

Western Canada HR Trends Report Spring 2017

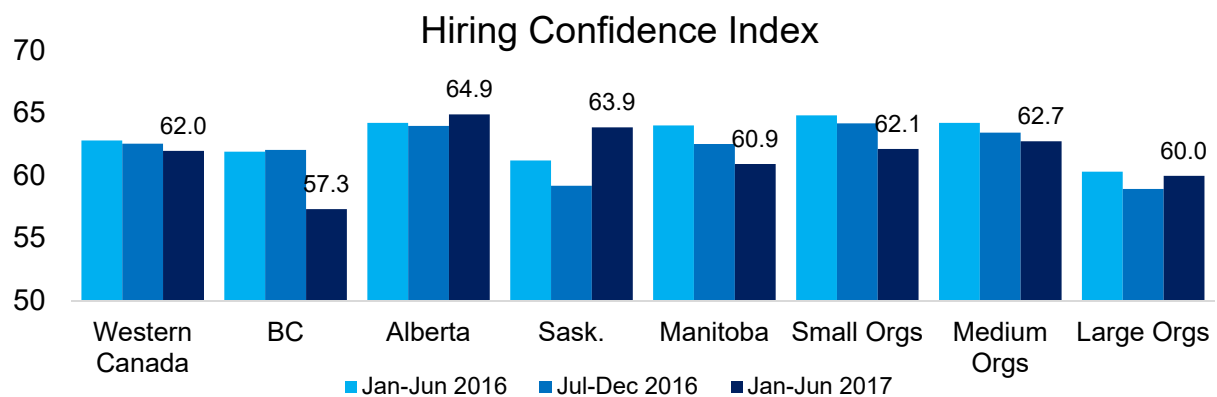
PURPOSE OF THIS REPORT

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 practitioners make better decisions and augment the quality of the advice that they provide to their stakeholders.

This report has been commissioned by The Chartered Professionals in Human Resources British Columbia and Yukon, , The Human Resources Institute of Alberta, the Chartered Professionals in Human Resources Saskatchewan and the Chartered Professionals in Human Resources 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. This is the third regional report in the series and trends are now beginning to emerge.

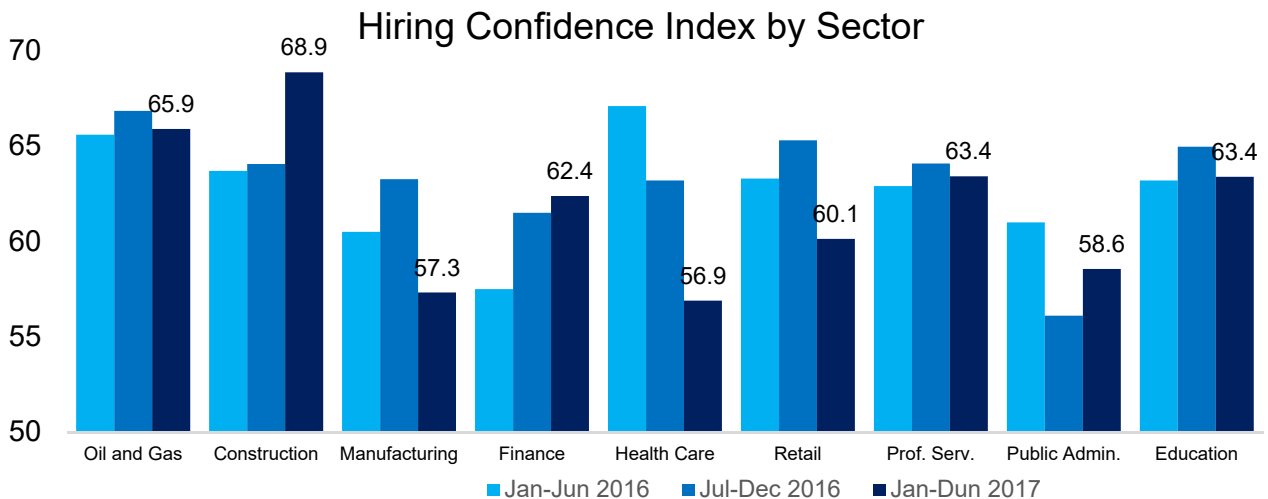
HIRING CONFIDENCE INDEX

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 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.



Overall, hiring confidence for the next six months (62.0) is down from the last report. BC and Manitoba saw drops in their hiring confidence levels, while there were increases in

Saskatchewan and Alberta. Medium-sized organizations (62.7) feel the most confident and large organizations the least confident (60.0) in their hiring capabilities over the next six months. Confidence increased among large organizations and dropped in organizations with less than 1,000 employees. The difference between the different organization sizes is now quite narrow.



After steady hiring confidence increases across the private sector over the last year, most sectors dropped in confidence in this report. The glaring exception is construction which not only had the biggest increase but now has the highest score of any sector. Finance and Public Administration also posted gains, while Oil & Gas, Manufacturing, Health Care, Retail, Professional Services and Education all dropped.

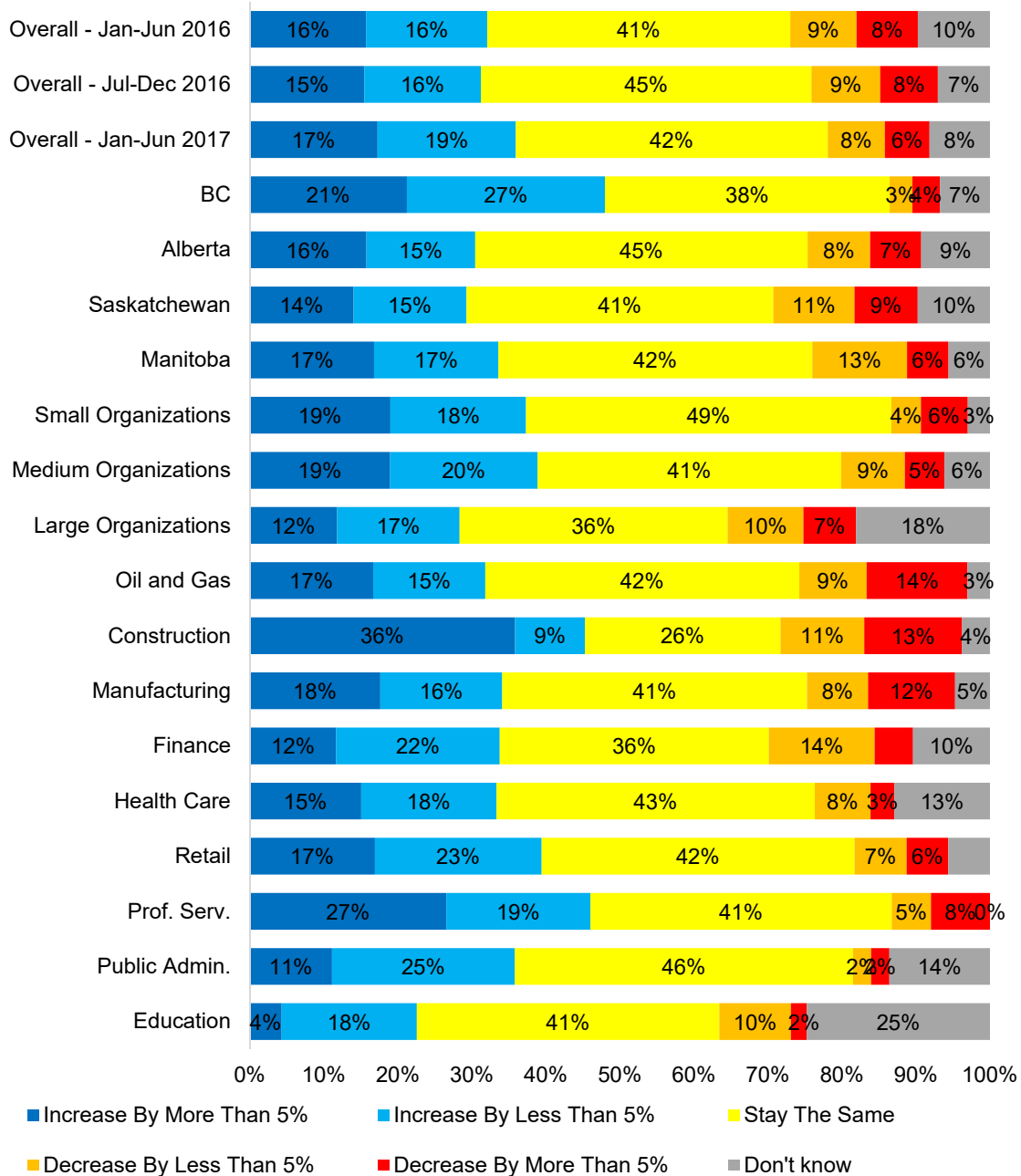
THE 6 MONTH OUTLOOK

Across Western Canada, 36% of organizations expect to see their number of employees grow in the next six months. This is an improvement from 31% in the last report. Only 14% expect to lose employees. BC is the most optimistic province by a significant margin, with nearly half (48%) expecting their organizations to grow, compared to the other provinces where that number is around 30%. None of the provinces saw significant shifts in opinion since the last report. Medium-sized organizations are the most optimistic and their optimism has grown since the last report. Large organizations are more pessimistic with more respondents saying they expect to shrink and almost 1/5 don't know what the next six months will hold.

The most optimistic sectors are Construction and Professional Services, both of which are significantly more likely to report an expectation of net hiring than last time. Public Administration, Retail and Finance are all more optimistic than in late 2016. While Oil & Gas and Manufacturing saw no significant changes, the broader public sector of Health Care and Education are more pessimistic than last year. In fact, only 22% of organizations in the

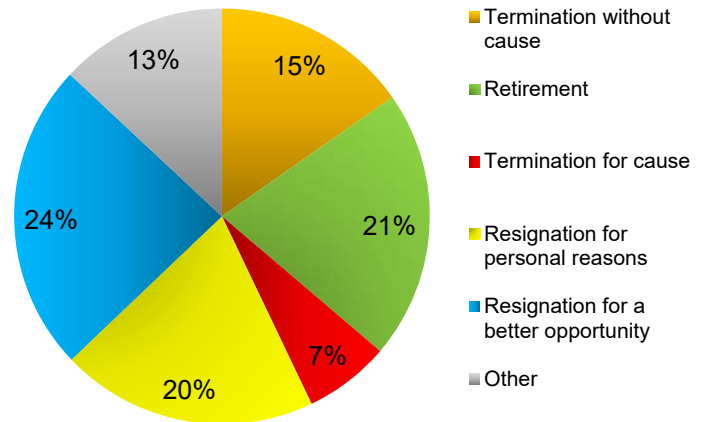
Education sector expect to see their headcounts grow in the next six months, the lowest number of all the sectors by a wide margin.

Expected Change in Employment



When asked what is the most commonly expected reason to lose staff over the next months, the most frequent answer was resignation for a better opportunity (24%). This is a good sign and implies a liquidity in the employment market. By contrast six months ago the most common answer was termination without cause, which was a bad sign. That reason has dropped from 24% to only 15%. While retirement, resignation for personal reasons and resignation for a better opportunity have all surged.

