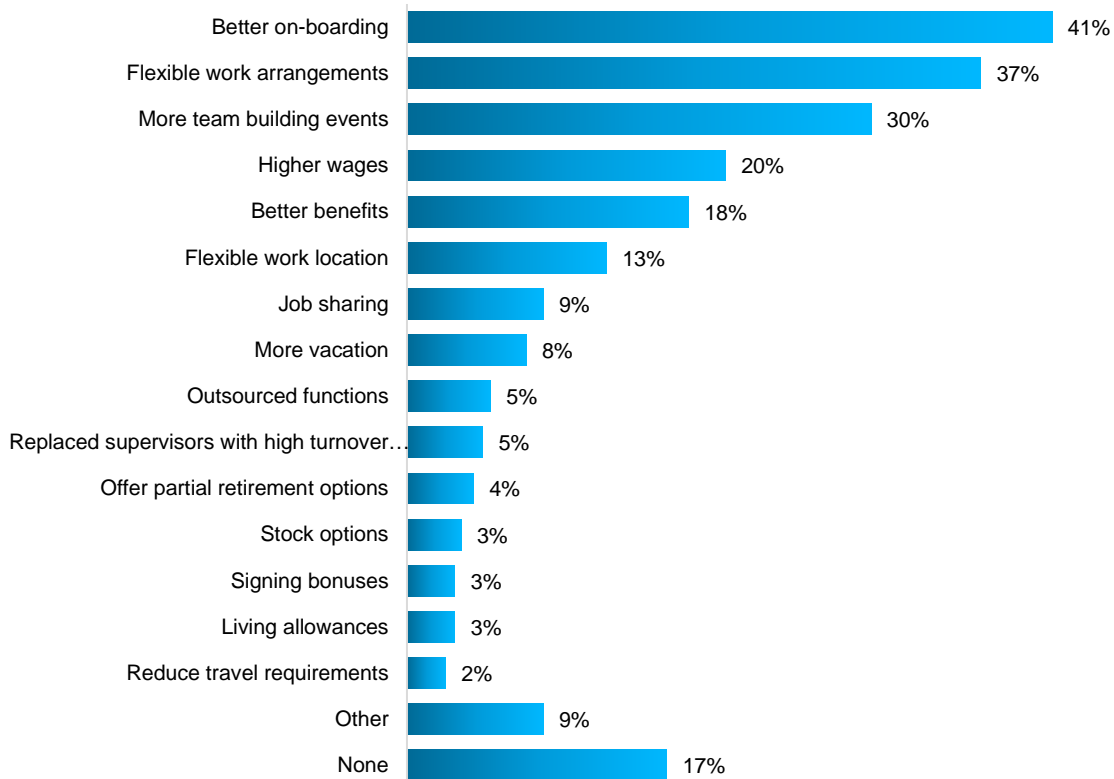
## Estimated average total cost of processing an employee turnover



In the last year, the number of organizations saying they take no action to reduce turnover in Alberta has nearly halved from 31% to only 17%. This is likely due to the impacts of turnover being felt more broadly and the costs continuing to rise.

Organizations in Alberta are far more likely to try to reduce turnover using non-remunerative means than by simply giving employees more money. The most common actions taken to reduce turnover are *Better on-boarding* (41%), *Flexible work arrangements* (37%) and *More team building events* (30%). *Higher wages* is only the fourth most common action taken and it was only used by 20% of organizations in Alberta. *Better benefits* were also somewhat common, being used by 18% of respondents to reduce turnover.

## Actions taken to reduce turnover for any reason



60% of turnover in Alberta was voluntary in the last year. Large (67%), Professional Services (72%), Public Administration (70%) and Health Care (65%) were all more likely to have a higher proportion of their turnover be voluntary.

## BUDGETS

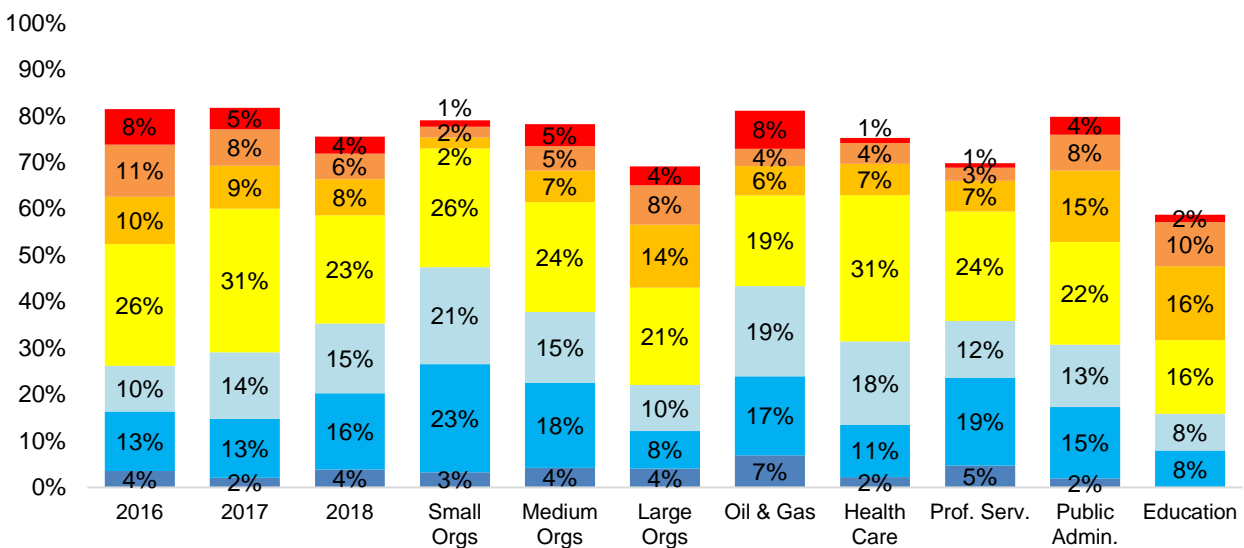
### HR BUDGET CHANGES

HR departments are generally optimistic in Alberta about their HR budgets, with a couple of significant exceptions. 35% expect their HR budget to increase in 2017 (up six points), while 18% expect their budget to shrink (down four points).

The larger an organization becomes the more likely they are to expect a shrinking HR budget. Among large organizations, 28% (down four points) expect a smaller budget, and only 22% (up one point) expect a larger one at the end of the year (compared to 47%

among small organizations). Even this question on HR budgets shows just how much has changed in Alberta's oil and gas sector. A year ago, more Oil and Gas organizations expected their HR budgets to shrink than to grow, and this was out of step with all the other large sectors in Alberta. This year, 18% of Oil and Gas respondents expect their HR budgets to get smaller, while an incredible 43% expect to see growth.

