

## **Alberta HR Trends Report Spring 2016**

### **PURPOSE OF THIS REPORT**

This semiannual report is intended to serve as a tool for HR professionals and departments in Alberta to make informed decisions based on current and reliable workplace information. Taken in concert with best practice, the right labour market information can help human resources practitioners make better decisions and augment the quality of the advice that they provide 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. Alberta's new government has forged ahead with new policies and new approaches to the business community and the labour market.

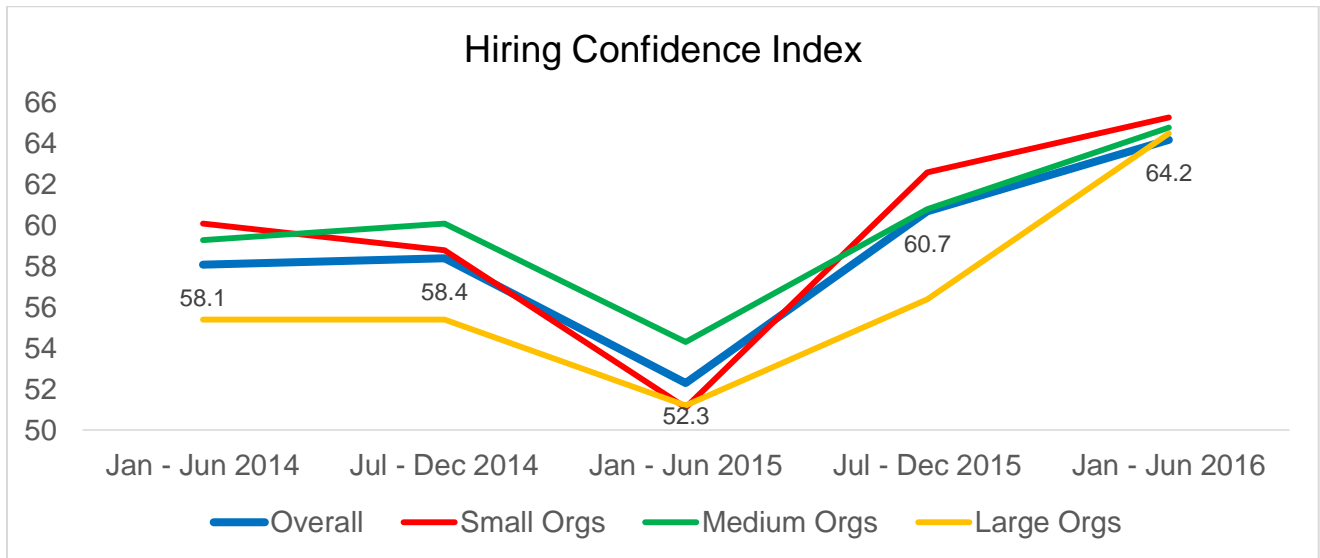
HRIA commissioned this fifth report as part of a regular series to supplement other sources of labour information available to its members and to ascertain industry benchmarks that can help human resources professionals make better talent management decisions.

### **HIRING CONFIDENCE INDEX**

HRIA's Hiring Confidence Index was designed to quantify 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 the expected growth in the number of positions.

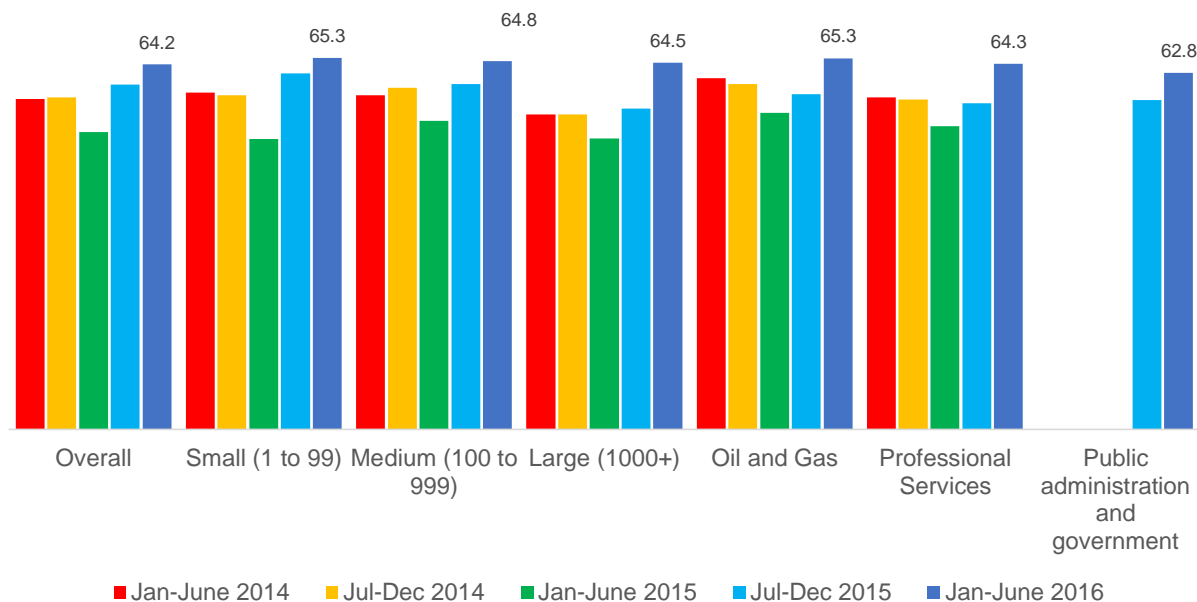
The index is made up of both the expectation of hiring levels over the next six months and the confidence that respondents have in finding the right people to fill anticipated vacancies. For the second time these two component measures moved in opposite directions – generally the expectation of hiring over the next six months is lower, but their confidence in finding the right people has increased by much more. The scores have a maximum value of 100 and a minimum value of 0. Scores of more than 50 signifies that HR professionals are more confident than concerned about hiring.





Since July 2015, hiring confidence has steadily increased across all organization sizes, with the projections for the next six months showing similar trends. In contrast to the last report, the greatest change in the index was amongst large organizations with over 1000 employees (+8.1). Small (+2.7) and medium (+4.00) sized organizations also saw their confidence increase, but not by as much as large ones. The overall hiring confidence for Alberta was very similar to the hiring confidence of all organization sizes; unlike in previous reports where at least one organization size category differed from the rest.

## Hiring Confidence Index - Sector Breakdown



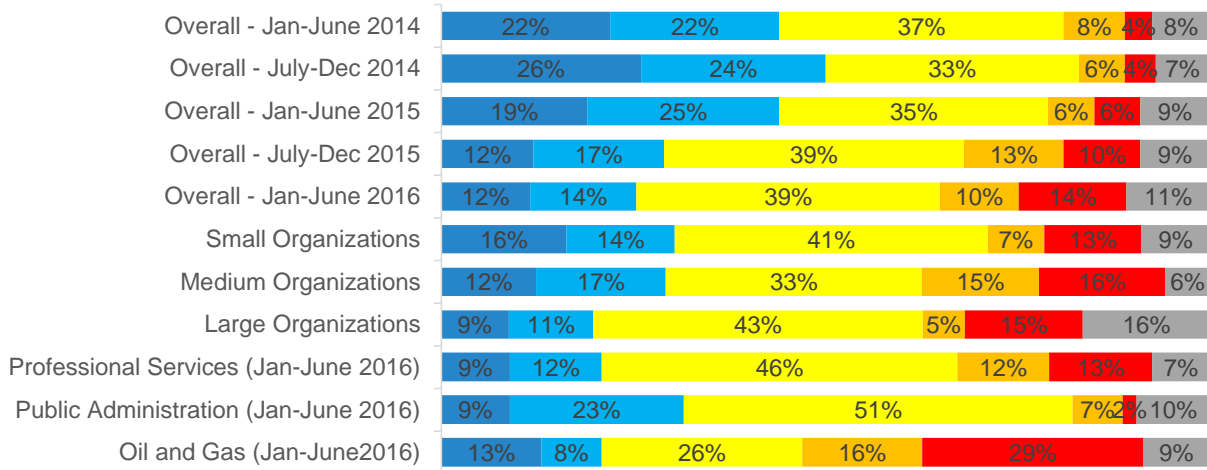
The Oil and gas sector led the way with a confidence level of 65.3 – an improvement from last year. Public Administration (62.8) and Professional Services (64.3) fell not too far behind – an improvement from the previous year. It is worth noting that Public Administration confidence levels have also risen since the last report, which was conducted six months ago. Although it is still not above the provincial average, it is promising to see that hiring confidence levels in oil and gas organizations are above the overall average.

