



Alberta HR Trends Report September 2015

Purpose of this Report

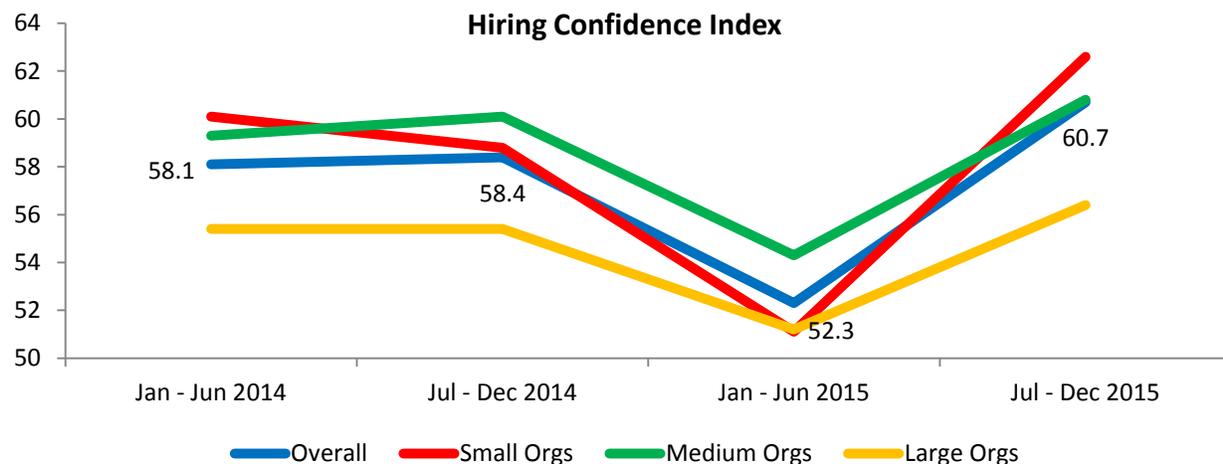
This bi-annual report is a tool for HR practitioners and departments in Alberta to make informed decisions with reliable information on what is occurring in Alberta workplaces. Good labour market information can help human resources practitioners make better decisions in giving human resources advice to their stakeholders.

Alberta companies are facing challenges. The price of oil has dropped significantly over the last year, and the impacts are being felt across the economy. A new government has been elected in Alberta with new policies and new approaches to the business community, government programs and the labour market.

HRIA commissioned this fourth report as part of a regular series to help fill the labour information void for its members and to discover industry benchmarks that can help human resources professionals make better talent management decisions.

Hiring Confidence Index

HRIA'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 open positions; it also incorporates views on growth in the number of positions.



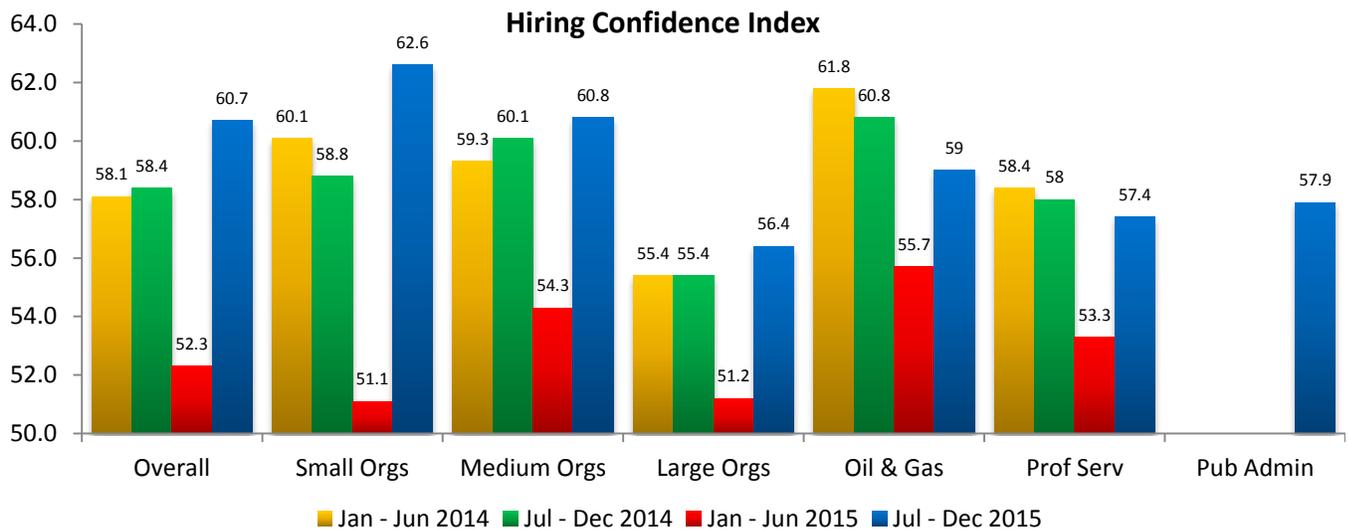
In the first half of 2015 we saw the Hiring Confidence Index's biggest change. Now confidence in finding the right person has increased significantly across all organization sizes. The index is made up of both an expectation of hiring levels over the next six months, but also the confidence respondents have in





finding the right people to fill vacancies. For the first time these two component measures moved in opposite directions – generally the expectation of hiring over the next six months is lower, but their confidence in finding the right people has increased by much more.

The greatest change in the index was among small organizations with less than 100 employees (+11.5). This is consistent with small organizations being the most volatile. Large organizations saw their confidence increase, but not as much as the smaller ones. Medium size organizations saw their index score closely track the overall provincial average.



The oil and gas sector scored 59.0 – an improvement certainly, but was below the average, which is atypical for that sector. Public administration had a lower expectation of decline in employment, but less confidence in finding the right people, expectations that are opposite to the private sector.

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.