## Expected HR Budget changes for 2018

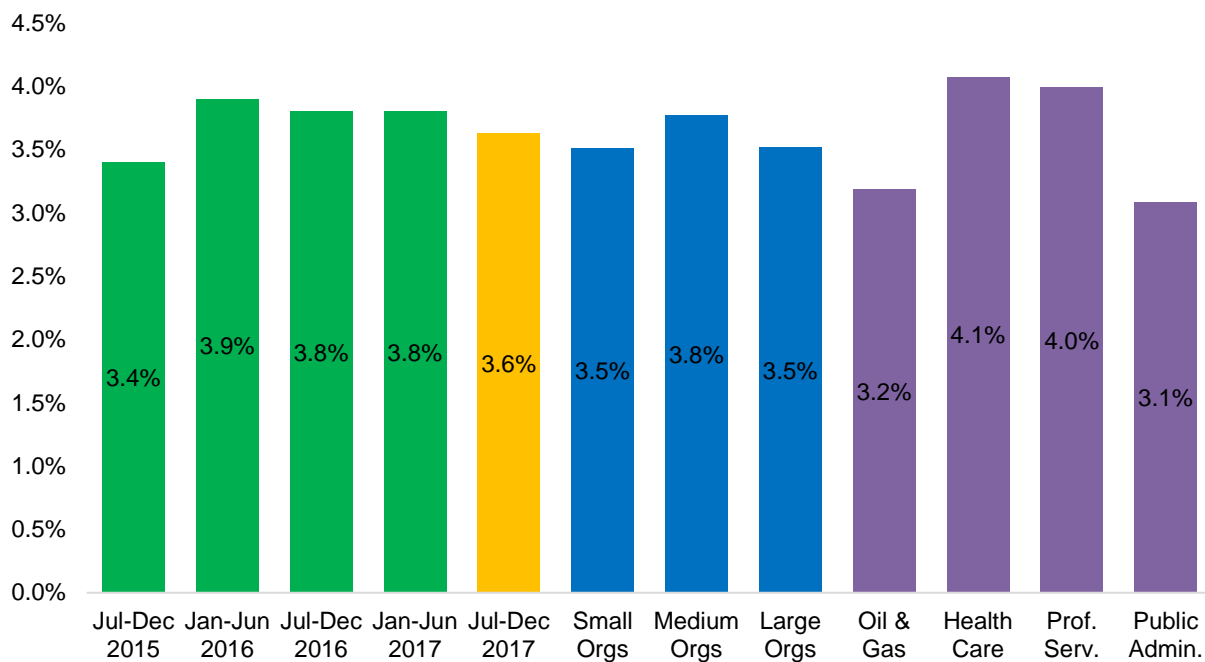


- Significant increase (more than +7%)
- Moderate increase (+2% to 7%)
- Minor increase (+0.5% to 2%)
- No change (+0.5% to -0.5%)
- Minor decrease (-0.5% to -2%)
- Moderate decrease (-2% to -7%)
- Significant decrease (More than -7%)

## LEARNING AND DEVELOPMENT BUDGETS

On average, organizations are investing 3.6% of their total budget towards learning and development. This is a slight decline (down 0.2%) from the last report. Medium-sized organizations (3.8%) and those in the Health Care (4.1%) and Professional Services (4.0%) sectors are more likely to have a larger proportion of their budgets allocated to learning and development.

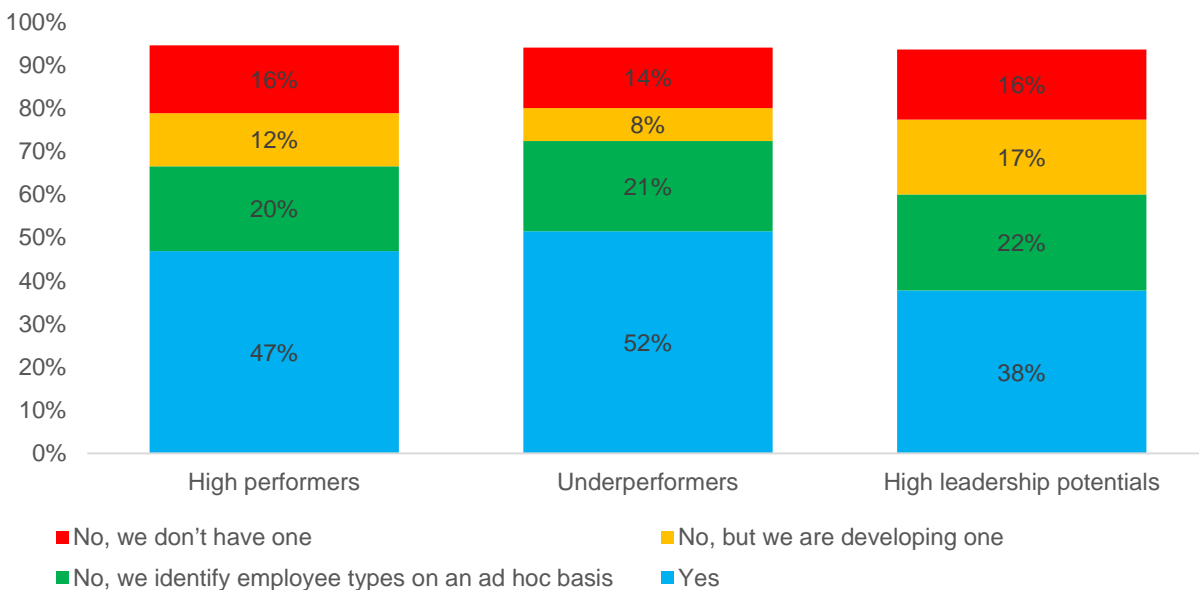
**% of Budget Allocated to Learning and Development**



## DEVELOPING HIGH PERFORMERS AND LEADERSHIP POTENTIAL

More organizations have a process for identifying underperformers (52%) than high performers (47%) and high leadership potentials (38%). About a fifth of respondents say they identify high performers, underperformers and high leadership potentials on an ad hoc basis. Around one in ten say they are developing a formal process for identifying high performers and underperformers, but this rises to one in six (17%) for identifying high leadership potentials. Large organizations are far more likely to have formal processes to identify these types of workers than small organizations.

