

WESTERN CANADA HR TRENDS REPORT FALL 2018

TABLE OF CONTENTS

1. Labour Market Forecast	
a. Hiring Confidence Index	2
b. The 6 Month Outlook	3
2. Labour Market Statistics	
a. Current Trends	6
b. Termination Causes	7
c. Temporary Layoffs	8
d. Filling Vacancies	11
e. HR Team Ratio	12
3. Compensation and Benefits	
a. Compensation Philosophy	12
b. Salaries and Benefits	13
c. Learning and Development Budgets	14
4. Employee Engagement	15
5. Politics, Harassment and Substance Abuse	
a. Politics	18
b. #MeToo	19
c. Drugs and Alcohol	21
6. Trends in HR	22
7. Survey Methodology and Respondent Profile	
a. Methodology	23
b. Respondent Profile	23
8. Contact Information	26
a. About the organizations	27

PURPOSE OF THIS REPORT

This report serves as a reference tool for HR professionals and departments across Western Canada to make better-informed decisions using up-to-date workplace information. Taken in concert with best practices, the right labour market information can help human resources decision makers improve the advice that they provide.

CPHR British Columbia and Yukon, CPHR Alberta, CPHR Saskatchewan and CPHR Manitoba have commissioned this report to supplement other sources of labour information available to their members and to provide benchmarks that can help human resources professionals make better decisions. This is the sixth report in the series.

LABOUR MARKET FORECAST

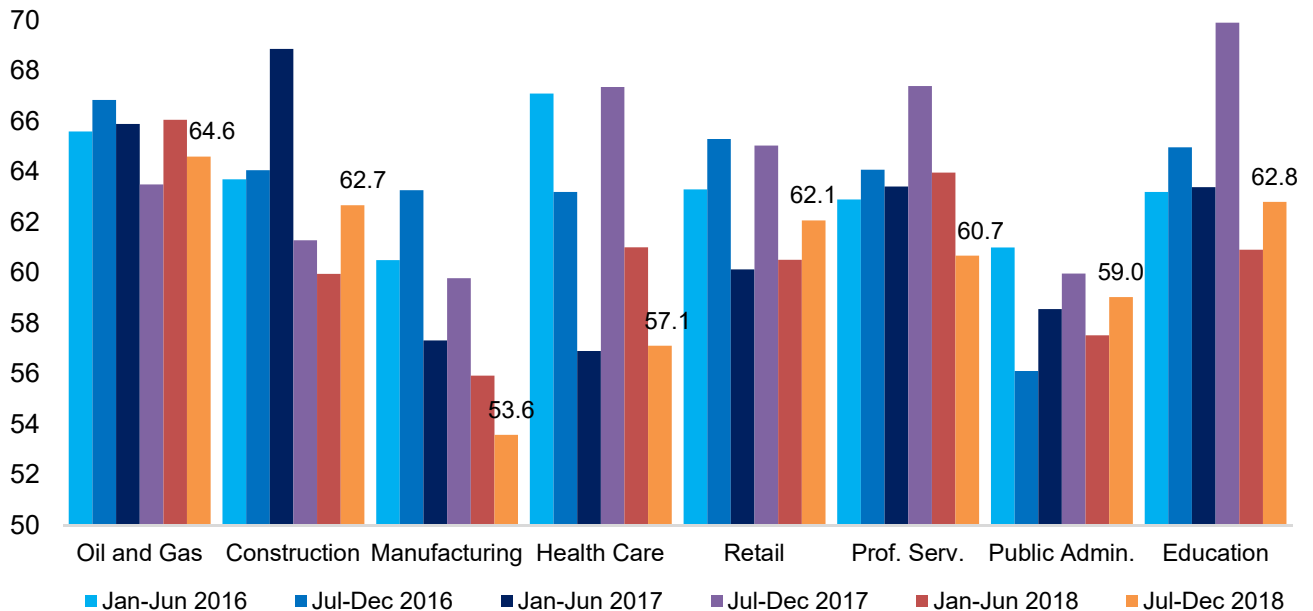
HIRING CONFIDENCE INDEX

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.



Hiring confidence across Western Canada is down again. This is the same trend we have seen since the first report, three years ago. The drop is driven by significantly less hiring confidence in BC and Saskatchewan. Manitoba bucked the trend and actually saw hiring confidence increase.

Hiring Confidence Index by Sector



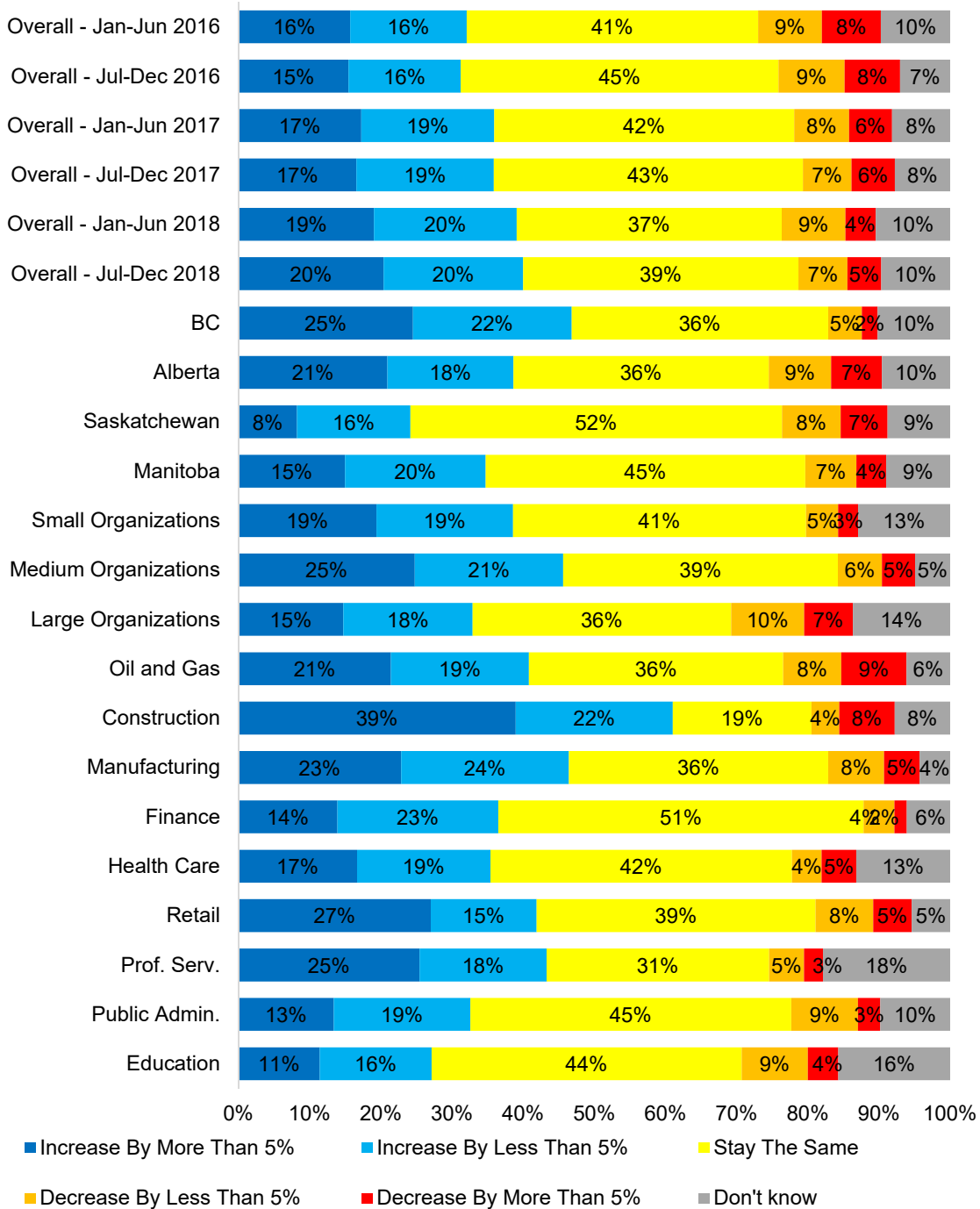
Construction, retail, public administration and government, and education all saw higher HCI scores than in the previous report. Oil and Gas, Manufacturing, Health Care and Professional Services all saw a drop. Hiring confidence in the Manufacturing sector is now at a very low level.

THE 6 MONTH OUTLOOK

Two in five (40%) organizations across Western Canada expect their headcount to grow in the second half of 2018. This is the highest number found for the region over six reports. Only 12% expect to net lose staff. The biggest expectations of growth come from British Columbia while Alberta and Manitoba expect growth at around the same level as Western Canada as a whole. The biggest outlier is Saskatchewan, where only 24% of organizations expect to see their headcount increase in the next half year. Medium-sized organizations and those in the Construction, Manufacturing, Retail and Professional Services sectors are the most likely to expect to grow their number of employees. Large organizations and the Oil and Gas sector are most likely to report expectations of losses of employees.