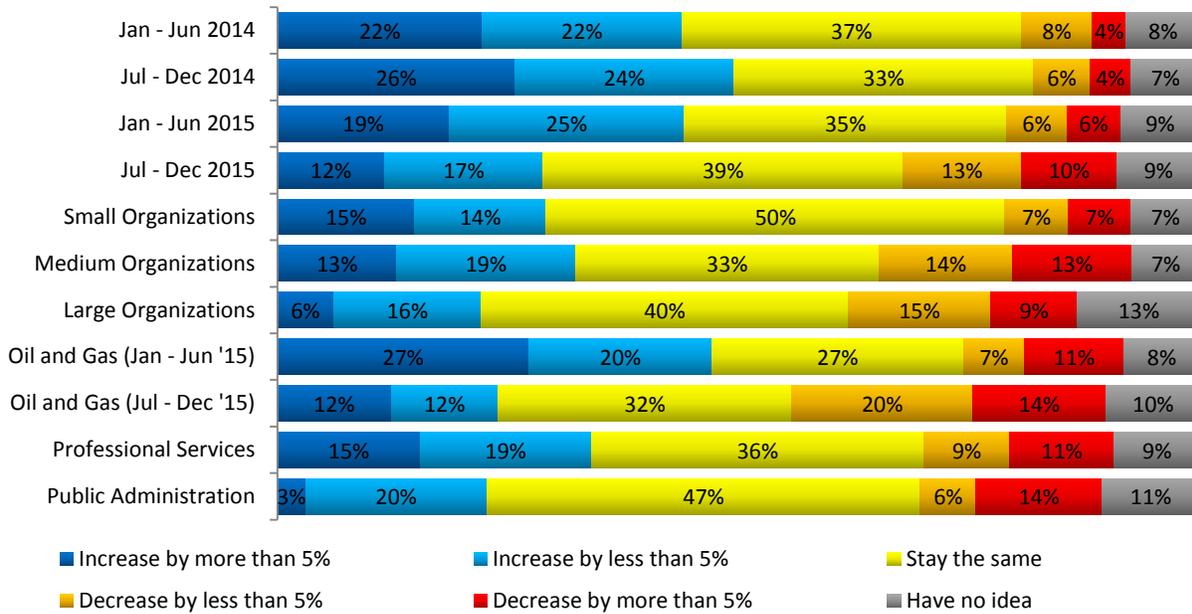
The 6 Month Outlook

Less than a third of organizations (29%) expect their total number of employees to increase over the next six months. This is a significant drop from the expectations for the first half of 2015 when it was 44%. A net increase is still expected, however, with only 23% saying they expect their workforce to shrink over the next six months. In previous reports the oil and gas sector was the most optimistic. This has changed dramatically, with only 24% of respondents in that sector expecting an increase in employment and 34% expecting a decrease. This is the first net expected decrease we have seen in the life of this report.





Expected change in employment in the next six months



Over the next six months companies expect resignation for a better opportunity to be the biggest reason why they will lose staff. This has not changed from the last three reports.

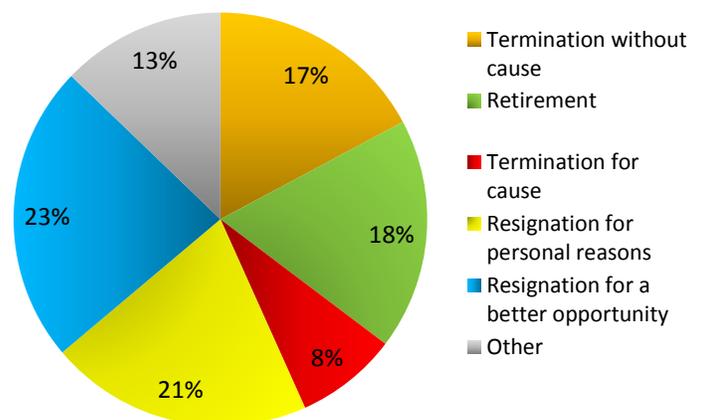
If, as was noted in the last report, quitting for a better opportunity is a key indicator of a strong economy, then this is a warning sign. It has dropped from 28% to 23%, while termination without cause has grown from 13% to 17%. The expectation is tougher times in Alberta's employment market.

Current Trends

The last six months have seen a dramatic reversal in hiring trends in Alberta. In 2014 nearly a majority of organizations saw a net increase in employment, with only about one in six reporting a net decrease.

Now, only 32% of respondents reported a net increase in employment in the last six months, compared to 37% who saw a net decrease and 28% who saw no change. On the whole small organizations reported the strongest employment growth and large ones the least

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



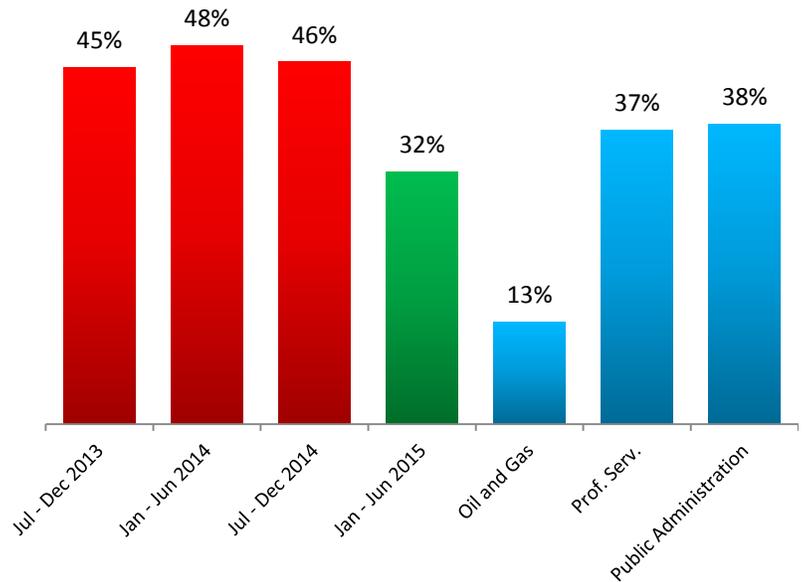


This shift was most apparent in the oil and gas sector. In the second half of 2014, 51% of companies reported an increase in net employment, and by the first half of 2015 this had dropped to only 13%. Almost three-quarters (72%) of oil and gas firms reported a net decrease in employment.

In contrast to the oil and gas sector, 37% of respondents in the public administration sector reported a net employment increase compared to only 14% who saw a decrease. Professional services saw exactly the same number report a net increase as a net decrease..

When the exact number of hires and turnover are examined we see the pattern continue. During the second half of 2014 every organization size saw more people hired on average than left employment, however that is no longer the case. Only companies with more than 10,000 employees saw the average number of people joining and leaving employment balance out almost exactly. Results within categories based on numbers of employees in order to make the results relevant is shown below.