**Do you have a process for identifying...**

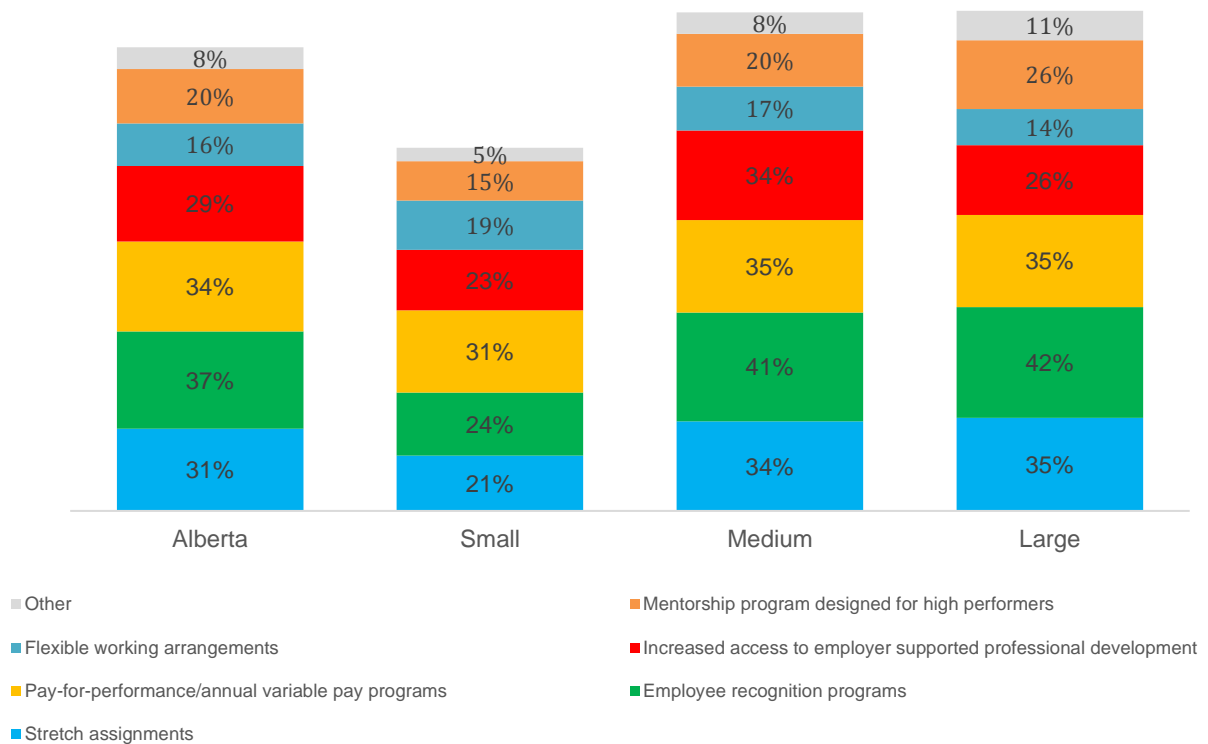




## HIGH PERFORMERS

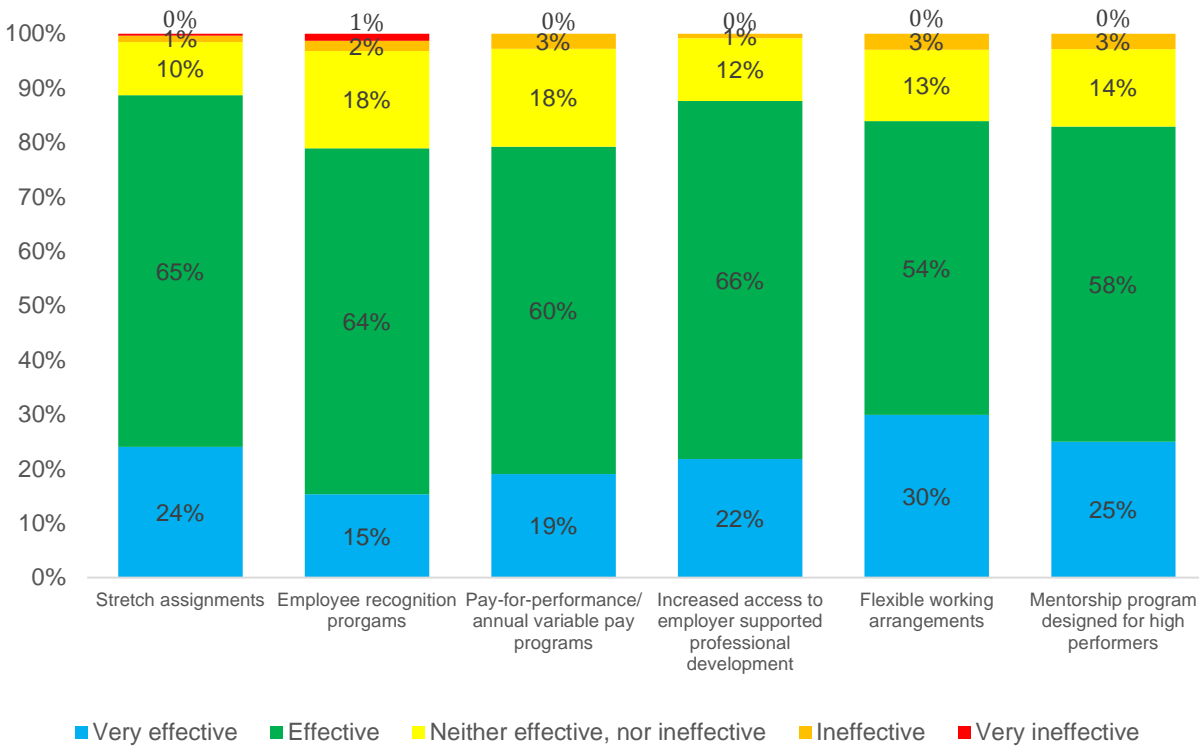
Of those organizations that identify high performers the most common methods used to motivate them are employee recognition programs (37%), pay-for-performance or annual variable pay programs (34%), stretch assignments (31%), and increased access to employer-supported professional development opportunities (29%). Generally, all of these methods are more common in larger organizations, especially mentorship programs and stretch assignments.

**What methods does your organization use to motivate high performing employees?**



Respondents rated stretch assignments and flexible working arrangements as the most effective. Both of them were rated as very effective or effective by at least 88% of organizations. Employee recognition programs and pay-for-performance, while still seen as effective by a clear majority were rated as the least effective overall. This is very relevant because these two methods are also the most commonly used methods by organizations in Alberta.

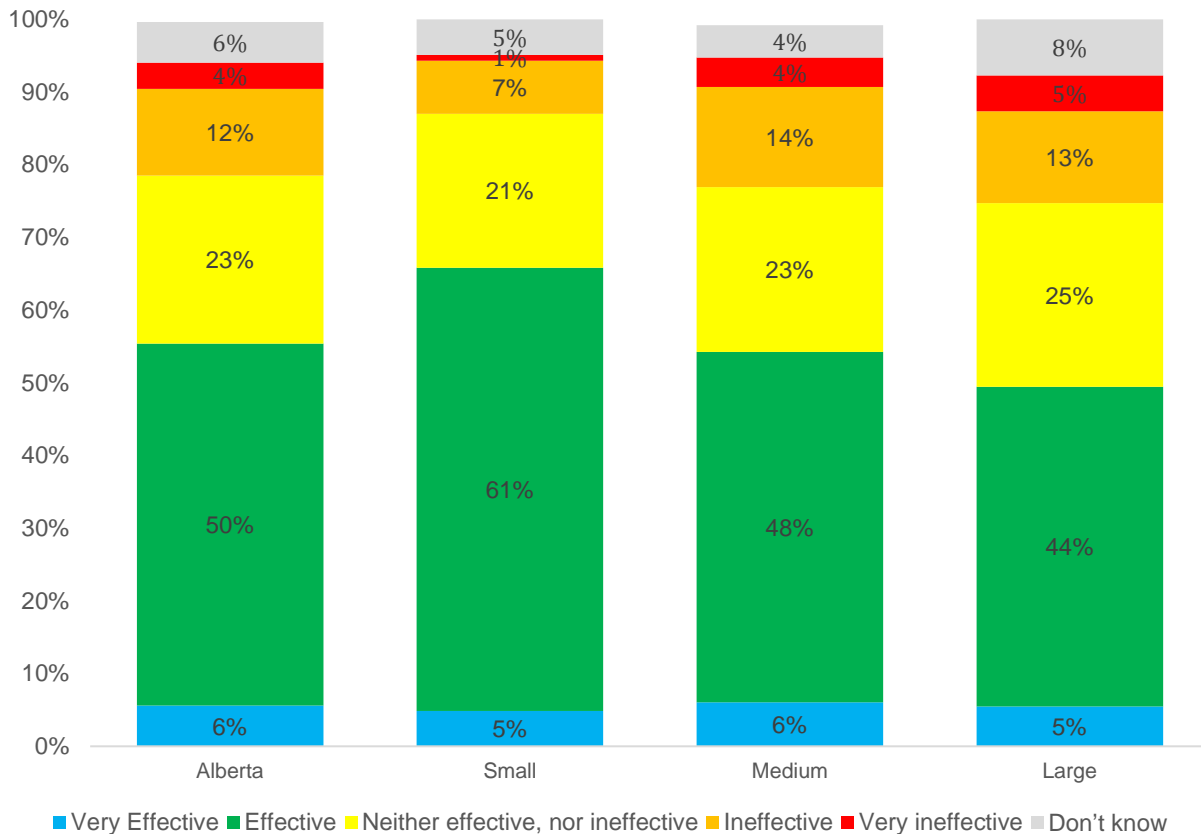
## How effective were the methods?



Other methods that organizations use to motivate high performing individuals include: giving employees the pick of their next assignment, continued employment in times of layoffs, and placing them in leadership positions.

Half of respondents say that overall their organizations are effective at motivating high performers (50%). Only a small number say they are either very effective (6%) or very ineffective (4%) at motivating those employees. Small organizations believe they are the most effective, while large organizations feel they are the least effective at motivating higher performing employees.

