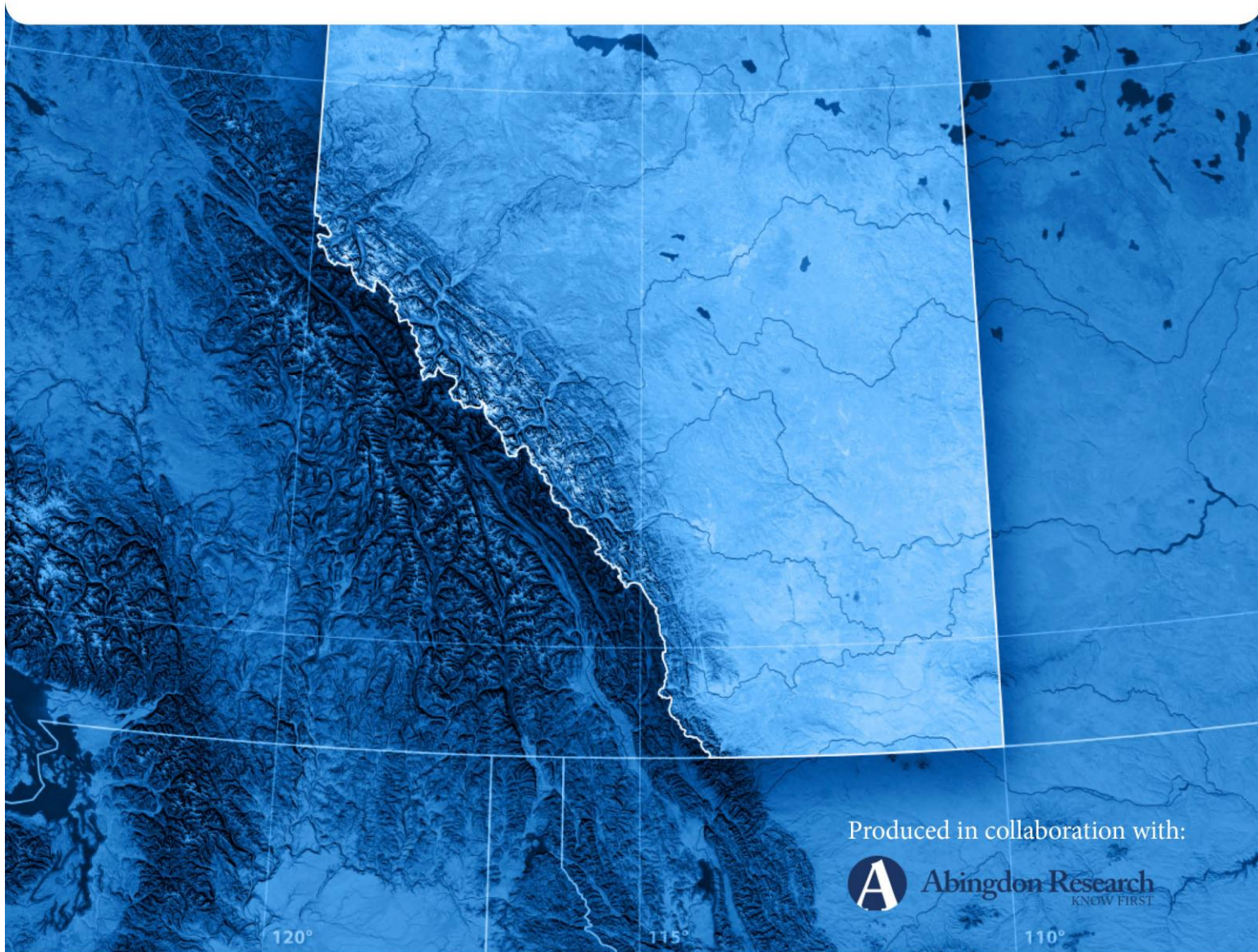


ALBERTA HR
TRENDS
REPORT

HRIA
HUMAN RESOURCES INSTITUTE OF ALBERTA



Produced in collaboration with:



