

## ***Western Canada HR Trends Report*** **Spring 2016**

### **PURPOSE OF THIS REPORT**

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

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

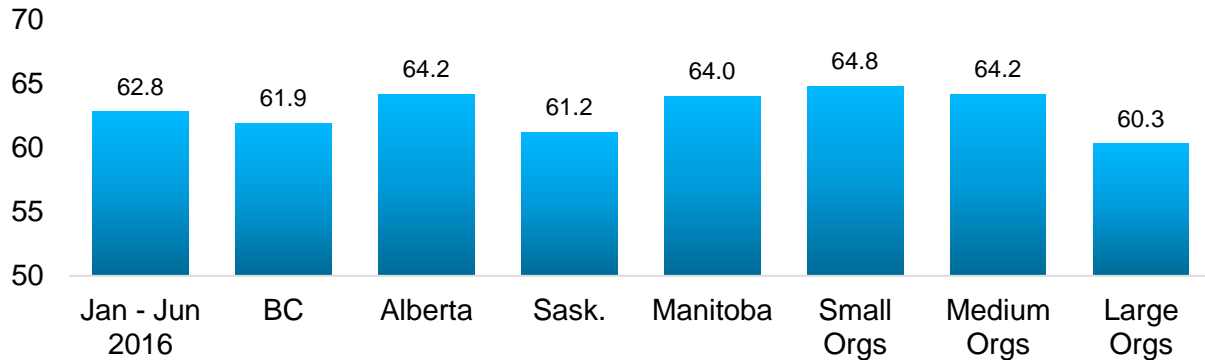
### **HIRING CONFIDENCE INDEX**

Western Canada's Hiring Confidence Index was created to measure how Western Canadian employers feel about hiring over the next six months. The index emphasizes how confident HR professionals are that they can hire the right people to fill open positions, and incorporates views on expected growth in the number of positions.

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

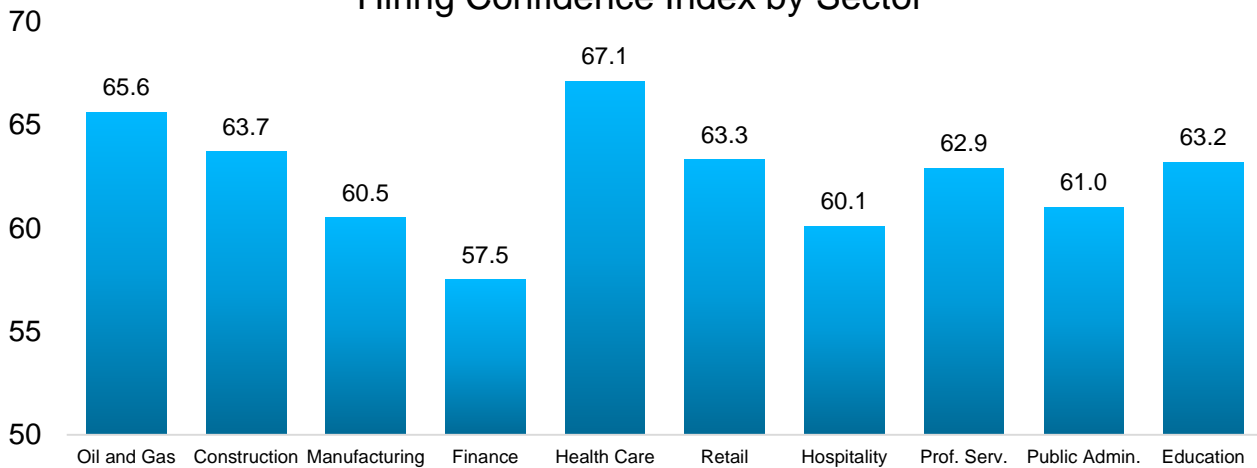


### Hiring Confidence Index



Overall, hiring confidence for the next six months (62.8) is decently strong. Scores in the mid-60's suggest strong confidence levels – a zone Alberta and Manitoba are approaching. Small organizations (64.8) feel the most confident in their hiring capabilities over the next six months, 4.5 points higher than large organizations. This shows a significant difference in the outlook of these two types of organizations.

### Hiring Confidence Index by Sector



Hiring confidence is highest in the health care sector, oil and gas, and construction. It is lowest in the finance and hospitality sectors. The drop in the price of oil has made many experienced workers available for hire in the oil and gas and construction sectors in particular, contributing to a higher confidence in finding the right individuals to fill vacant positions.

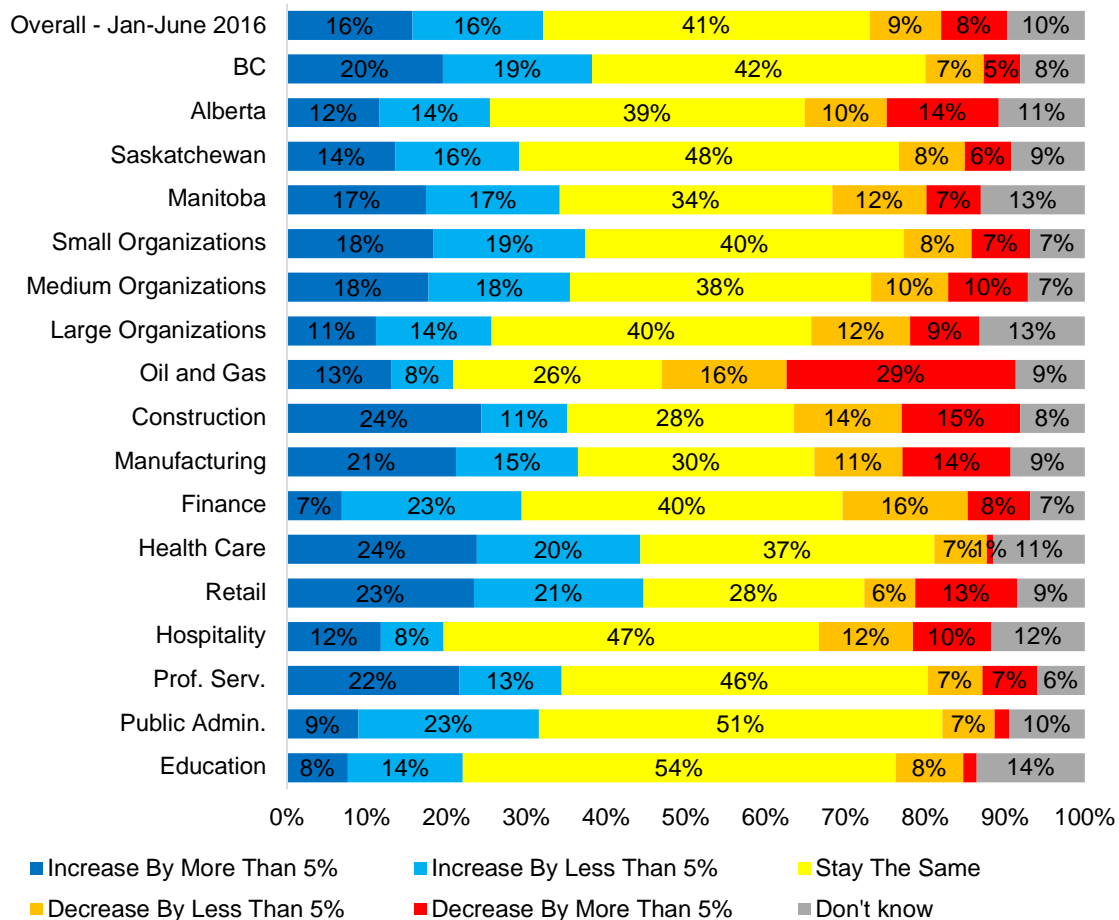


## THE 6 MONTH OUTLOOK

Overall, 32% of participating organizations expect to see positive employment changes over the next six months, as opposed to 17% who are expecting a decrease in employment. This is a strong ratio, but obscures significant differences in expectations between provinces. British Columbia is the most positive (39%) when it comes to growth in employment, while Alberta is the most negative (24%). As the size of an organization increases, the less likely they are to expect a net increase in employment.