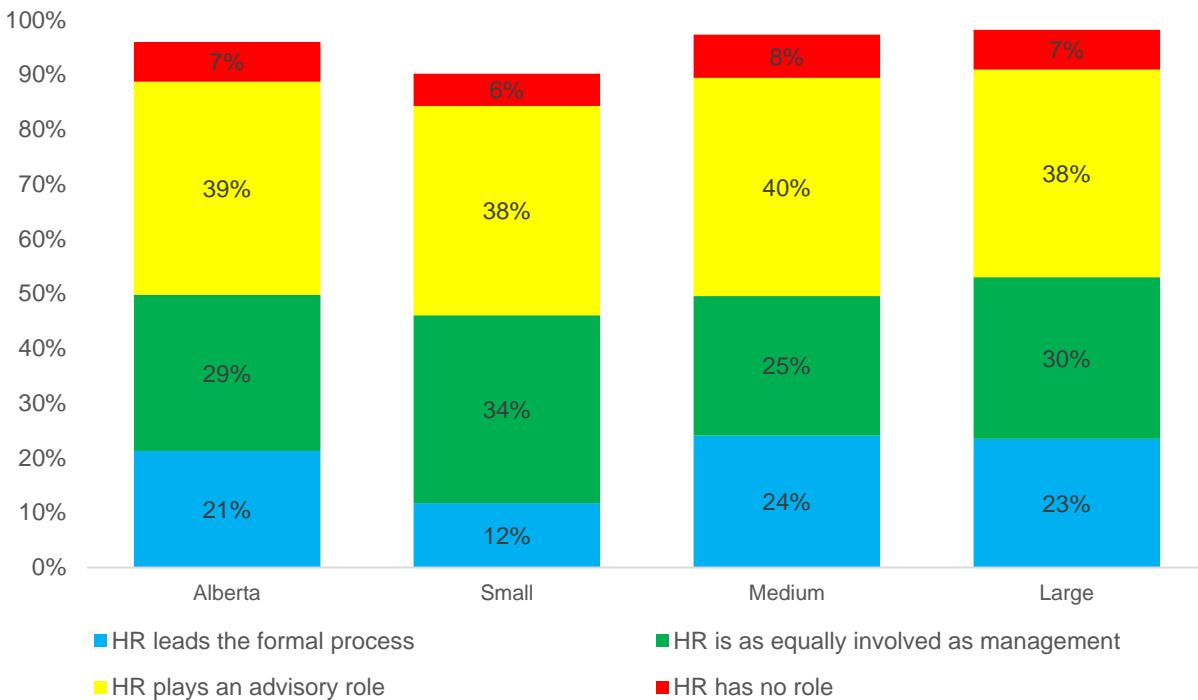
## How effective overall is your organization at motivating high performers?



## IDENTIFYING LEADERSHIP POTENTIAL

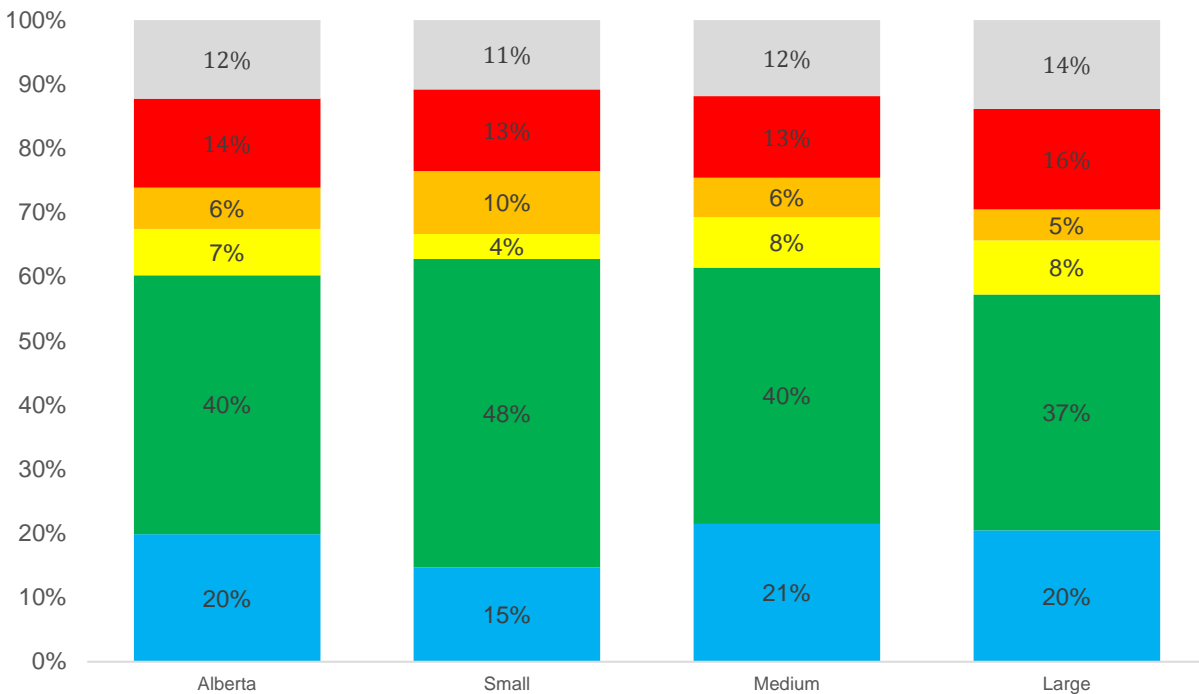
In almost every organization in Alberta, HR is involved in the process of identifying higher leadership potential employees. However, in only 21% of cases does HR lead the formal process (and in only 12% of small organizations). HR being equally involved as management happens less than a third of the time (29%), though this is more common in small organizations. In another 39% of organizations, HR plays only an advisory role.

### To what extent is HR involved in the process of identifying high leadership potential employees at your organization?



Only one in five organizations (20%) inform all high leadership potential employees that they have been identified as such. The most common approach (40%) is to tell some of the high leadership potential employees but not others depending on their situation and the context. Another 13% of organizations inform the employees at various parts of the process while about the same number (14%) does not inform the high leadership potential employees that they have been identified.

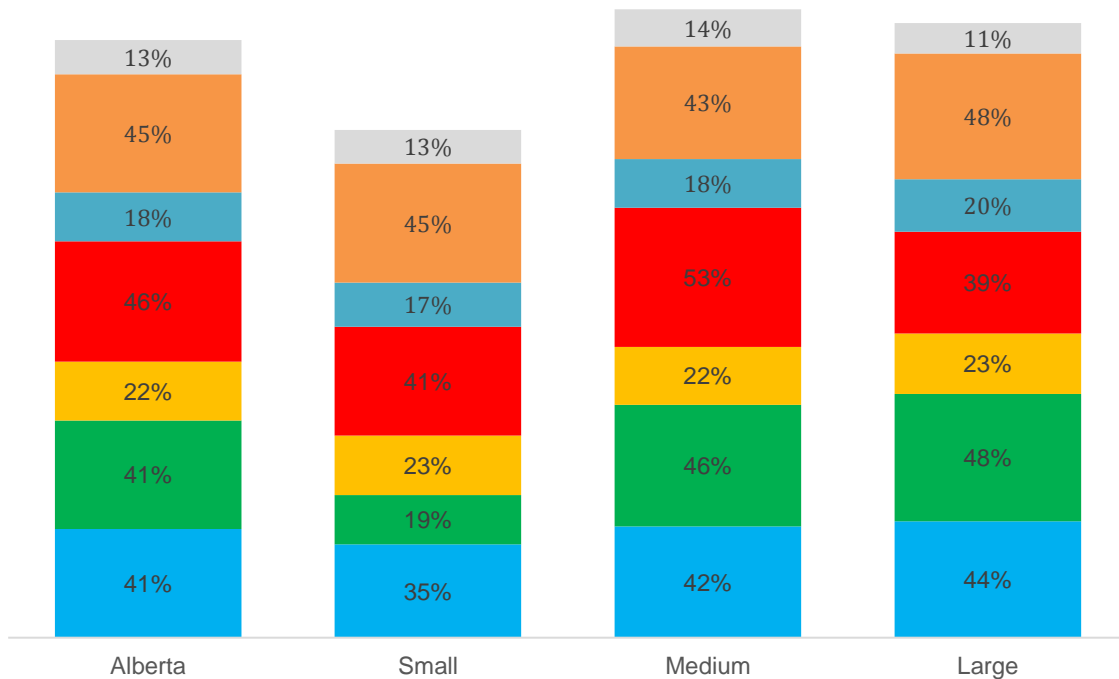
## Does your organization inform high leadership potential employees once they are identified or do you keep this information confidential?