### THE 6 MONTH OUTLOOK

Only 24% of participating organizations expect their total number of employees to increase over the next six months – a substantial drop from the expectations for the past six months (29%) and an even bigger drop from the first half of 2015 (44%).

A slight net increase is still expected, however, the oil and gas sector is expected to continue to suffer - with only 21% of respondents in that sector expecting an increase in employment and almost 50% expecting a decrease. This is the second net expected decrease in a row for the oil and gas sector. On a more positive note, expected increases in the Public Administration sector are larger than in the previous report.

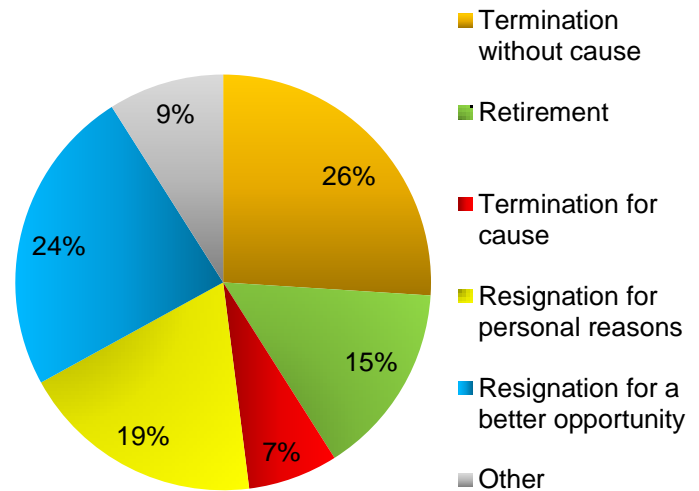
## Expected Change in Employment



■ 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

There has been a significant change to what reasons HR professionals expect to lose staff in the next six months. Over the last year Termination without cause has risen from 13% to 17% (in the last report) and has now jumped another 9 points to 26%. This speaks to tough times ahead for Alberta's job market. The only glimmer of hope is that the percent who expect to lose people for a better opportunity has stayed flat, and not decreased.

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



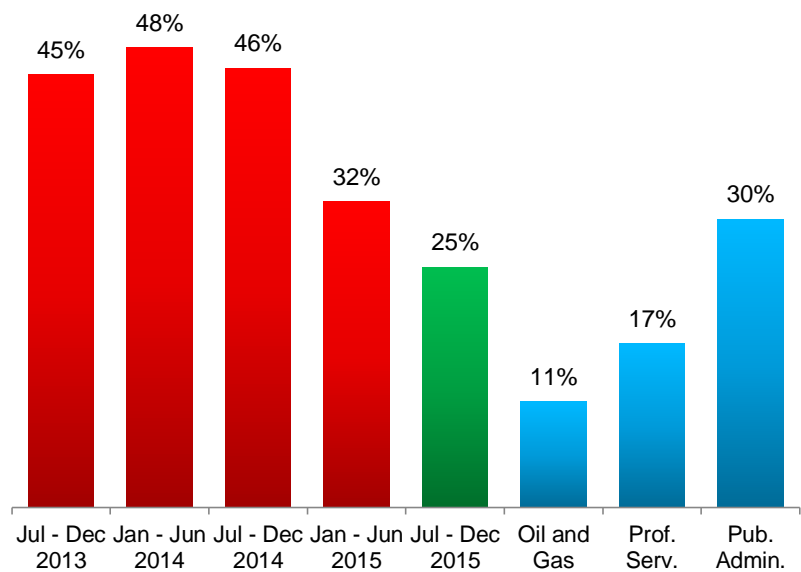
## CURRENT TRENDS

In the July to December 2015 period only 25% of organizations saw a net increase in the number of employees. This is a significant drop from 32% in the previous period. There are however, indications that the overall trend downward may be decreasing, because the percentage of organizations that reported a net decrease also dropped, albeit only from 37% to 34%. Just like the last report, small organizations were the strongest when it came to employment growth, with more of them reporting a net increase in employees than medium or large organizations.

The oil and gas sector continued its significant drop in the number of organizations reporting a net increase in employees – down to only 11%, down from 51% a year ago. More than three quarters (77%) reported a net decrease in the number of employees – which is 5 points more than in the first half of 2015.

The impact of the decline in the oil and gas sector has had a knock-on effect on the professional services sector which in the last report was evenly distributed between organizations that had seen net increases and decreases. In the last six months that balance has been lost – only 17% saw a net increase in employees and 38% reported a net decrease. In first half of 2015 the public sector reported 38% of organizations had a net increase in employees, which has now dropped to only 30%.

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



The pattern of exact numbers of employees and contractors joining and leaving organizations shows the same results. All organization sizes shed employees, particularly large ones. But it was contractors in large organizations who bore the brunt of the downsizing.

Outside contractors are traditionally seen as an easy place to cut, and the data supports this view. The net number of employees leaving large organizations in the last six months was 50.7, whereas it was 85.7 for contractors.

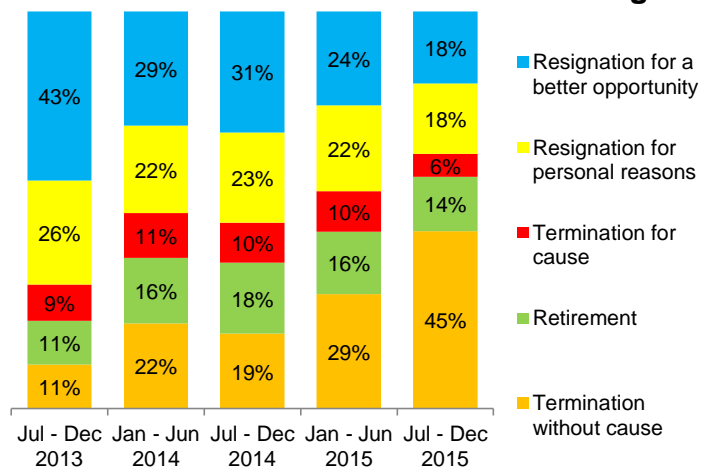
Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	6.6	34.1	102.1
Left in last six months	8.9	45.3	152.8
Net Employees	-2.3	-11.2	-50.7
Contractors			
Joined in last six months	2.1	8.9	33.0
Left in last six months	2.3	13.2	118.7
Net Contractors	-0.2	-4.3	-85.7

## TERMINATION CAUSES

Over the last six months, organizations reported that *termination without cause* was the leading reason for workforce reductions. It accounted for almost half the people who left their organizations in the second half of 2015. While it was the most common reason for leaving an organization in the first half of 2015, it has grown significantly in the last six months. It is now the most common reasons to leave an organization for every single category of employee, even executives, unlike in the last report.