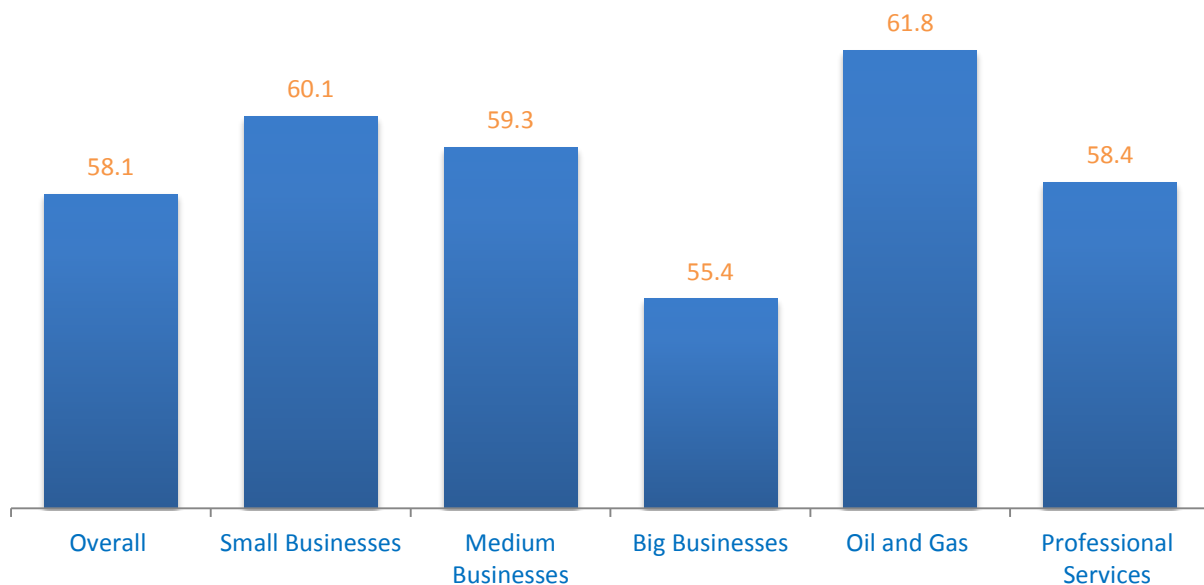
Abingdon Research
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Purpose of this Report

This report is designed to be a regular tool for HR professionals in Alberta. Over the next decade Alberta companies will deal with a significant labour shortage. According to the Alberta Ministry of Jobs, Skills, Training and Labour the province will be facing a shortage of 96,000 workers by 2023. The HRIA commissioned this study to understand how its members are facing this challenge and to discover industry benchmarks that can help HR professionals do their jobs.

Hiring Confidence Index

The HRIA is pleased to present a measure how Albertan employers feel about hiring over the next six months. The index emphasises how confident HR professionals are that they can hire the right people to fill open positions, it also incorporates views on growth in the number of positions.



The scores have a maximum value of 100 and a minimum value of 0. Scores of more than 50 means HR professionals are more confident about hiring than worried.

Current Trends

Over the last six months Albertan employers have been hiring.

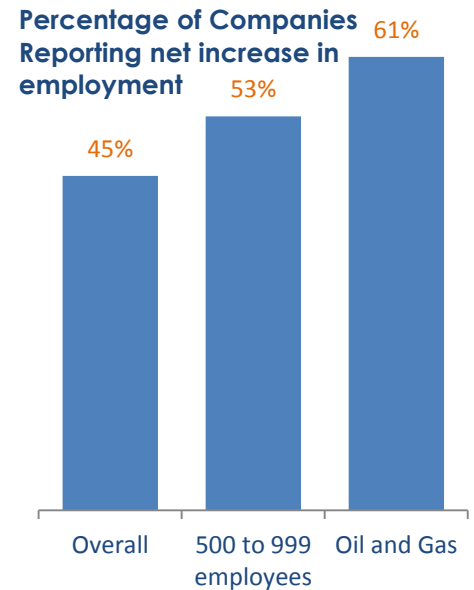
Three times as many companies reported a net increase in employees as ones who reporting a net decrease. About a third of

| Median number | Number of Employees | | | | |
|--------------------------------------|---------------------|------------|------------|----------------|-------------|
| | 1 to 99 | 100 to 499 | 500 to 999 | 1,000 to 9,999 | Over 10,000 |
| Left employment in last six months | 2 | 19 | 40 | 110 | 200 |
| Joined employment in last six months | 3 | 20 | 45 | 150 | 300 |