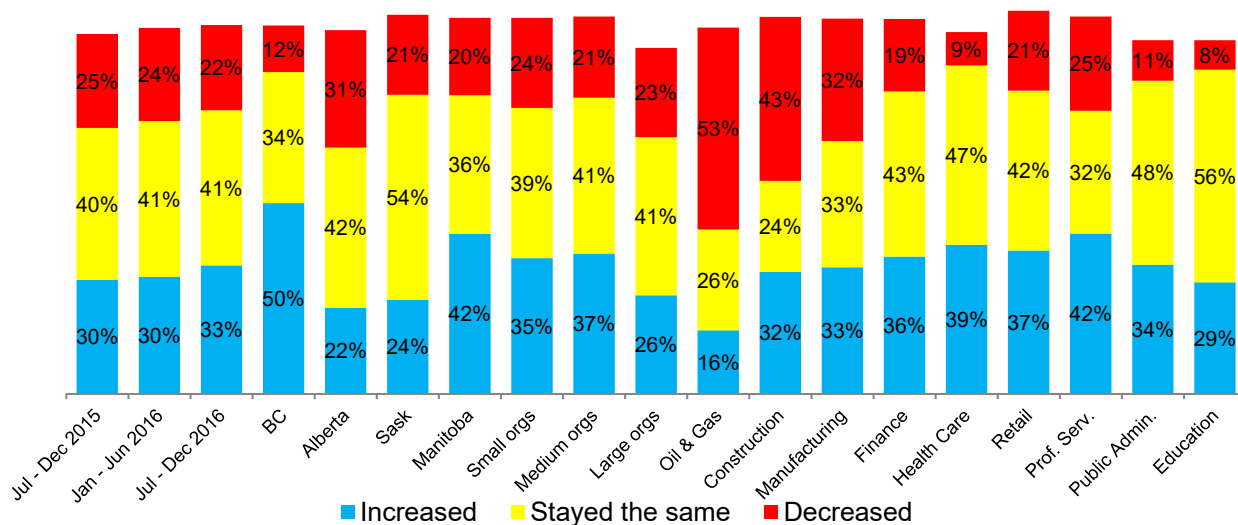
Expectation for the biggest reason to lose staff in the next six months



CURRENT TRENDS

In the last six months, a third of organizations (33%) report increasing the number of employees. This is a slight improvement from the last report. This increase was primarily driven by big jumps in BC (+6) and Manitoba (+10%). Growth was much slower in Saskatchewan with less than a quarter (24%) reporting an increase in employment and 54% (+4%) reporting no change at all. In Alberta, the proportion of organizations who gained employees actually declined (-1%), as did the number who lost employees.

Percentage reporting change in employment



Medium-sized organizations are the most likely to have hired more employees in the last six months, and even more likely than the six months before that. Large organizations saw much more sluggish growth with only 26% reporting gaining employees, and 23% shedding employees over the last half of 2016.

More than two-fifths of professional service organizations hired employees in the last six months (42%), a figure which was considerably higher than it was in the previous report (+12%). Other sectors with large numbers of growing firms are Health Care, Retail and Finance. None of the other sectors saw the proportion of growing firms change significantly. Two sectors saw a net loss in employment over the last six months - Oil and Gas where 53% of organizations shrank their headcount (though this is actually lower than the 69% for this sector in the last report) and Construction where 43% of firms shed jobs. Construction is more concerning as the trend is moving in the wrong direction: in the last report, only 38% of Construction organizations lost employees.

The pattern of exact numbers of employees and contractors joining and leaving organizations show increases in all categories. This is a reversal from the last report where small declines were posted. What is significant is that among both medium and large organizations an equal or greater net number of contractors were hired than employees. This shows that while there may be employment growth many people are being employed on a less permanent basis.

Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	5.9	32.8	119.5
Left in last six months	3.8	4.9	53.0
Net Employees	+2.1	+27.9	+66.5
Contractors			
Joined in last six months	5.0	32.0	112.5
Left in last six months	3.8	4.5	42.5
Net Contractors	+1.2	+27.5	+80.0



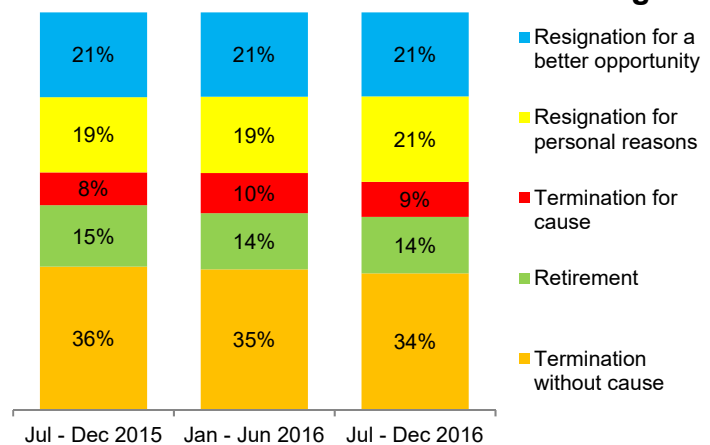
TERMINATION CAUSES

For a year now, the most common reason for employee departure has been *Termination without cause*. That said, it appears to be trending down over the last two reports, ever so slightly.

Most employee categories in Alberta and Saskatchewan are dominated by *Termination without cause*, while there are categories in Manitoba and particularly in British Columbia where resignation for personal reasons or for a better opportunity is more common.

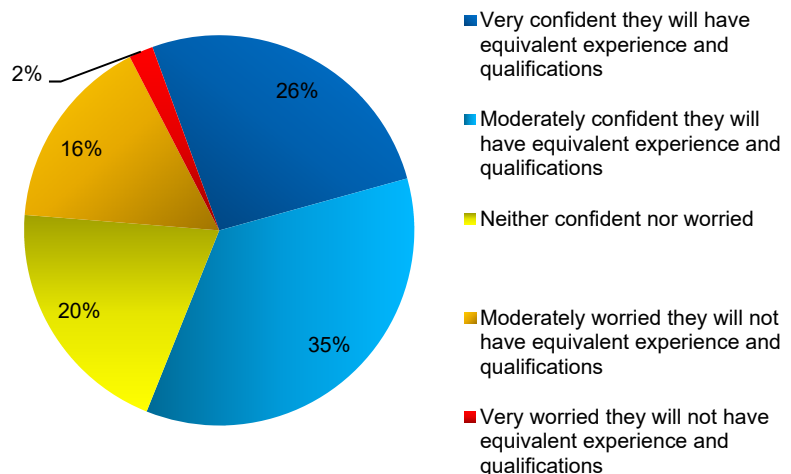
Category of Employee	Most Common Reason to Leave
Executives	Termination without Cause
Managers	Termination without Cause
Professionals (i.e. engineers, accountants, HR)	Termination without Cause
Technical Staff (i.e. designers, technicians)	Termination without Cause
Tradesperson or Journeypersons	Termination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

Most Common Reasons for Leaving



More than three in five (61%) of HR professionals are confident they can fill vacancies with workers that have equivalent experience and qualifications. Only 2% are very worried about finding qualified replacements. Those who are “very” confident have increased 5% since the last report. The areas with the most confidence are Alberta and Saskatchewan. Medium-sized businesses and those in the Oil & Gas and Construction sectors are also more likely to be confident they will be able to find replacement workers with equivalent experience and qualifications.

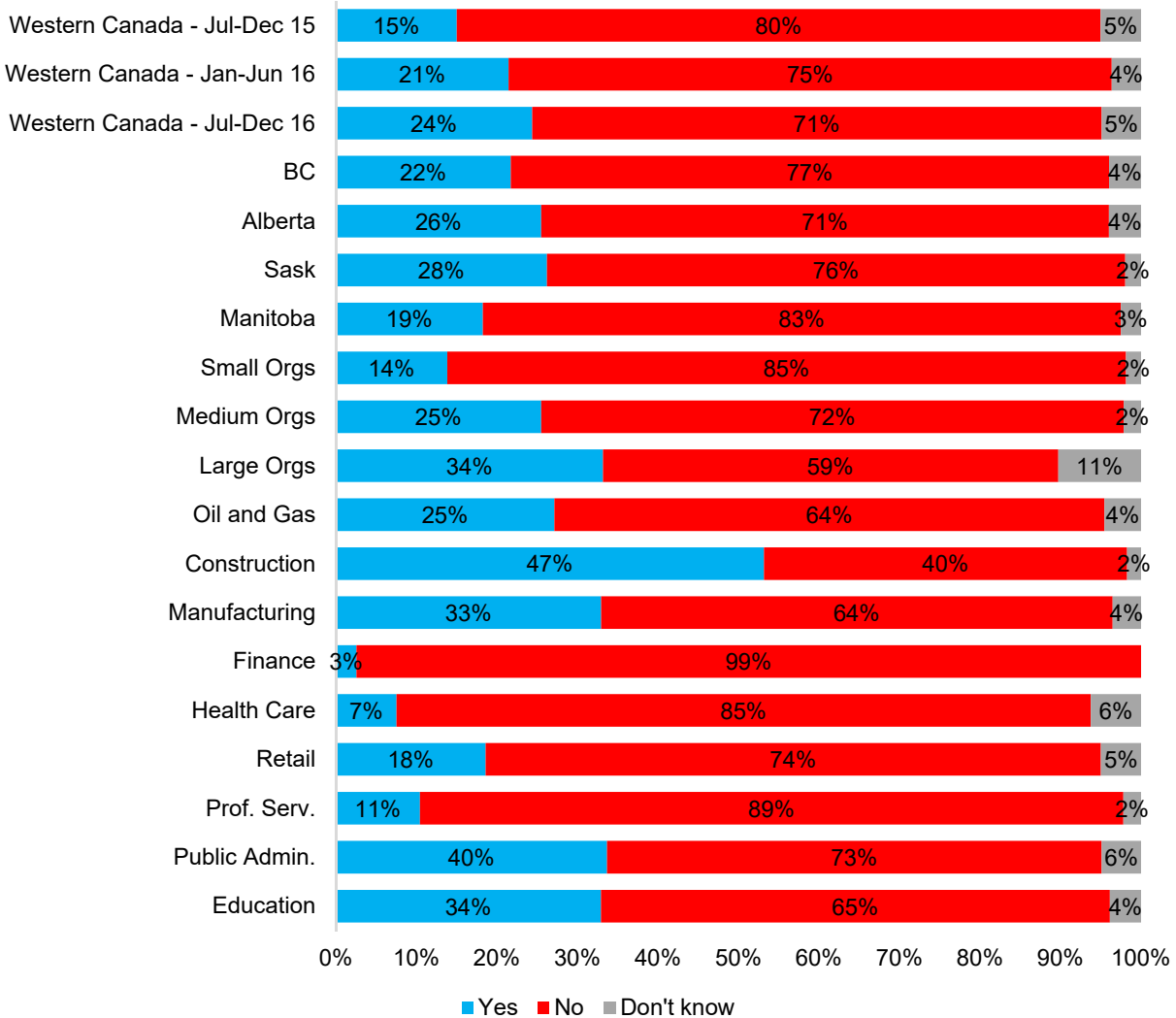
Confidence in replacing workers with equivalent experience and qualifications



TEMPORARY LAYOFFS

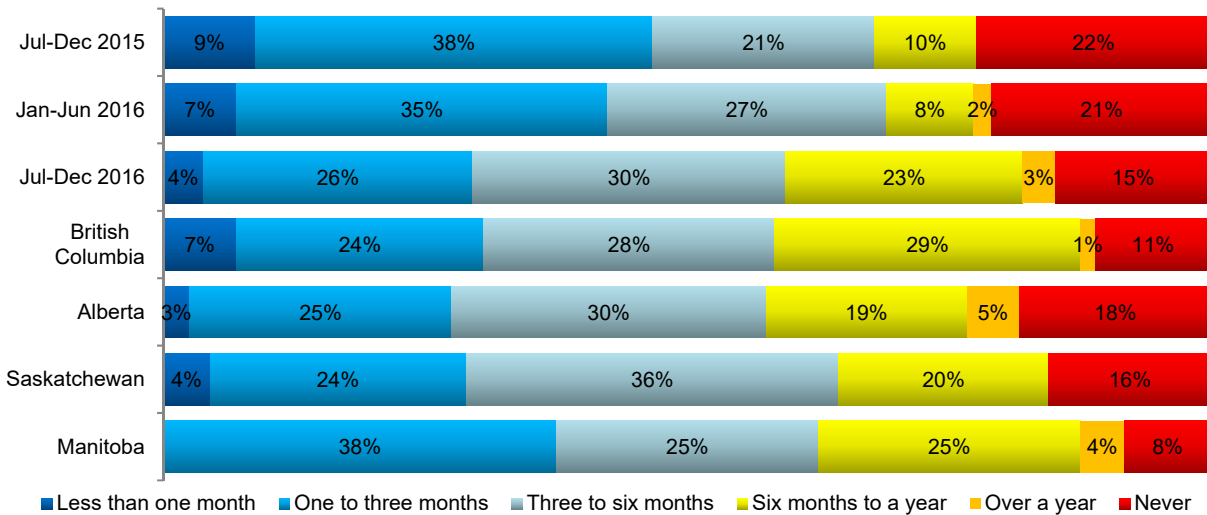
Across Western Canada, temporary layoffs are becoming increasingly popular. A quarter of organizations have used this practice in the last six months. A year ago, this figure was only 15%. The biggest jumps were in Saskatchewan (+6%) and Manitoba (+5%). The practice became more common among large organizations (+3%), but did not change significantly among small or medium-sized organizations. Temporary layoffs became significantly more common in the public sector (+18%), but less common in Construction (-11%) and Oil & Gas (-7%).