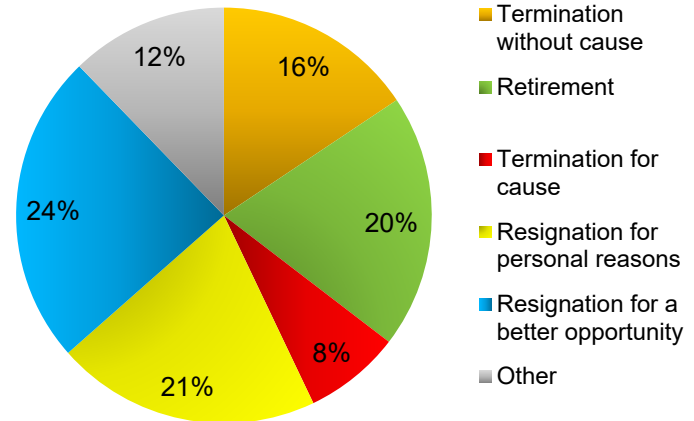
Expected Change in Employment



The most common reason to expect to lose staff in the next six months is *Resignation for a better opportunity* (24%). This is a sign of a strong economy and health labour market, because people see better opportunities on offer and employers can still afford to hire them. The next most common reasons are *Resignation for personal reasons* and *Retirement*.

Organizations report that on average they planned for changes in their workforce 5.5 months in advance. The larger the organization the more likely they were to plan further in advance. Thus respondents with fewer than 100 employees plan an average of 4.4 months (one week more than last time) in advance while those with more than 1,000 staff begin planning on average 6.8 months in advance (two weeks less than last time). Organizations in BC (5.8 months) and Saskatchewan (5.9 months) plan further in advance than those in Alberta and Manitoba (5.2 and 5.0 respectively).

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

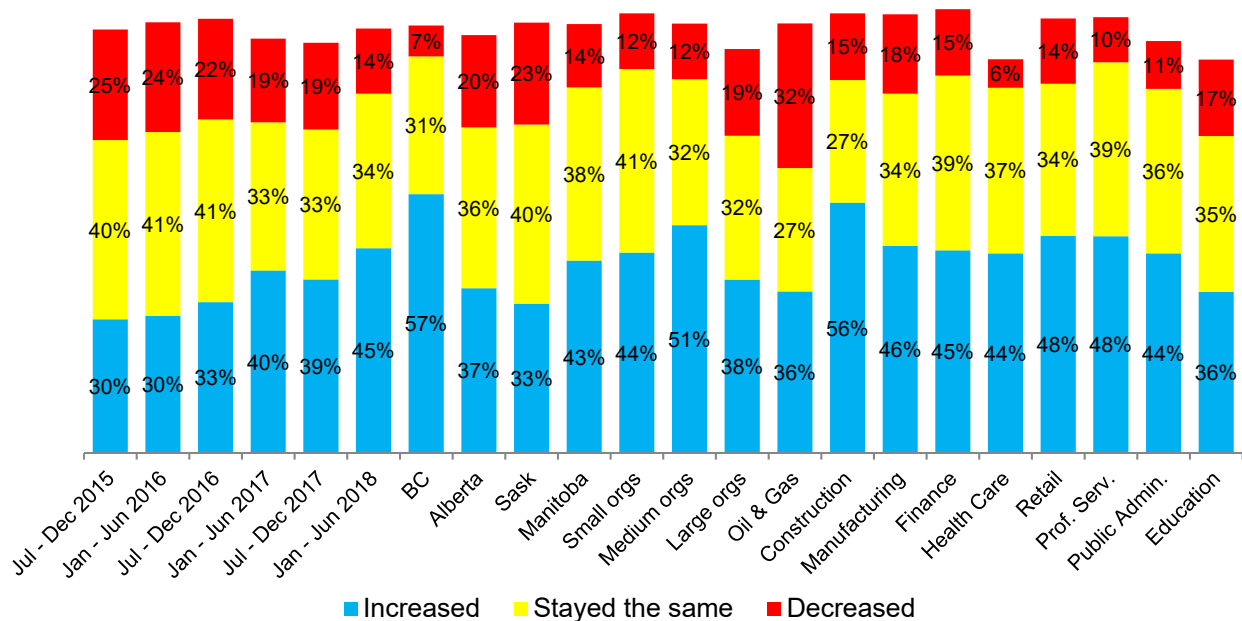


LABOUR MARKET STATISTICS

CURRENT TRENDS

The percentage of organizations reporting a net increase in employment across Western Canada has never been higher (45%). This is driven by high numbers reported in British Columbia (57%), medium-sized organizations (51%) and in the Construction (56%), Retail (48%) and Professional Services sectors (48%). Saskatchewan posted the worst numbers with only 33% reporting an increase in headcount and 23% reporting a decrease. The Oil and Gas industry across Western Canada is also finely balance with 36% reporting an increase and 32% shrinking their workforce in the last six months.

Percentage reporting change in employment



Both small and medium-sized organizations saw net increases in the average number of employees and contractors. Large organizations who have reported less growth than their smaller counterparts actually saw a drop in the net average number of employees in the last six months. However, this was almost entirely made up for by an increase in the average number of contractors. Many companies move people from being employees to contractors to lower costs in terms of taxes and benefits.

Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	6.5	27.9	70.0
Left in last six months	5.3	26.9	94.4
Net Employees	+1.2	+1.0	-24.4
Contractors			
Joined in last six months	3.3	16.5	55.4
Left in last six months	1.9	10.7	37.0
Net Contractors	+1.4	+5.8	+18.4

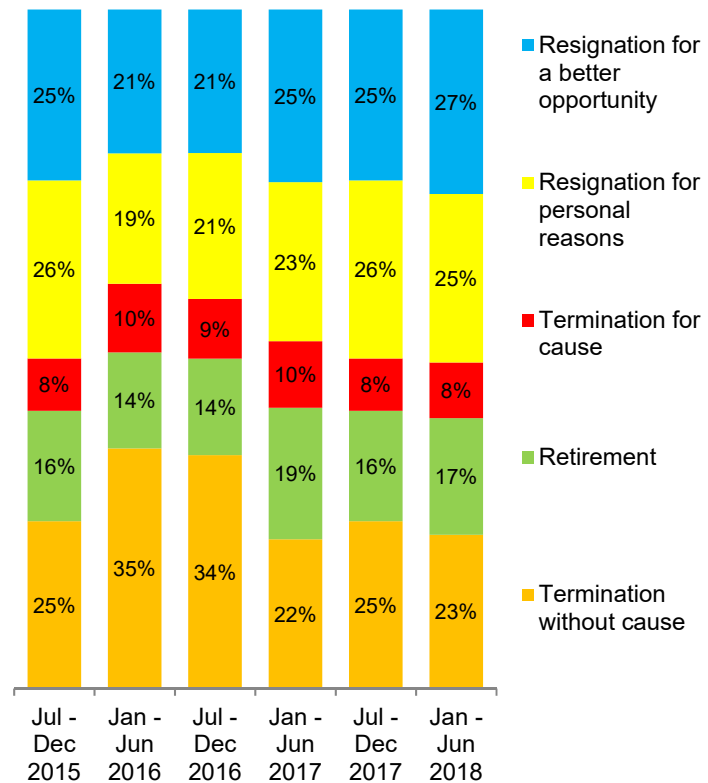
TERMINATION CAUSES

The most common reasons for employees leaving their jobs across Western Canada did not change much since the last report.

Resignation for a better opportunity is now the most common reason (27%), but only barely ahead of *Resignation for personal reason* (25%). This has come from a small shift with *Resignation for a better opportunity* increasing two points and *Resignation for personal reasons* dropping by one.

Termination without cause is down to 23%, but remains significant due to large numbers of layoffs in Alberta. The strength of *Resignation for a better opportunity* is primarily attributed to it occurring more in British Columbia and Manitoba.

Most Common Reasons for Leaving

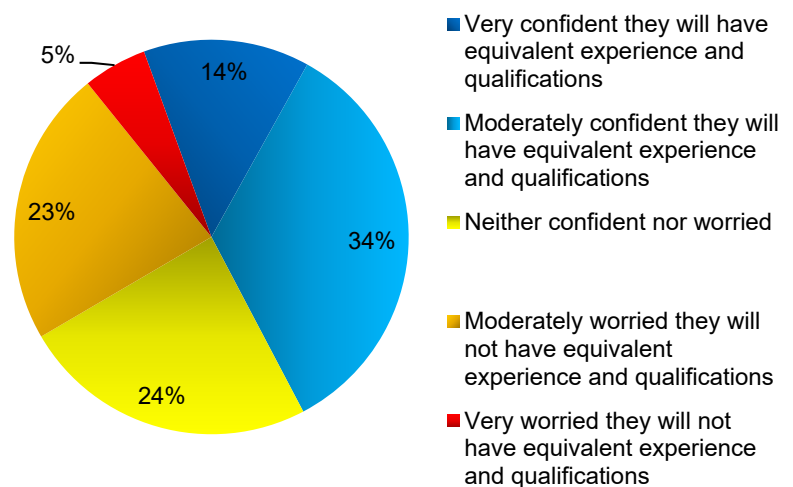


A year ago all job categories were dominated by *Resignation for a better opportunity*, but that shifted in the previous report to a very mixed bag. Now *Resignation for a better opportunity* is the most common reason in all job categories, a testament to the strengthening job market across Western Canada as a whole.

Just under half of HR professionals who responded to the survey (48%) say they are confident about finding new hires for vacancies that have the equivalent experience and qualifications. This is a drop from 52% six months ago and is in line with the improving job market. 28% of respondents are worried about finding replacements for vacancies that have the equivalent experience and qualifications, this a slight increase of two points since the last report.