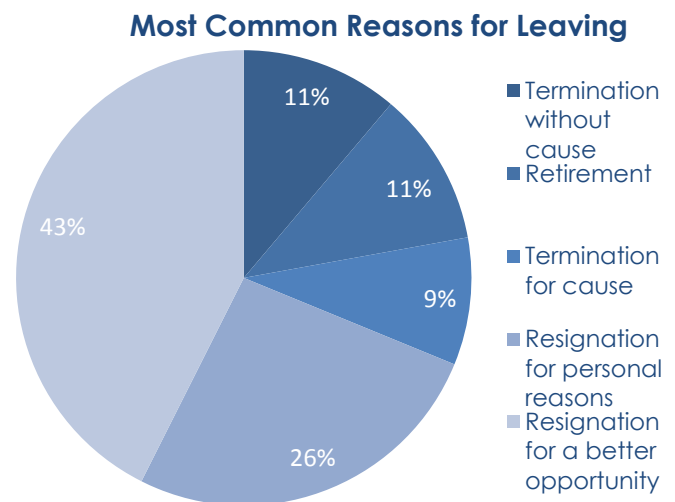
companies reported employment was stable. Companies with between 500 and 999 employees and those in the oil and gas sector were the most likely to have experienced growth.

Across all company sizes more people were hired than left in the last six months.

Over the last six months employees left for a variety of reasons, with the most common being resignation for a better opportunity, resignation for personal reasons, and retirement. What sort of employee is leaving for what different reasons? Executives and managers are more likely to leave through retirement, while professionals are more likely to resign to pursue a better opportunity. Tradespeople are more likely to be terminated for cause. For technical and administrative staff resignation for personal reasons is more common



| Category of Employee | Most Common Reason to Leave |
|-------------------------------------------------|-------------------------------------|
| Executives | Retirement |
| Managers | Retirement |
| Professionals (i.e. engineers, accountants, HR) | Resign to pursue better opportunity |
| Technical Staff (i.e. designers, technicians) | Resign for personal reasons |
| Tradesperson or Journeypersons | Terminated for Cause |
| Administrative or support staff | Resign for personal reasons |