Have engaged in temporary layoffs in the last six months



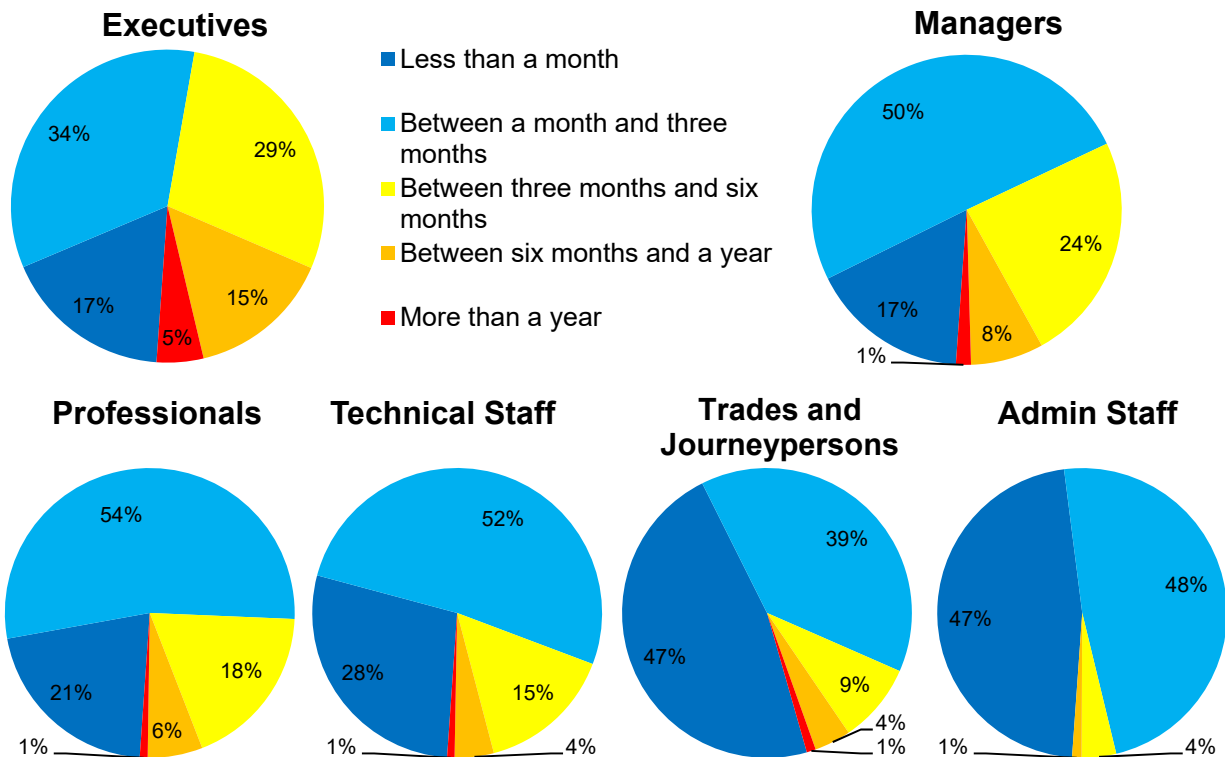
Call-back times for temporary layoffs are getting longer. In the last report it was found that 42% of temporary layoffs were called back within three months, that number has now dropped to only 30%. Alberta and Saskatchewan have the slowest call-back times, but Manitoba has seen the biggest shift in the last six months moving from 75% of workers coming back within three months, to only 38% in this report.

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



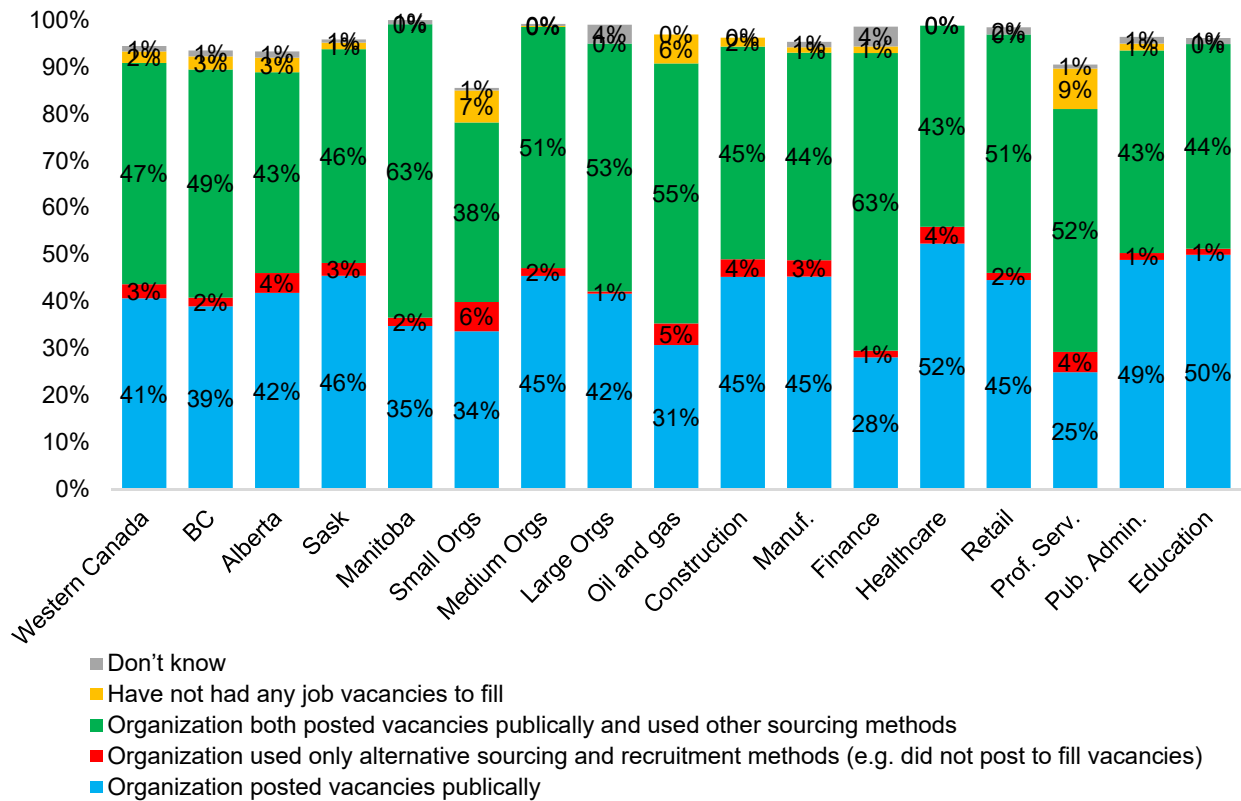
FILLING VACANCIES

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 during the last six months of 2016. About one in six executive and managerial positions were filled in less than a month – and 5% of executive jobs sat vacant for over a year (essentially unchanged from the last report). By contrast, half of administrative jobs were filled within a single month and 95% within three months. The only role to see a significant change from the last report is executives, who are now replaced more quickly.



In the last year, 47% of organizations in Western Canada have filled their vacancies by both posting job vacancies publicly and using other sourcing methods. Almost the same number (41%) relied on only publicly posting the job opening. Organizations in Saskatchewan, and in the public administration, healthcare and education sectors are more likely to rely on only publicly posting, and in some cases may be required to do by regulations or legislation. The use of only publicly posting is least common in the professional services sector, oil and gas sector and in BC. Overall public posting dominates as the most common way to fill vacancies, but many organizations supplement this with other methods.

How do you fill vacancies?



HR TEAM RATIO

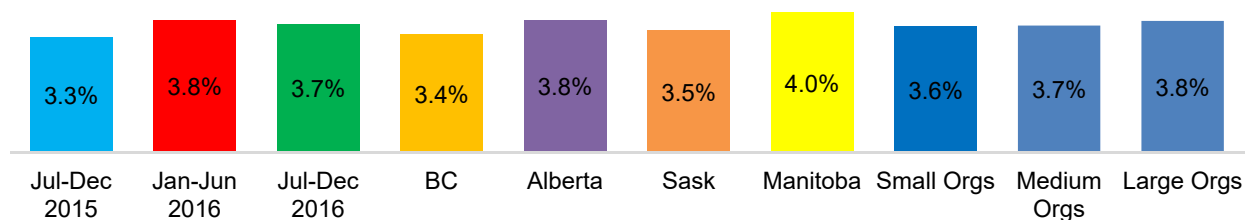
Respondents were asked to provide an approximate ratio of HR employees to overall employees in their organizations. The ratio is very dependent on the size of the organization, with small organizations having one HR person per 40 employees and large ones with a ratio of 175 to 1. Medium-sized organizations had an average ratio of 111 to 1. The HR team ratios of

small and medium-sized organizations do not vary significantly by province. The HR ratios in large organizations vary from a high of 192 in BC to 140 in Saskatchewan.

LEARNING AND DEVELOPMENT

On average, organizations are investing 3.7% of their total budget towards learning and development. This is essentially unchanged from the last report. Organizations in Alberta and Manitoba spend more on learning and development than those in BC and Saskatchewan. Large organizations dropped their budget allocation to learning and development from 4.3% down to 3.8%.

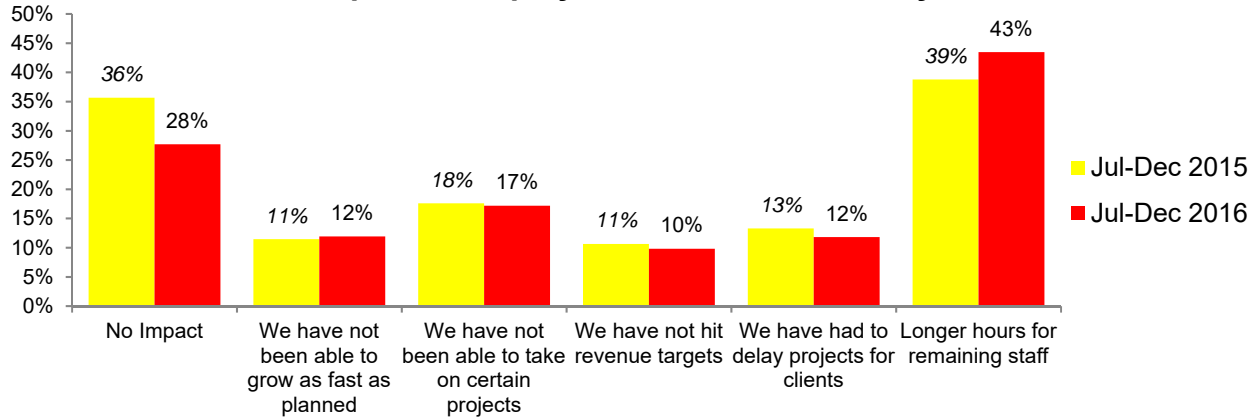
% of Budget Allocated to Learning and Development