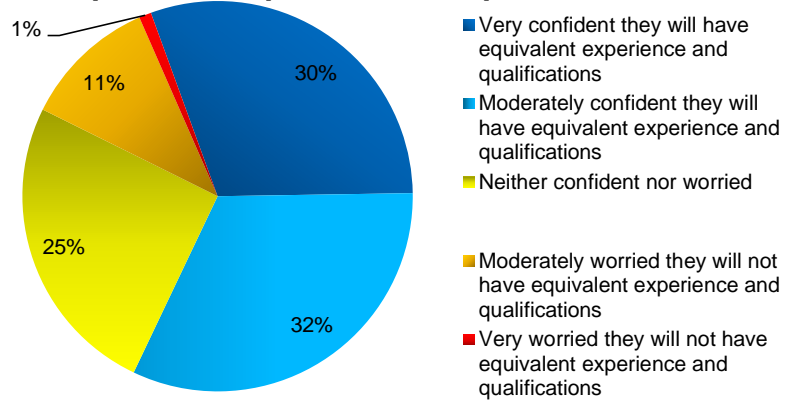
Category of Employee	Most Common Reason to Leave
Executives	Termination without Cause
Managers	Termination without Cause
Professionals (i.e. engineers, accountants, HR)	Termination without Cause
Technical Staff (i.e. designers, technicians)	Termination without Cause
Tradesperson or Journeypersons	Termination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

### Most Common Reasons for Leaving



Over 60% of HR managers are now confident they can fill vacancies with workers having equivalent experience and qualifications. This builds on the growth in confidence in the last report (55%), and is a marked increase from 2014. Only 1% are very worried about finding qualified replacements. As was noted in the January to June 2015 report this confidence is likely driven by the higher

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

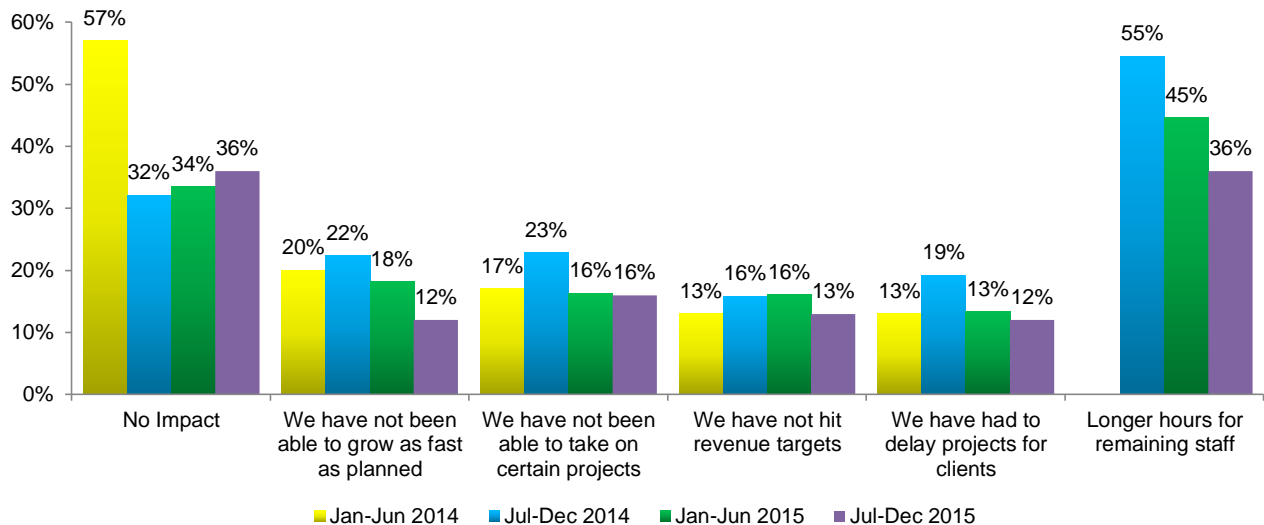


unemployment rate as a result of the large number of terminations without cause. With more qualified people looking for work, it is easier for HR managers to be confident they will find workers who are the right fit.

### TURNOVER COSTS AND RESPONSE

In previous reports, turnover has always had a big impact – usually in the form of longer hours for remaining staff, followed distantly by slower growth, not being able to take on certain projects and not hitting revenue targets. This time around, however, shows a slight increase in *no impact* (although still well below 50% of organizations feel that way), and a substantial drop in longer

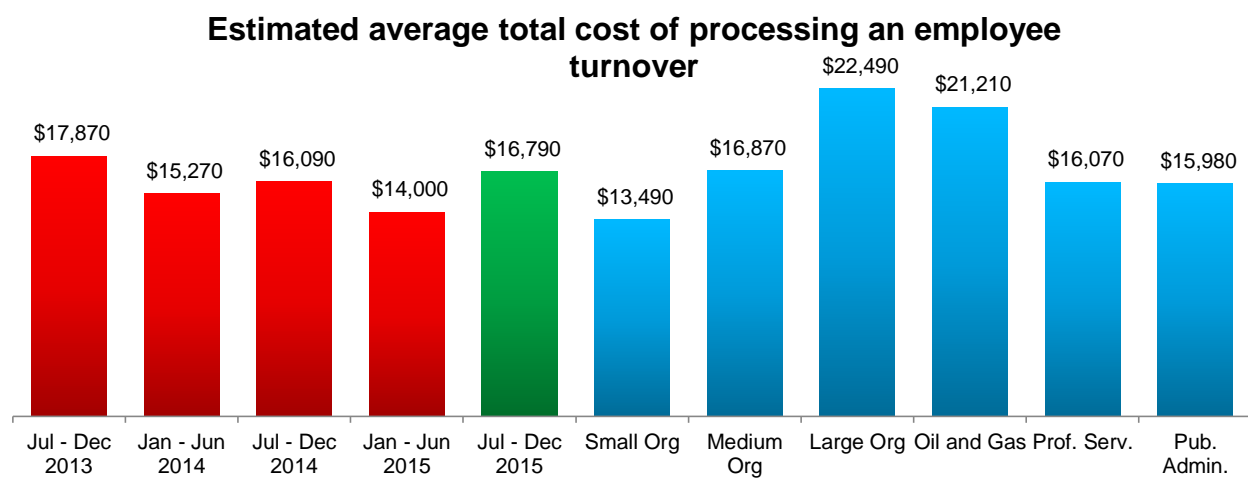
### Impact of turnover in the last year



hours. With the exception of *Not Being Able to Take on Certain Projects* – which stayed the same at 16%, every other impact category has decreased over the past 6 months. This may be due to the fact that organizations have been undergoing planned workforce reductions instead of unexpected employee turnover. It may also be the result of having overly qualified job market pools, meaning that vacant positions are not open for as long as they have been in the past.

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

Turnover costs have increased across the board, no doubt due to payments associated with the significant increase in layoffs. However, the same patterns as before still hold true – that turnover costs larger organizations more, and that the oil and gas sector spends more than average on turnover. It is worth noting that only in the public administration sector has the cost of turnover dropped since the last report, though and is now slightly lower than the provincial average.



With turnover impacting so many organizations and costing them so much it is interesting that 31% of respondents said they do not take any action to reduce turnover. This number increased from 22% from the last report, no doubt due to the number of layoffs as turnover would have been planned for in many organizations.