Job Category	Most Common Reason to Leave
Executives	Resignation for a better opportunity
Managers	Resignation for a better opportunity
Professionals (i.e. engineers, accountants, HR)	Resignation for a better opportunity
Technical Staff (i.e. designers, technicians)	Resignation for a better opportunity
Tradesperson or Journeypersons	Resignation for a better opportunity
Administrative or support staff	Resignation for a better opportunity

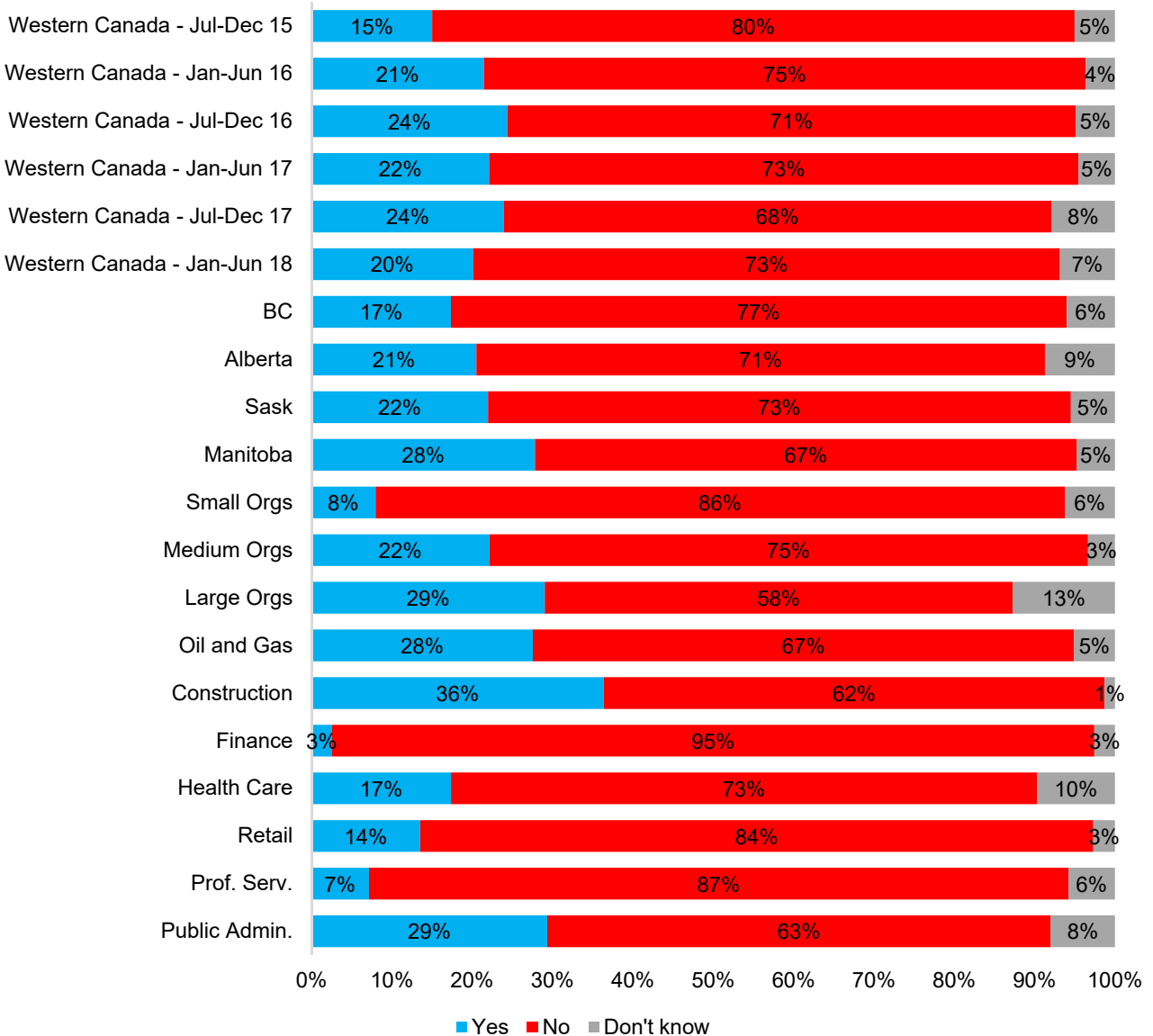
Confidence in replacing workers with equivalent experience and qualifications



TEMPORARY LAYOFFS

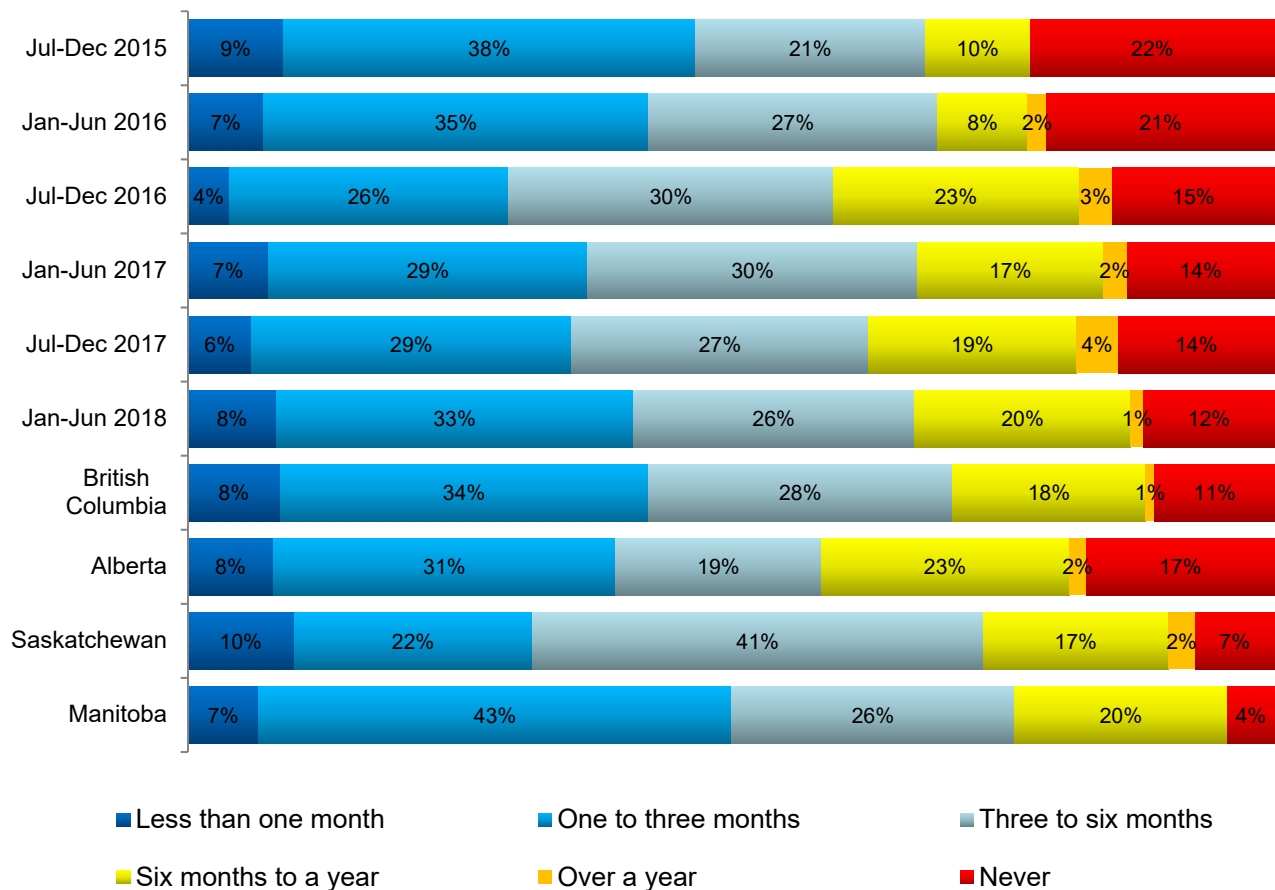
Across Western Canada, one in five (20%) organizations engaged in the practice of temporary layoffs in the last six months. This is the lowest level since the end of 2015. It was primarily driven by lower use of the practice in British Columbia (17%) and Saskatchewan (22%, down ten points). Large organizations are more likely to use temporary layoffs (29%) than small ones (8%). As a practice, temporary layoffs are most common in the Oil and Gas (29%), Construction (36%) and Public Administration (29%) sectors. It is least common in the Finance (3%), Professional Services (7%) and Retail (14%) sectors.