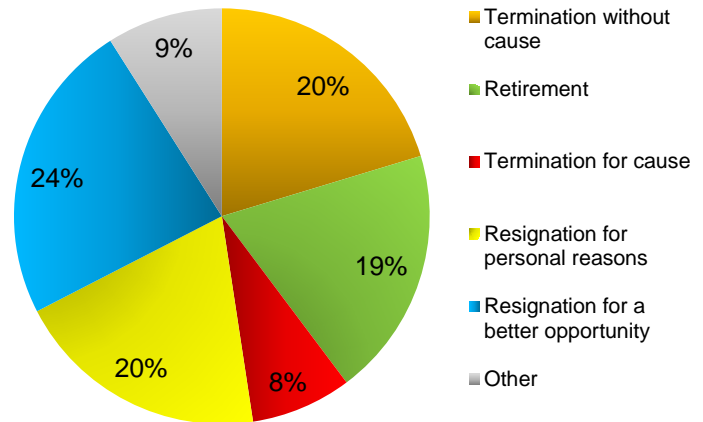
The oil and gas, and the hospitality sectors have the most negative employment outlook, with more organizations expecting to lose employees than to gain them. By contrast, the health care and retail sectors are very optimistic, with 44% of participating organizations in each sector expecting to see their headcount grow over the next six months.

### Expected Change in Employment



Over the next six months the most commonly expected reason to lose staff is *resignation for a better opportunity* (24%). *Termination without cause, resignation for personal reasons and retirement* are all essentially tied at about 20%. While leaving for a better opportunity is generally the sign of a good labour market, it is a worrying sign *that termination without cause* is one fifth of responses. Of course these results vary by province and sector. *Termination without cause* is higher than the Western Canadian average in Alberta and in the overall oil and gas sector (43%), in particular. In both Saskatchewan and Manitoba *retirement* is the most expected reason, whereas, *resignation for a better opportunity* is most expected in British Columbia.

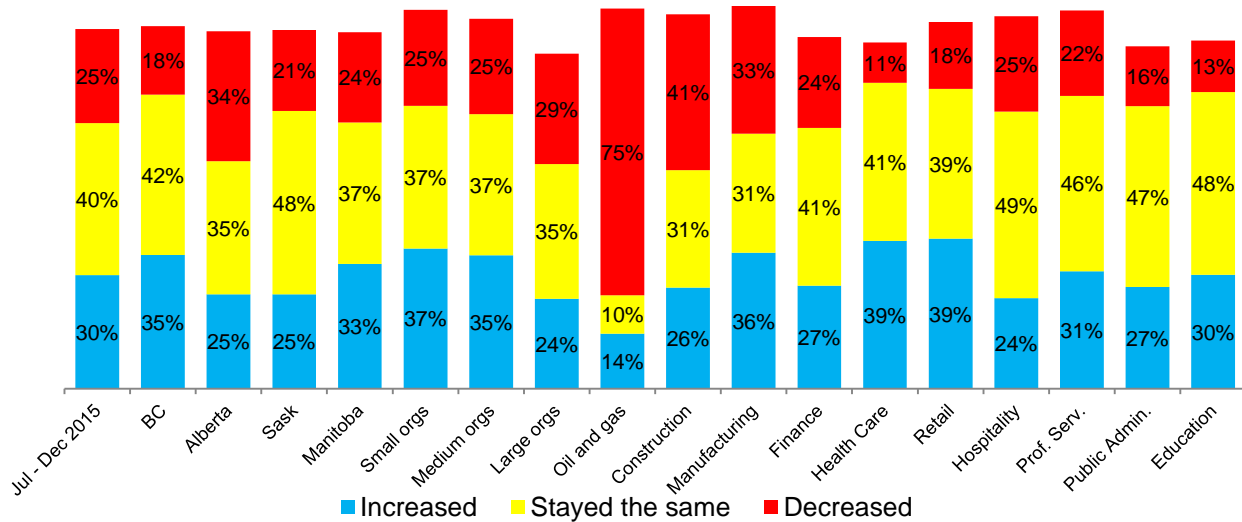
Expectation for the biggest reason to lose staff in the next six months



### CURRENT TRENDS

In the July to December 2015 period, 30% of organizations saw a net increase in the number of employees. While this is not extremely strong, it is still more than the 25% reporting a net decrease. Growth was highest in BC and Manitoba. It was also still net positive in Saskatchewan – Alberta saw more respondents report a decrease in employees than an increase. Small organizations were the strongest when it came to employment growth. Considerably more small organizations reported a net increase in employees than large organizations.

## Percentage reporting change in employment



The health care and retail sectors both reported strong job growth in the past year and a half. The opposite was true in the oil and gas, construction and hospitality sectors – all of which saw net negative changes in employment. The worst performing sector was oil and gas, where five times as many organizations experienced a drop in employment compared to those that saw growth.

The pattern of exact numbers of employees and contractors joining and leaving organizations shows growth in small organizations, but actual declines in medium and large ones. The changes in both small and medium organizations are not especially significant, but the trend in dropping contractors in large organizations is significant. When economic times are tough, it is often outside contractors who are let go by organizations before permanent employees. This may be a sign of things to come. While the decline in the oil and gas sector may explain some of this trend affecting contractors, it does not explain all of it.

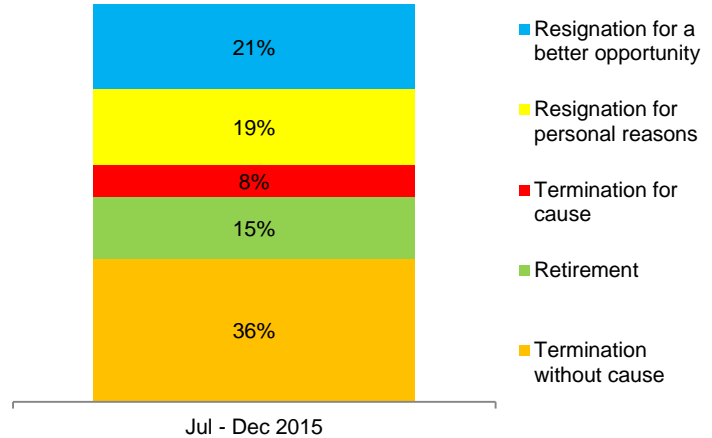
Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	6.4	34.0	102.8
Left in last six months	6.1	36.9	115.3
Net Employees	+0.3	-2.9	-12.5
Contractors			
Joined in last six months	2.6	6.0	19.1
Left in last six months	2.5	7.9	57.3
Net Contractors	+0.1	-1.9	-38.2

## TERMINATION CAUSES

Over the last six months, the most common reason in Western Canada for employee departure was *termination without cause*. This is a troubling sign as *termination without cause* was most common across all employee categories. In fact, it was the most common reason by a significant margin in all categories except for executives where it was only slightly more prevalent than retirement. It is surprising that *termination without cause* as a reason for employee departure dominates not only Alberta; a province experiencing a significant decline in employment, but also British Columbia and Manitoba; two provinces with strong increases in employment. However, Saskatchewan was the only western province where *resignation for a better opportunity* was the most common reason.

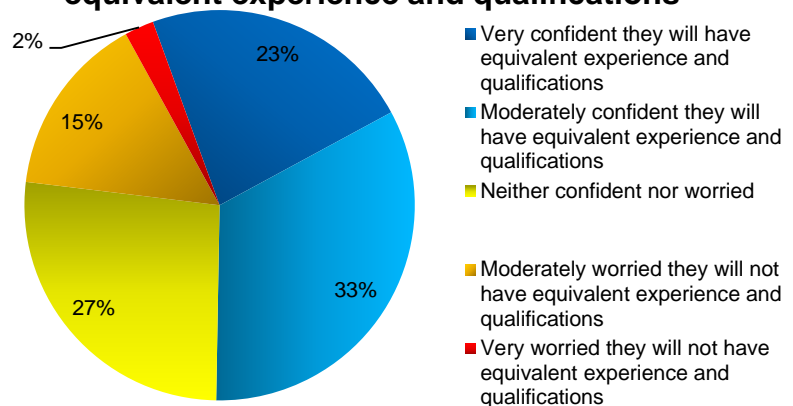
Category of Employee	Most Common Reason to Leave
Executives	Termination without Cause
Managers	Termination without Cause
Professionals (i.e. engineers, accountants, HR)	Termination without Cause
Technical Staff (i.e. designers, technicians)	Termination without Cause
Tradesperson or Journeypersons	Termination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

### Most Common Reasons for Leaving



Over half (56%) of HR managers are confident they can fill vacancies with workers that have equivalent experience and qualifications. Only 2% are very worried about finding qualified replacements. Much of this confidence is driven by strong numbers in Alberta and Manitoba. The layoffs in the oil and gas sector has made it much easier to find people in that sector – where 73% are confident they will find suitable replacements. The opposite is true in the professional services sector, where only 48% of HR managers are confident in finding replacements with equivalent experience.