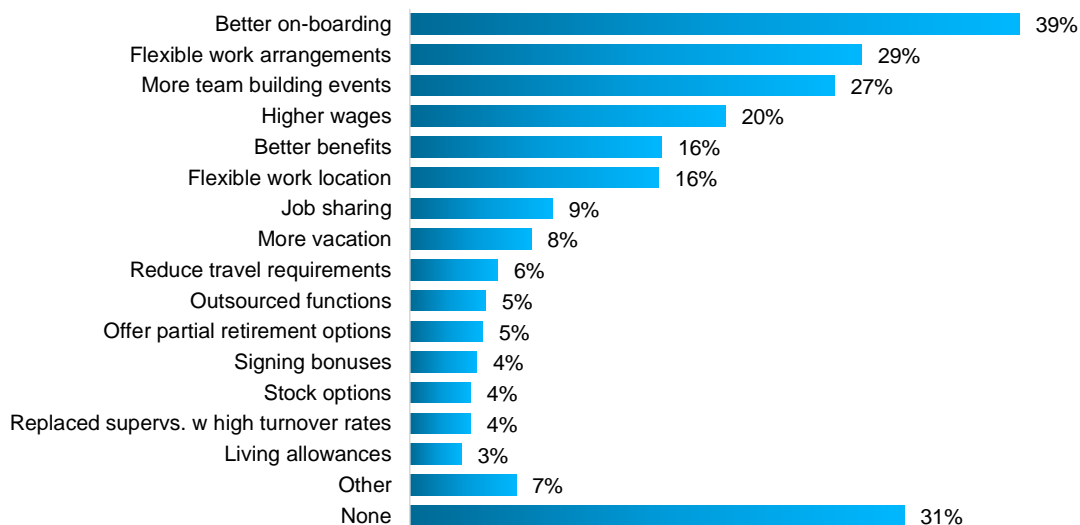
As was the case six months ago, better onboarding practices was the most popular response for reducing turnover, followed by other, non-monetary, options that have more to do with the corporate culture (team building events) and helping employees achieve work/life balance (flexible work locations). Higher wages and better benefits were only tried by about a fifth of



organizations. This supports a large body of existing research that sees a link between increased levels of employee satisfaction and employee morale, productivity, personal/professional relationships, retention rates and decreased stress levels, mental/physical health issues and labor costs.

Due to the work culture and environments in the oil and gas sector, flexible work arrangements are less popular and they are more likely to favour certain bonuses like stock options. This is in stark contrast to the healthcare and public administration sectors, who tend to favour employee engagement activities – like better onboarding and team building – as opposed to financial incentives.

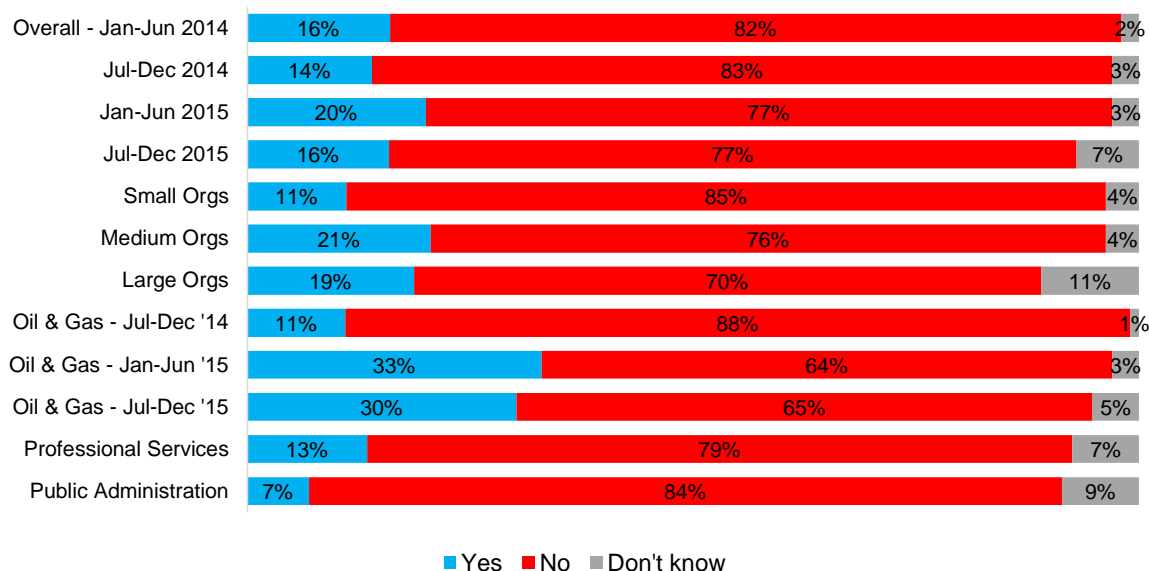
### Actions taken to reduce turnover for any reason



## TEMPORARY LAYOFFS

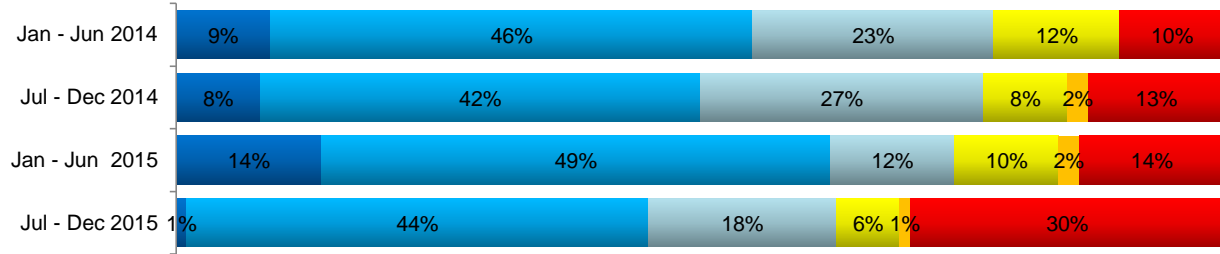
The intended outcome of temporary layoffs is for the displaced staff to return to work before long, and in many cases that happens. Temporary layoffs are being used by just over 16% of companies – a decrease since the first half of 2015. In the last report we saw that the decline in the price of oil resulted in a spike of temporary layoffs – especially in the oil and gas sector. Overall this practice is being used by fewer organizations, from 20% to 16%. This decrease is present in the oil and gas sector as well – shrinking from 33% to 30%. Not surprisingly, the practice is extremely rare in public administration sector (7%) and is more popular in seasonal and resource dominated industries such as mining, agriculture and forestry. In contrast to previous reports, medium-sized organizations are currently the most likely to engage in this sort of activity (21%), with smaller organizations being the least likely (11%).

### Temporary Layoffs in the Last 6 Months



The goal of temporary layoffs is for the displaced staff to return to work before long, and in most cases that happens. However a worrying trend is emerging – more and more people are never being called back by their employer. Two years ago it was only 1 in 10 workers who never returned from a temporary layoff – that number has now tripled to 30%. Also the percentage of employees who are temporarily laid off for less than a month has plummeted from 14% in the first part of 2015 to only 1% in the second half of 2015.