Have engaged in temporary layoffs in the last six months



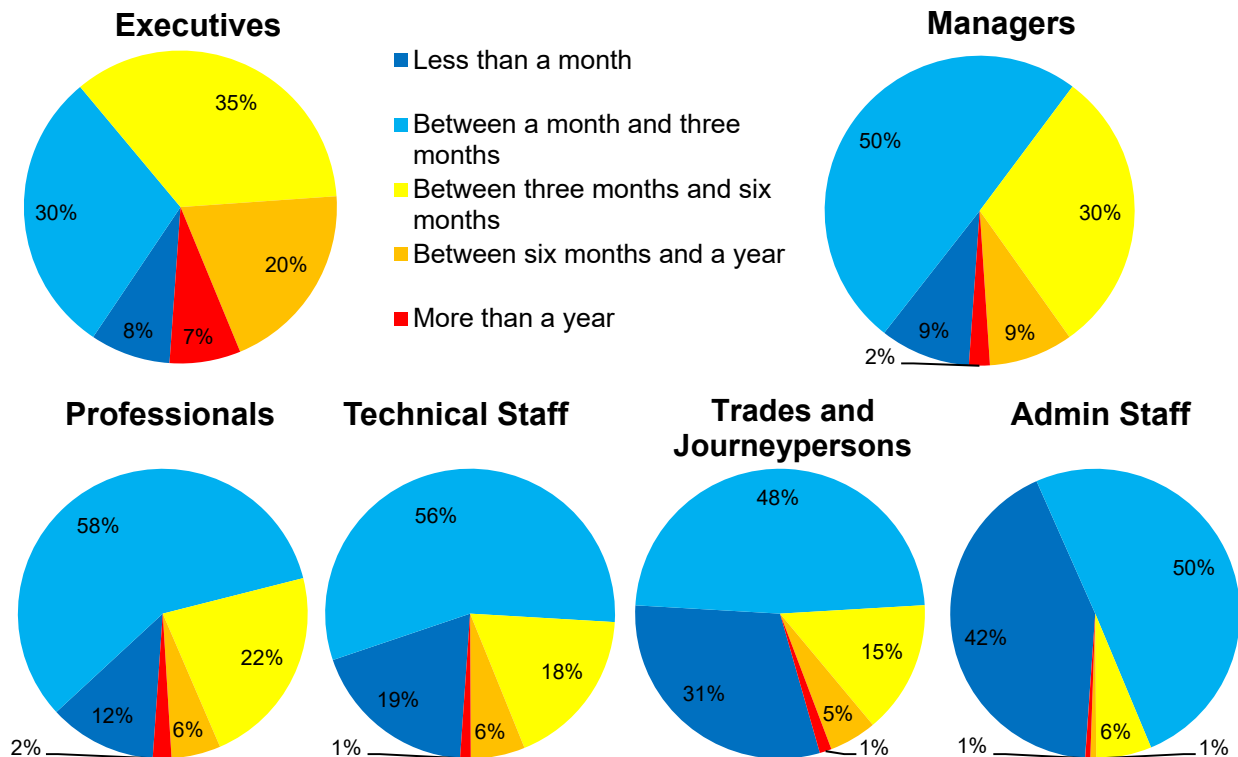
The goal of temporary layoffs for both the employer and the employee is for the layoff to truly be temporary so they can return to work as soon as possible. In the last six months 39% of temporary laid off workers returned to work in three months or less. This is an improvement from 35% in the previous report. The percentage of workers who never return to work dropped from 14% to only 12%. The provinces with the shortest temporary layoffs are Manitoba (50% return in three months or less) and British Columbia (42% return to work in less than three months).

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



FILLING VACANCIES

In a typical labour market, more specialized positions take longer to fill than less specialized ones. That is what we find in Western Canada in this report. Executives and managers take significantly longer to find than administrative and support staff. 38% of executive and 59% of managerial vacancies are filled within three months (slightly lower than six months ago). 92% of administrative and support staff positions are filled within three months (no change from the last report).



A clear majority of organizations who reduced headcount do not plan on filling the vacancies (61%, unchanged). Of those that do, most will do so with permanent full-time staff (26%, down one point), a few with contractors (9%, up two points) and even fewer with part-time employees (4%, down one point). Small organizations are slightly more likely to fill vacancies with permanent full-time employees (36%). The same goes for organizations in Manitoba (36%) and British Columbia (34%).

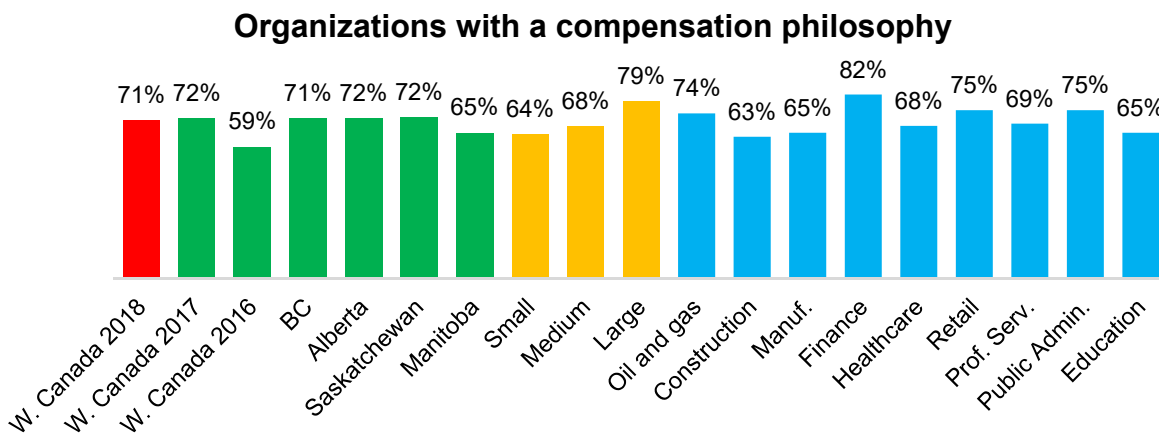
HR TEAM RATIO

Organizations provided the ratio of HR employees to overall employees. The larger the organization the proportionally fewer HR staff there were. Small organizations had 44 staff for each HR staffers, medium-sized organizations had 117 and large ones 241. Large organizations in Manitoba had the highest ratio (272:1) and the Saskatchewan the lowest (148:1).

COMPENSATION AND BENEFITS

COMPENSATION PHILOSOPHY

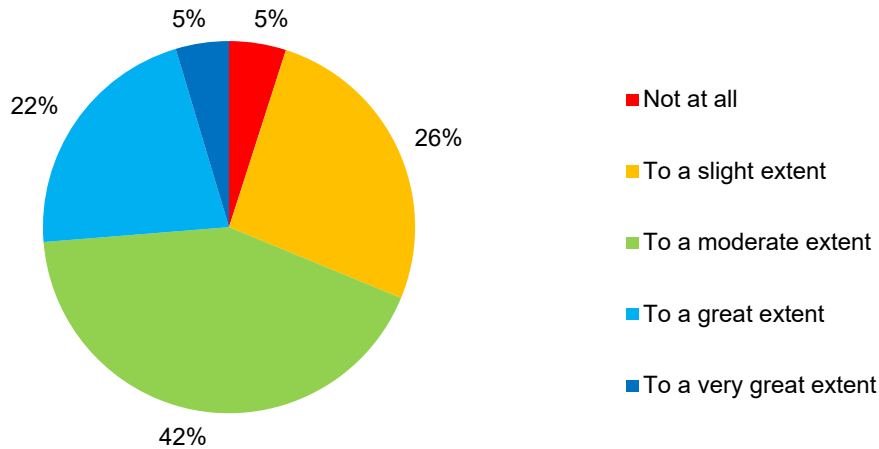
More than seven in ten (71%) organizations have a compensation philosophy. This is essentially unchanged since last year. Larger organizations are more likely to have a philosophy (79%) than small ones (64%). Compensation philosophies are most common in the Finance, Retail and the Public Administration sectors.



Fewer than one in five (18%) respondents foresee a significant change in their compensation philosophy in the next year. Over two-thirds (69%) do not expect any change. Change is more likely to be expected in Manitoba (21%) and least likely in Saskatchewan (15%)

Despite the large proportion of organizations that have a compensation philosophy, only a few HR professionals believe their employees understand the basis on which their compensation is determined. Only 5% believe their employees understand it to a very great extent and another 22% to a great extent. Two-thirds (68%) believe their employees understand to a slight or moderate extent. These numbers do not vary significantly between provinces.

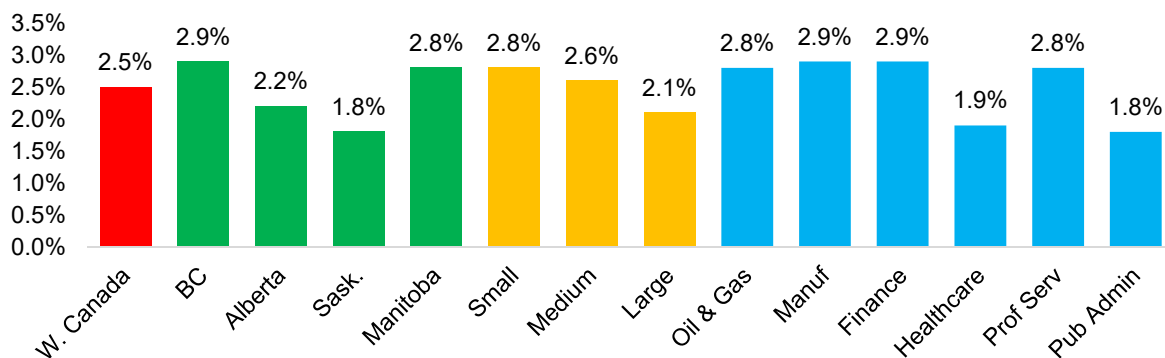
Perception of extent of employees' understanding of how their compensation is determined



SALARIES AND BENEFITS

Across Western Canada the average expected change to base salaries is 2.5% for 2019. This is highest among small organizations (2.8%) and lowest among large ones (2.1%). British Columbia expects the highest salary growth (2.9%) and Saskatchewan the lowest (1.8%).