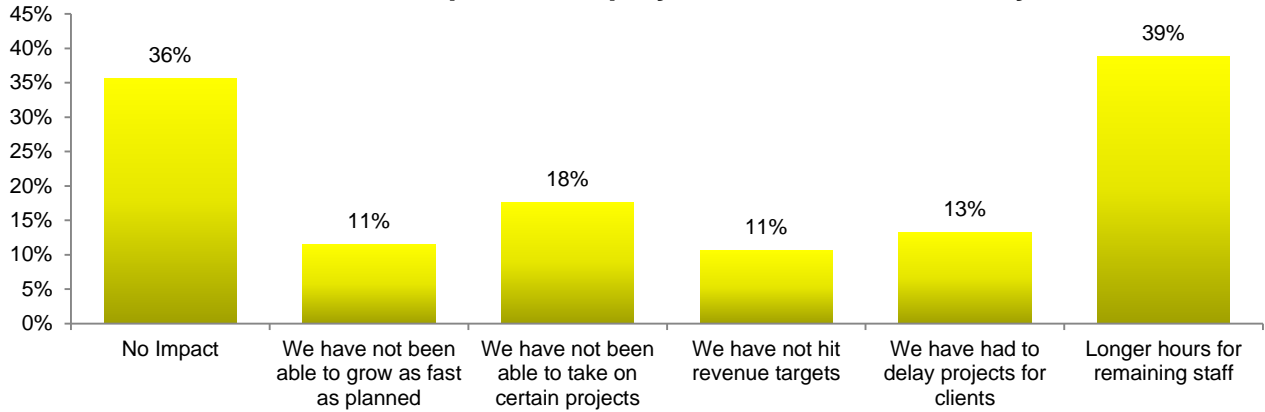
### Confidence in replacing workers with equivalent experience and qualifications



### TURNOVER COSTS AND RESPONSE

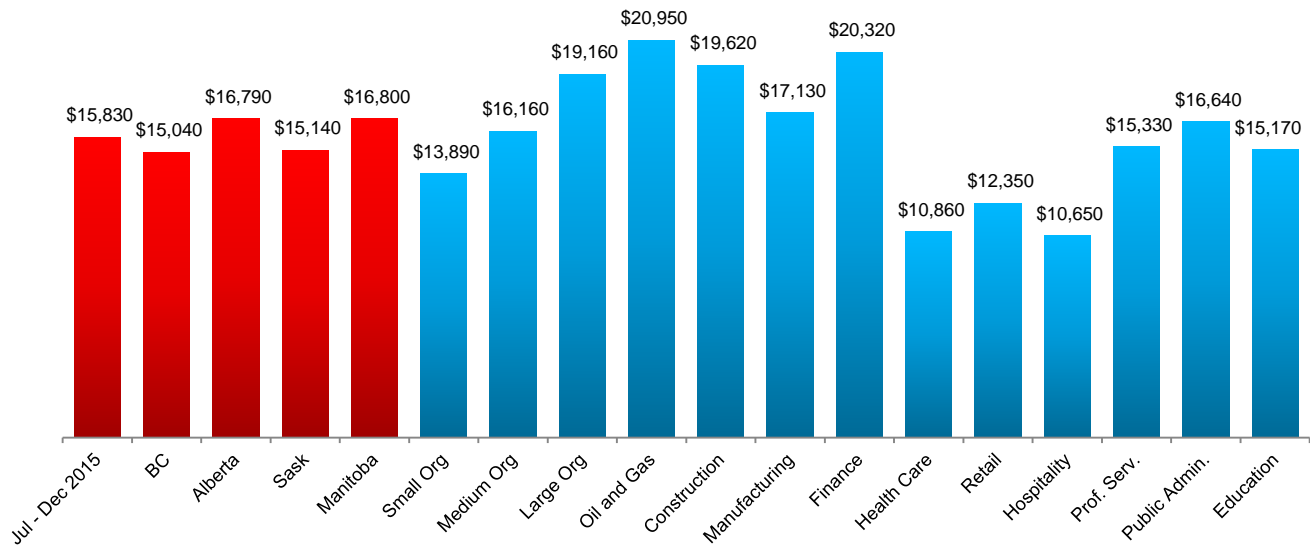
When it comes to employee turnover, many organizations in Western Canada have felt no impact over the last year (36%), but a plurality of respondents reported (39%) that employee turnover resulted in longer hours for the remaining team members. The second most common impact reported was the inability to take on certain projects (18%). Other potential impacts were only reported by 11% to 13% of respondents. This same pattern is found in each province across Western Canada.

### Impact of employee turnover in the last year



Turnover is expensive for any organization, as costs associated with replacing an employee as well as lost productivity can be high. In Western Canada, the average cost is nearly \$16,000 for processing the turnover of an employee. The cost of processing turnover is highest with large organizations and can include severance, separation pay, benefits, and other costs. Small organizations had the lowest costs – about 30% less than the costs borne by large organizations.

### Estimated average total cost of processing an employee turnover



Turnover costs in BC and Saskatchewan were the lowest, running about \$1,700 less than turnover costs in Alberta and Manitoba. The sectors with the lowest turnover costs were health



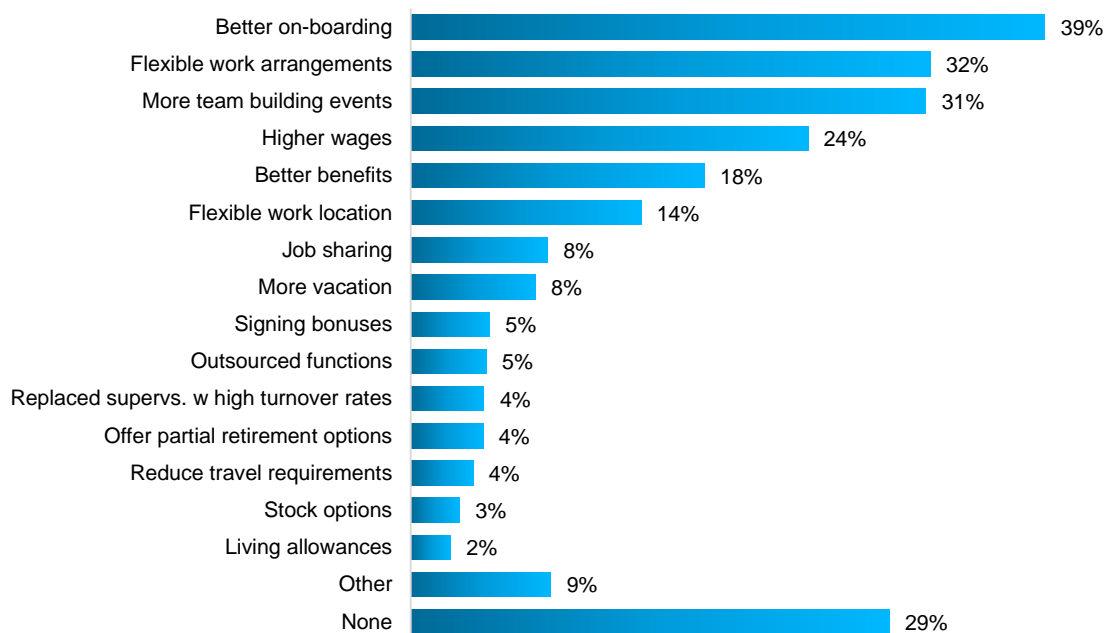


care and hospitality, both slightly over \$10,000 – considerably less than the average. The opposite is true of the oil and gas and finance sectors – where turnover costs topped \$20,000.

With turnover impacting so many organizations and costing them so much, it is worth noting that 29% of respondents said they did not take any actions to reduce turnover.

The most popular actions organizations reported taking to reduce turnover include better onboarding practices, followed by other options like team building events and flexible working arrangements. Higher wages and benefits are common techniques, but they are not the most popular. Simply stated, employers continue to rely on an interesting and diverse mix of monetary and non-monetary methods. It appears that a significant number of respondents see 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 labour costs.