- Don't know
- My organization keeps confidential from the employee the identification of all high leadership potential employees
- My organization keeps confidential from the employee the identification of all early-stage/emerging high leadership potentials
- My organization keeps confidential the identification of all high leadership potential employees up until they are enrolled into a specific program
- My organization sometimes informs high leadership potential employees, but this decision is dependent on additional factors
- My organization informs all high leadership potential employees that they have been identified as such

The most common method used by organizations in Alberta to develop high leadership potential employees is to make additional professional development and learning opportunities available to them (46%), especially in medium-sized organizations (53%). Mentoring is nearly as common (45%), especially in large organizations (48%). About two in five organizations offer specialized leadership development tracks and assessments to determine a high-potential's current leadership strengths and weaknesses (both 41%). Both of these are less common with small organizations and more common with larger ones.

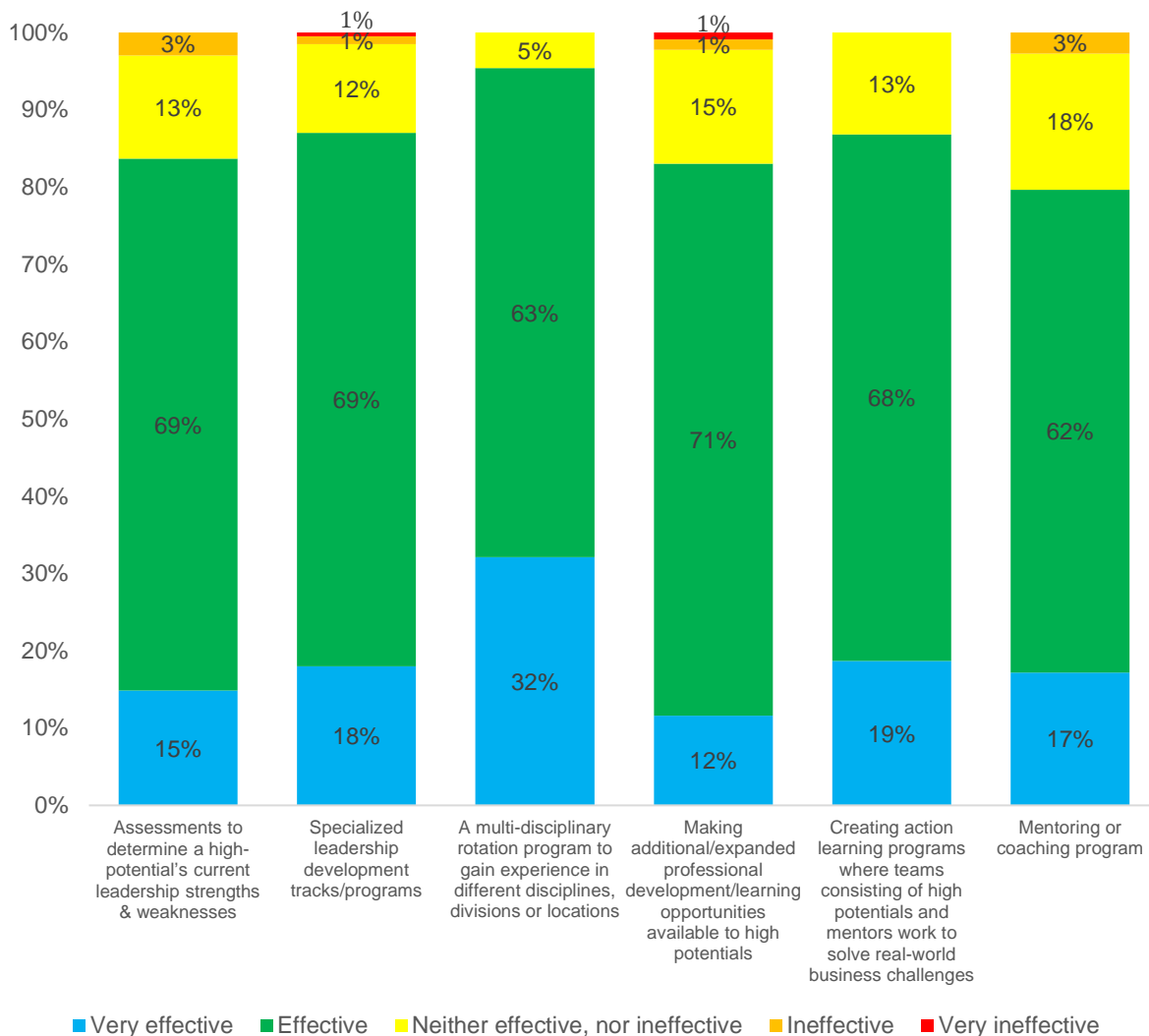
## What methods does your organization use to develop high leadership potential employees?



- Other
- Mentoring or coaching program
- Creating action learning programs where teams consisting of high potentials and mentors work to solve real-world business
- Making additional/expanded professional development/learning opportunities available to high potentials
- A multi-disciplinary rotation program to gain experience in different disciplines, divisions or locations
- Specialized leadership development tracks/programs
- Assessments to determine a high-potential's current leadership strengths & weaknesses

A strong majority of respondents rate all the methods to develop high-potential leaders as effective. The methods that received the larger proportion of “very effective” responses were a multi-disciplinary rotation program to gain experience in different disciplines, divisions or locations (32%) and creating action learning programs where teams consisting of high potentials and mentors work to solves real-work business challenges (19%). It is worth noting that the most common method, of additional professional development and learning opportunities available to high-potentials, is actually seen as the least effective method (only 12% say very effective).

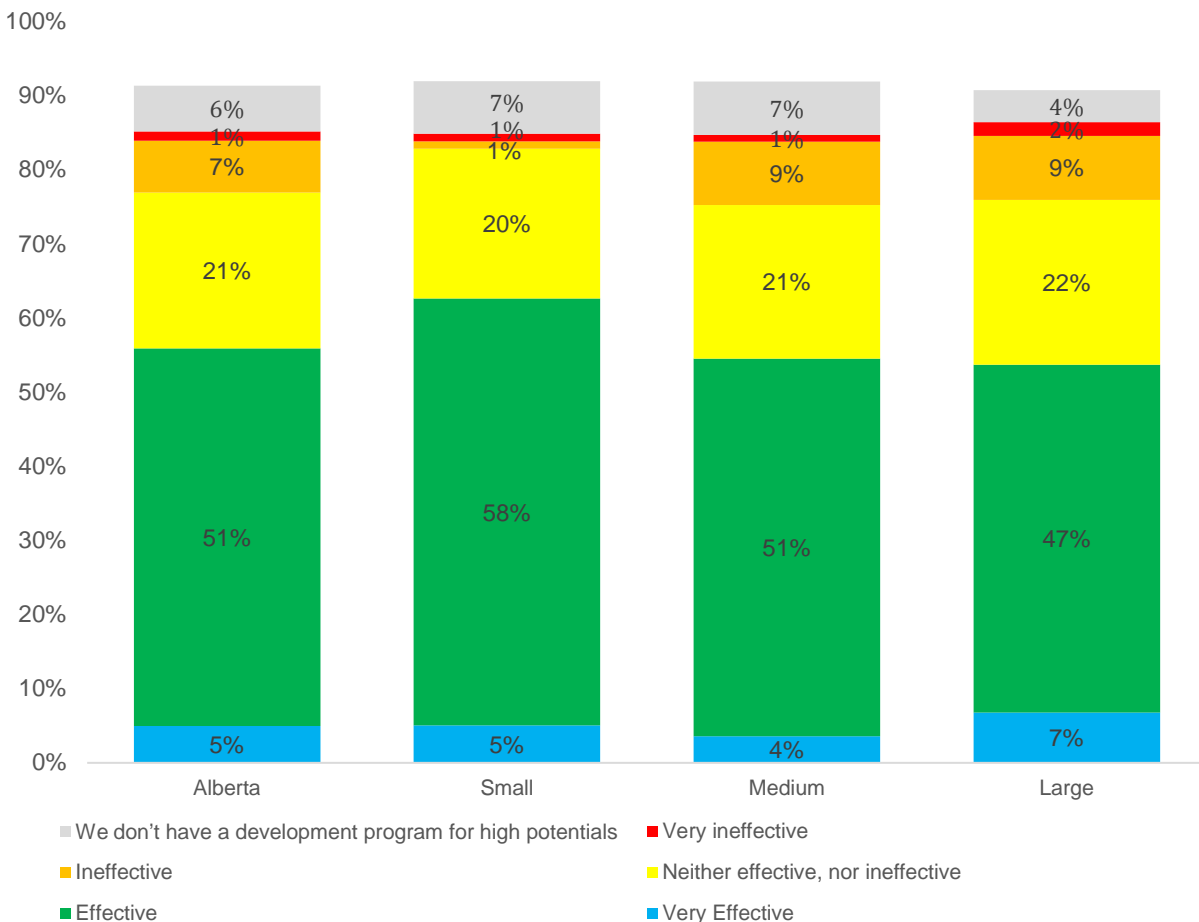
### How effective were the methods?