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



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



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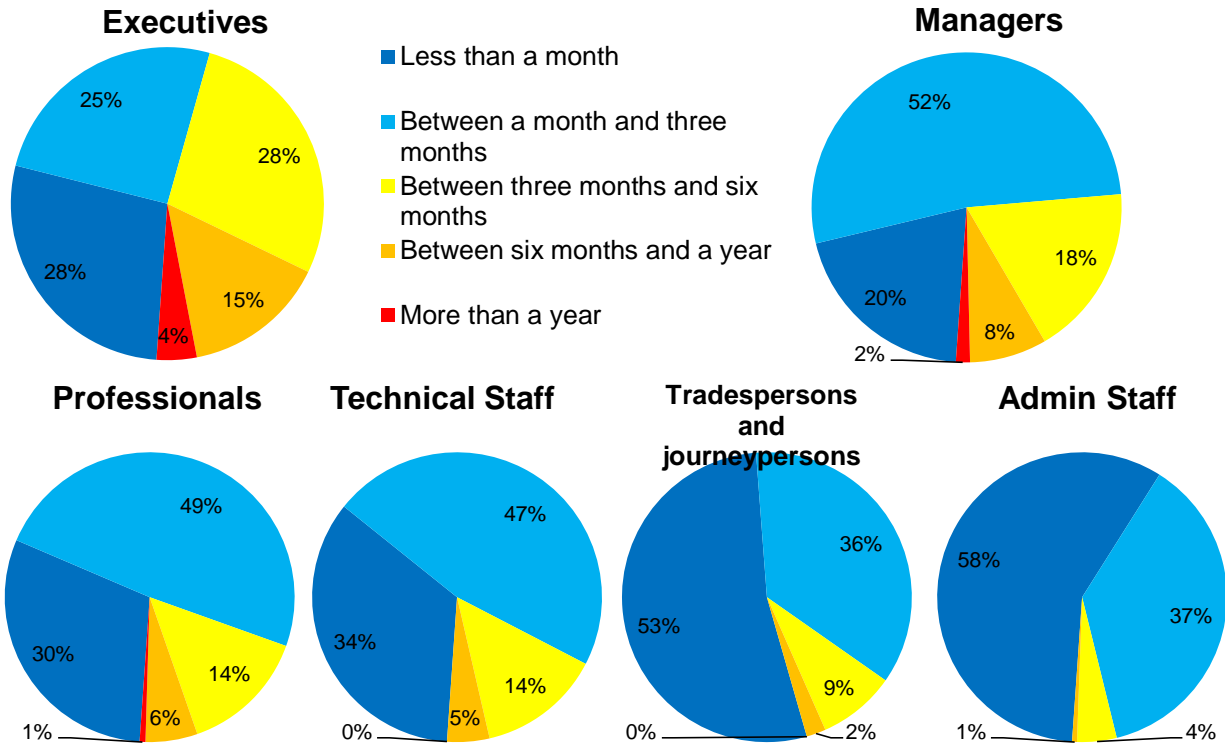


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## FILLING VACANCIES

The last report saw a significant drop in the amount of time required to fill vacancies in all roles. In the last six months the average amount of time has dropped again. However, the drops are more significant in some job roles than in others.

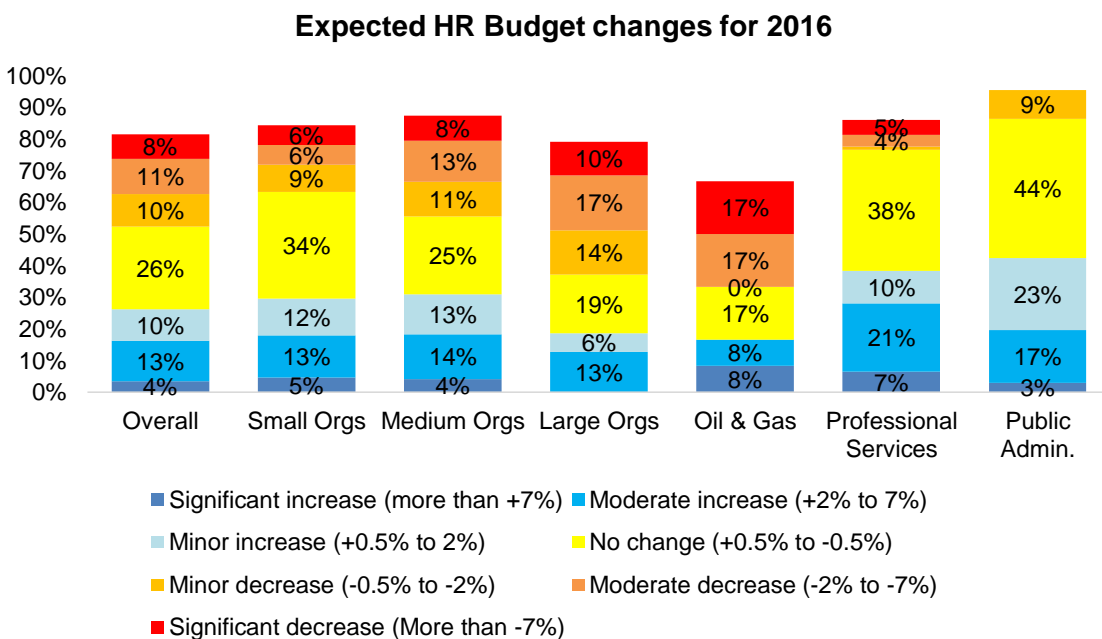
Executives and Professionals, traditionally two of the hardest job categories to fill quickly, have seen significant changes. Now about 30% of these vacancies is filled in less than a month, and more than half of Executive vacancies are filled in less than three months. The other categories saw slight increases in the speed with which vacancies are filled. The only exception was administrative jobs which remained essentially unchanged. The old pattern that the more specialized jobs take longer to fill remains unchanged.



## HR BUDGET CHANGES

Most respondents expect to see either no change or a moderate decrease to their HR budgets, with very few expecting major increases. The high amount of no change responses for HR budgets suggests that companies may feel comfortable at their current size and salary rate – meaning no additional need to downsize/fire current employees, but also no need to hire new ones.

While the largest number of respondents in every case was for no change to the budget in 2016, there are significant numbers who expect increases or decreases. This nets out to almost even in most cases, except in the oil and gas sector. Oil and gas expects to see a net decrease in HR budgets, while professional services and public administration are expecting significant net increases to their HR budgets.

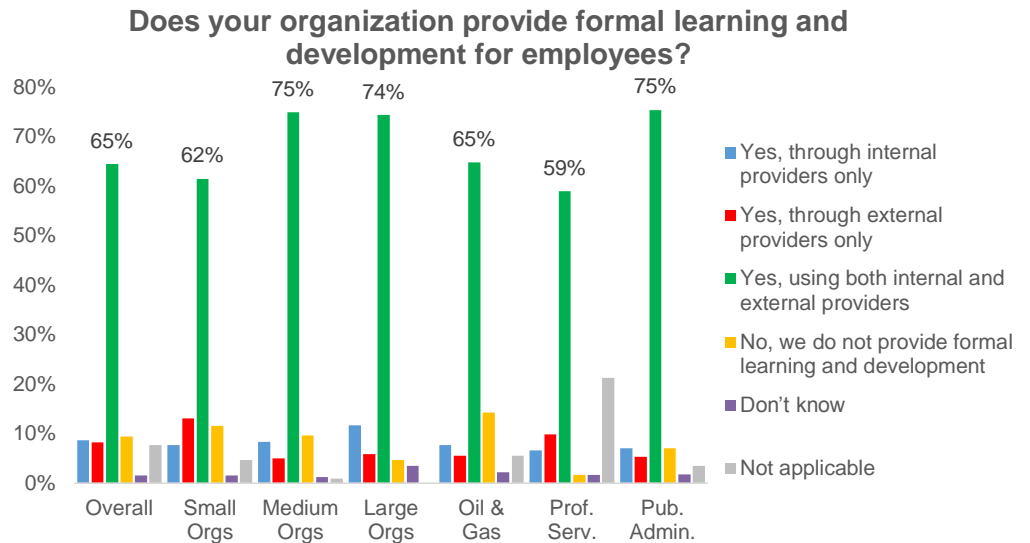


For the first time, respondents were asked to provide approximate ratio of HR employees to overall employees in their organizations. The average was one HR employee for every 123 employees overall. This figure is very dependent on the size of the organization, with small organizations having one HR person per 49 employees and large ones more than three times that with a ratio of 171 to 1. The oil and gas sector, which skews towards large organizations, has a ratio of 108 to 1. In the professional services sector it is 83 to 1, and 103 to 1 in public administration.