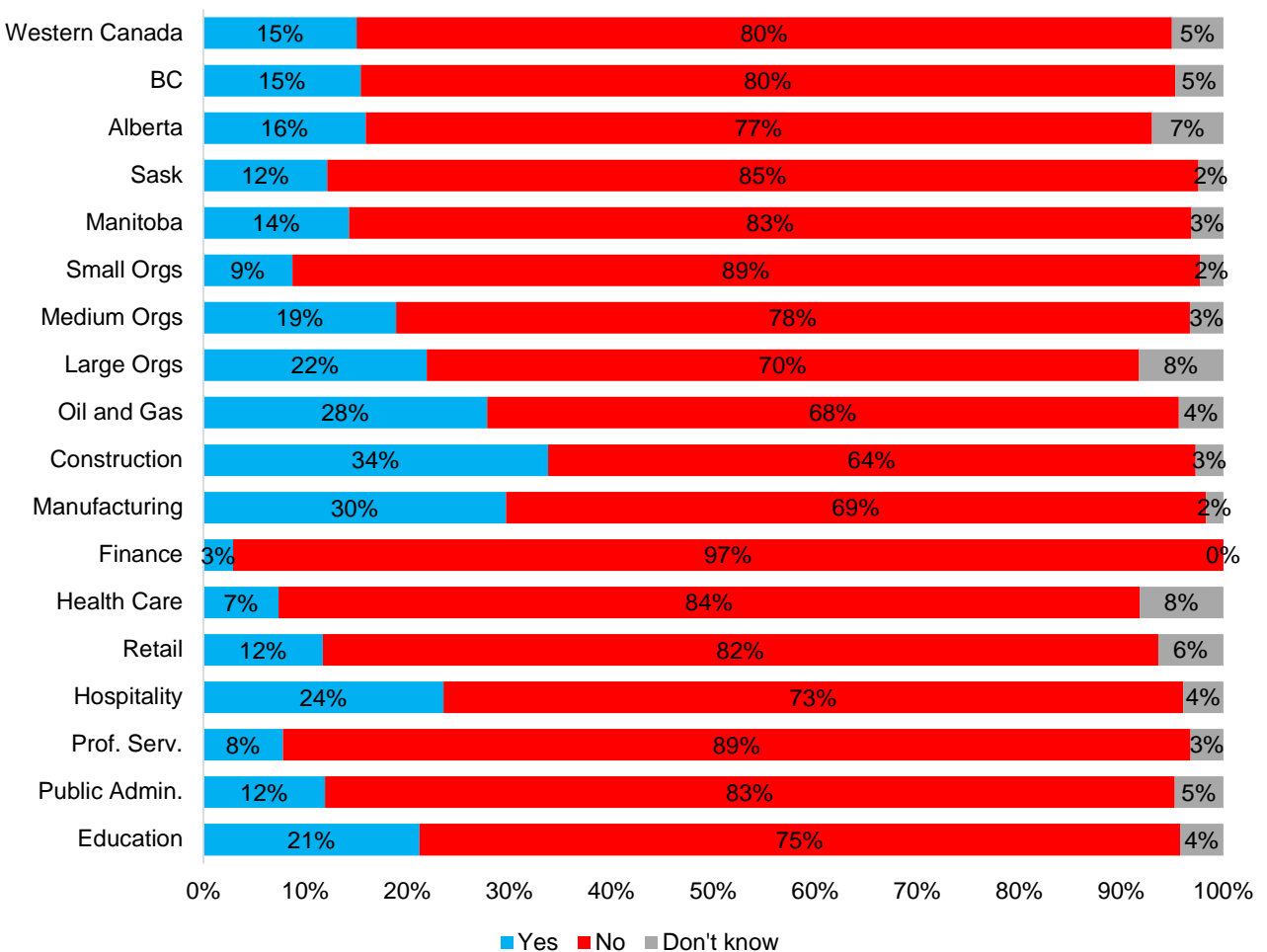
### Actions taken to reduce turnover for any reason



## TEMPORARY LAYOFFS

The intended outcome of temporary layoffs is for the displaced staff to return to work after a short period of time, and in most cases that happens. Temporary layoffs are being used by 15% of organizations within Western Canada. This level is consistent across the provinces, though slightly lower in Saskatchewan. The practice was much more prevalent in large organizations, as well as in the oil and gas, construction, manufacturing, and hospitality sectors.

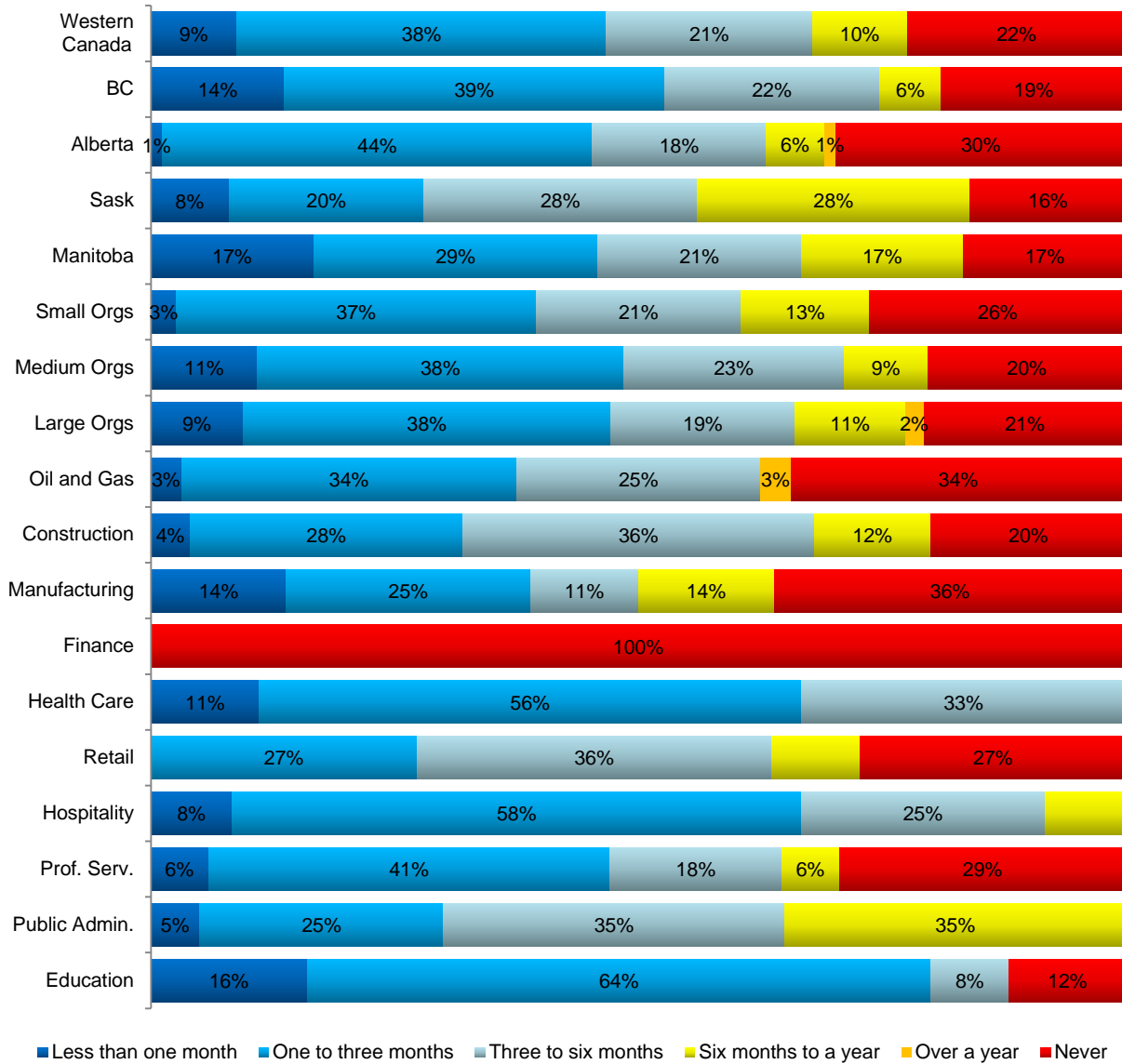
### Have engaged in Temporary Layoffs



Call-back times, overall, are reasonably short for temporary layoffs, with 78% of companies reporting that they called back temporary employees at some point within a year. It is worth noting that call back times are generally longer for smaller organizations. In Alberta and Saskatchewan, fewer people are called back from a temporary layoff and for those that are eventually called back to work; they are temporarily laid off for a longer period of time than