Percentage of Companies Reporting net increase in employment



Median number	Number of Employees				
	1 to 99	100 to 499	500 to 999	1,000 to 9,999	Over 10,000
Left employment in last six months	7.5	31.2	68.7	124.1	87.8
Joined employment in last six months	5.2	24.9	44.6	89.1	88.5

Why are they leaving?

In the first half of 2015, termination without cause became the most common reason for someone leaving employment at 25%. This was a significant change from the last half of 2014 when resignation for a better opportunity was the dominant reason. This shows an important shift in the way the labour market is working in Alberta.



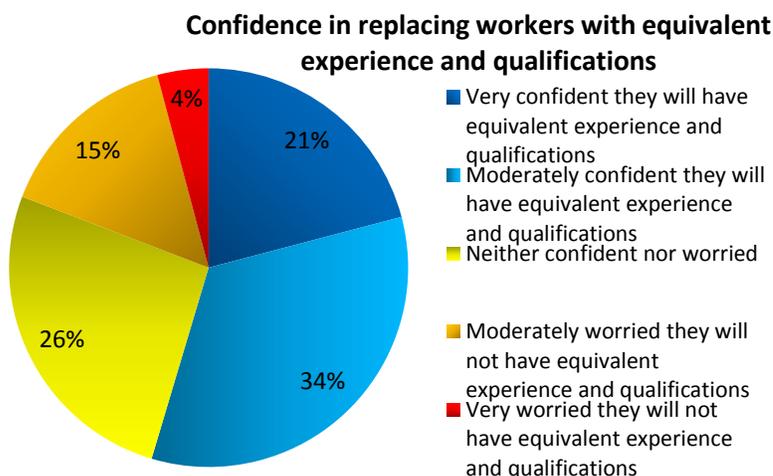
The most common reason for leaving is termination without cause across almost all categories of employees. Only executives were more likely to leave for another reason – retirement. While professionals were most likely to leave because they were terminated without cause, they were nearly as likely to resign to pursue a better opportunity. All of this is a significant change from 2014.

Category of Employee	Most Common Reason to Leave
Executives	Retirement
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 finding replacements has changed significantly since the latter half of 2014. The static pattern of the last three reports has been broken.

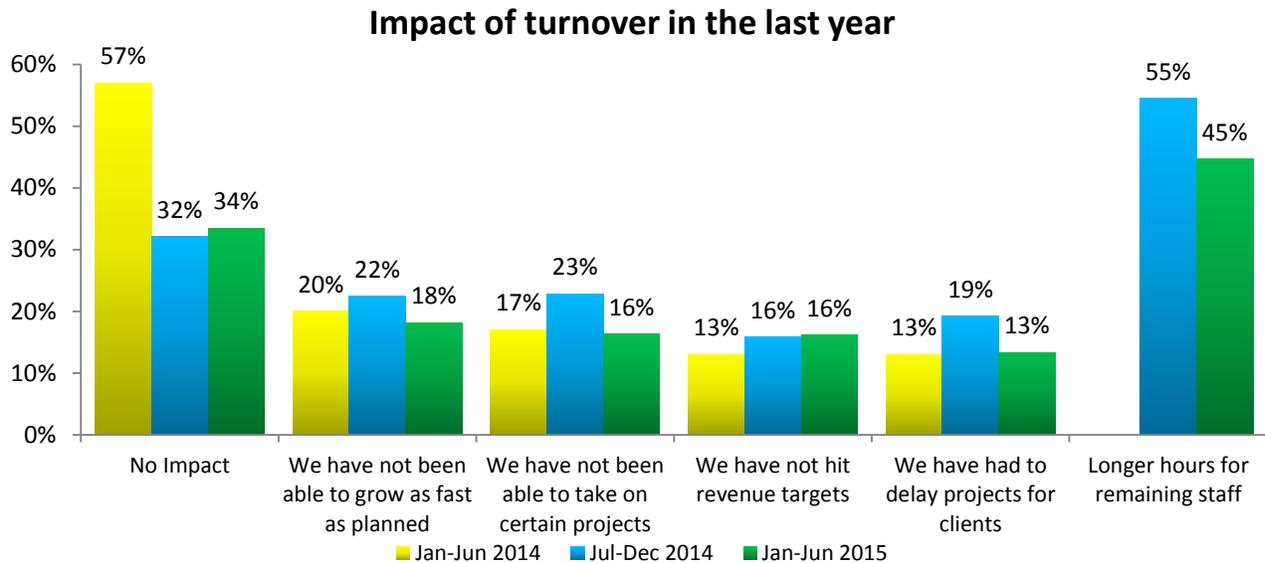
A majority are now confident they will be able to replace workers with equivalent experience and qualifications. This is no doubt driven by the higher unemployment rate due to all the terminations without cause. With more qualified people looking for a job, it is easier for HR managers to be confident they will find workers who are the right fit.





Turnover Costs and Response

Turnover has a big impact – only a third of organizations report no impact on their work. As before, the most common impacts are longer hours for remaining staff, followed distantly by slower growth, not being able to take on certain projects and not hitting revenue targets.



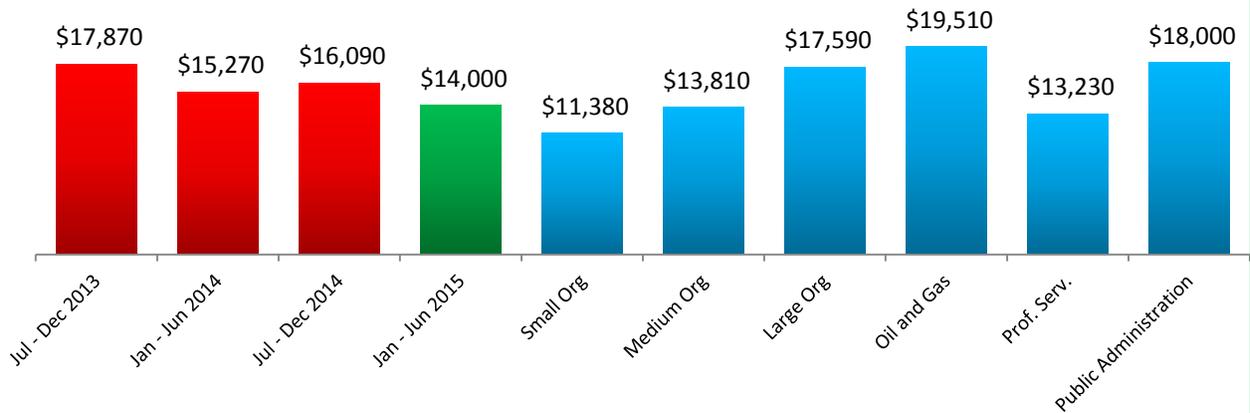
Turnover is expensive for any organization. Costs associated with replacing an employee as well as lost productivity can be high. The cost of processing a turnover increases with the size of the organization and can include severance, separation pays, benefits, and other costs.