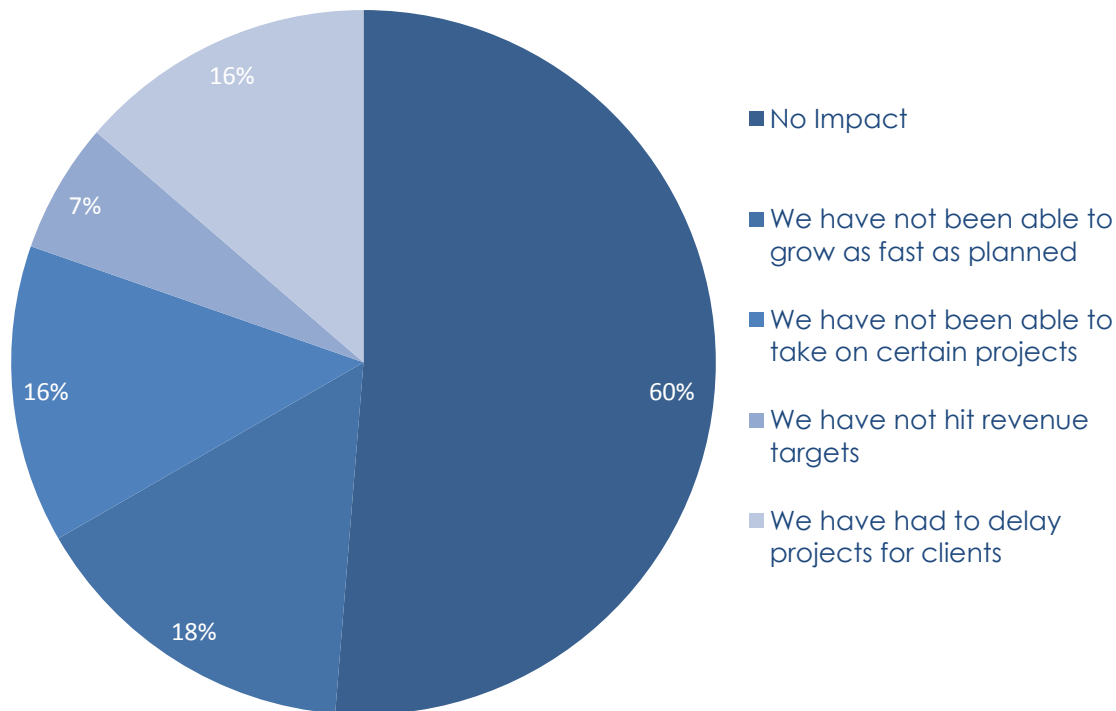


Three in five firms have not seen their business been impacted by resignations and loss to retirement in the last year. Other firms have reported not hitting growth targets and turning down or delaying projects.

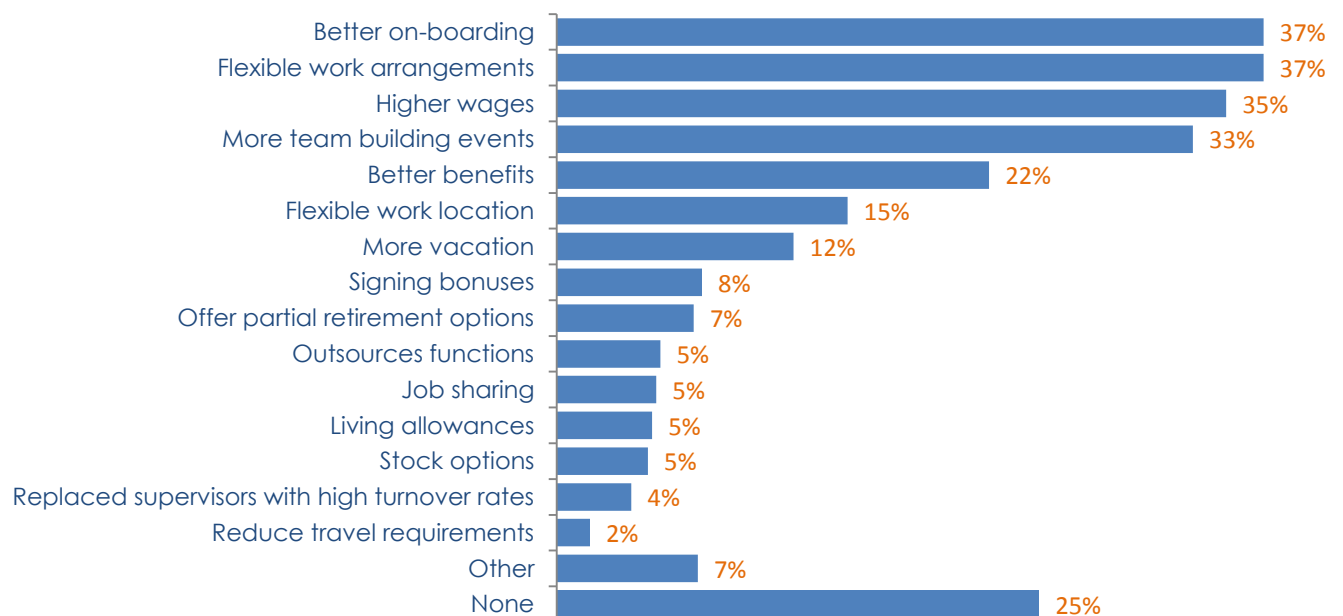
HR professionals report they have not been simply letting these impacts of resignations and retirements happen to their companies. Fully three-quarters (75%) of companies have taken action to reduce voluntary resignations in the last year.

The most popular actions were more flexible work arrangements (37%), better on-boarding (37%) and higher wages (35%).