Expected change to base salaries in 2018

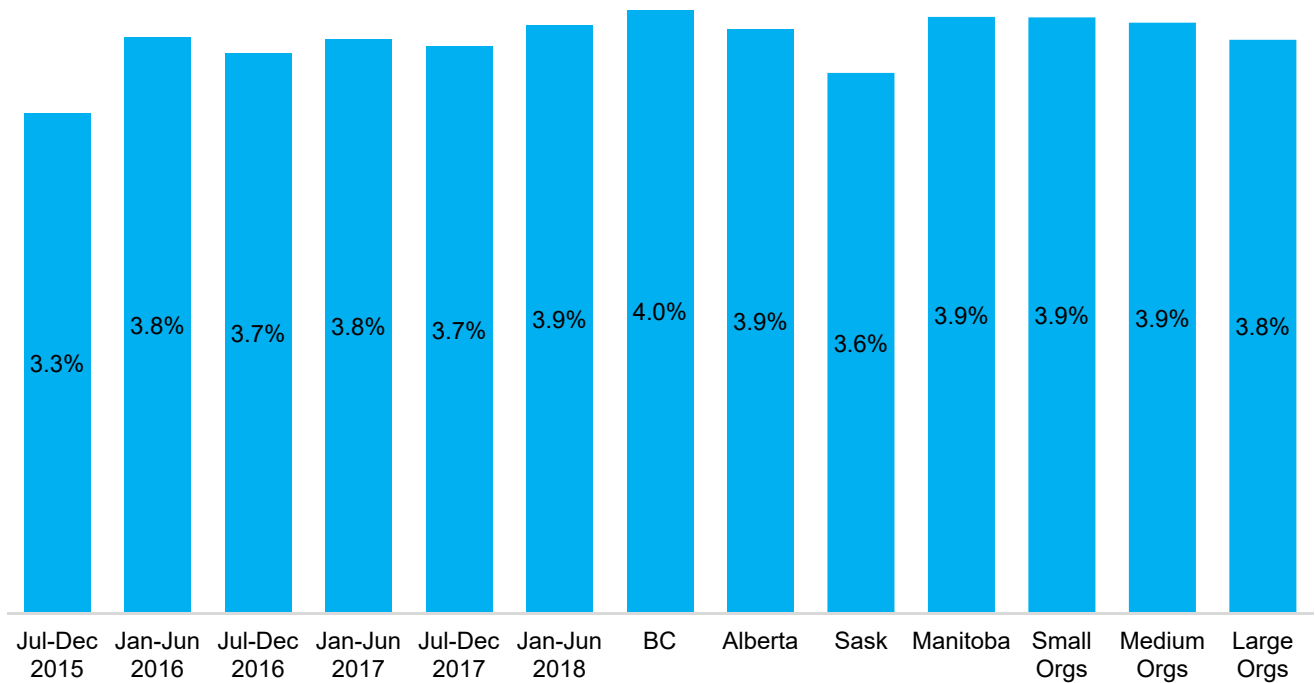


The average percentage of the salary paid in benefits, including pensions, is 15%. This varies from 11% for small organizations to 17% for large ones. These numbers do not vary significantly between provinces.

LEARNING AND DEVELOPMENT BUDGETS

Organizations across Western Canada on average spend 3.9% of their budgets on learning and development. This is the highest amount since this series of reports began in 2015. Spending is highest in British Columbia (4.0%) and lowest in Saskatchewan (3.6%). The size of the organization does not have a statistically significant impact on the proportion of their budget spent on learning and development.

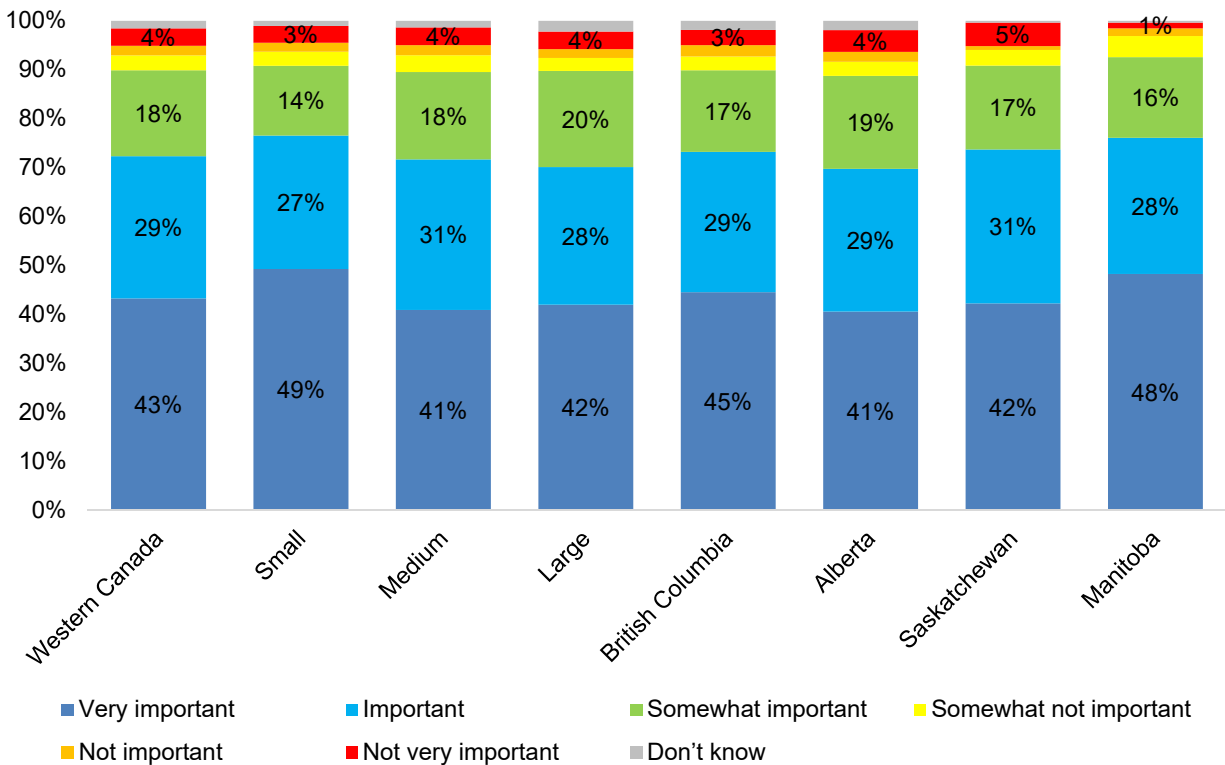
% of Budget Allocated to Learning and Development



EMPLOYEE ENGAGEMENT

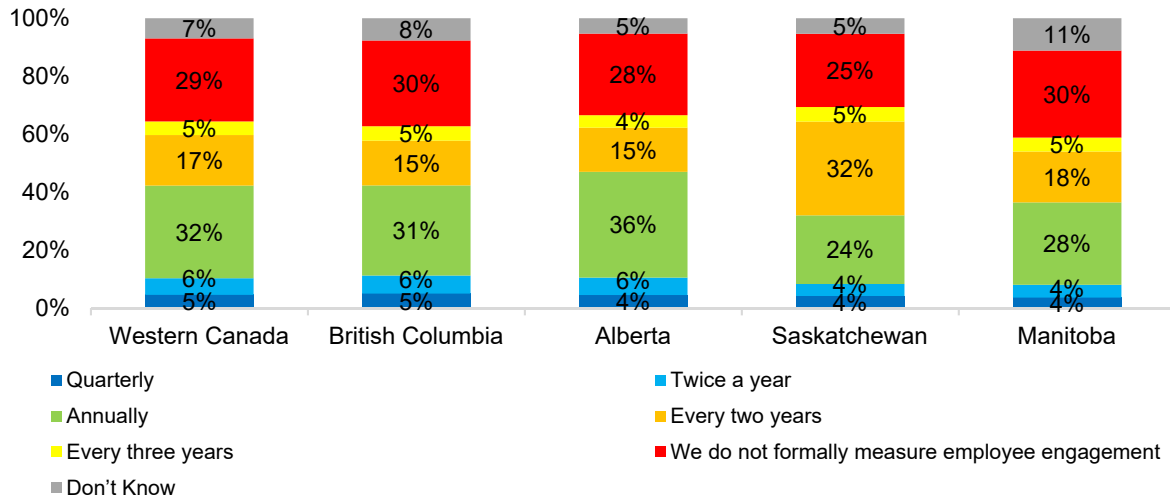
Almost three-quarters of respondents (72%) said that employee engagement was either very important or important to the senior leadership of their organization. This is higher (77%) for small organizations and lower for large ones (70%). Organizations in which the senior leadership are most likely to view employee engagement as very important or important are more likely to be in Manitoba (76%) or in the Finance (85%), Retail (85%) or Professional Services (81%) sectors.

Importance of employee engagement to senior leadership



Across Western Canada, 29% of organizations do not formally measure employee engagement, though this number is lower (25%) in Saskatchewan. Conversely, 42% do measure employee engagement formally at least once a year and 5% do it every quarter. Organizations in Alberta conduct formal reviews of employee engagement the most often (47% at least once a year) and Saskatchewan the least often (only 32% measure it at least once a year).