TURNOVER COSTS AND RESPONSE

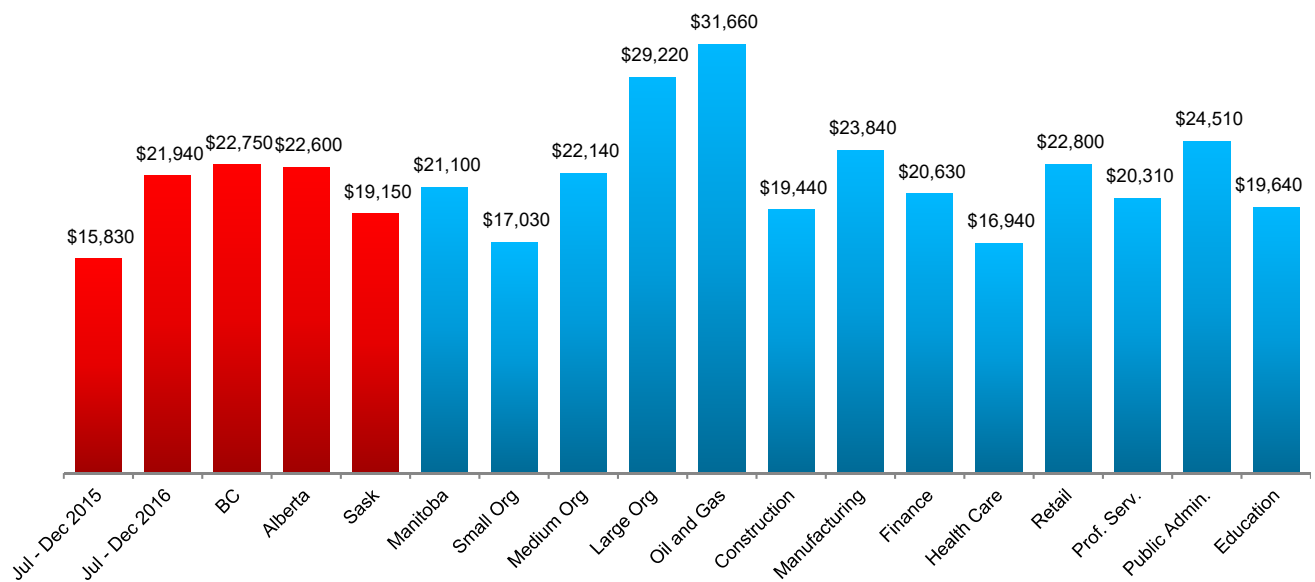
Just over a quarter (28%) of organizations in Western Canada reported that employee turnover had no impact on their operations. This has dropped from 36% a year ago. The most common impact from employee turnover experienced by organizations is longer hours for remaining staff (43%), which became a more common impact over the last year. An inability to take on certain projects was cited as an impact by 17% of organizations. Not being able to grow as fast as planned, missing revenue targets and delaying projects for clients have all impacted between 10% and 12% of organizations. The same pattern generally holds across the four provinces, but longer hours for remaining staff and not being able to grow as fast as planned are both more common to be reported by organizations in British Columbia.

Impact of employee turnover in the last year



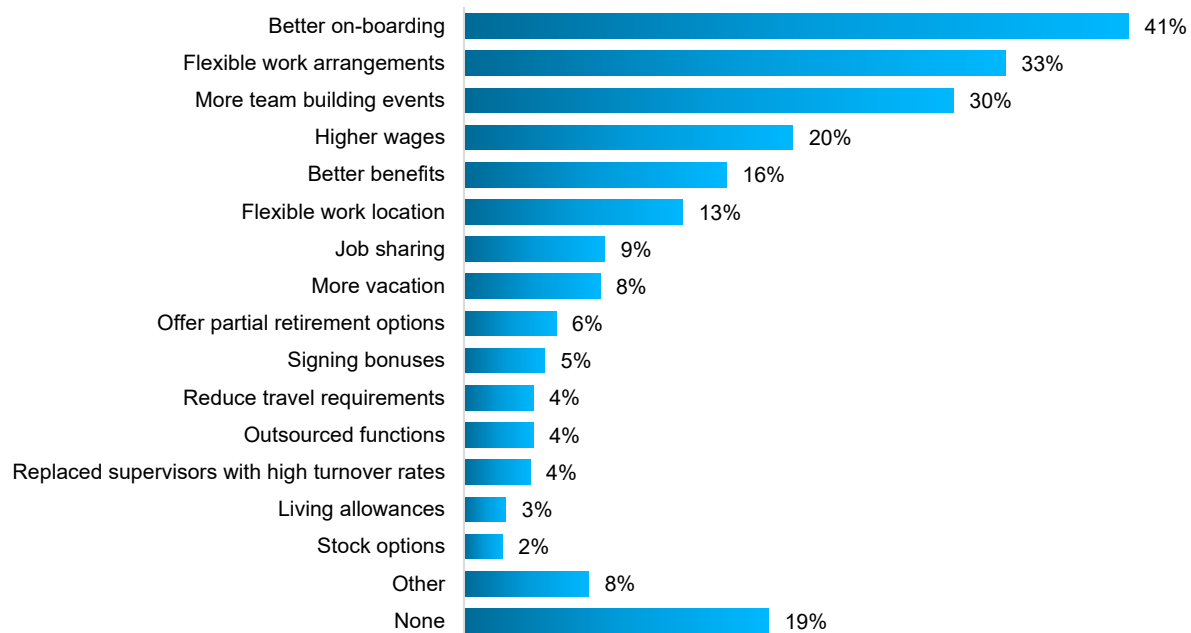
Employee turnover is expensive and becoming more so. Across Western Canada, the average cost of processing turnover of an employee has increased to just under \$22,000. This includes the time of the HR team, working with recruiters, the interview process and assorted regulatory requirements. The cost of processing a turnover is highest in BC (\$22,750) and Alberta (\$22,600) and among large organizations (\$29,220). It is also significantly above average in the Oil & Gas (\$31,660) and Public Administration sectors (\$24,510). A significant increase in the cost can be observed compared to a year ago across all sectors, organization sizes and provinces.

Estimated average total cost of processing an employee turnover



The most popular actions organizations reported taking to reduce turnover include better onboarding, flexible work arrangements and more team building events. The use of these most common actions have not changed in a meaningful way in the past year. Their use also does not vary significantly by province. It is very interesting that the most popular actions taken to reduce turnover are essentially non-monetary. Employers clearly believe that better processes when an employee is hired and listening to their employees' need for flexibility is more effective than higher wages or better benefits. The popularity of better onboarding, in particular, speaks to intelligent HR practices - that an employee who is set up to succeed at the start is far less likely to leave.

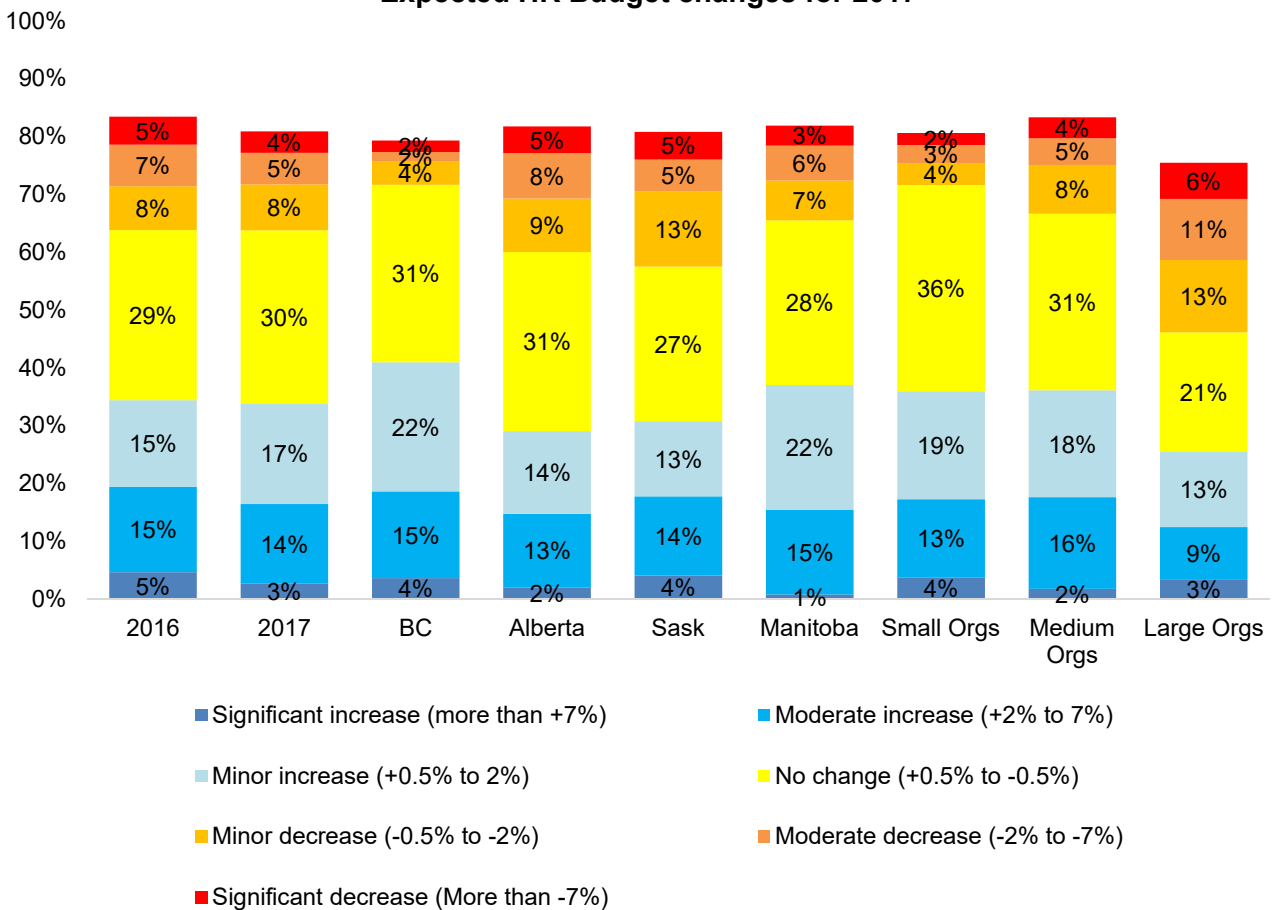
Actions taken to reduce turnover for any reason



HR BUDGET CHANGES

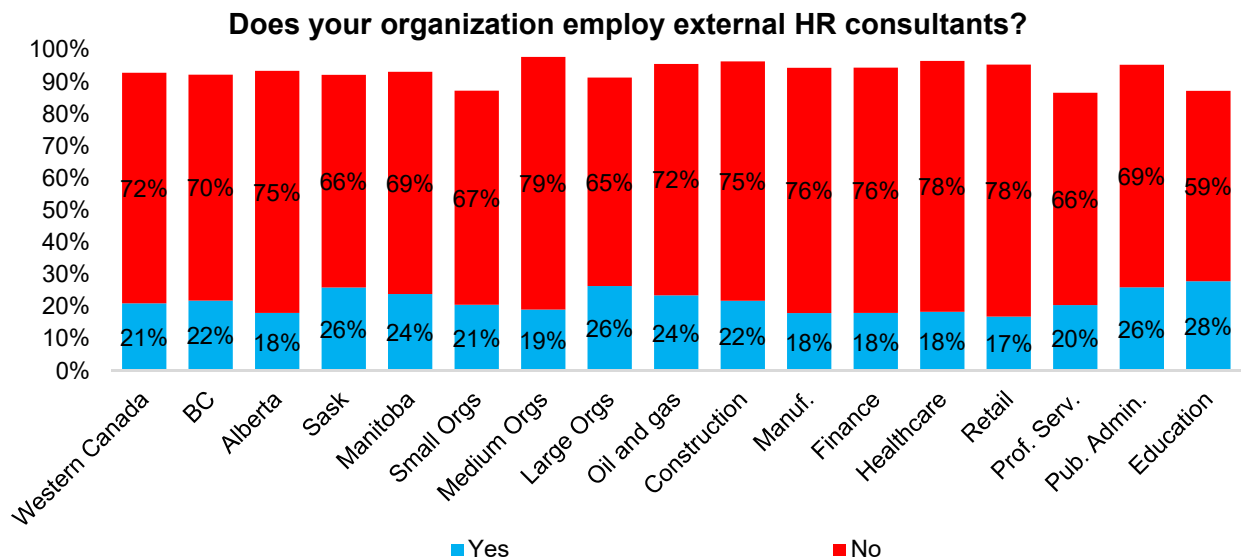
HR departments are generally optimistic across Western Canada about their HR budgets. 34% expect them to increase in 2017, while only 17% expect their budget to shrink. In BC and Manitoba organizations are more likely to expect increases in the HR budget, while the attitude is more pessimistic in Alberta and Saskatchewan. Saskatchewan has the highest percentage who expect their budgets to decrease (23%) while Alberta has the lowest percentage of those who expect the HR budget to grow (29%). The larger an organization becomes the more likely they are to expect a smaller HR budget compared to 2016. Among organizations with more than 1,000 employees, 30% expect a smaller budget, and only 25% expect a larger one at the end of the year. The overall pattern is broadly similar in all sectors, except Finance and Retail both of which expect significant HR budget growth.