Turnover costs have dropped since 2014 – no doubt as a result of reduced search costs due to the increased availability of qualified replacements. The same pattern as before holds – that turnover costs larger organizations more, and that the oil and gas sector spends more than average on turnover. It is worth noting that the cost of turnover in the public administration sector is also significantly higher than the average.





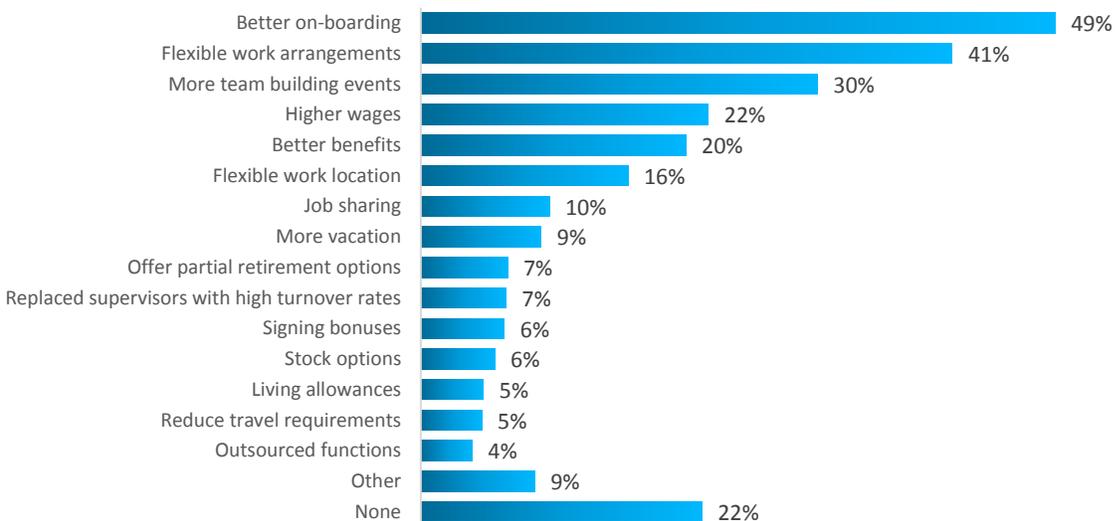
Estimated average total cost of processing an employee turnover



With turnover impacting so many organizations and costing them so much it is no wonder that 78% of respondents said they had taken action to reduce turnover. The most popular options are all non-monetary and have more to do with the corporate culture and helping employees achieve work/life balance. Higher wages and better benefits were only tried by about a fifth of organizations.

Flexible work arrangements are more popular in the public administration and professional services sectors than in the oil and gas sector. The oil and gas firms are more likely to favour certain bonuses like stock options.

Actions taken to reduce turnover for any reason

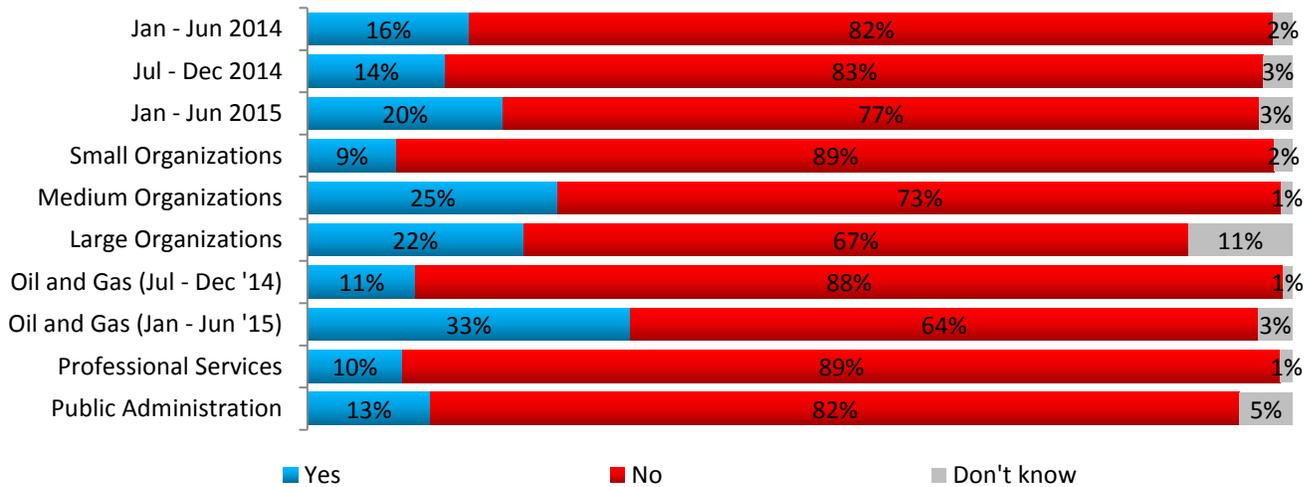




Temporary Layoffs

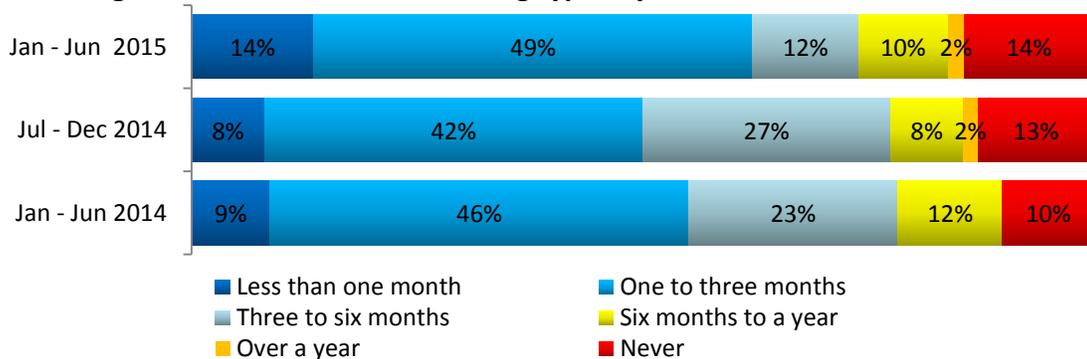
Temporary layoffs are being used by about one in five Alberta companies – an increase since the second half of 2014. In the last report we speculated that the decline in the price of oil would result in a spike of temporary layoffs – and this has been borne out. Overall the practice has grown from 14% to 20% of organizations, and in the oil and gas sector has tripled from 11% to 33%. As before, larger organizations are more likely to engage in this sort of activity than smaller ones.