Impact of resignations and retirement in the last year



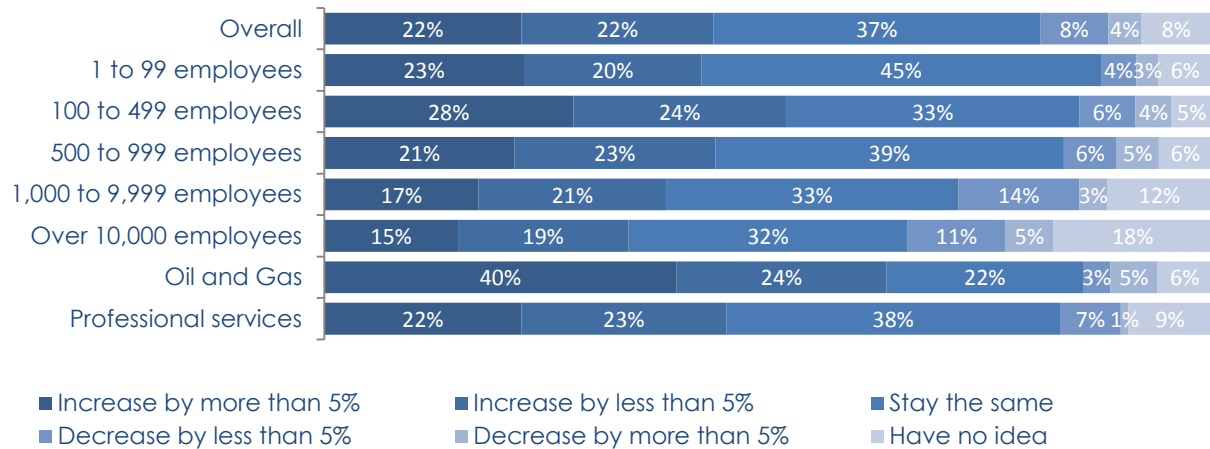
Actions to reduce resignations taken in the last year



Looking ahead

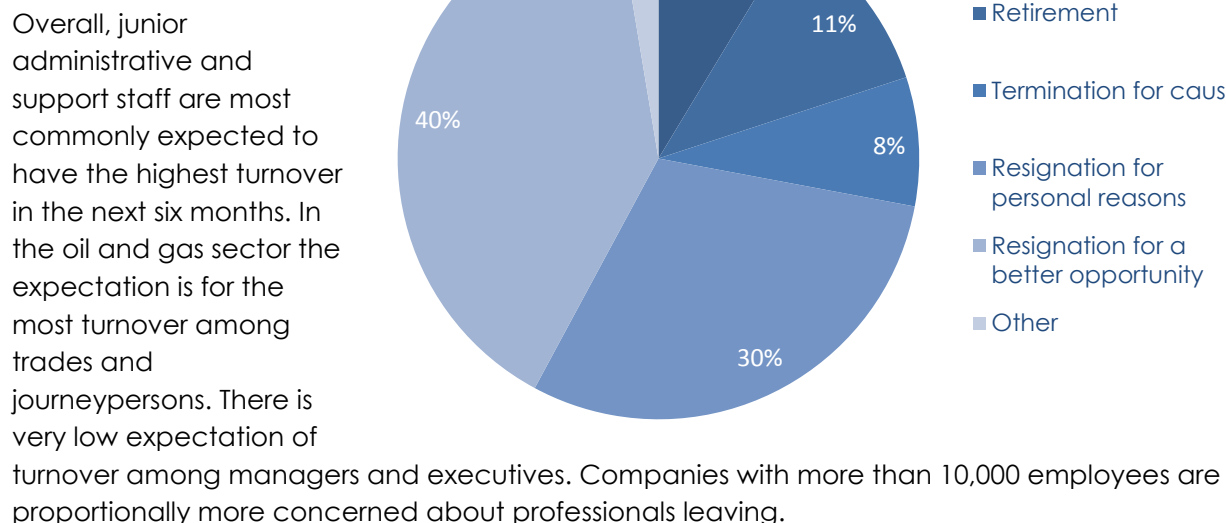
Nearly half of companies (44%) expect their total number of employees to increase over the next six months. By contrast only 11% expect to lose employees over the next six months. The Oil and Gas sector expects to see the biggest gains.