Expected HR Budget changes for 2017



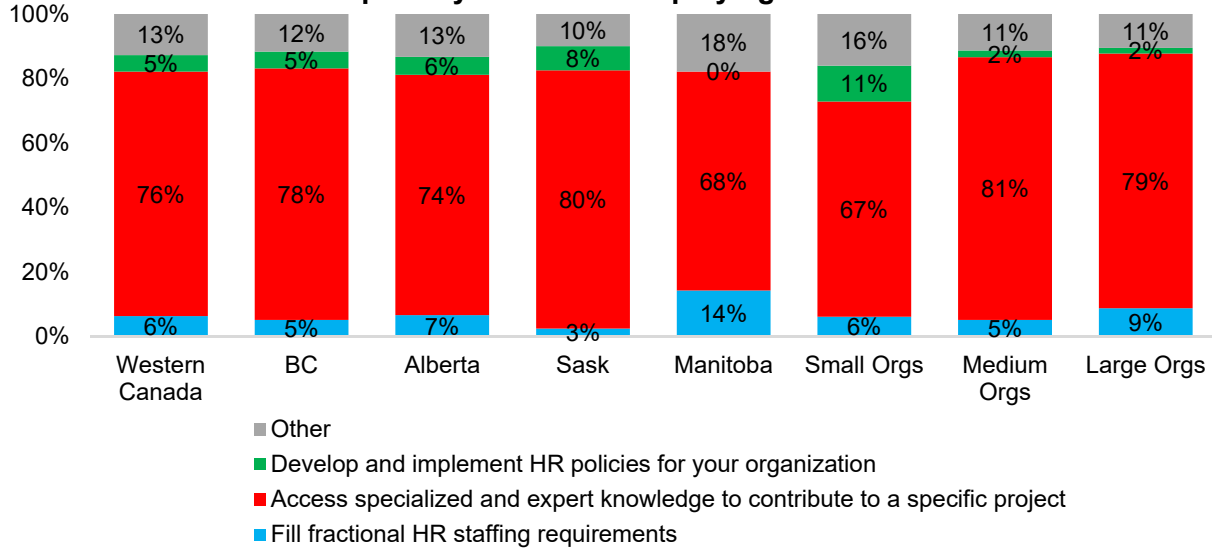
HR CONSULTANTS

Only 21% of organizations in Western Canada employ external HR consultants. They are more common in Saskatchewan and Manitoba, but less so in Alberta. Larger organizations are more likely to use external HR consultants (26%). External HR consultants are also more common in the oil and gas, public administration and education sectors.



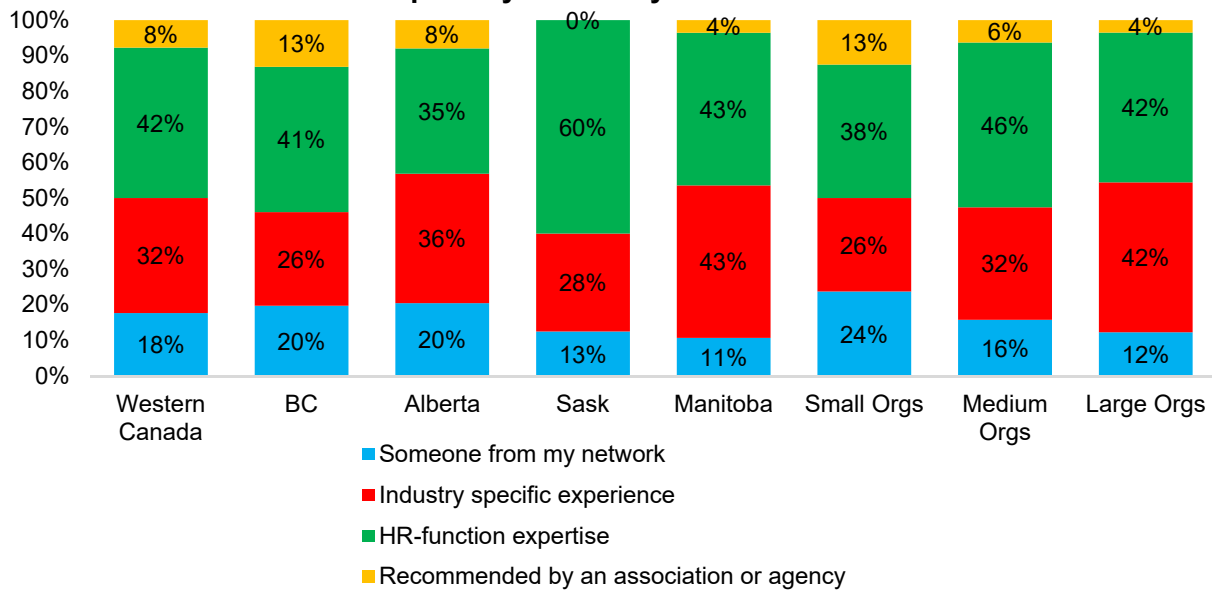
Among those organizations who use external HR consultants, the primary reason they were employed was to access specialized and expert knowledge to contribute to a specific project (76%). They were rarely used to fill fractional HR staffing requirements or develop and implement HR policies for the organization. That said, small organizations and those in Saskatchewan more likely to use an external HR consultant to develop HR policies, while large organizations and those in Manitoba are more likely to use them to cover fractional HR staffing needs.

What is the primary reason for employing an HR consultant?



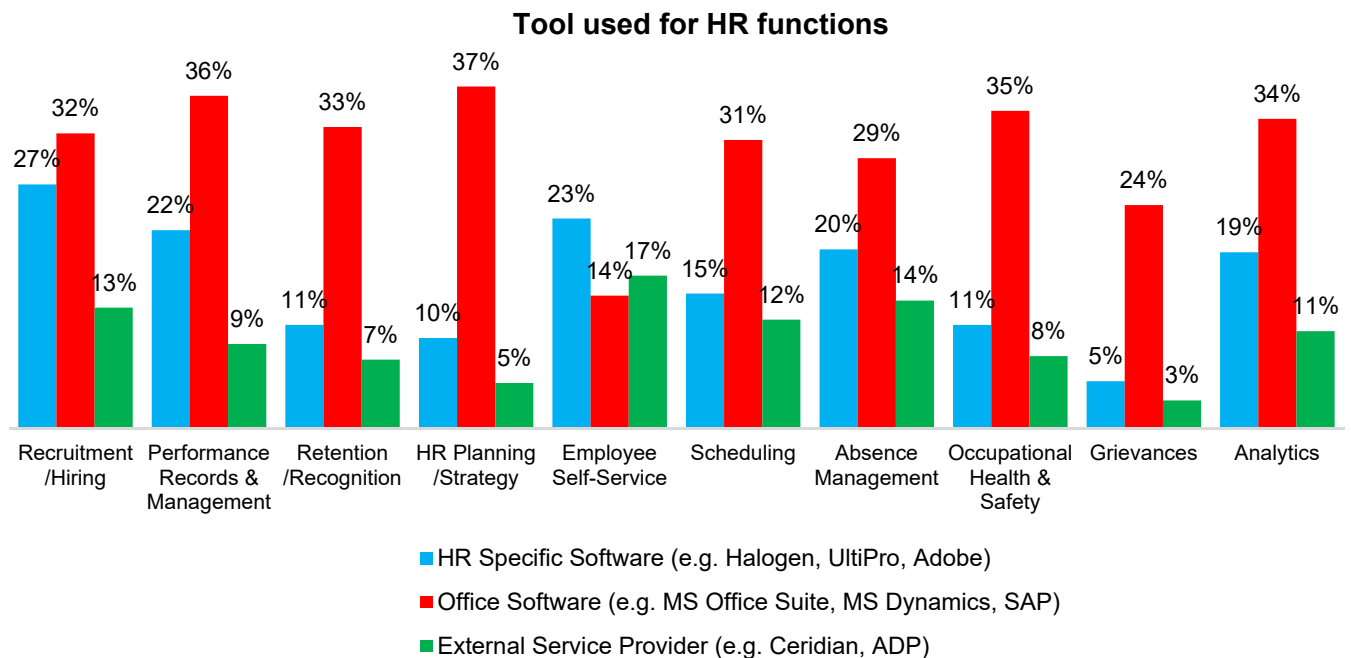
In Western Canada, the most common factors in choosing a consultant were their HR-function expertise (42%), followed by industry-specific expertise (32%), and someone from the respondent's network. HR-function expertise is more likely within medium-sized organizations and those based in Saskatchewan. Industry-specific experience is more often the primary factor in the choice of consultant in Manitoba, Alberta and within large organizations. Network referrals are more common within small organizations.

What was the primary factor in your choice of consultant?

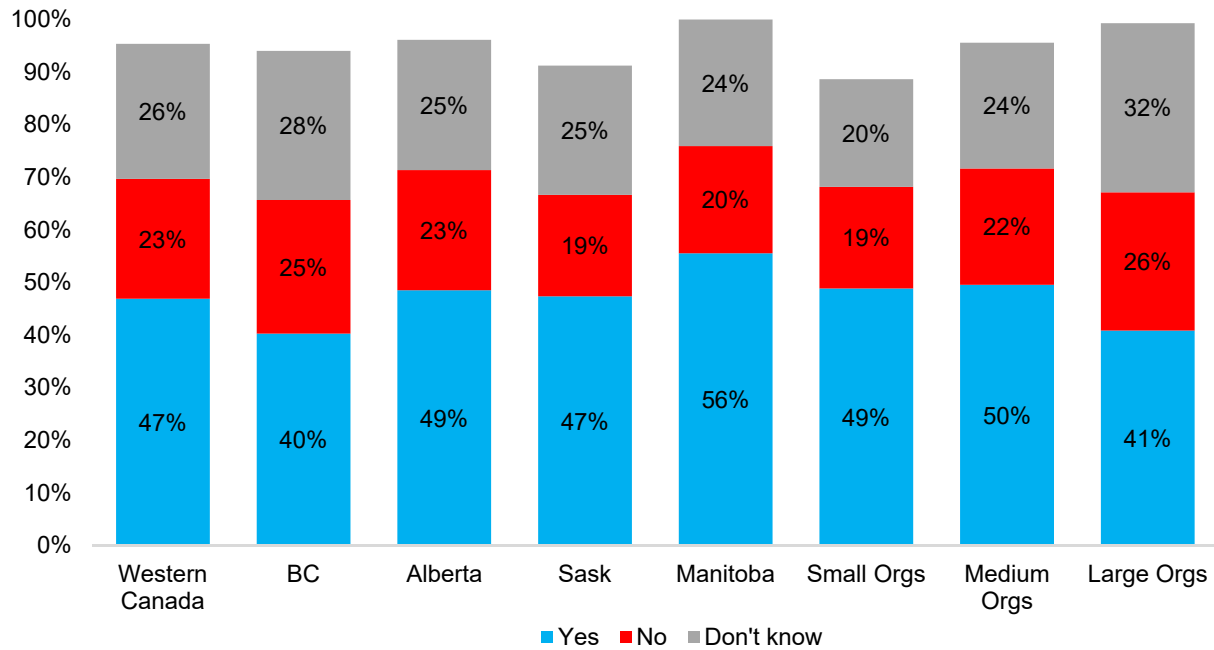


HR SOFTWARE AND ANALYTICS

HR specific software, like Halogen, UltiPro and Adobe, is not that commonly used across organizations in Western Canada. 27% report using it for recruitment or hiring, 23% for employee self-service, 22% for performance records & management and 20% for absence management. In contrast, office software like MS Office, MS Dynamics and SAP are most commonly used for nearly all tasks, even highly specialized HR tasks. External service providers like Ceridian and ADP are only used by a small minority of respondents, with the most common tasks being employee self-service (17%) and absence management (both 14%). With more generic office software being used for most HR tasks it shows there is room for significant growth in the use of HR specific software.