Engaged in Temporary Layoffs in the last six months



The goal of temporary layoffs is for the staff to return to work before long, and in most cases that happens. Since the last report the trend is for temporary layoffs to be of a shorter duration. In the latter half of 2014 50% of staff returned to work in less than three months, now it is 63%. However, compared to last year the number of temporary layoffs that became permanent has risen from 10% to 14%.

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





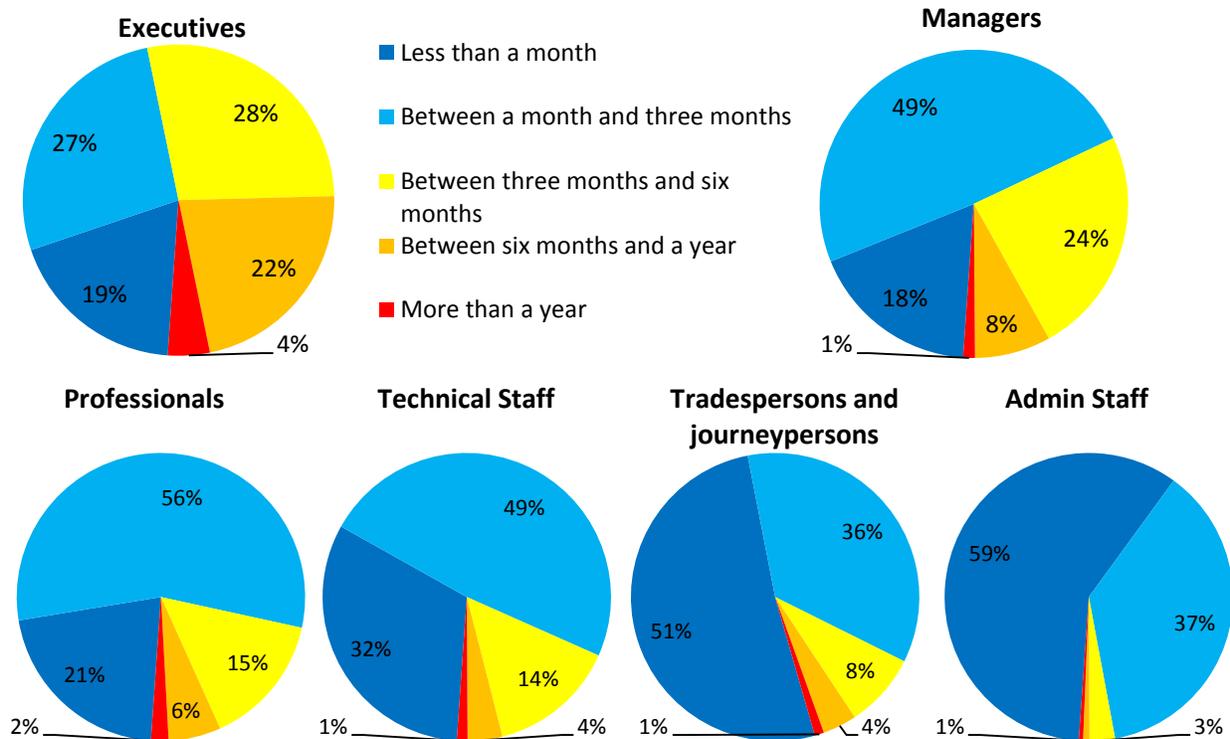
Filling Vacancies

In the latter half of 2014 it was taking longer to fill vacancies, but that trend has reversed itself. It is now taking significantly less time to fill vacancies for all positions than it was in the last report. That said, it still takes longer to fill a vacancy for a more specialized position like an executive than for a less specialized role like administrative staff.

No matter the type of position a higher percentage of jobs are being filled in three months or less than previously. This increase in speed at filling vacancies was the largest among managerial, technical and tradesperson positions – 11% more vacancies are being filled in under three months in each of these roles. Now two-thirds of managerial jobs are filled within three months, more than four-fifths of positions for technical staff and almost nine in ten tradesperson jobs. The generally less constrained labour market has had a big impact in the ease of filling these positions.

The proportion of executive and administrative staff jobs filled within three months has gone up as well, by five and four points respectively. Now, nearly half of all executive positions are filled within three months and an astounding 96% of administrative ones.

Unfilled vacancies, if they persist over several months, or even a year, can have a negative impact on strategic business goals as well as on other employees.

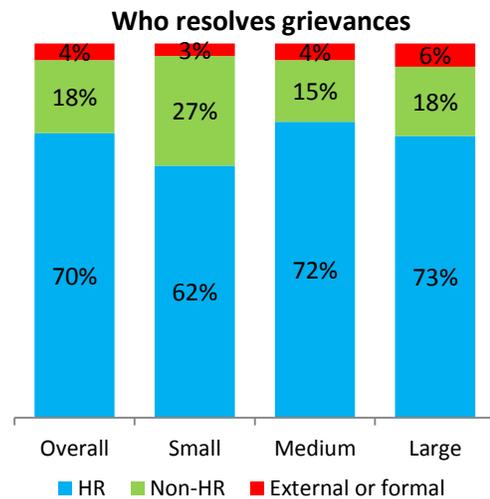




Grievances and Complaints

Good HR practices require that employee grievances and complaints are dealt with in a fair, equitable and professional manner in both unionised and non-unionised workplaces.

The vast majority (70%) of grievances, workplace complaints and employment standards conflicts were dealt with by the HR department or practitioner. Only 4% were resolved using a formal tribunal, the court system or outside mediation, the rest (18%) were dealt with by a department other than HR. These figures hold for organizations in different sectors and sizes, except among small businesses where they were more likely to be resolved by a non-HR department.



Most respondents report very few formal complaints about human rights, harassment, discrimination, physical violence and health and safety. The most common types of complaints were for harassment and health and safety. The same pattern was consistent across firms of different sizes.