Expected change in employment in the next six months



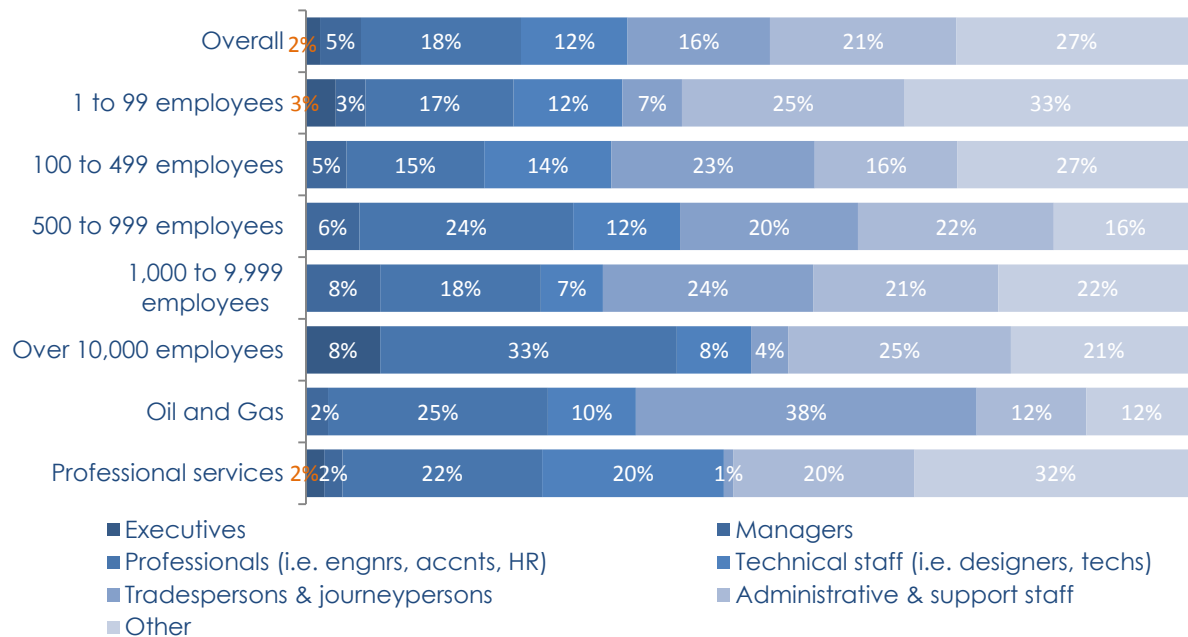
Over the next six months companies expect resignation for a better opportunity to be the biggest reason why they will lose staff. This is consistent with the positive hiring expectations that exist across the market.

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



Overall, junior administrative and support staff are most commonly expected to have the highest turnover in the next six months. In the oil and gas sector the expectation is for the most turnover among trades and journeypersons. There is very low expectation of turnover among managers and executives. Companies with more than 10,000 employees are proportionally more concerned about professionals leaving.