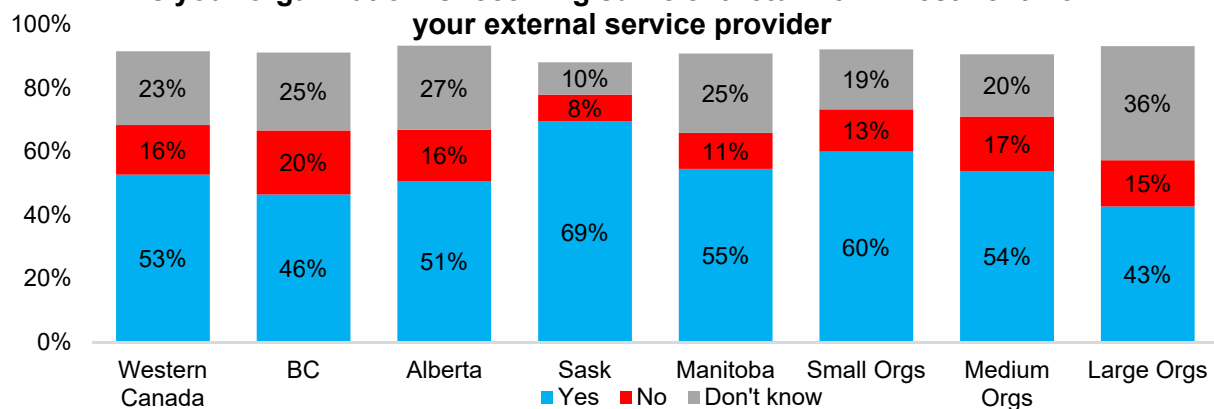


Is your organization is receiving sufficient return on investment from your HR specific software



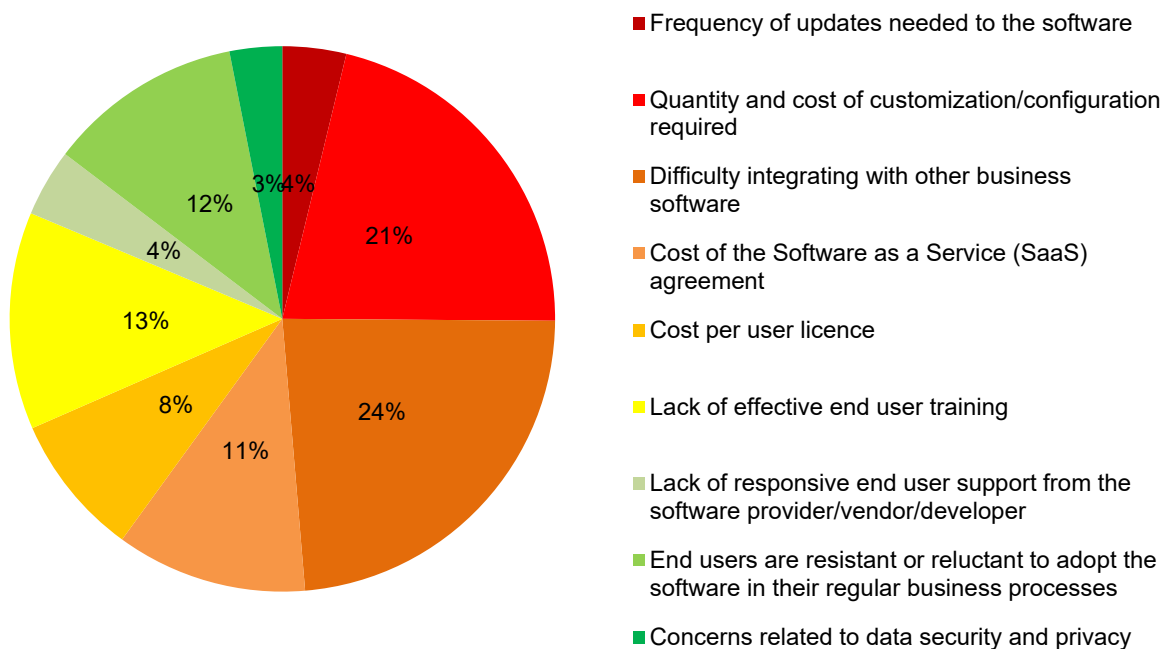
Even though only a minority of respondents use HR specific software, the satisfaction levels are significant. 47% of respondents say they are receiving a sufficient return on investment, while only 23% feel they are not. Satisfaction is higher in Manitoba and lower in BC and with large organizations. In comparison, slightly more respondents feel they are getting a sufficient return on investment from their external service provider (53%). Small organizations (60%) are more satisfied, and large organization are less likely to be (43%) and more likely to be unsure (36%). Satisfaction is also considerably higher in Saskatchewan (60%) and Manitoba (55%).

Is your organization is receiving sufficient return on investment from your external service provider



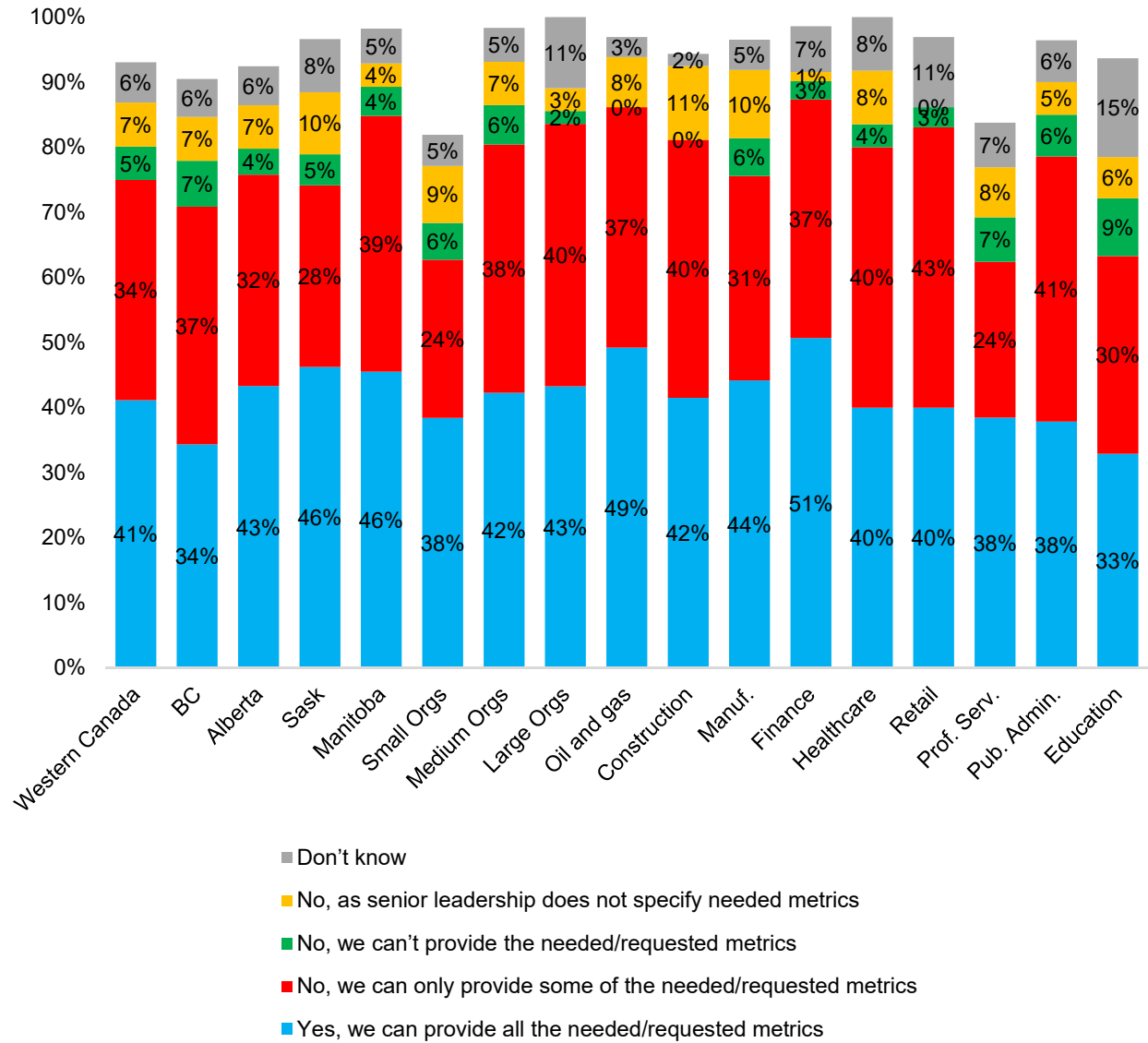
The most common barrier reported to effectively using their HR specific software is the difficulty of integrating with other business software followed by the quantity and cost of customization required. This makes sense particularly in large organizations, who are more likely to use more complex and custom business applications and which makes integration more complicated. Lack of end user training and end users who are resistant to adopt the software in their regular business processes are also significant, albeit less common, barriers.

What is your organization's biggest barrier to using effectively their HR specific software?

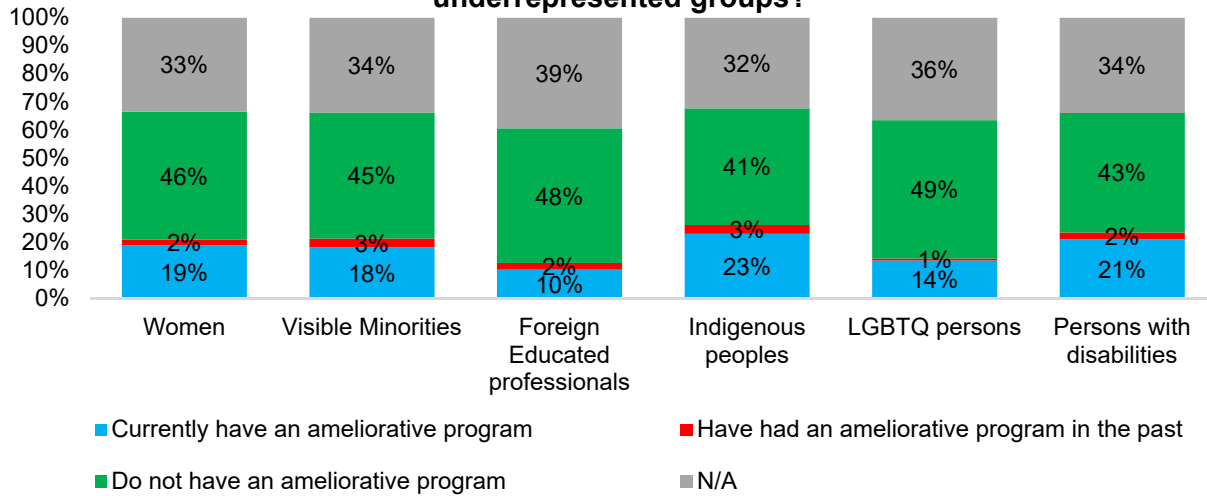


About two in five (41%) organizations can provide all the needed HR metrics to senior leadership. Almost as many (34%), can only provide some of the metrics needed. Impressively, only 5% report they cannot provide the metrics requested, a number which drops to only 2% in large organizations, and 0% in the Oil and Gas and Construction sectors. Large organizations and those in the finance and oil and gas sectors are more likely to be able to provide all of the metrics needed.

Can the HR team provide senior leadership all the HR metrics they need?