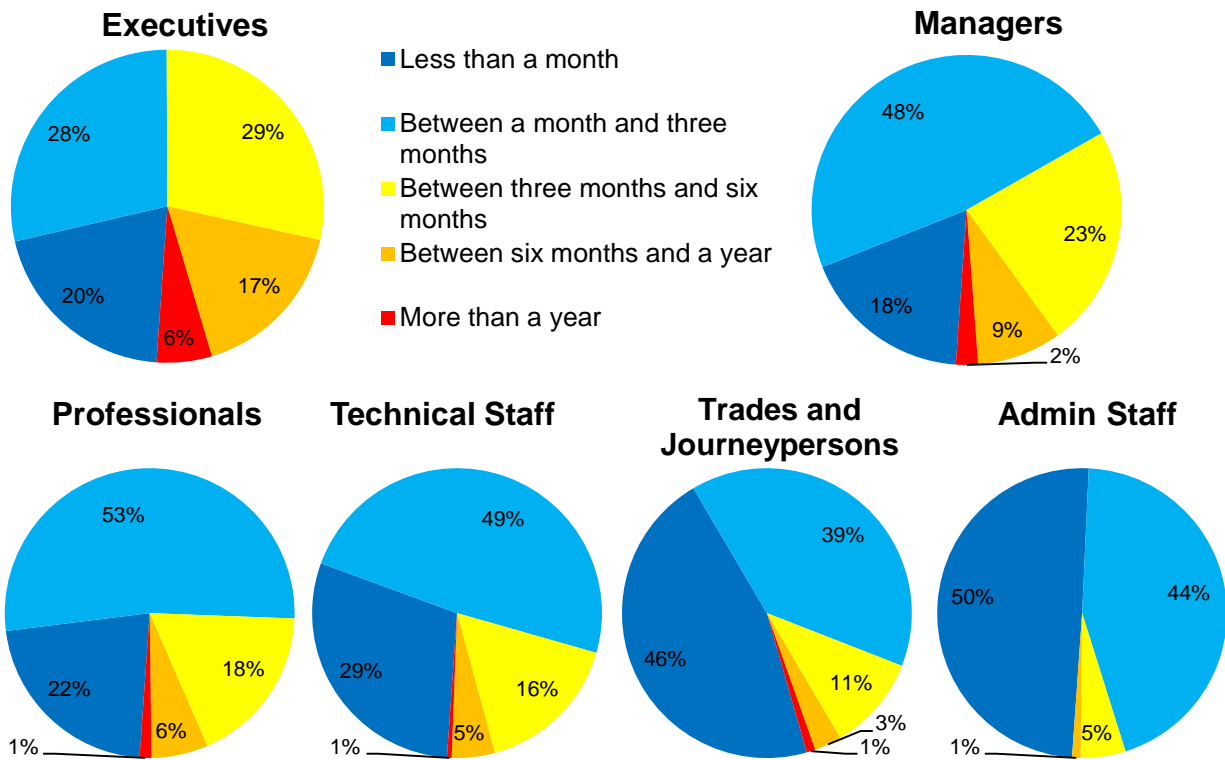
employees in other provinces. Call back times are shortest in the health care, education, and hospitality sectors.

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



## FILLING VACANCIES

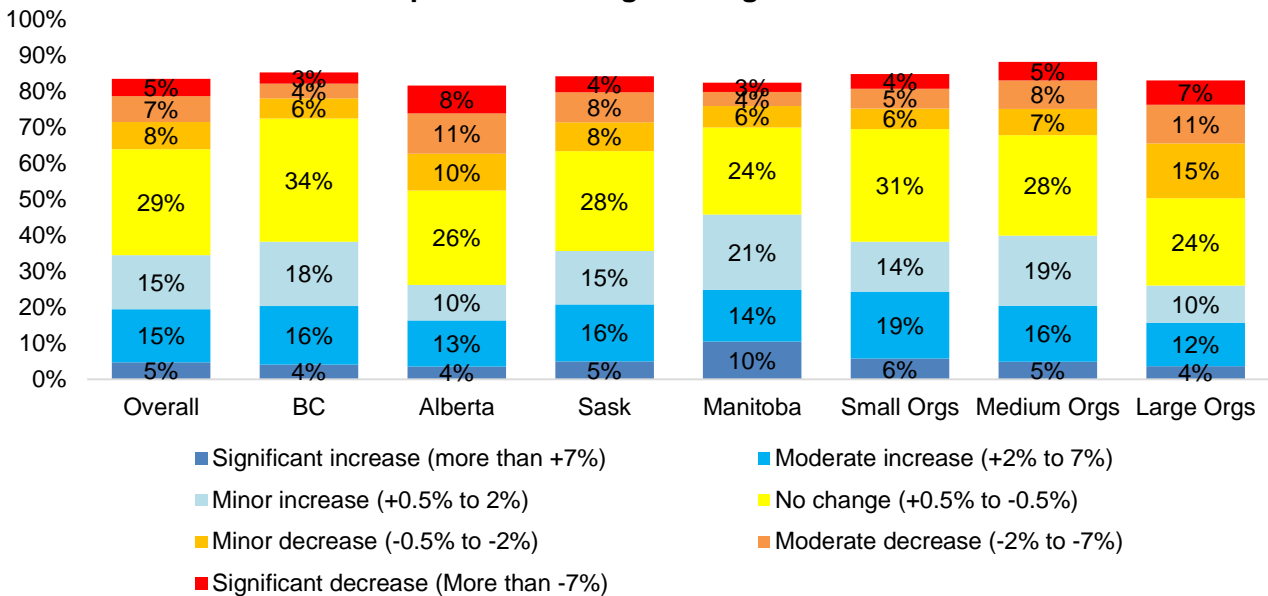
In a typical labour market, the expected time period for filling vacancies follows a particular pattern, where more specialized positions take longer to fill than less specialized positions. This holds true across Western Canada in the second half of 2015. About one in five executive and managerial positions were filled in less than a month – and 6% of executive jobs remained vacant for over a year. By contrast half of administrative jobs were filled within a single month and 94% within three months. As the level of specialization and complexity is reduced the speed of hiring significantly increases.



## HR BUDGET CHANGES

More organizations expect their HR budgets to increase (35%) over the next year than to decrease. In all, 20% expect a reduction in their budget. Manitoba-based organizations are most likely to anticipate a growing HR budget and those in Alberta are the least likely. All of the break out sectors had growth expectations in line with the overall average, except the oil and gas sector, which was more likely to expect a budget decrease (52%), and hospitality, which was more likely to expect an increase (47%).

**Expected HR Budget changes for 2016**

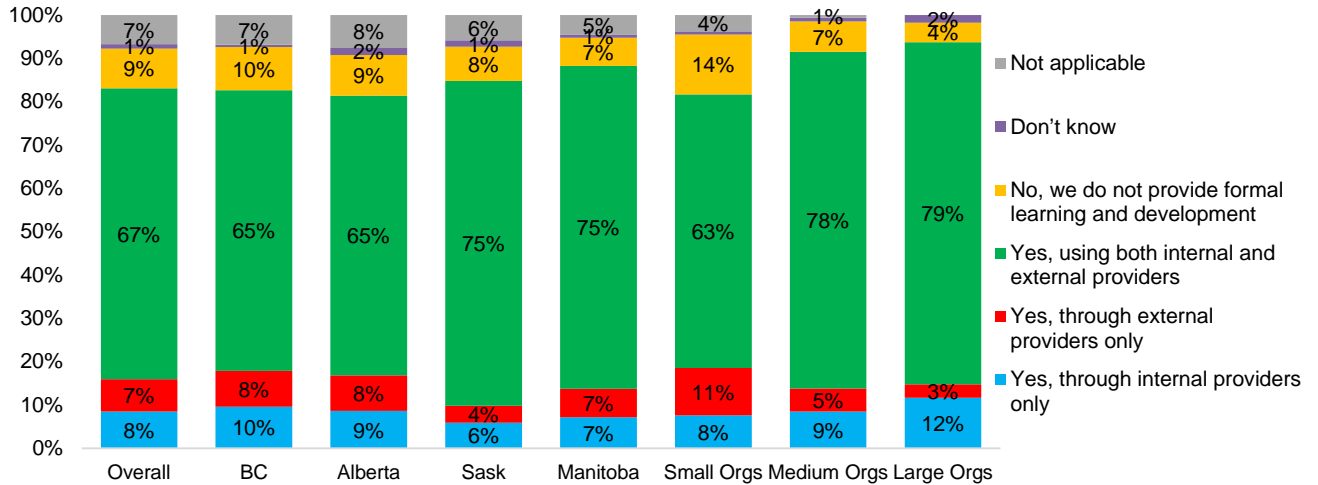


Respondents were asked to provide an approximate ratio of HR employees to overall employees in their organizations. The average was one (1) HR employee for every 126 employees overall. This figure is very dependent on the size of the organization, with small organizations having one (1) HR person per 45 employees and large ones having more than four times that at a ratio of 209 to 1. Medium-sized organizations had an average ratio of 123 to 1. The ratio is best in BC and Saskatchewan (120) and worst in Manitoba (169). Professional services had the lowest ratio at 73 and retail had the highest at 196.