Occupation expected to have the most departures in the next six months



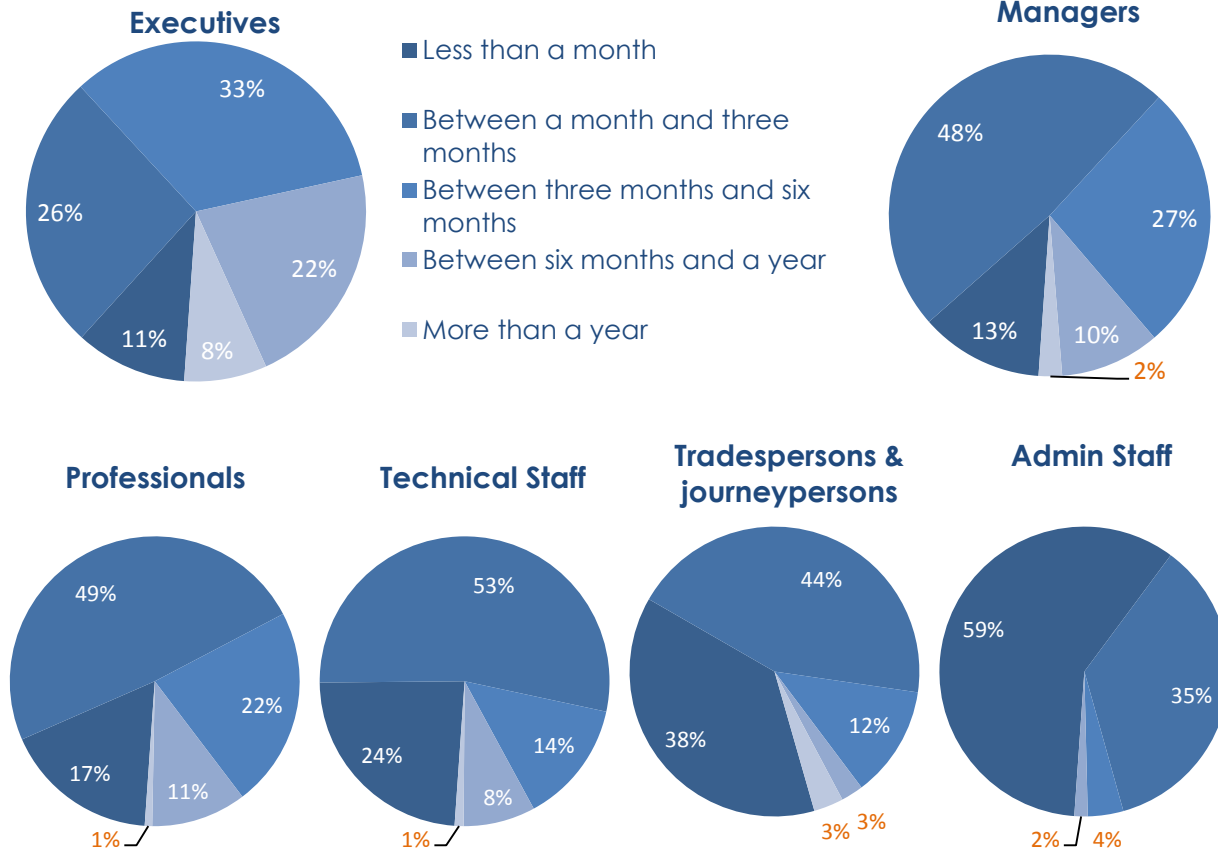
Filling Vacancies

The more specialised the position the longer it takes to fill.

Over the last year it has taken more than six months to fill 30% of vacant executive positions. A majority of executive jobs took more than three months to fill. Managerial jobs and positions that require a professional did not take as long to fill with only 12% taking more than six months to be filled. Technical staff were easier to find with only 9% of positions going vacant for more than six months. Even for skilled workers like journeypersons and tradespersons only 6% of positions took longer than six months to find someone.

This shows (as does the 2% figure for administrative staff) that there is not a real worker shortage in Alberta. The hallmark of a labour shortage is junior less skilled positions going unfilled for prolonged periods of time.

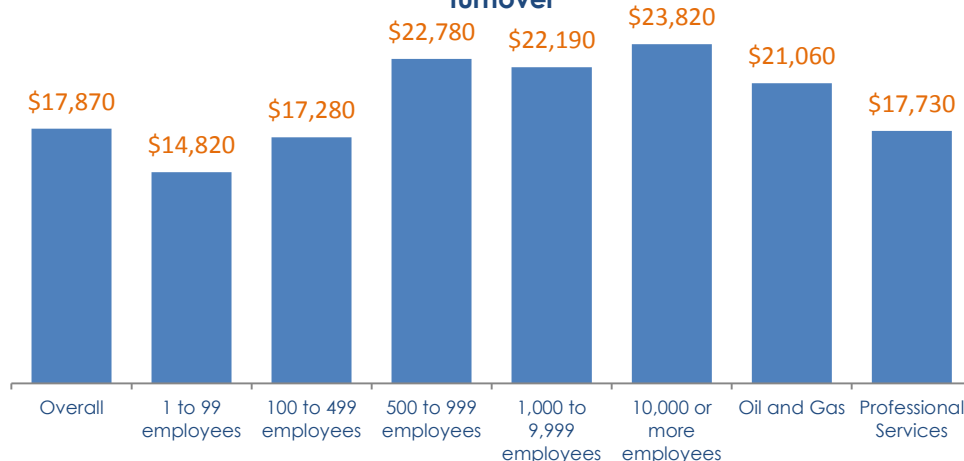
We also asked companies which positions remain unfilled. The responses ranged from CEO and senior vice-presidents, to engineers, journeypersons, administrative staff and banquet servers.