Other methods that organizations use to develop high leadership potential employees include: formal recognition, select training and development programs, and informal coaching.

Only one in twenty (5%) of organizations rate their organization’s high potential employee development program as very effective. Another 51% describe it as effective (higher with small organizations – 58%). In contrast, only eight percent see their program as either ineffective or very ineffective. Overall organizations are satisfied with their high potential leadership programs.

### How effective overall is your organization’s high potential employee development program?





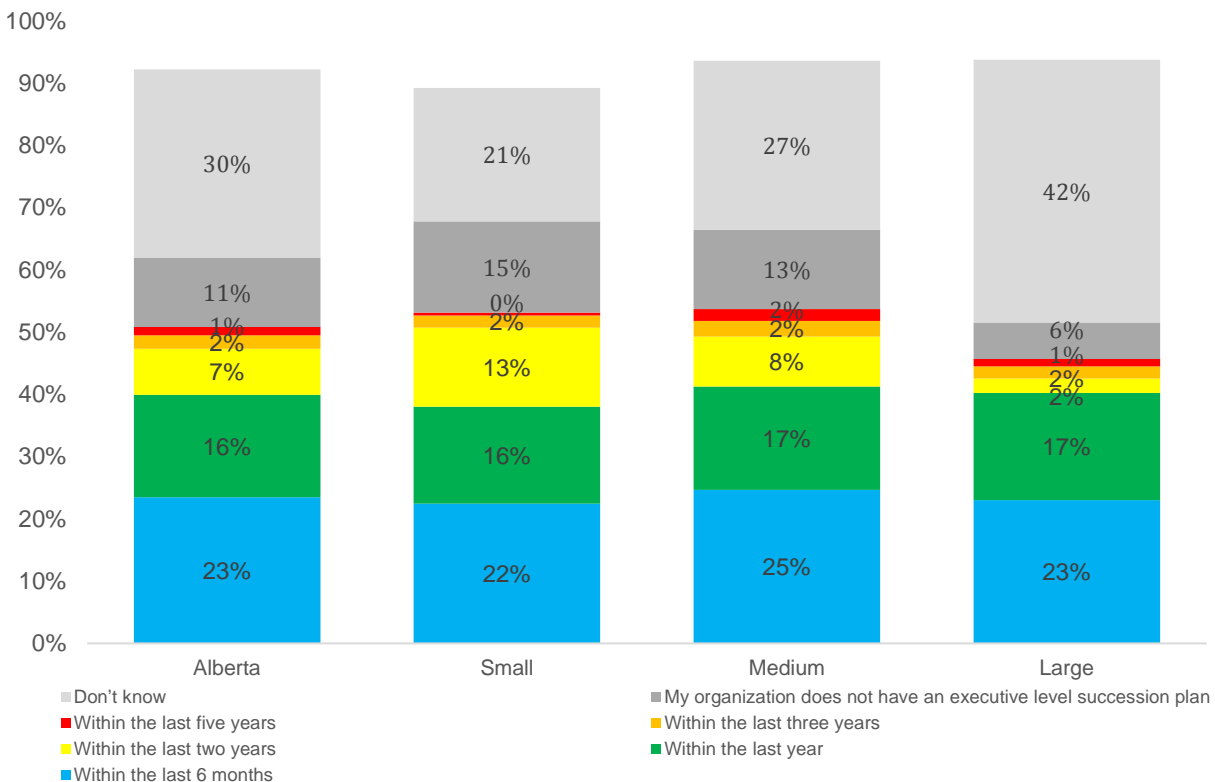
## HR MANAGEMENT

### SUCCESSION PLANNING

Just under half of the HR practitioners who responded said they were involved in executive-level succession planning at their organization (46%). This includes ten percent who are leading the succession planning, 12% who are involved as a member of the executive leadership team and another 24% who have an advisory role. A further 26% are not involved directly, because only the executive leadership team does this level of succession planning (31% among large organizations). The rest either don't know or say there is no succession planning at their organization.

Two in five (39%) or organizations have reviewed their executive level succession plan with the last year. This is most common with medium-sized organizations (42%) and least common with small ones (38%). Overall, fully 11% of organizations do not have an executive level succession plan, a number which is slightly larger (15%) among small organizations.

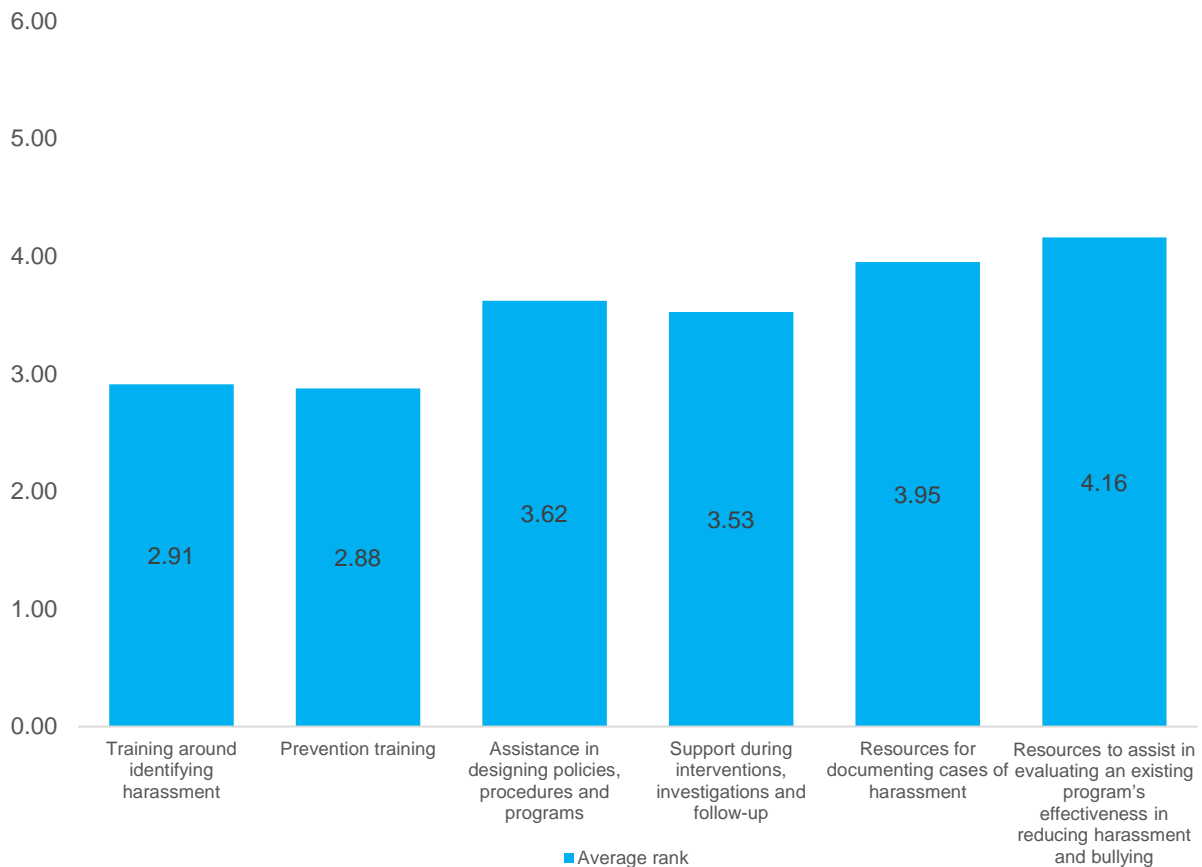
**When did your organization last review the executive level succession plan?**



## COMBATTING HARASSMENT

Respondents were asked to rank up to six tools or actions used to reduce harassment and bullying in the workplace. The most highly ranked tools (those with the lower number) were training around identifying harassment and prevention training. This makes sense as these two tools are focused on identifying harassment early or preventing it before it begins. The lowest ranked tools were resources for documenting cases of harassment and resources to assist in evaluating an existing program's effectiveness at reducing harassment and bullying. These two tools are more focused on handling an incident of harassment properly as opposed to preventing it from happening in the first place, so it stands to reason they would be seen as less useful.