## LEARNING AND DEVELOPMENT

Not surprisingly, learning and development plays a very important role in many organizations. Most respondents in the survey suggested that their organizations use some form of either internal and/or external offerings. Over 80% of respondents provide some form of learning and

### Does your organization provide formal learning and development for employees?

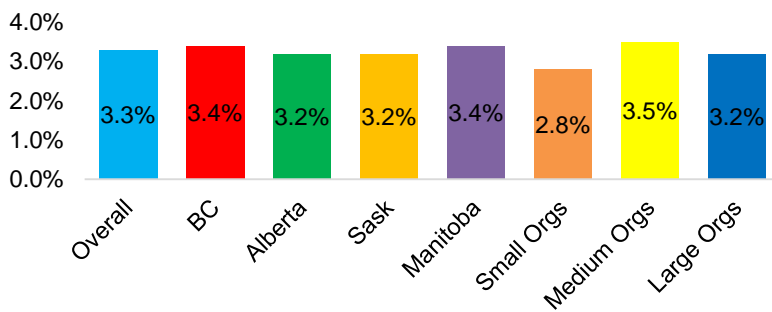


development opportunities, with 9% reporting that their companies do not invest in learning and development. Combining internal and external opportunities is by far the most popular form of learning and development for organizations of all sizes.

On average, organizations are investing slightly more than 3% of their total budget towards learning and development. Notably, small organizations devote slightly less (2.8%) than the average towards learning and development, possibly because they are more constrained by having more limited resources than larger organizations.

As seen above, most organizations use both internal and external resources for learning and development, however, they use internal and external resources for different tasks. One on one

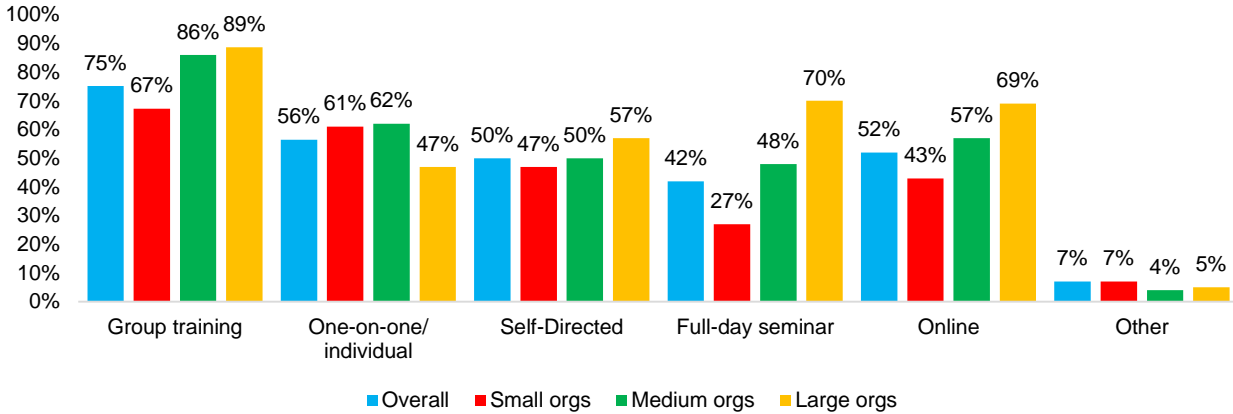
### % of Budget Allocated to Learning and Development



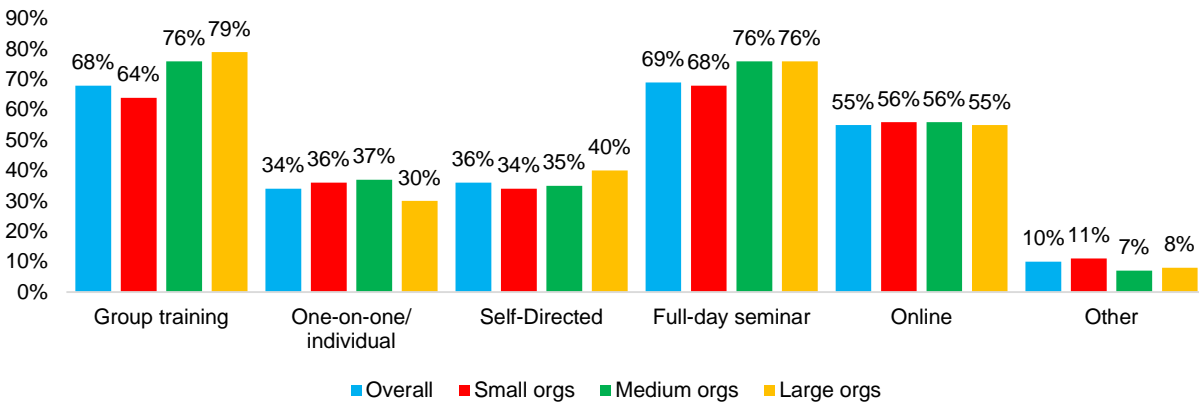
and self-directed learning are much more likely to be done internally, while full-day seminars are more likely to feature an outside speaker or resource. That said, both online training and group training is more or less equally likely to be delivered by external and internal resources. It is also worth noting that large organizations

do a better job of using internal resources for online learning and development as well as full-day seminars and self-directed learning.

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



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

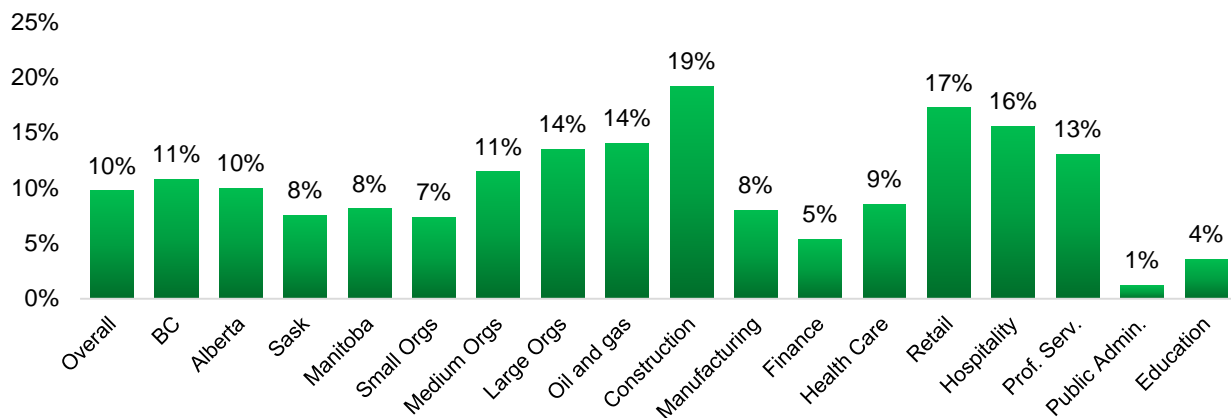


Lastly, 55% of respondents across Western Canada felt that they would use online training more over the next year, while only 1% thought they would use it less. In addition to fueling the online training industry, we should expect to see growth in the use of online delivery of learning and development programs reflected in future reports.

## EXPRESS ENTRY

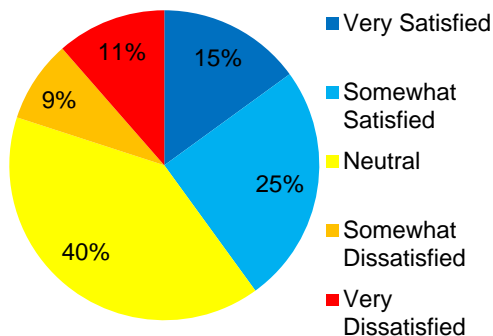
Express Entry is the selection system for Canadian immigration designed to select skilled workers for immigration to Canada through the economic class immigration streams. It is a completely electronic process involving the federal government, provincial governments, and Canadian employers. It allows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

### Use of Express Entry



Since its inception last year, 10% of organizations in Western Canada report having used the Express Entry program. It is most popular with large-sized organizations (14%) and those in the construction (19%), retail (17%) and hospitality (16%) sectors. Its use is very rare in public administration, finance and education. It is most popular in BC and Alberta.