Average number of complaints in the last year	Human Rights	Harassment	Discrimination	Physical Violence	Health and Safety
Small	0.4	0.9	0.6	0.1	0.7
Medium	0.8	2.2	0.5	0.5	2.1
Large	2.1	4.9	2.4	1.4	4.4

A few respondents reported other complaints that mainly fell into two categories – unfair dismissal and bullying.

Complaints are resolved fastest among medium-sized organizations: 68% of complaints were resolved in less than two months. It's 40% for small organizations and 49% for large ones. It seems that medium-sized organizations are just the right size to have effective processes to resolve complaints quickly, while small organizations may be under-resourced and large ones burdened by more complicated processes.

This is further shown by the average cost to resolve a dispute. While small organizations spend the least, medium-sized ones only spend slightly more. Large ones, which are more process oriented, spend almost four times as much as what small ones do.





Organization size	Small	Medium	Large
Average cost to resolve a dispute	\$1,167	\$1,253	\$4,250

Among organizations with unionized employees the grievance process seems to generate more complaints in large organizations, but they are resolved faster and cost more. Small and large organizations end up paying more to resolve disputes, most likely due to a lack of capacity among small firms and more processes in large ones.

With Unionized Employees	Small	Medium	Large
Number of Grievances	5	7	51
Average number of days to resolve dispute	23	25	42
Average cost to resolve dispute	\$4,250	\$1,138	\$5,620

The presence of Certified Human Resource Professionals (CHRP) makes a difference in resolving complaints and grievances. Of the complaints resolved by the Human Resources department the percentage of complaints resolved in less than a month was higher among CHRPs (74%) than non-CHRPs (59%). The time to resolve union grievances was less for CHRP (31 days) compared to non-CHRPs (37 days). However, the average cost for a CHRP to resolve a complaint or a union grievance was more than the cost among non-CHRPs.

Benefits and Leave

The larger the organization the more generous the benefits paid. The average percentage of salary that organizations in Alberta pay in benefits (including the cost of any RRSP matching contributions and other pension options) is 11.9%. Although it is higher with bigger organizations and the oil and gas sector, it is the highest among public administration organizations at 17.5%

	Small	Medium	Large	Oil & Gas	Professional Services	Public Administration
Average percent of salary paid in benefits	9.0	12.6	14.4	13.2	10.1	17.5

Only 11% of organizations provide benefits to casual employees. This is more common among large firms (18%), and public administration (15%).





Severance

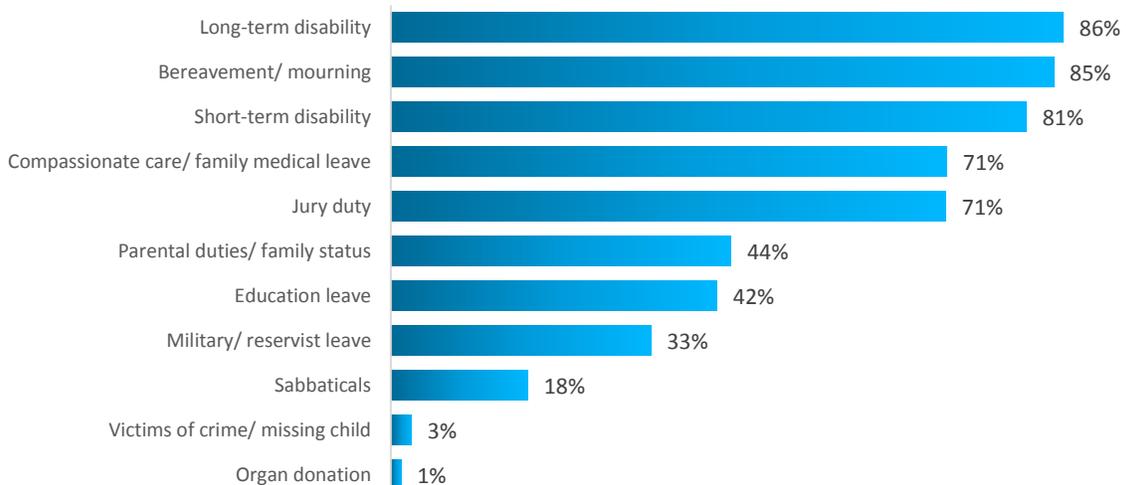
Severance packages are quite common – with 38% of departing employees receiving one. They are most common in the oil and gas sector. The average number of months of severance offered is 4.0, but this increases with the size of the organization from 3.2 among small firms to 6.0 for large ones. The public administration sector is also more generous than the oil and gas sector in terms of severance offered. A majority of respondents said that the number of months of severance offered has not really changed in the past year.

	Small	Medium	Large	Oil & Gas	Professional Services	Public Administration
Percentage of employees who got severance in last 6 months	44%	35%	38%	59%	45%	23%
Average months of severance for mid to senior employees	3.2	3.5	6.0	4.3	3.1	5.6

Leave

There are now many types of leave that can be granted to an employee. Some are offered nearly universally, like long-term disability, while others are very rare, like organ donation.

Types of leave offered



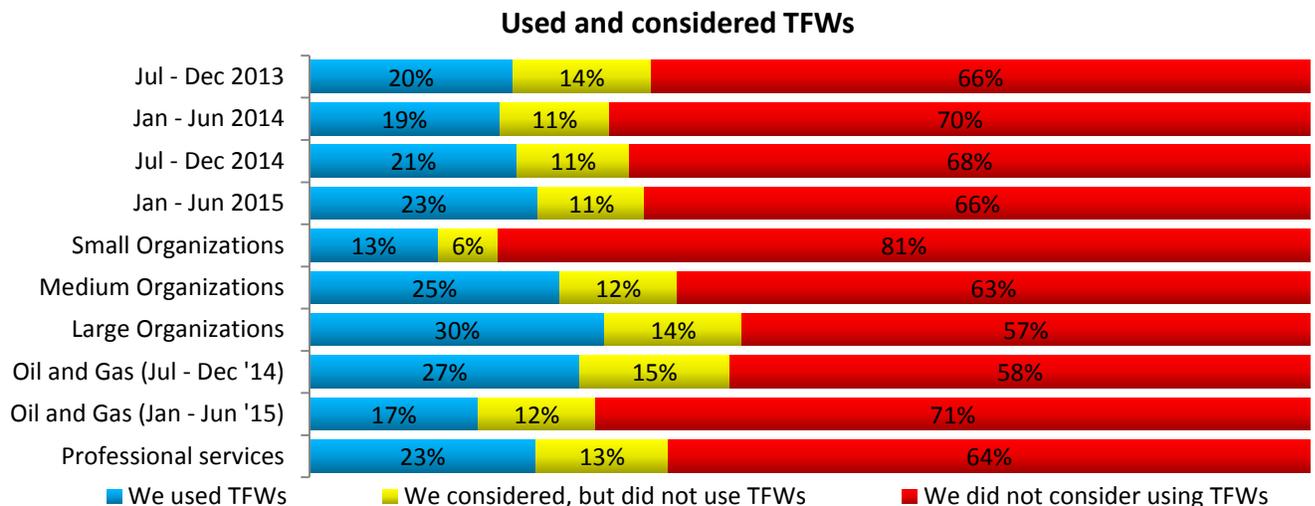
How common the different types of leave are varies by organization size and industry. Large organizations are more likely than small ones to offer every sort of leave. The public administration and the oil and gas sectors are more likely to offer all types of leave than the average. Professional services firms are less likely to offer these different types of personal leave.