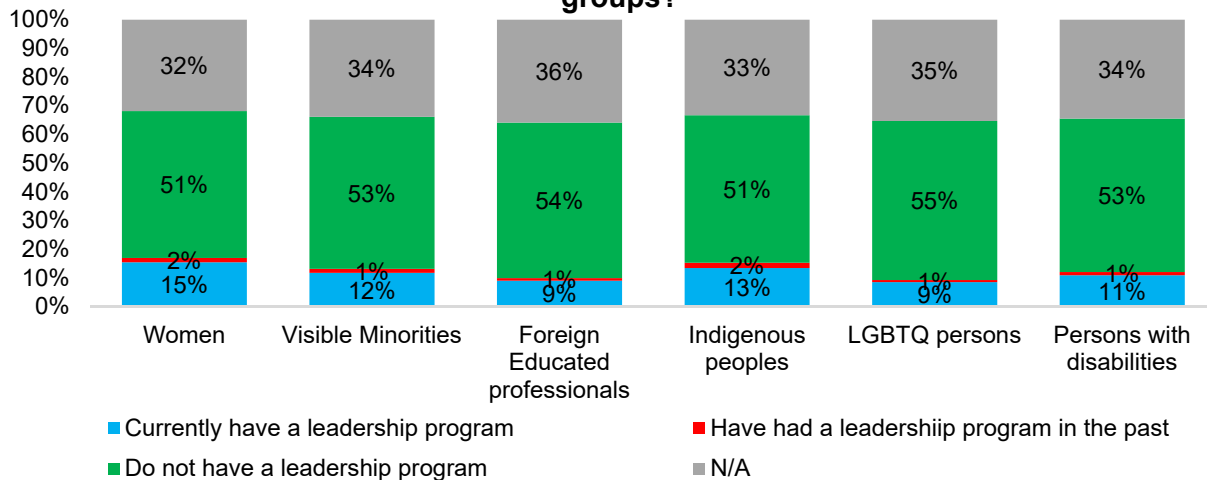


Do you have an ameliorative program for the following underrepresented groups?



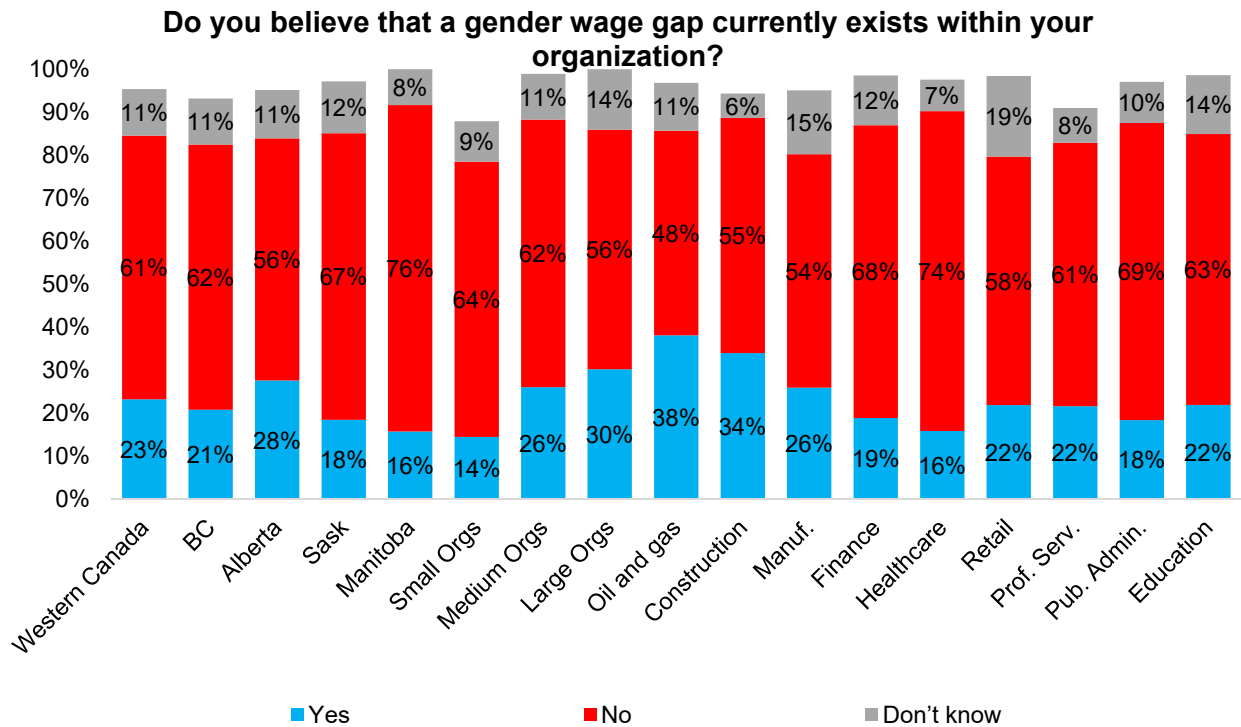
Ameliorative programs for underrepresented groups are not very common in Western Canada. No matter the group, at most 23% of organizations have an ameliorative program. The most common beneficiaries are indigenous peoples (23%), persons with disabilities (21%), and women (19%). Leadership programs for these same groups are even less common. 15% of organizations have a leadership program for women, and 13% have one for indigenous peoples, and only 12% have one for visible minorities. Programs for Indigenous peoples are more common in Manitoba and Saskatchewan.

Do you have a leadership program for the following underrepresented groups?



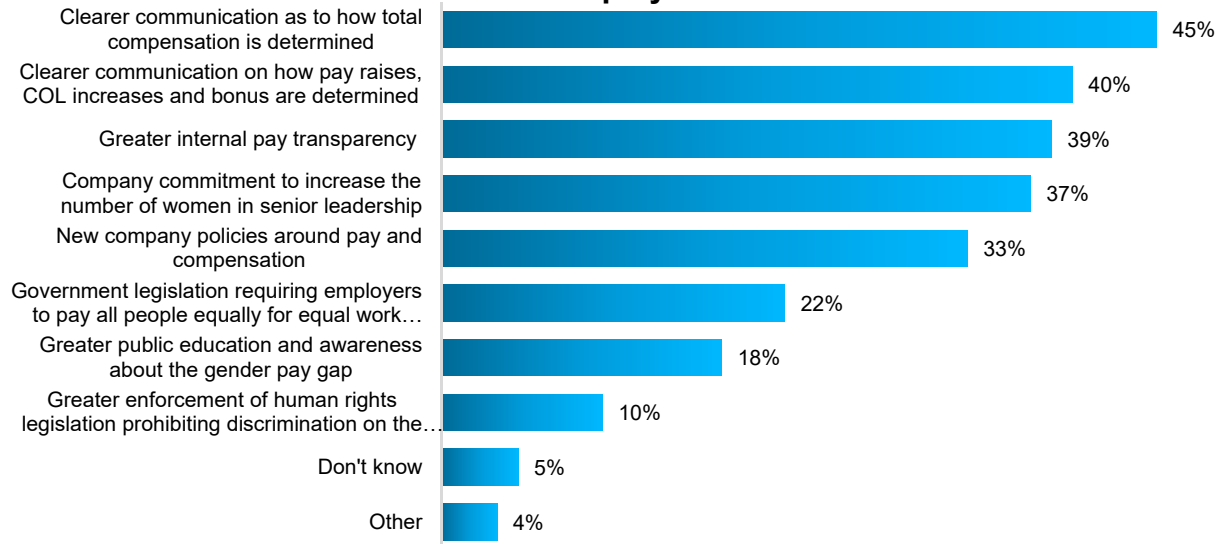
PAY EQUITY

23% of respondents believe their organization has a gender wage gap. This belief increases with the size of the organization. Organizations in Alberta are more likely to believe they have a gender wage gap (28%). The belief of the existence of a gender wage gap is higher in the oil and gas, construction and manufacturing sectors.

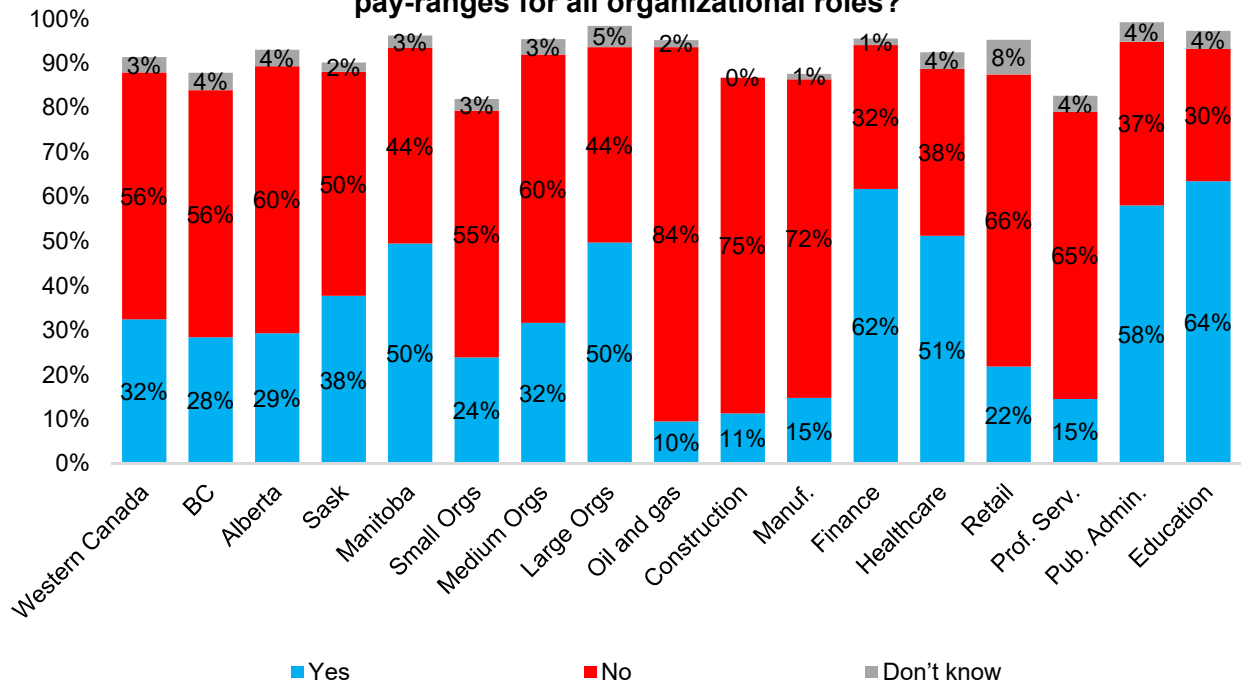


The top three (3) actions that respondents believe that can improve pay equity are all about communication. The most commonly recommended action - clearer communication on how overall compensation is determined (45%) and clearer communication on how raises, cost of living increase and bonuses are determined (40%), and greater internal pay transparency (39%) are all easily implemented, but requires organizations to get over the taboos of talking about compensation at a group level. It is also worth noting that 37% say that increasing the number of women in senior leadership positions will have a positive impact, as will new formal policies around pay and compensation.

Top 3 actions you believe that can be taken to improve pay equity

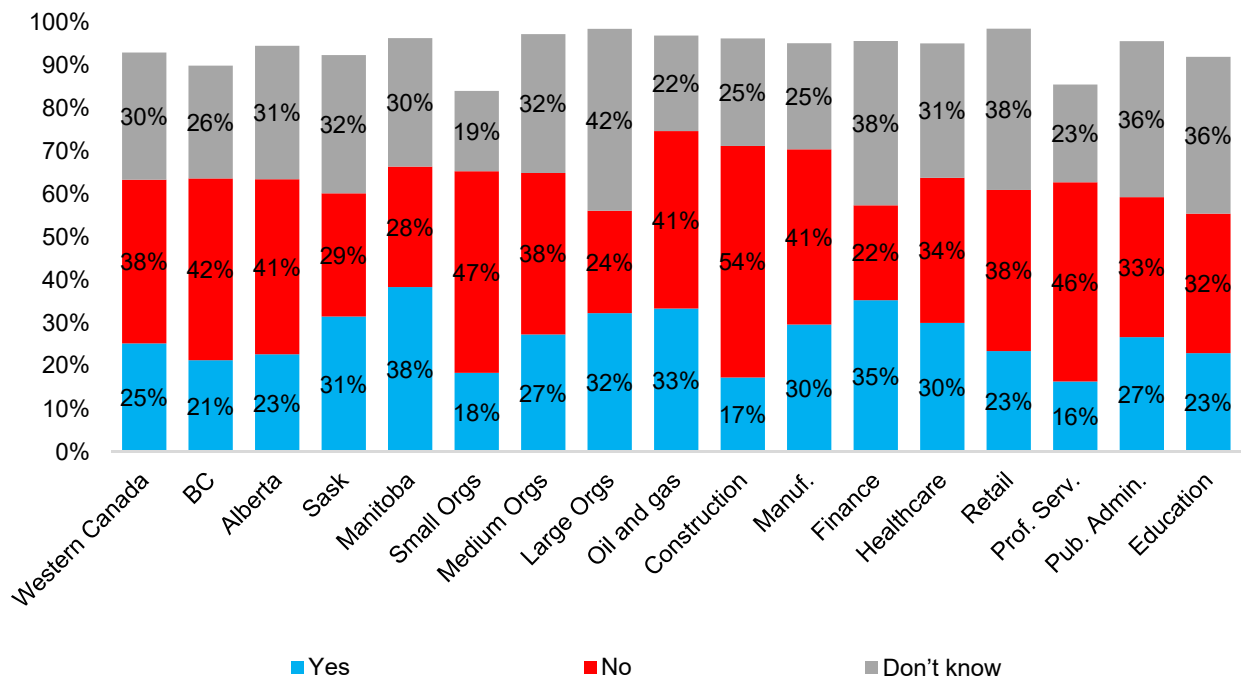


Does your organization internally make available to employees the pay-ranges for all organizational roles?