### Express Entry Satisfaction Levels

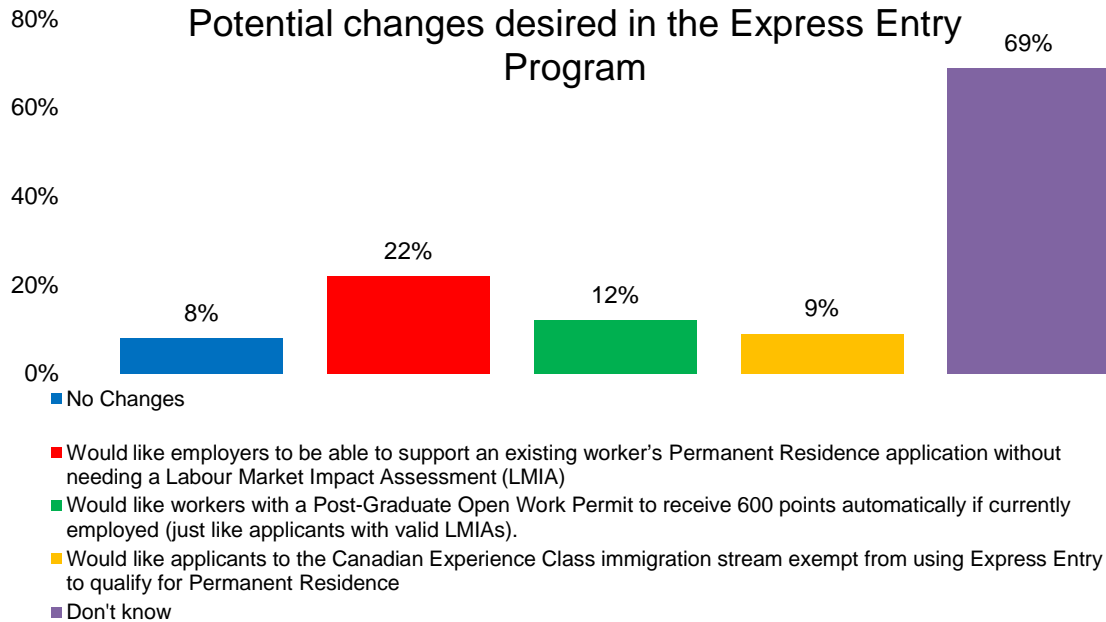


Overall, 40% of the organizations that have used the program feel satisfied, versus 20% that reported having negative experiences. Given that it's a recently introduced program, it is to be expected that certain issues and shortcomings will need to be addressed over time before satisfaction ratings improve. It is clear that improvements need to be made, as only 8% of respondents suggested that no changes are needed to the Express Entry program.

That being said, a significant majority (69%) of companies and organizations still don't know exactly what, if anything, they want to change about the program. 22% of respondents want to be able to support an existing worker's Permanent



Residency application without needing a Labour Market Impact Assessment (LMIA), while other potential changes presented were less supported by respondents.



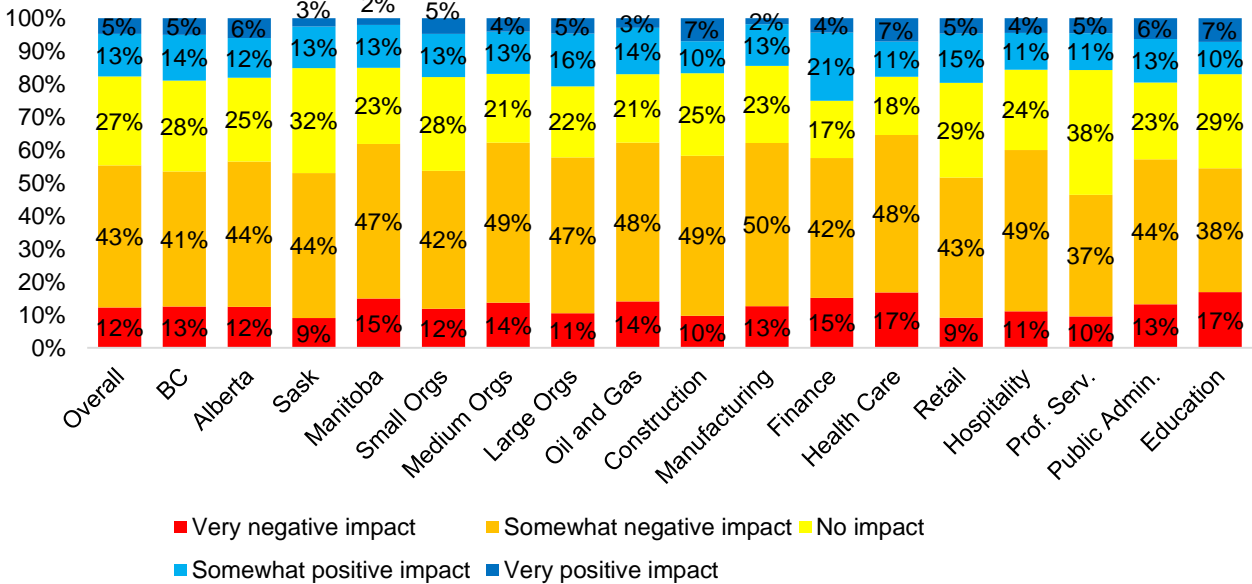
## PARENTAL LEAVE

During the recent Federal election both the now governing Liberals and the now Official Opposition Conservatives promised to implement changes to parental leave benefits available through Employment Insurance.

When asked what the impact to their organization would be if parental leave was changed (in order to allow employees to access benefits in portions over 18 months), and allowing for leave to be taken in increments rather than all at once, 55% of companies responded it would have a negative impact.

All organization sizes anticipated more negative impacts than positive. Only 15% of organizations foresee a positive impact. There is little significant variation between the provinces except that Manitoba is more negative. The health care sector is the most hostile to the idea and the professional services sector is the least negative.

### Impact of allowing parental leave to be taken over 18 months



## 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 respondents providing a rationale. The rationale provided fell into one of two categories: those who think things are satisfactory as they are; and those who prefer for government to stay out of the way.

The other significant number of comments can be categorized as:

- Changes to rules around overtime, leave, statutory holidays, and vacation entitlements;
- Concern about raising the minimum wage;
- Increase flexibility in the standards, particularly around hours and overtime;
- 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;
- Increase the ease of inter-provincial labour mobility; and,
- Comments both for and against the position and power of unions.

## TRENDS IN HR



**EMAIL**  
hmarshall@torch.agency



**PHONE**  
778.835.3715



**WEBSITE**  
<http://torch.agency>

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, Temporary Foreign Worker Program and Express Entry rules.
- A wage freeze.
- Lack of government funding in the public sector.
- Concerns over the economy.
- Cap and Trade/Carbon tax.
- Decline in the price of oil and the related drop in the Canadian dollar.
- New governments in both Alberta and Ottawa.
- Covering workers due to the amount of leave they can now take.
- Increases to the minimum wage.

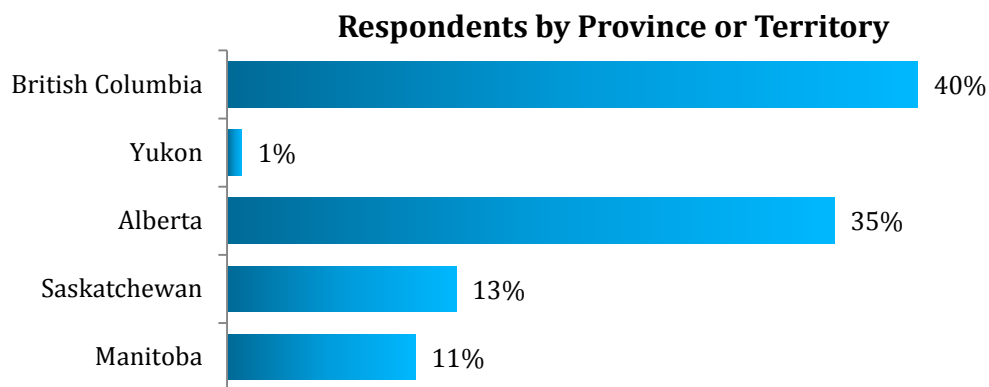
## METHODOLOGY

This survey was conducted online between November 18 and December 9, 2015. 13,783 members of the HRMA, HRIA, SAHRP and HRMAM were invited to participate via email communication. Of these, 2,681 completed sufficiently enough of the survey for their responses to be useable, a response rate of 19.5%. 1,383 respondents completed every question, representing a completion rate of 10.0%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/- 1.7% nineteen times out of twenty and +/- 2.5% nineteen times out of twenty.