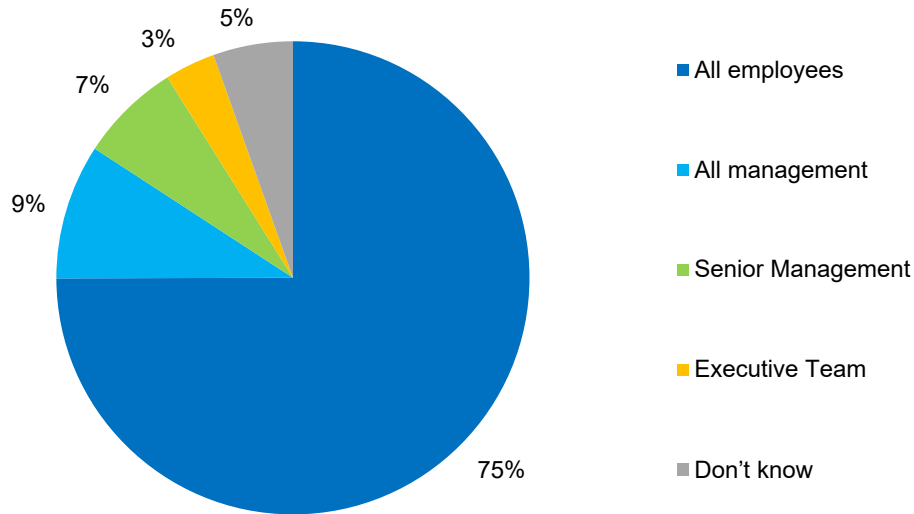
Organization formally measures employee engagement



Based on the most recent employee engagement survey data, organizations found that on average 57% of employees were engaged in their work with passion and feel a profound connection their company (highest in Manitoba at 59%). 22% are not engaged with their work and are essentially "checked out," putting in time but neither energy nor passion. A further 10% are actively disengaged employees who are more than unhappy at work, they actually undermine what their engaged co-workers accomplish. These numbers do not add up to 100% because they are averages of each category in each individual organization.

When it comes to sharing the results of employee engagement surveys, 75% of organizations share them with all employees. Another 9% share with all of management, just senior management see it in another 7% of cases and for 3% of organizations only the executive team see the results. Generally, large organizations are more likely to share the results with all employees (79%). Sharing with all employees is most common among large organizations in Manitoba (84%) and least common with small organizations in Saskatchewan (60%). Sharing with all employees is highest in the Public Administration (87%) and Finance sectors (86%) and lowest in Construction (60%) and Transportation (65%).

With whom do organizations shares the results from an employee engagement survey?



More organizations share the concrete steps taken in response to the employee engagement survey (78%) than share the results. Small organizations are the most likely to share these steps (81%). Organizations in Manitoba are the most likely to do this (81%) and those in Saskatchewan are the least (74%). The Hospitality industry is particularly likely to share these steps (88%).

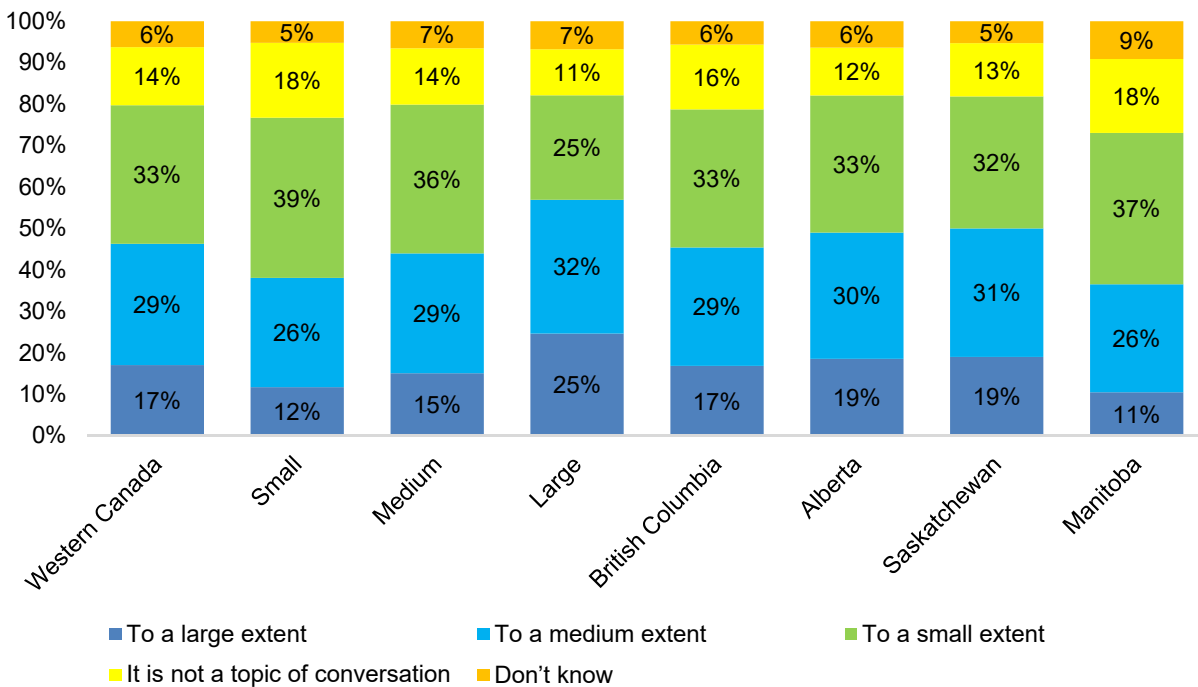
Organizations are more likely to not hold individual managers accountable for the employee engagement results for their team (44%) than they are to hold them accountable (40%). Only in large organizations does the percentage who hold managers accountable for the employee engagement results (44%) exceed those who do not hold them accountable (38%). This pattern holds in all the provinces, except Saskatchewan, where even large organizations are more likely to not hold managers accountable (47%) than they are to hold them accountable (39%).

POLITICS, HARASSMENT AND SUBSTANCE ABUSE

POLITICS

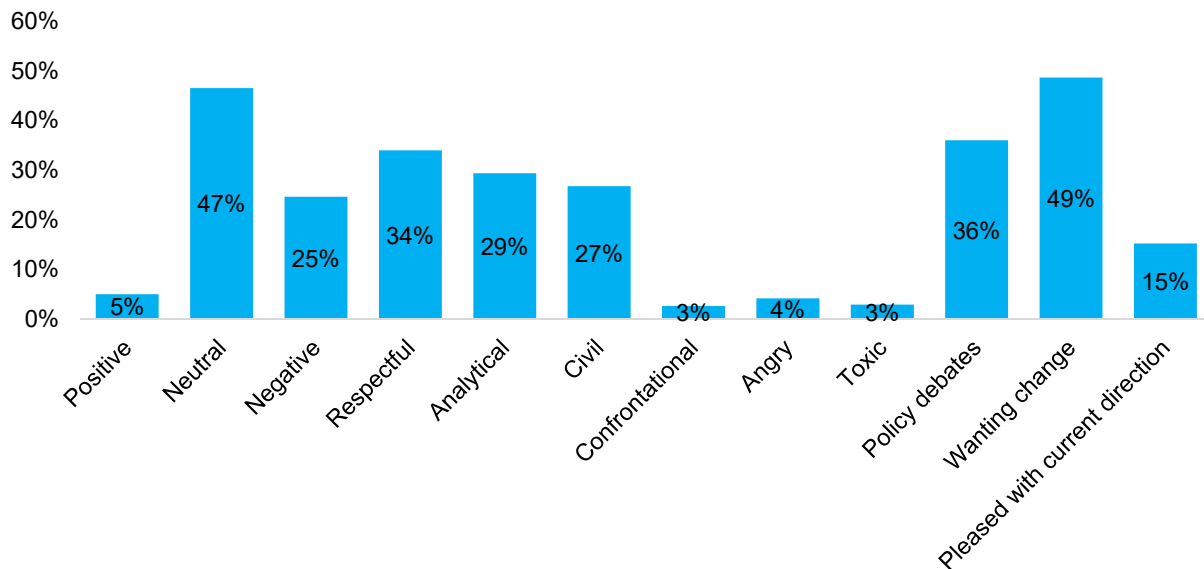
External politics is not the most common topic of conversation within workplaces in Western Canada, (17% of respondents indicate that world, national or provincial politics are a large topic of conversation in their workplace) but neither is the topic completely absent (14% say that politics is not a topic of conversation). The presence of political conversations is more likely in the Utilities (37%) and Public Administration (30%) sectors, as well as in large organizations (25%). There are no significant differences between the provinces, except Manitoba where political conversations being a large extent of the topic of conversation is only 11%.

The extent politics is a topic of conversation in the workplace



The most common words used to describe the tone of political discussions in workplaces are focused on change (49%), neutral in tone (47%), focused on policy debates (36%), and respectful (34%). The tone in Alberta was more likely to be negative (31%) than in the other provinces. Very few organizations characterised the tone as confrontational (3%), angry (4%) or toxic (3%).

Tone of the political conversation in the workplace



Only 10% of organizations explicitly encourage employees to refrain from political discussions. Large organizations are more likely to do so (12%) than small ones (7%).

Across Western Canada only 9% of respondents said their organization has a formal policy around political discussions in the workplace. Another 2% said they did not have one presently but were working on one, and 3% said they planned to have one within a year. Large organizations are more likely to have a formal policy (13%). Organizations in Alberta (6%) and small ones (4%) were the least likely to have a formal policy.