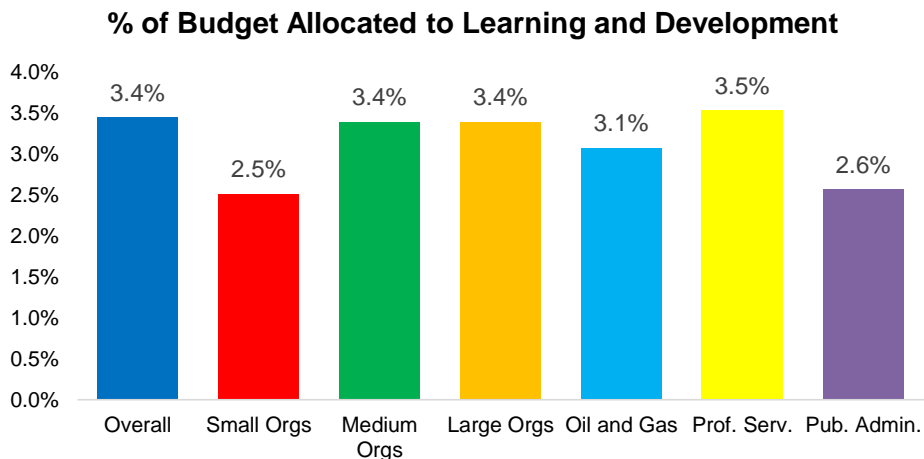
## LEARNING AND DEVELOPMENT

Learning and development for employees is something organizations take seriously. The vast majority provide formal learning and development to employees through both internal and external providers. Less than 10% do not provide formal learning and development at all. The pattern is the same across all

organization sizes and sectors. There are only two significant exceptions: small organizations are more likely to use external providers only; and oil and gas organizations are more likely to not provide any formal learning and development.

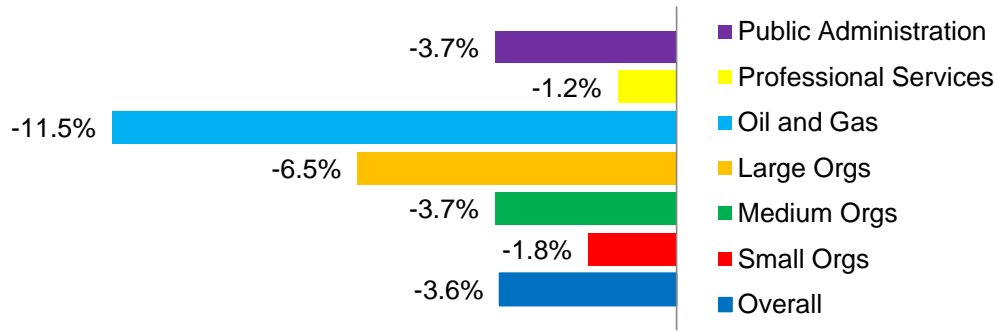


On average, companies seem to be investing around 3% of their total budget towards learning and development. No sector, organization size, particularly over- or underachieves in this category, as the numbers are reasonably solid across the board.



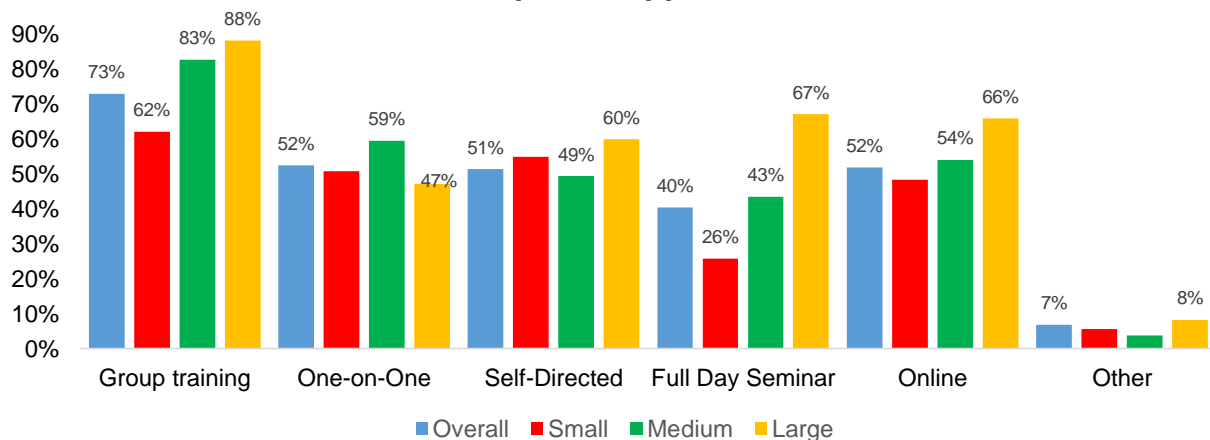
In the past year, organizations in Alberta saw an average decrease of 3.6% to their learning and development budgets, with oil and gas organizations seeing an average decrease of 11.5%.

### Overall Budgetary Changes for Learning and Development

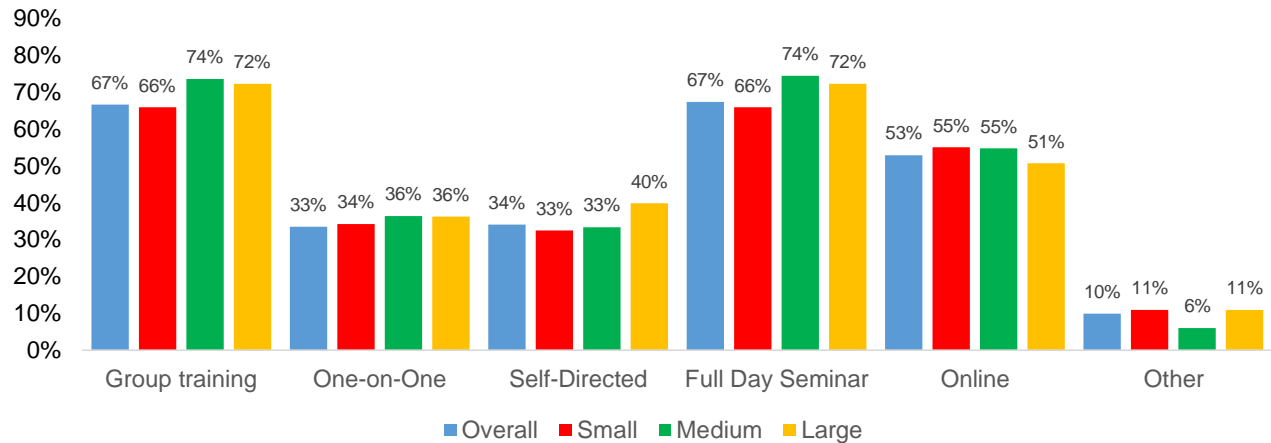


Both internally and externally, the number one development tool option is group training. Although full day seminars and one-to-one training are more popular internally, externally it is clear that online methods as well as full day seminars are the most popular forms of development activities – aside from group sessions.

### Method of Delivering Internally Provided Learning and Development Opportunities



## Method of Delivering Externally Provided Learning and Development Opportunities



Lastly, 50% of respondents across the province felt that they would use online training more over the next year, while only 3% thought they would use less. In addition to fueling the online training industry, we should expect to see the number of respondents benefiting from this trend to grow.