Government Policies

Temporary Foreign Workers (TFWs)

The TFW program has undergone some very significant changes in the last year – which are supposed to make the program much more restrictive. That said there have not been significant changes in how much the program seems to have been used over the last year.

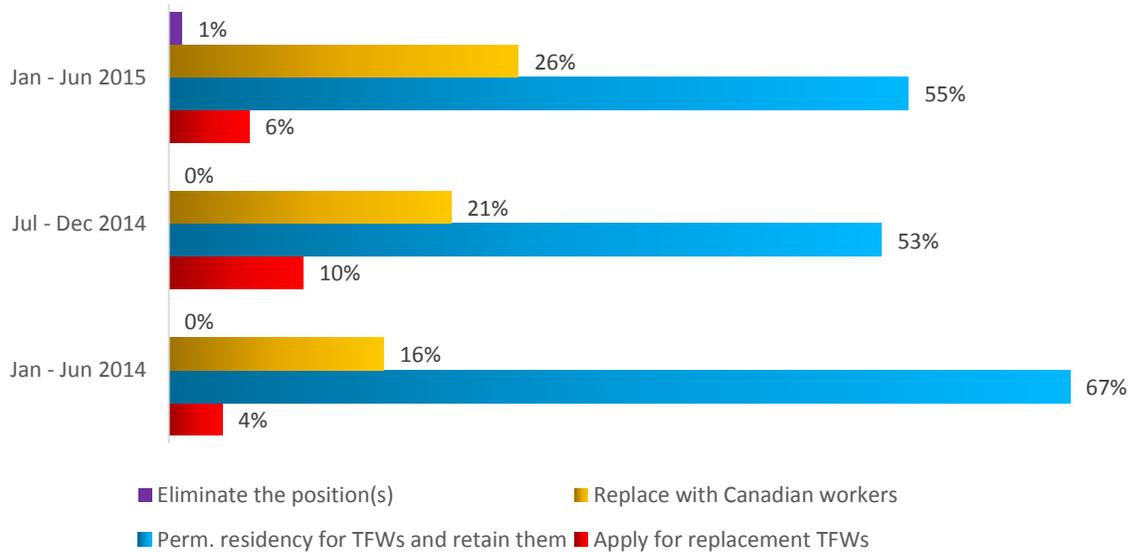
In fact the number of organizations which have used TFWs has actually climbed ever so slightly over the last year. This growth is statistically significant, being larger than the margin of error. It should be noted that the number of oil and gas firms reporting the use of TFWs in the last six months has declined substantially, from 27% to 17%.



Those organizations that use TFWs face a challenge when the permits expire for their current workers – should they replace them with TFWs, replace them with Canadians or try to get permanent residency for their international workers. The last is the most popular plan – chosen by 55% of organizations (essentially unchanged from 53% in the second half of 2014). Another quarter (26%) will replace them with Canadians instead, while only 6% will apply for new TFWs – a noticeable decline from last time, which indicates employers perhaps do not have confidence the program will be there in the future or that they believe the changes to the TFW Program will make it more difficult to obtain new TFWs in the future.



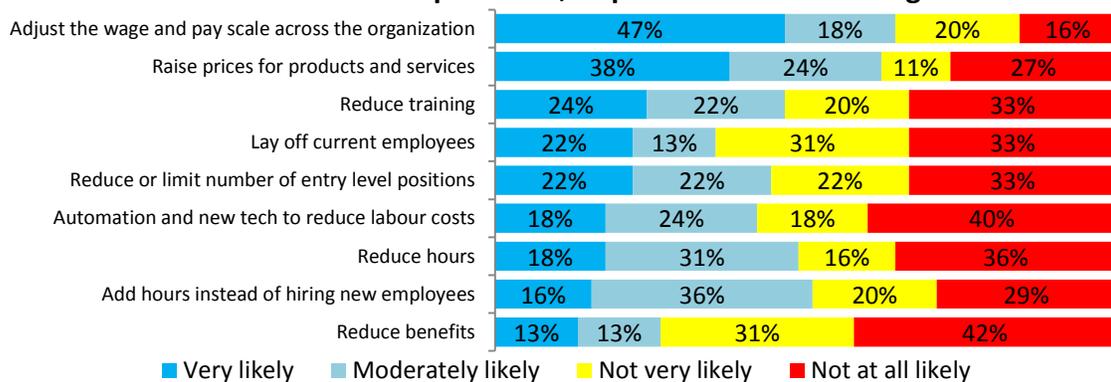
What they will do when TFW's expire



Minimum Wage

Only 8.2% of the organizations surveyed had employees making Alberta’s minimum wage. In response to a minimum wage hike to \$15 per hour the overwhelming majority of firms would have a response.

Response to \$15 per hour minimum wage



The most likely responses are to adjust wage and pay scales across their entire organization and to raise prices. Significant proportions of employers will also reduce training, lay off current employees and reduce the number of entry level positions.





Government of Canada's Job Grant Program

One in eight organizations (12.3%) applied to the Government of Canada's Job Grant Program. This number was highest among public administration organizations – where 23% had applied. What is fascinating is that there is a negative relationship between the likelihood of applying and the likelihood of success. Oil and gas firms as well as professional services organizations were more likely to have been successful in their application but less likely to have applied, while the opposite is true for public administration organizations.

Satisfaction with the program was high with small and medium organizations, but quite low with large ones and only 50% of public administration organizations said they would participate again.