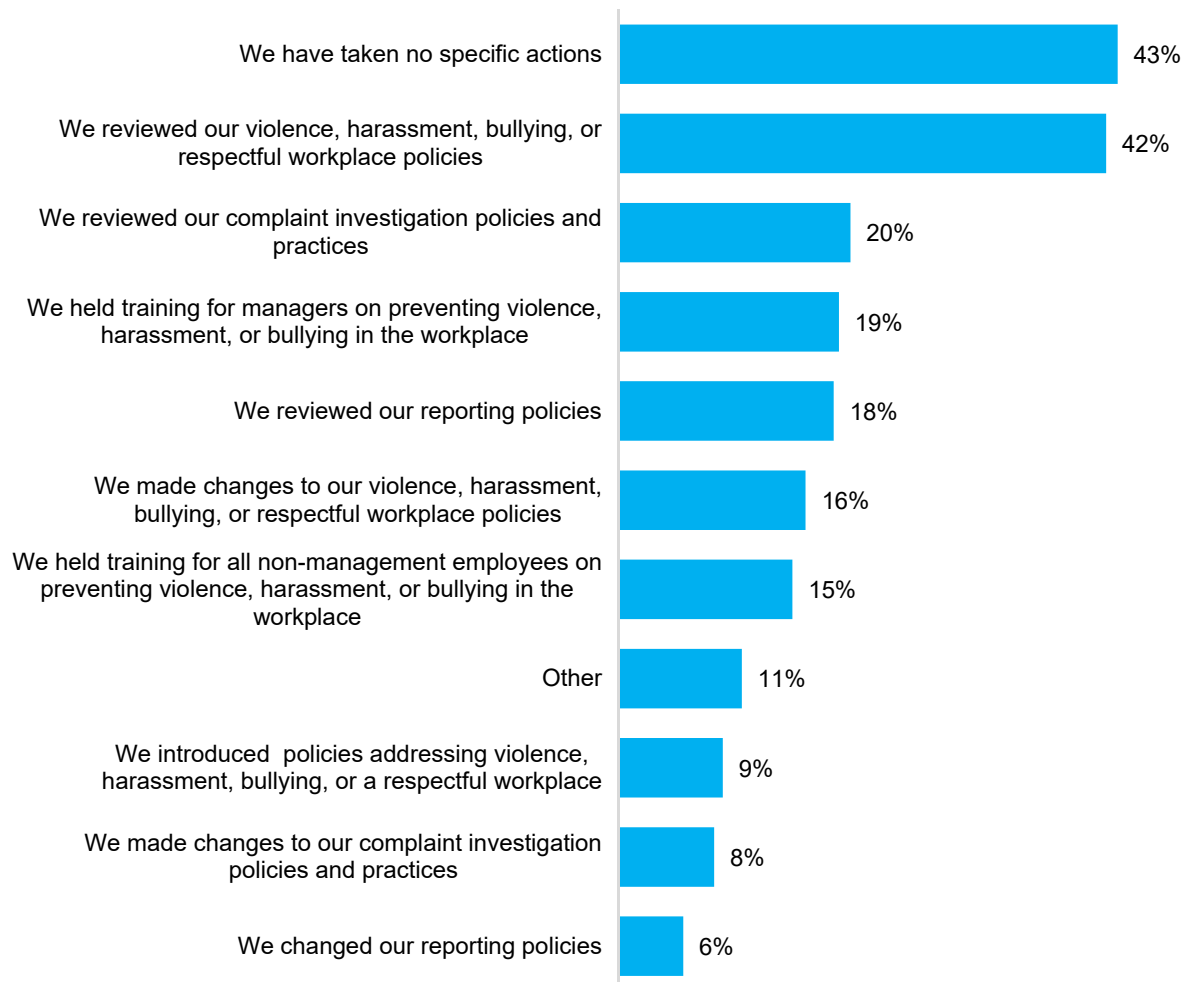
Of those that have policies or are working on them 47% include the expects that employees refrain from these discussions (highest in Alberta at 59%), 52% include guidelines for having respectful political discussions (highest in Manitoba at 67%), 50% include expectations on how to respond to discussions that make an employee uncomfortable (highest in Manitoba at 61%) and 47% include procedures to report inappropriate political discussions (highest in Manitoba at 72%).

#METOO

The #MeToo movement triggered a lot of organizations to take actions with respect to their workplace policies related to bullying and harassment. 57% of organizations took some sort of action (highest in Manitoba at 62% and lowest in Saskatchewan at 47%). The most common actions were: reviewed the violence, harassment, bullying, or respectful workplace

policies (42%, highest in Manitoba with 48%); reviewed the complaint investigation policies and practices (20%, highest in Alberta with 22%); held training for managers on preventing violence, harassment, or bullying in the workplace (19%, highest in Manitoba at 23%) and reviewed reporting policies (18%, highest in Alberta at 21%).

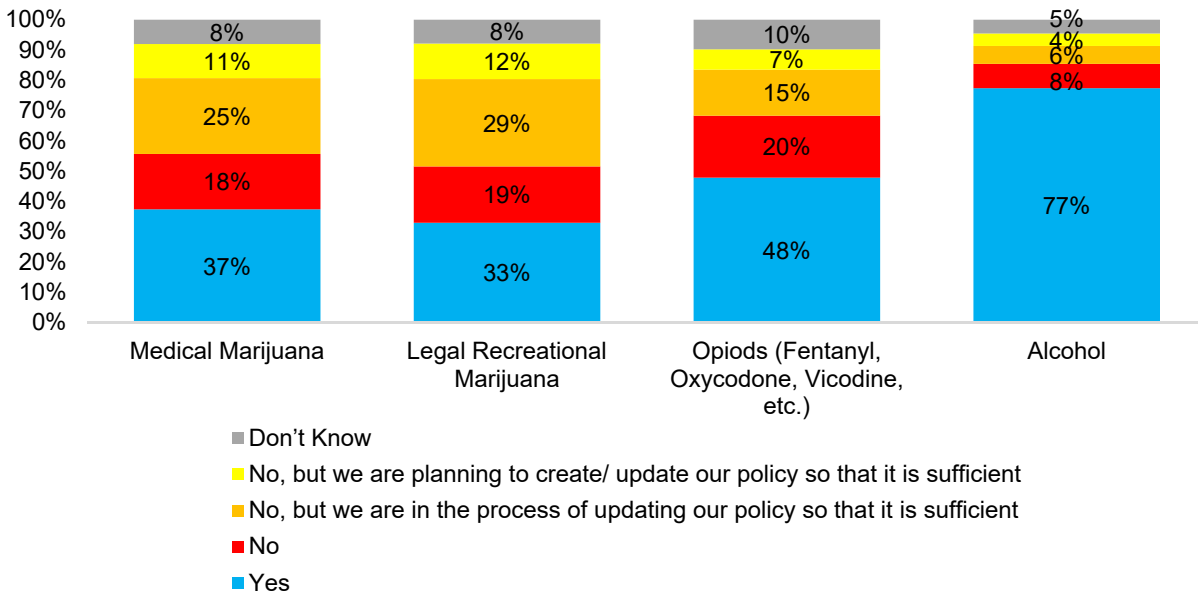
How have organizations responded to the #MeToo movement?



DRUGS AND ALCOHOL

Organizations are well equipped to deal with alcohol, and to a lesser extent, opioids, but medical marijuana and legalized recreation marijuana pose significant challenges to many organizations. Almost two in five respondents (37%, but only 33% in British Columbia, but 41% in Alberta) say their organizations have a drug and alcohol policy that is sufficient to address medical marijuana, and another 36% say while they do not have a policy now, they are working one or will have one within a year. 33% have a policy for legal recreational marijuana (only 29% in British Columbia, but 37% in Alberta). This is an improvement from a year ago when only 15% had a sufficient policy in place. 38% are working on or will have a policy within a year. Nearly half (48%, only 45% in British Columbia and 51% in Alberta) have a policy sufficient to deal with opioids like Fentanyl or Oxycodone and this is also an improvement compared to a year ago, where only 34% had a policy. 22% are working on one or will have one within 12 months. A year ago 68% had a sufficient policy on alcohol, and this has now improved to about three-quarters (77%, only 75% in Saskatchewan and 78% in Manitoba and Alberta) and 10% more are working on one or will have within the next year.

Organization currently has a drug & alcohol policy that is sufficient to address...