**Average rank of the usefulness of the following tools/actions to reduce harassment and bullying in your workplace**

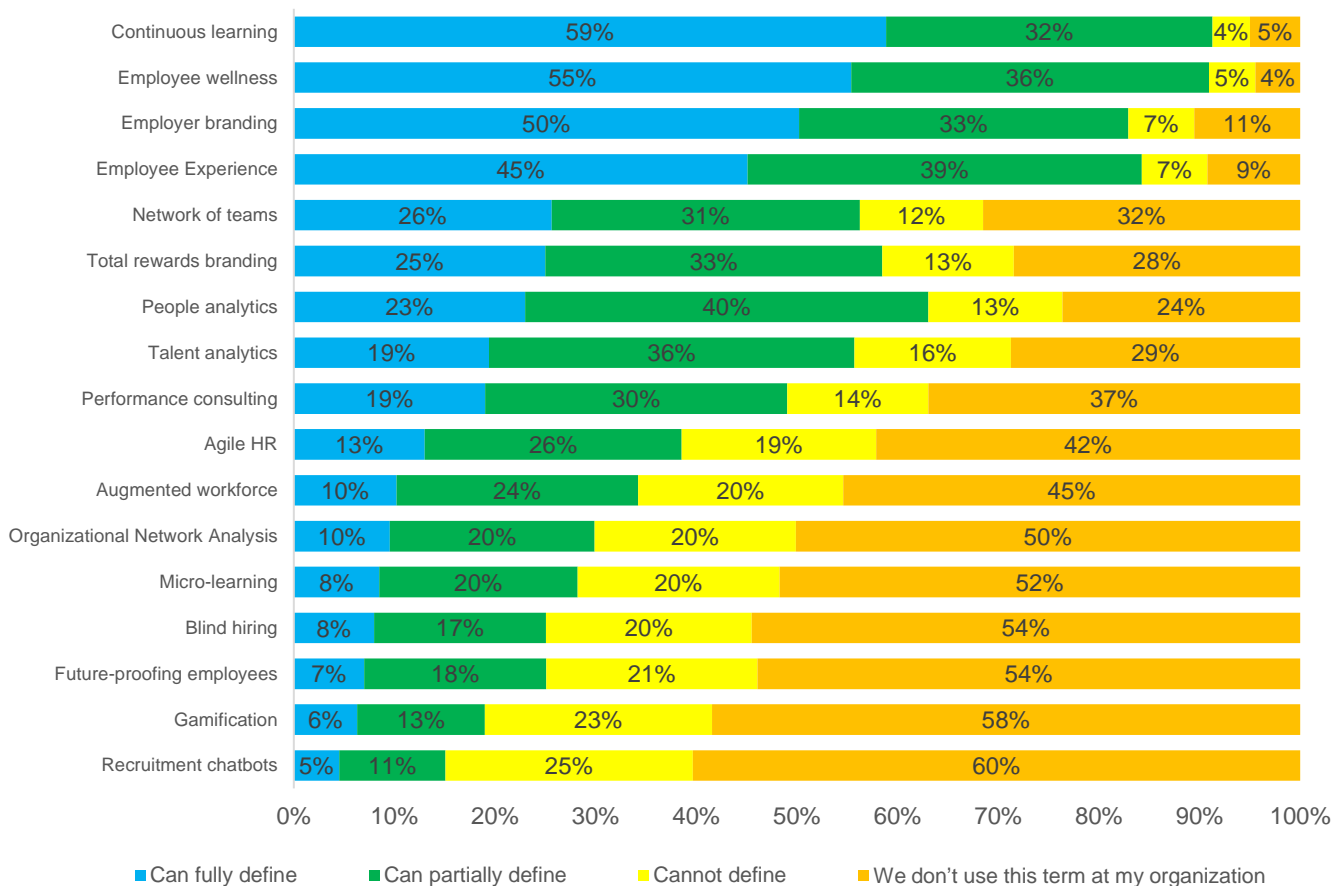


## HR VOCABULARY

Every profession has vocabulary specific to their expertise. As HR's vocabulary changes, is it creating a barrier to other business professionals? Respondents were asked how their senior leadership would be able to define a list of 17 terms used by HR professionals.

There are only three terms that more than half of senior leadership team members would be able to fully define: continuous learning, employee wellness, and employer branding. There are seven terms that only 10% or less would be able to fully define: augmented workforce, organizational network analysis, micro-learning, blind hiring, future-proofing employees, gamification and recruitment chatbots. These seven terms are also the least in use in organizations in Alberta.

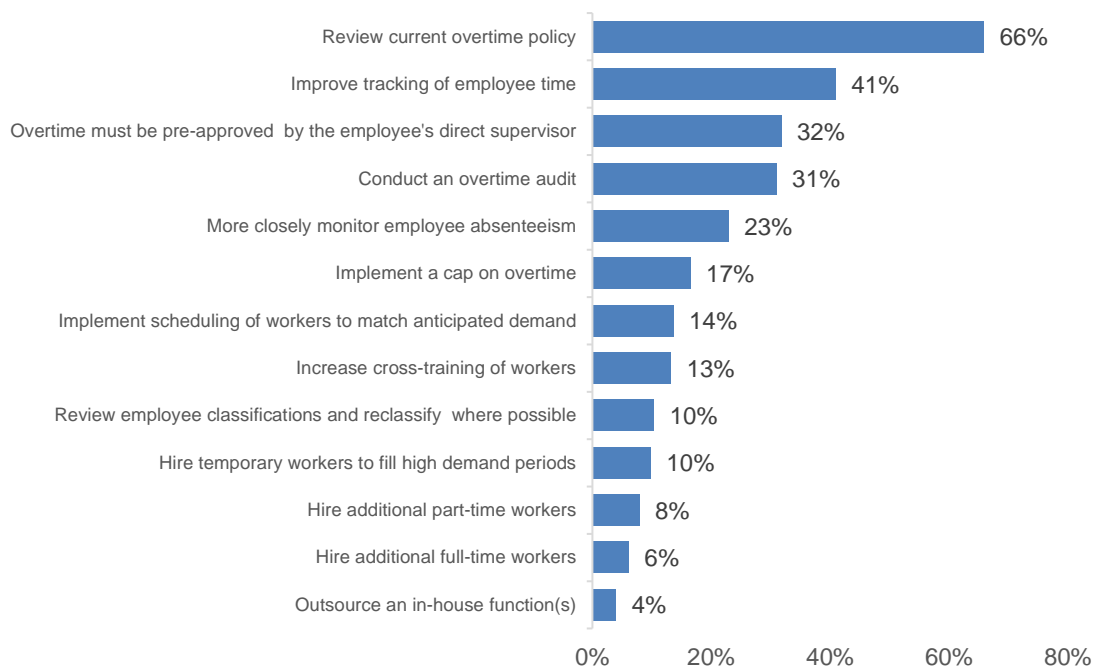
### To what extent is your organization's senior leadership able to define the following?