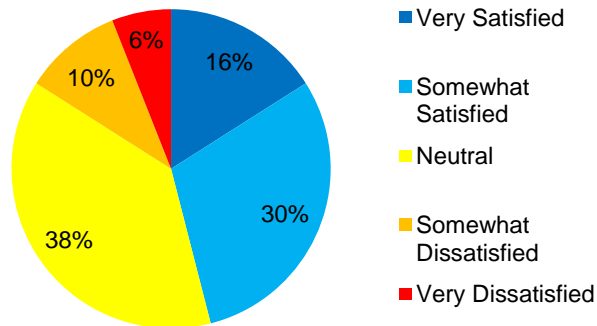
### EXPRESS ENTRY

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

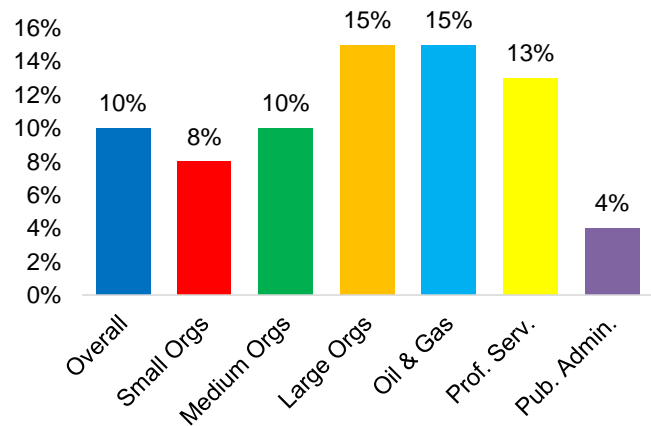
Since its inception last year, 10% of organizations reported having used the Express Entry program. It is most popular with large organizations (18%). Amongst the sectors, it is most utilized by oil and gas, as well as professional services. It is interesting to note that the public administration sector barely uses Express Entry.



### Express Entry Satisfaction Level

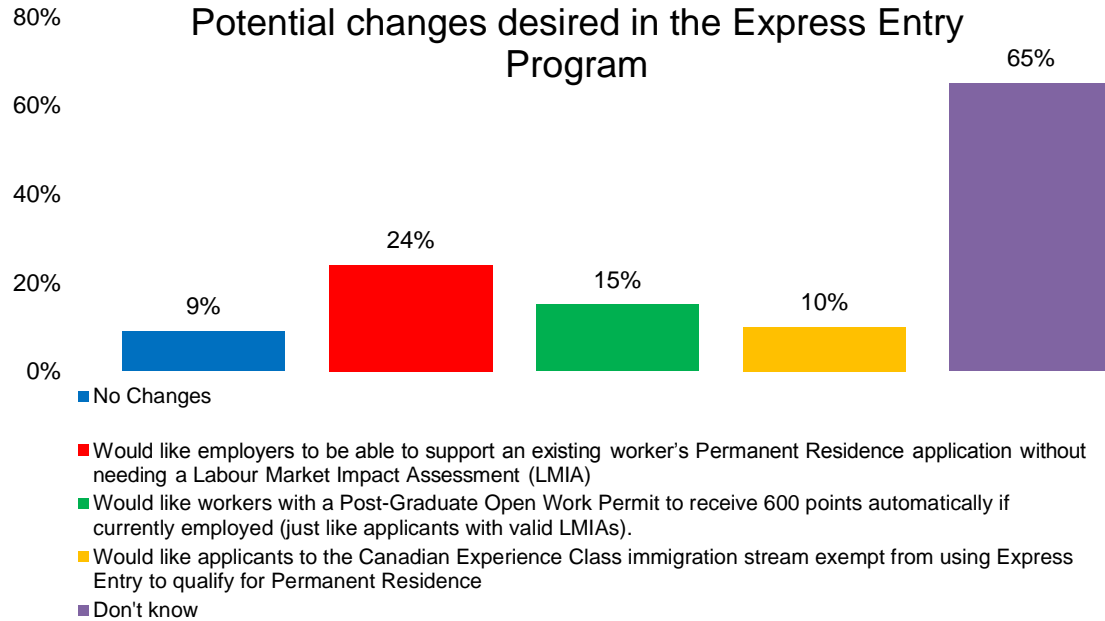


### Use of Express Entry



Overall, 46% of organizations who used the program felt satisfied, versus 16% reporting having negative experiences. Large organizations, who were more likely to have used the program, were also more likely to rate their experience as neutral and less likely to say they were satisfied. Smaller organizations may be more satisfied, but the sample size is too small to ascribe statistical significance. Given that it's a recently introduced program, it is to be expected that certain issues and kinks will need to be worked out over the next while before its rating improves.

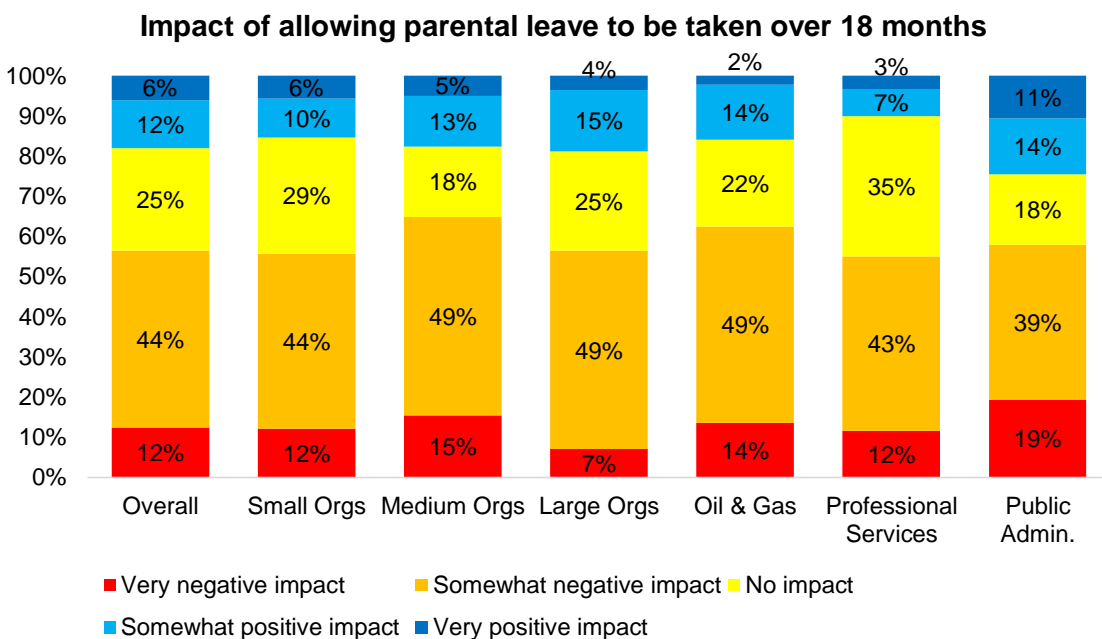
Having said that, the majority (65%) of companies and organizations still don't know exactly what, if anything, they want to change about the program. Aside from not knowing, almost a quarter of respondents want to be able to support an existing worker's Permanent Residency application without needing a Labour Market Impact Assessment (LMIA).



## PARENTAL LEAVE

During the recent Federal election, both the governing Liberals and the Official Opposition Conservatives promised to implement changes to parental leave benefits available through Employment Insurance. When asked about allowing parental leave to be taken at different points over an 18 month period, 57% of organizations responded it would have a negative impact.