Speaking to the need for clearer communication, only 32% of organizations report making pay-bands/pay ranges for all organizational roles available to all employees. This practice is much more common among large organizations and those in the broader public sector, as well as in Manitoba and the finance industry. In the oil and gas and manufacturing industries only about one in ten organizations make pay-range information available to their employees. In the same vein, only a quarter of organizations have ever conducted a pay equity audit, which perhaps belies the large number of respondents who do not think their organization has a gender wage gap. Pay equity audits are more common among large organizations, organizations based in Manitoba or Saskatchewan and the finance, healthcare, manufacturing and oil and gas sectors.

Has your organization ever conducted a pay equity audit?



TRENDS IN HR

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

- Knowledge of new human rights legislation, including transgender rights and the impacts on the workplace
- Shortage of skills
- Immigration and the Temporary Foreign Worker
- Changes to labour laws
- Government funding cuts
- Difficulty in hiring indigenous workers
- Minimum wage levels
- Training issues
- Expensive salaries
- The low price of oil and delayed pipeline approvals
- The Alberta Carbon Tax
- The cost of living and lack of affordable housing, particularly in Vancouver
- The general economic slowdown in Alberta and Saskatchewan

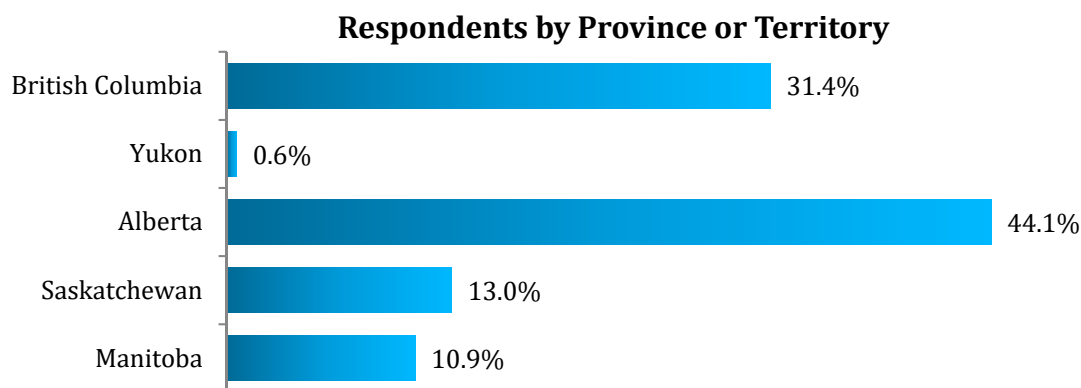


METHODOLOGY

This survey was conducted online between November 30 and December 22, 2016. 12,218 members of the CPHR BC & YK, HRIA, CPHR SK and CPHR MB were invited to participate via email communication. Of these, 1,939 completed sufficiently enough of the survey for their responses to be useable, a response rate of 15.9%. 987 respondents completed every question, representing a completion rate of 8.1%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/- 2.0% nineteen times out of twenty and +/- 3.0% nineteen times out of twenty. The data for the previous reports was collected in June 2016 and November and December 2015.

RESPONDENT PROFILE

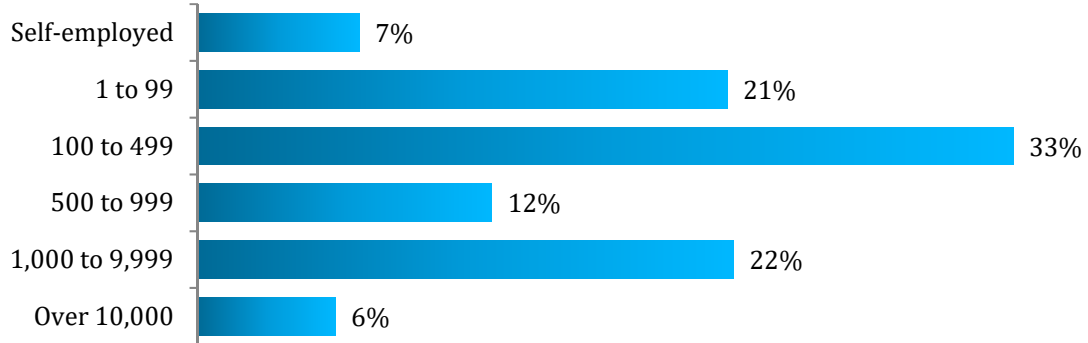
The respondents come from organizations of all sizes from sole proprietors to multinational corporations. The median number of employees in Western Canada per organization is 312, and the average number of employees is 2,977.



For the purposes of this report, small organizations 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.

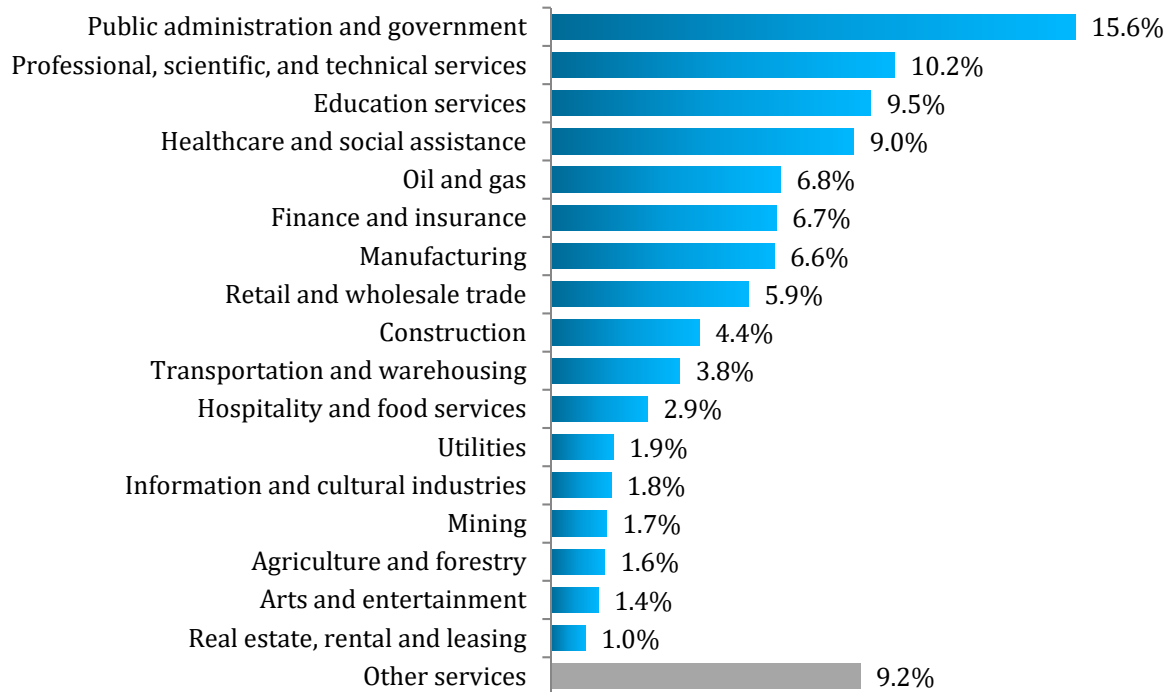


Number of employees



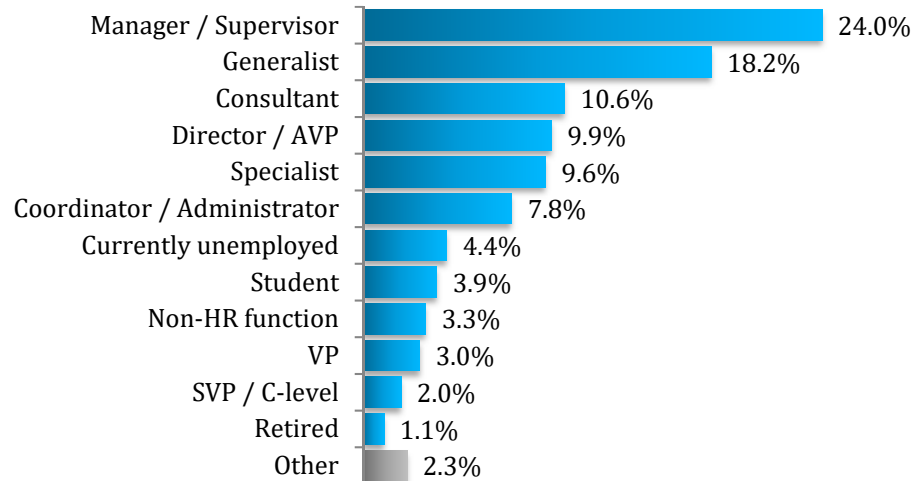
Due to the sample size, only breakouts were provided for nine industry sectors.

Responses by Sector



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

Distribution by Role



FURTHER INFORMATION

For more information contact:

British Columbia and Yukon

604.684.7228
info@cphrbc.ca
www.cphrbc.ca

Alberta

403.209.2420
E: info@hria.ca
www.hria.ca

Saskatchewan

306.522.0184
regina@cphrsk.ca
www.cphrsk.ca

Manitoba

204.943.2836
hello@cphrmb.ca
www.cphrmb.ca

For media inquiries, contact:

Geoffrey Person
Manager, Marketing
Human Resources Institute of Alberta
Phone: 403-541-8700
Email: gperson@hria.ca

For inquiries regarding the survey and analysis, contact:

British Columbia and Yukon

Anthony Ariganello
President & Chief Executive Officer
Chartered Professionals in Human Resources of British Columbia & Yukon
Phone: 604-694-6937
Email: aariganello@cphrbc.ca

Alberta

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

Saskatchewan

Nicole Norton Scott, CPHR
Executive Director & Registrar
Chartered Professionals in Human Resources Saskatchewan
Phone: 306-522-0184
Email: nicole.nortonscott@cphrsk.ca





Manitoba

Ron Gauthier

Chief Executive Officer & CPHR Registrar

Chartered Professionals in Human Resources of Manitoba

Phone: 204-943-0884

Email: ron@cphrmb.ca

For inquiries regarding the methodology and survey tool, contact:

Hamish I. Marshall

Torch

Phone: 778-835-3715

Email: hmarshall@torch.agency

ABOUT THE ORGANIZATIONS

Chartered Professionals in Human Resources of British Columbia & Yukon

Founded in 1942, CPHR BC & Yukon 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. CPHR BC & Yukon 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.

Chartered Professionals in Human Resource Saskatchewan

The Chartered Professionals in Human Resources (CPHR) Saskatchewan is the premiere professional association for human resource professionals. The association is the granting body of the Chartered Professional in Human Resources (CPHR) designation within the Province of Saskatchewan. CPHR Saskatchewan works to foster public confidence in the HR profession by acting in the public interest and promoting professional excellence.

Chartered Professionals in Human Resources of Manitoba

CPHR Manitoba is the exclusive certifying body in Manitoba for the nationally recognized Chartered Professional in Human Resources (CPHR) designation - the leading standard for HR professionals in Canada. The CPHR demonstrates HR expertise, experience and ethical management of today's human capital.