Job Grants	Small	Medium	Large	Oil & Gas	Professional Services	Public Administration
Percentage who applied	10%	14%	12%	9%	6%	23%
Percentage who were successful	63%	81%	29%	70%	80%	42%
Percentage who would apply again	81%	75%	29%	60%	60%	50%

Other Trends

Respondents were asked what outside trends are impacting their workforce including attraction, retention and HR practices.

In the second half of 2014 the two trends that dominated were the changes to the TFW program and the dropping price of oil. Now, in the first half of 2015, the uncertainty of Alberta's first new government in over 40 years has been added into the list of trends that are keeping HR professionals up at night.

Respondents are worried about the new government's actions from a minimum wage hike, to an oil and gas royalty review, to new corporate taxes. This coupled with a general economic downturn and very low oil prices has introduced a lot of uncertainty, especially with a rising unemployment rate.





Methodology

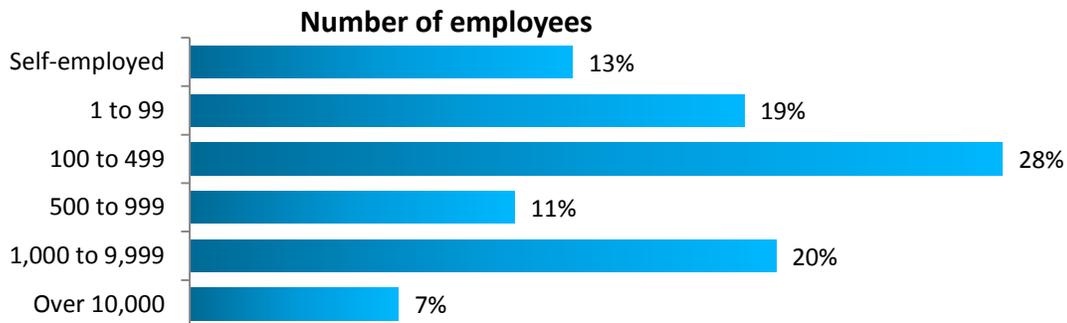
This survey was conducted online between June 11 and 26, 2015. 5,473 members of HRIA were invited to participate via an email. Of these 826 completed enough of the survey for their responses to be useable, a response rate of 15.1%, which is an increase from the previous survey. 599 respondents completed every question, a completion rate of 10.9%, a significant increase over the previous report. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/- 3.1%, nineteen times out of twenty and +/- 3.8%, nineteen times out of twenty.

The previous reports were based on data collected in November and December 2013; in May of 2014; and in November and December 2014.

Respondent Profile

The respondents come from organizations of all sizes from sole-proprietors to multi-national corporations. The median number of employees in Alberta per organization is 360 and the average number of employees is 4,417. The respondents are fairly evenly distributed by the size of company, though there are more respondents from medium-sized organizations than the last report.

In this report small organizations are ones with fewer than 100 employees, medium have been 100 and 999 and large have 1,000 or more employees.

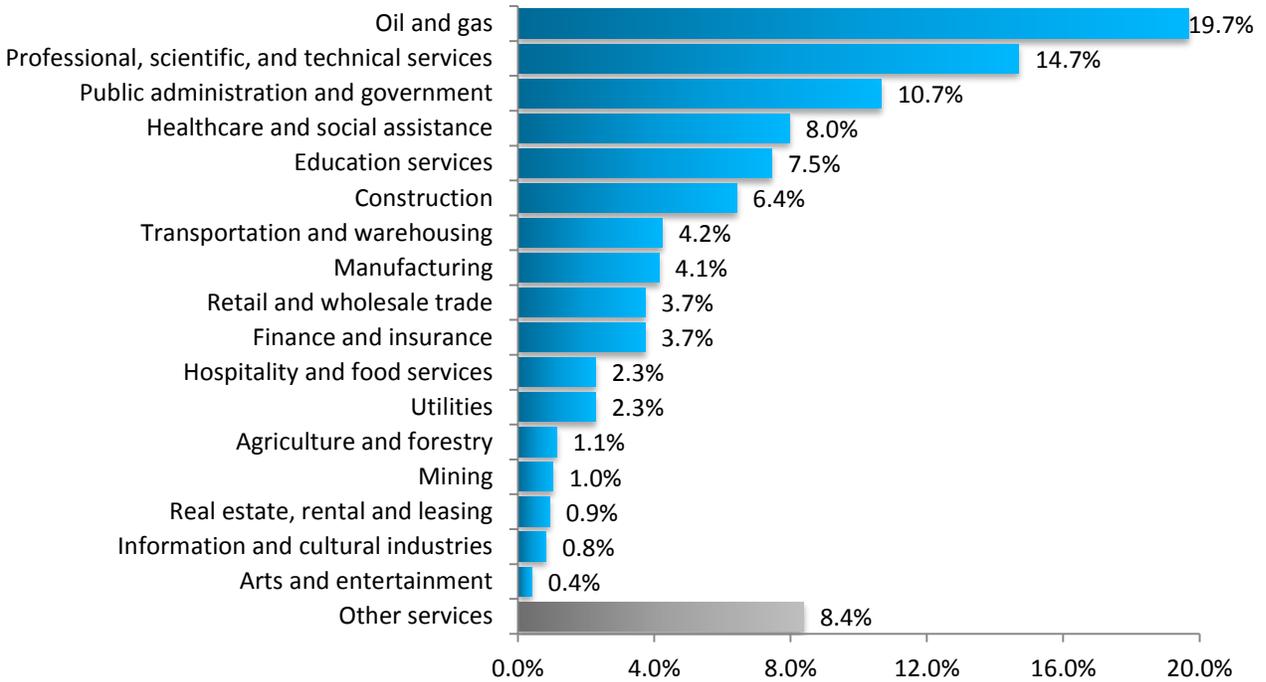


Respondents were also distributed across a wide range of sectors. The most common were Oil and Gas; Professional, scientific and technical services; and public administration and government.





Distribution by Sector



Due to the sample size the only sectors that can be broken out with separate results are public administration and government; professional, scientific and technical services; and oil and gas.

Respondents were divided between being Certified Human Resource Professionals and other categories. 46.2% of respondents were CHRPs, as compared to 55.2% of the membership list, meaning that CHRPs are underrepresented in the results.





Further information

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 6 chapters across Alberta providing support to members in every major urban centre.

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