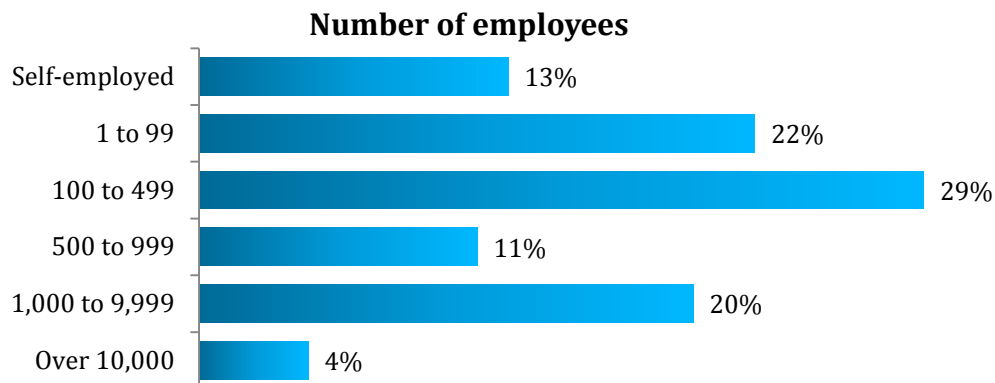
Note: Due to rounding some of the numbers in the report text do not total the same way as in the graphs.

## RESPONDENT PROFILE

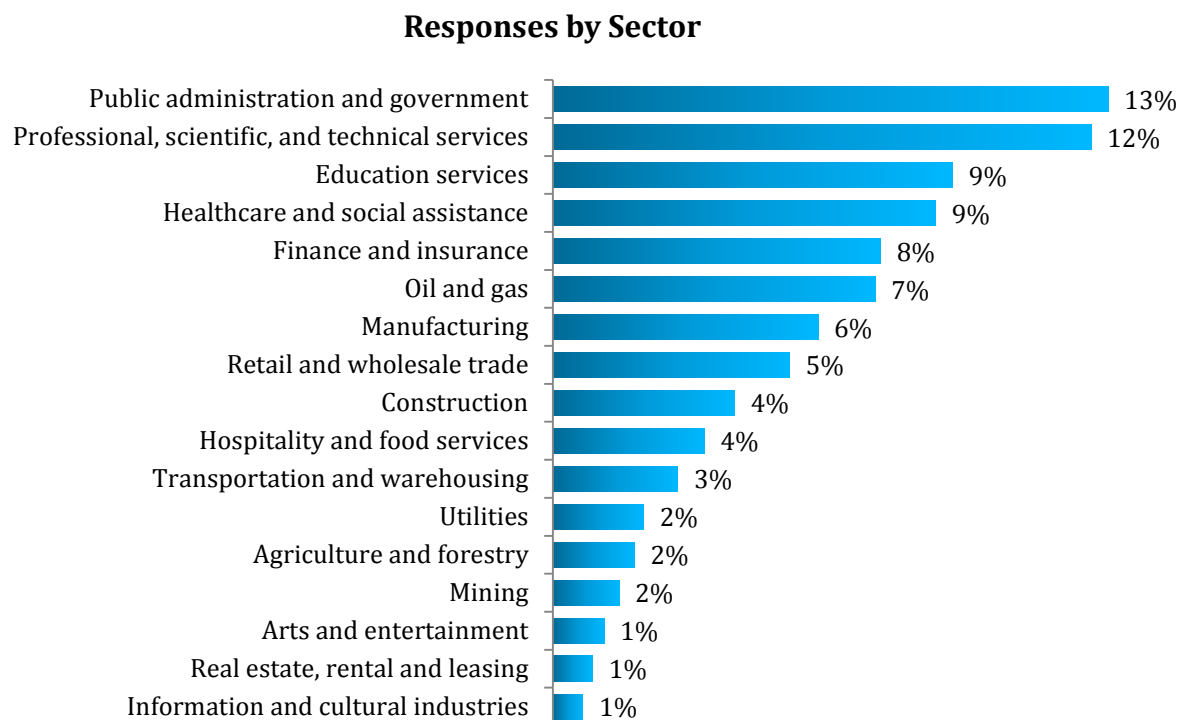
The respondents come from organizations of all sizes from sole-proprietors to multi-national corporations. The median number of employees in Western Canada per organization is 300 and the average number of employees is 2,382.



For the purposes 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.

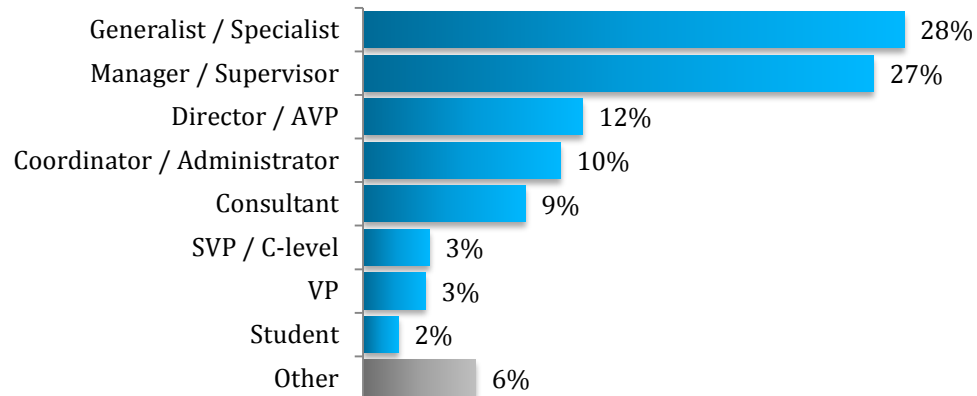


Respondents were also distributed across a wide range of sectors. Due to the sample size, only breakouts were provided for ten industry sectors.



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

### Distribution by Role



## FURTHER INFORMATION

For more information contact:

### **British Columbia and Yukon**

604.684.7228

[info@hrma.ca](mailto:info@hrma.ca)

[www.hrma.ca](http://www.hrma.ca)

### **Alberta**

403.209.2420

E: [info@hria.ca](mailto:info@hria.ca)

[www.hria.ca](http://www.hria.ca)

### **Saskatchewan**

306.522.0184

[regina@sahrp.ca](mailto:regina@sahrp.ca)

[www.sahrp.ca](http://www.sahrp.ca)

### **Manitoba**

204.943.2836

[hrmam@hrmam.org](mailto:hrmam@hrmam.org)

[www.hrmam.org](http://www.hrmam.org)

For media inquiries, contact:

Kari Whipple  
Manager, Marketing and Communications  
Phone: 403-671-3343  
Email: [kwhipple@hria.ca](mailto:kwhipple@hria.ca)

For inquiries regarding the survey and analysis, contact:

### *British Columbia and Yukon*

Rock Lefebvre  
Chief Regulatory Officer  
Human Resources Management Association  
Phone: 604-694-6946  
Email: [rlefebvre@hrma.ca](mailto:rlefebvre@hrma.ca)

### *Alberta*

Daniel Boucher  
Director, Regulatory Affairs & Research, and Registrar  
Human Resources Institute of Alberta  
Phone: 403-541-8714  
Email: [dboucher@hria.ca](mailto:dboucher@hria.ca)

### *Saskatchewan*

Nicole Norton Scott, CHRP  
Executive Director & Registrar  
Saskatchewan Association of Human Resource Professionals  
Phone: 306-522-0184  
Email: [nicole.nortonscott@sahrp.ca](mailto:nicole.nortonscott@sahrp.ca)



### *Manitoba*

Ron Gauthier

Chief Executive Officer & CHRP Registrar

Human Resource Management Association of Manitoba

Phone: 204-943-0884

Email: [rgauthier@hrmam.org](mailto:rgauthier@hrmam.org)

For inquiries regarding the methodology and survey tool, contact:

Hamish I. Marshall

Torch

Phone: 778-835-3715

Email: [hmarshall@torch.agency](mailto:hmarshall@torch.agency)

## **ABOUT THE ORGANIZATIONS**

### **Human Resources Management Association (BC and Yukon)**

Founded in 1942, HRMA has grown to include more than 5,500 members encompassing CEOs, VPs, directors of HR, HR generalists, HR advisors, consultants, educators, students and small-business owners in BC and the Yukon. We are all Human Resources. HRMA offers professional development and networking opportunities as well as resources for every stage of your career.

### **Human Resources Institute of Alberta**

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

### **Saskatchewan Association of Human Resource Professionals**

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

### **Human Resource Management Association of Manitoba**

Committed to the Human Resource profession, the Human Resource Management Association of Manitoba (HRMAM) is a vibrant association full of passion and vitality. With over 1,400 members, our membership is overflowing with a wealth of knowledge and resources.

Established in 1942, HRMAM is a network that links members, businesses, and the general public to important HR issues and trends that are occurring provincially, nationally, and globally.