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:

- Employment standards changes by government
- NAFTA uncertainty
- Legalization of marijuana
- Salary and wage freeze
- Provincial government budget
- Economic downturn
- Price of oil and gas
- Pipeline politics
- Minimum wage increase

The most common responses to what is the largest obstacle or challenge the respondent has in achieving their objectives in their current role were:

- Unsupportive or micro-managing management
- Lack of time
- Lack of strategic direction
- Turnover
- Lack of communication
- Finding the right candidates
- HR is understaffed
- Management decision making in a timely manner
- Workload
- Lack of training
- Changes to labour laws
- Not enough resources
- Employee engagement
- Change management
- Lack of resources
- Lack of leadership

SURVEY METHODOLOGY AND RESPONDENT PROFILE

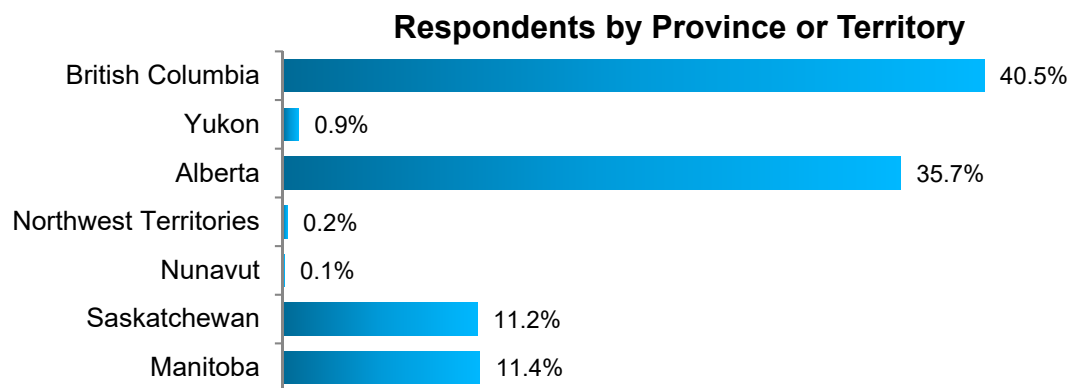
METHODOLOGY

This survey was conducted online between June 19 and July 10, 2018. 12,425 members of the CPHR BC & YK, CPHR AB, CPHR SK and CPHR MB were invited to participate via email communication. Of these, 2,912 completed sufficiently enough of the survey for their responses to be usable, a response rate of 23.4%. 1,612 respondents completed every question, representing a completion rate of 13.0%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/- 1.6% nineteen times out of twenty and +/- 2.3% nineteen times out of twenty. The data for the previous report was collected in December 2017.

Due to rounding, some numbers may not add up.

RESPONDENT PROFILE

The respondents come from organizations of all sizes from sole proprietors to multinational corporations. The median number of employees in Western Canada per organization is 320, and the average number of employees is 3,637.

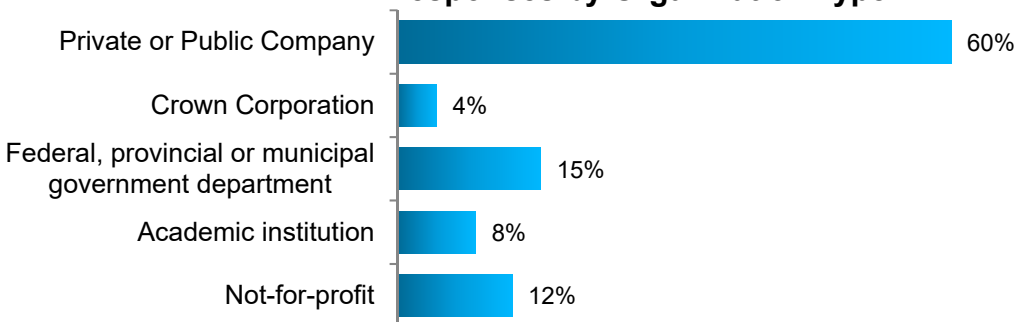


For the purposes of this report, small organizations are defined as those having fewer than 100 employees, medium organizations as those having between 100 and 999 employees and large organizations as those employing 1,000 or more employees. Respondents were also distributed across a wide range of sectors.

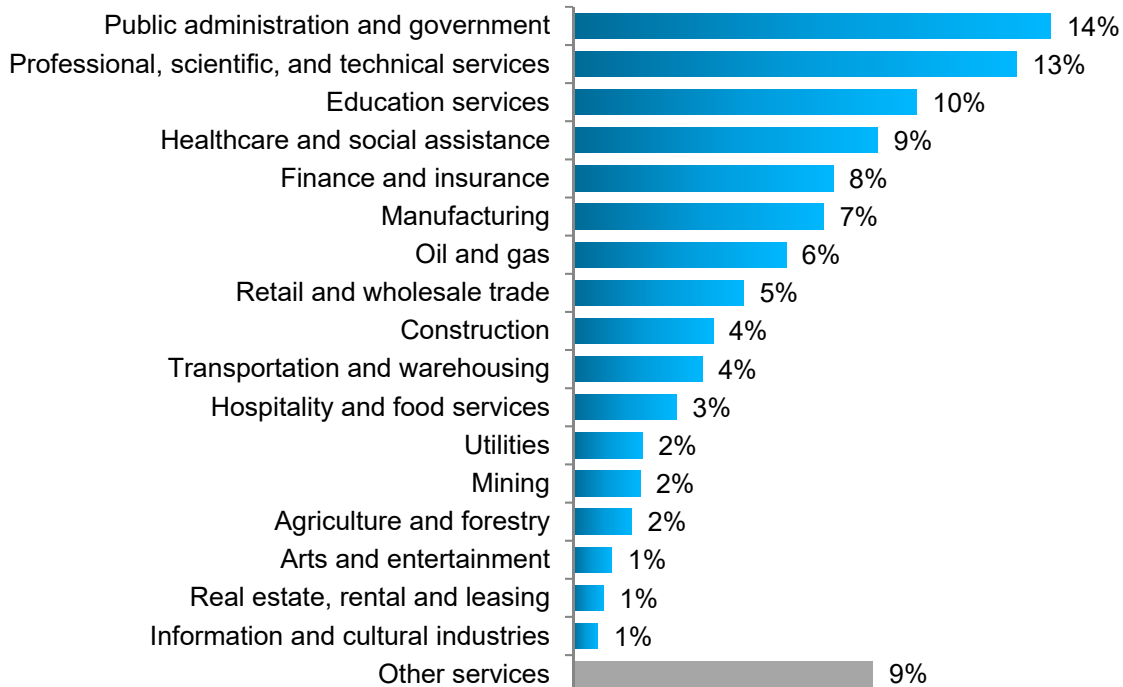
Number of employees



Responses by Organization Type



Responses by Sector

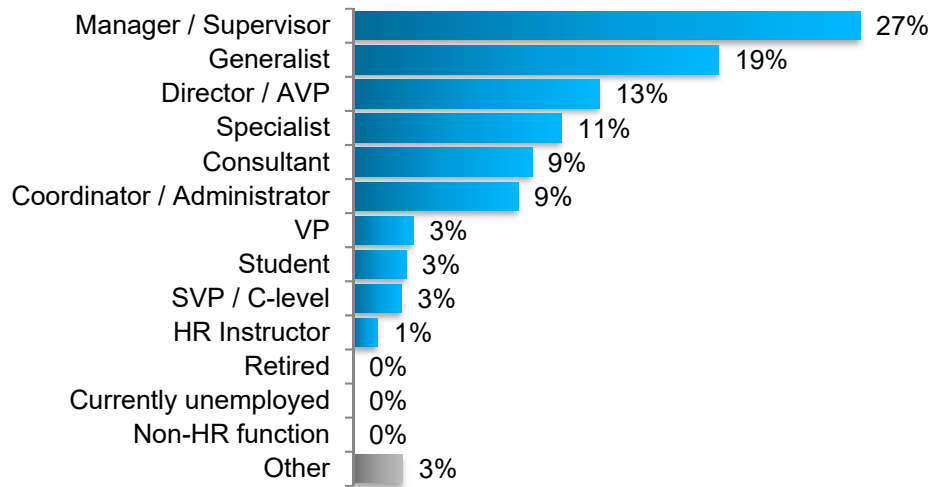


Responses by Unionization



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

Distribution by Role





CONTACT INFORMATION

For more information contact:

British Columbia and Yukon

604.684.7228
info@cphrbc.ca
www.cphrbc.ca

Alberta

403.209.2420
E: info@cphrab.ca
www.cphrab.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
Director, Marketing & Communications
Phone: 403-541-8700
Email: gperson@cphrab.ca

For inquiries regarding the survey and analysis, contact:

British Columbia and Yukon

Chartered Professionals in Human Resources of British Columbia & Yukon
Phone: 604.684.7228
Email: info@cphrbc.ca
www.cphrbc.ca

Alberta

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

Saskatchewan

Nicole Norton Scott, CPHR
Executive Director & Registrar
Chartered Professionals in Human Resources of 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: rgauthier@cphrmb.ca

For inquiries regarding the methodology and survey tool, contact:

Hamish I. Marshall, One Persuasion Inc.

Phone: 778-835-3715

Email: Hamish.marshall@onepersuades.com

ABOUT THE ORGANIZATIONS

Chartered Professionals in Human Resources of British Columbia & Yukon

Founded in 1942, CPHR BC & YK 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 & YK offers professional development and networking opportunities as well as resources for every stage of your career.

Chartered Professionals in Human Resources of Alberta

CPHR Alberta is our province's community for Human Resources, dedicated to strengthening and promoting the HR profession. As the exclusive granting body for the Chartered Professional in Human Resources (CPHR) designation, CPHR Alberta establishes professional standards within the industry through education, research and public policy initiatives. Our association connects almost 6,000 HR professionals through professional development, networking, and community initiatives.

Chartered Professionals in Human Resources of Saskatchewan

The Chartered Professionals in Human Resources of Saskatchewan (CPHR SK) is the premier professional association for human resource professionals and is the Chartered Professional in Human Resources (CPHR) granting body within the Province of Saskatchewan.

Chartered Professionals in Human Resources of Manitoba

Committed to the Human Resource profession, the Chartered Professionals in Human Resources of Manitoba (CPHR MB) 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, CPHR MB is a network that links members, businesses, and the general public to important HR issues and trends that are occurring provincially, nationally, and globally.