## ALBERTA EMPLOYMENT STANDARDS CODE

In response to the change in Alberta's *Employment Standards Code* that affects the rate at which overtime is banked, two-thirds of organizations plan to review their current over time policy, 41% plan to improve the tracking of employee time, 32% will require overtime to be pre-approved by the employee's direct supervisor and 31% will conduct an overtime audit. These are all administrative and "system improvement" actions, while hiring new workers to make up the hours are among the least popular actions planned.

### What actions does your organization plan to take in response to the change in the Employment Standards Code that affects the rate at which overtime is banked?



## 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:

- Changes to the *Employment Standards Code* (Bill 17)
- Cannabis legislation
- Carbon Tax
- Economic downturn - the price of oil and gas
- Immigration
- Minimum wage

## SURVEY METHODOLOGY AND RESPONDENT PROFILE

### METHODOLOGY

This survey was conducted online between November 30 and December 21, 2017. 5,116 members of CPHR Alberta were invited to participate via an email. Of these 1,240 completed enough of the survey for their responses to be usable, a response rate of 24.2%. 644 respondents completed every question, a completion rate of 12.6%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/-2.8% nineteen times out of twenty and +/- 3.9% nineteen times out of twenty. The previous reports were based on data collected in June 2017.

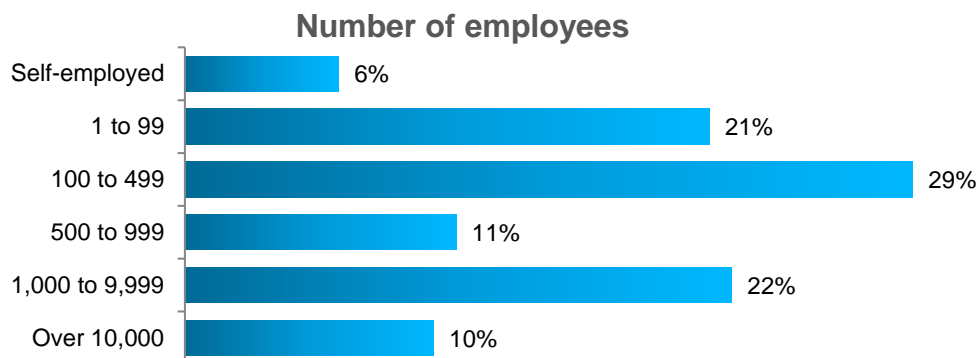
Due to rounding, some numbers may not add up.

### RESPONDENT PROFILE

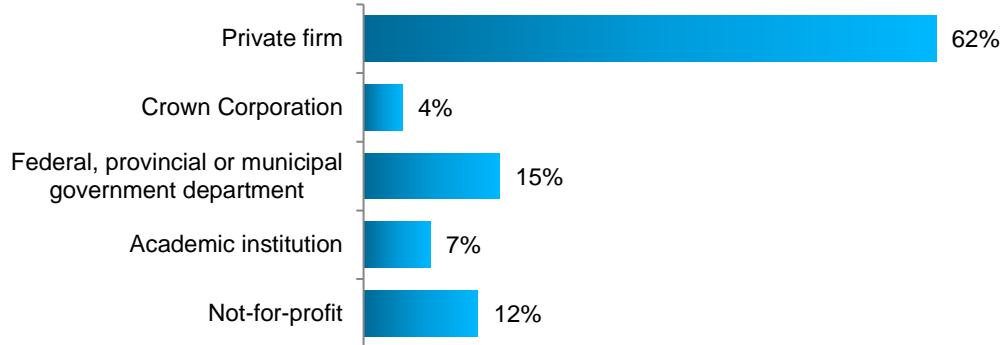
The respondents come from organizations of all sizes from sole proprietors to multinational corporations. The median number of employees in Alberta per organization is 390 and the average number of employees is 5,722.

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.

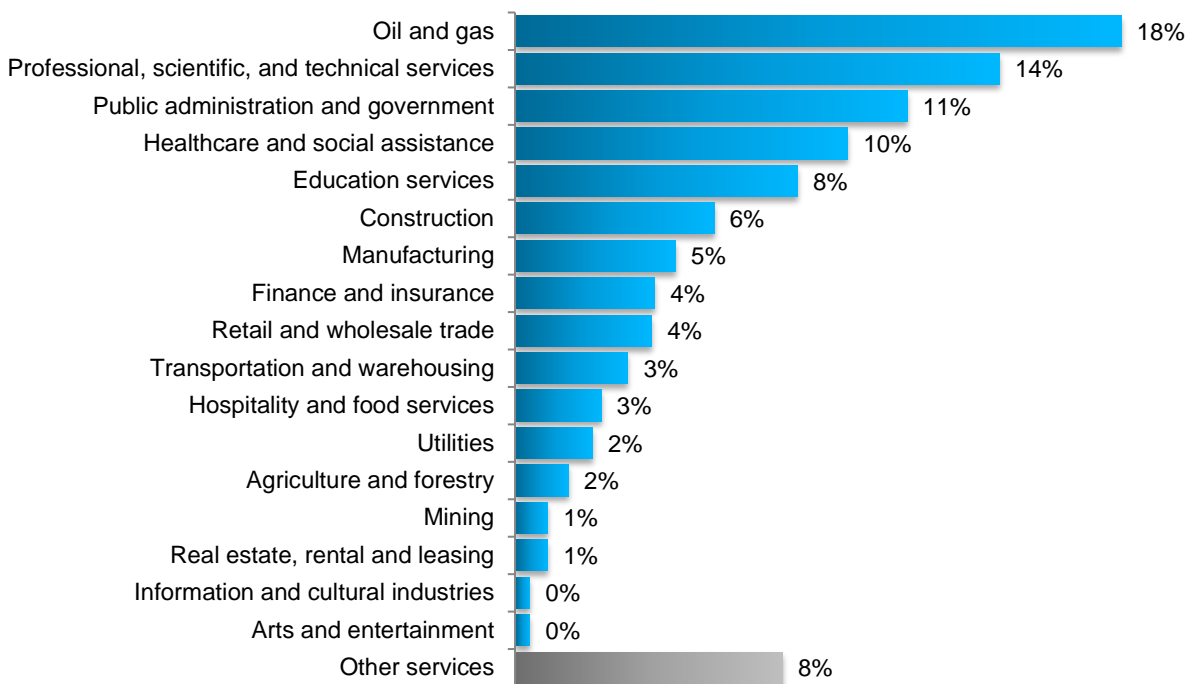
Respondents were also distributed across a wide range of sectors. Due to the sample size, the only sectors that can be broken out with separate results are: Oil and Gas, Construction, Healthcare, Professional Services, Public Administration, Education.



## Responses by Organization Type



## Distribution by Sector

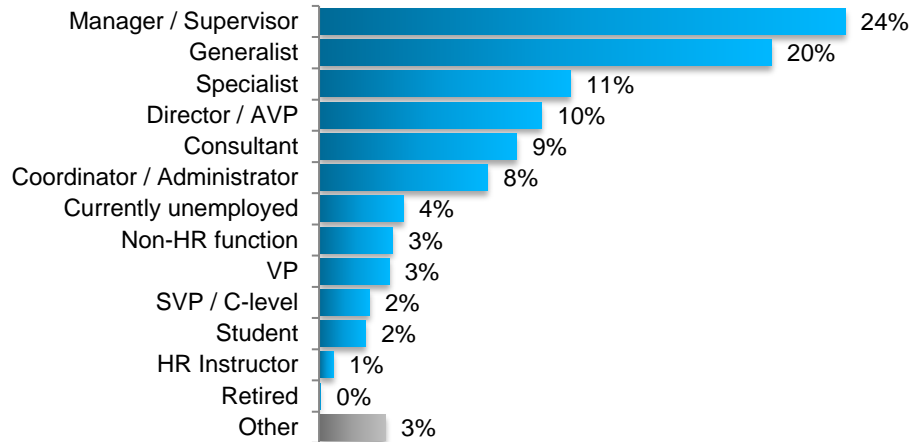


## Responses by Unionization



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.

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