A majority of all groups feel it would be negative, with medium-sized organizations (64%) and the oil and gas sector (63%) seeing it as the most negative. Fascinatingly, the public sector was the most polarized with the largest number of respondents who believed it would have a very positive or very negative impact.



## EMPLOYMENT STANDARDS

Respondents were asked to provide written comments on what changes they would like to see to Employment Standards in their province. The answers varied considerably. By far the most common was to make no change, with some providing rationale. The rationale fell into two categories – those who think things are satisfactory as they are and those who prefer government to stay out of the way. There were some people who specifically wrote that they did not want to see the minimum wage rise to \$15 per hour.

The other significant number of comments were in two areas:

- More clarity both in terms of the employment standards and how they are communicated, but also that employers should be more clear and precise when communicating rules, regulations and policies to employees.
- More leave - including compassionate leave and bringing Alberta in line with Saskatchewan in terms of the minimum number of weeks off.

## TRENDS IN HR

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

- Immigration and TFW rules;
- Cap and Trade/Carbon tax;
- Decline in the price of oil and the related drop in the Canadian dollar;
- The increase to Alberta's minimum wage; and
- New governments in both Alberta and Ottawa



## METHODOLOGY

This survey was conducted online between November 18 and December 9, 2015. 5,910 members of HRIA were invited to participate via email communication. Of these, 941 completed sufficiently enough of the survey for their responses to be materially reliable, a response rate of 15.9%. 492 respondents completed every question, representing a completion rate of 8.3%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/-3.2% nineteen times out of twenty and +/- 4.4% 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.

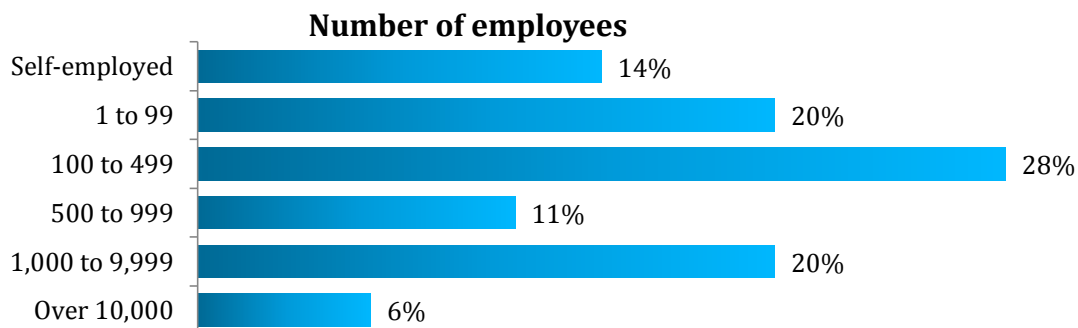
Note: Due to rounding some of the numbers in the report text may not total the same way as in the graphs.

## 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 350 and the average number of employees is 3,704.

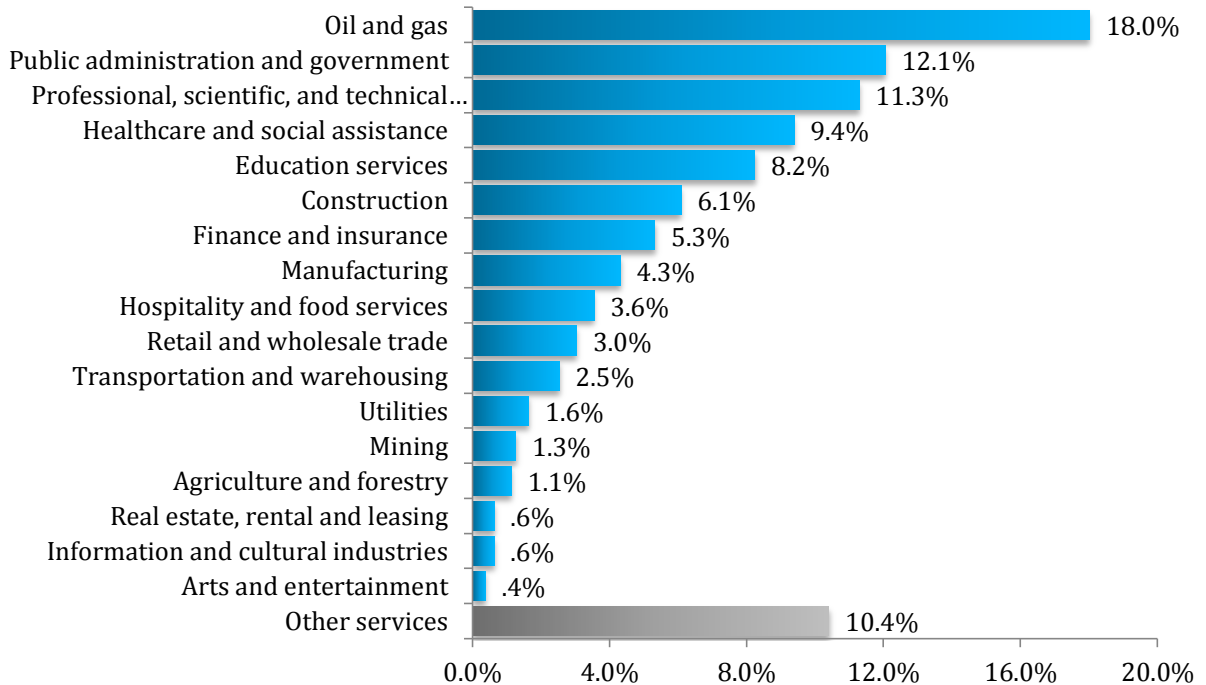
For the purpose of this report, small organizations are defined as those having fewer than 100 employees, medium organizations as those having between 100 and 999 employees and large organizations as those employing 1,000 or more employees. Respondents were also distributed across a wide range of sectors.

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



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.

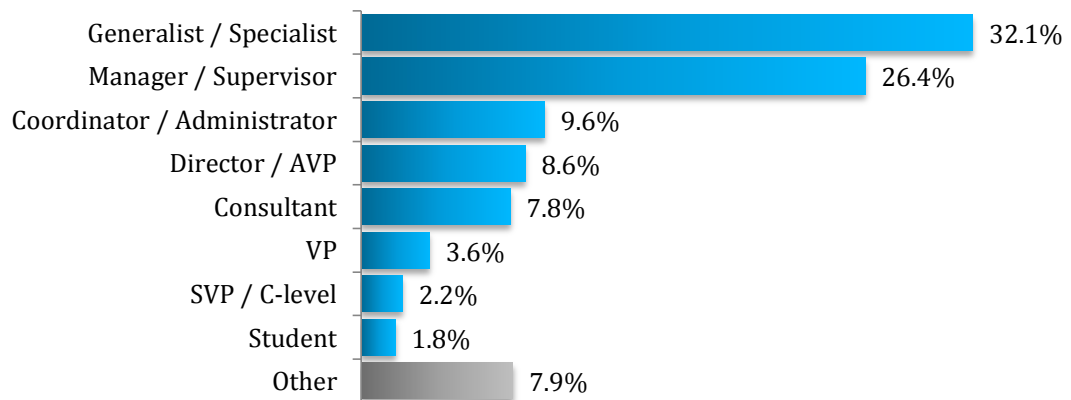
**Distribution by Sector**



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

**Distribution by Role**



Respondents were divided between being Certified Human Resource Professionals and other categories. 49.1% of respondents were CHRPs, as compared to 51.4% of the membership list, meaning that CHRPs are slightly 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 six chapters across Alberta providing support to members in every major urban centre.

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