Hiring and Turnover

Understanding trends in hiring and turnover is key to helping HR managers do their job. Turnover can be expensive for companies, not just in lost productivity but with the costs associated with the process of replacing an employee. Broadly speaking the cost of processing a turnover increases with the size of the company. Oil and Gas as a sector also pays more than average for turnover.

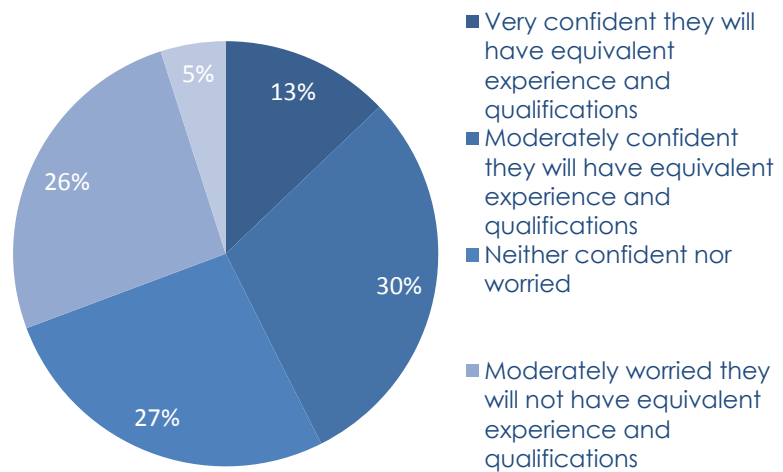
Estimated average total cost of processing an employee turnover



Finding replacements for turnovers that have the equivalent experience and qualifications can be difficult. Strong confidence in replacing workers with the equivalent experience is pretty low – in fact less than half of respondents are confident. That said, only 31% are actually worried they will not be able to replace leaving workers with people with the same experience and qualifications. Generally the percentage of people who are very confident decreases as the size of the organisation increases.

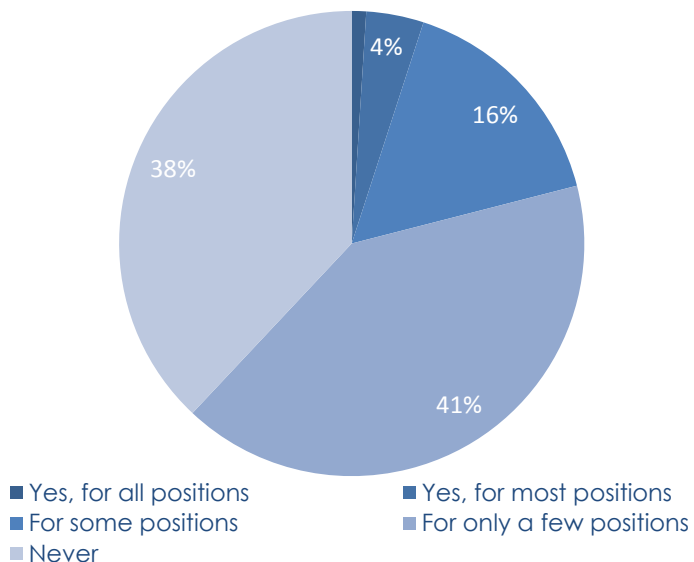
For half of companies employee training requirements are increasing as a result of turnover. Only 2% show a decline in training needs, while nearly two in five (38%) say there has been no change.

Confidence in replacing workers with equivalent experience and qualifications



Outside recruiters are used frequently – only 38% of companies say they never use them. Generally, propensity to use an outside recruiter increases with the size of the company. Use of an outside recruiter is very common in the oil and gas sector, but less so among professional service firms.

Frequency of use of an outside recruiter



Employee Orientation

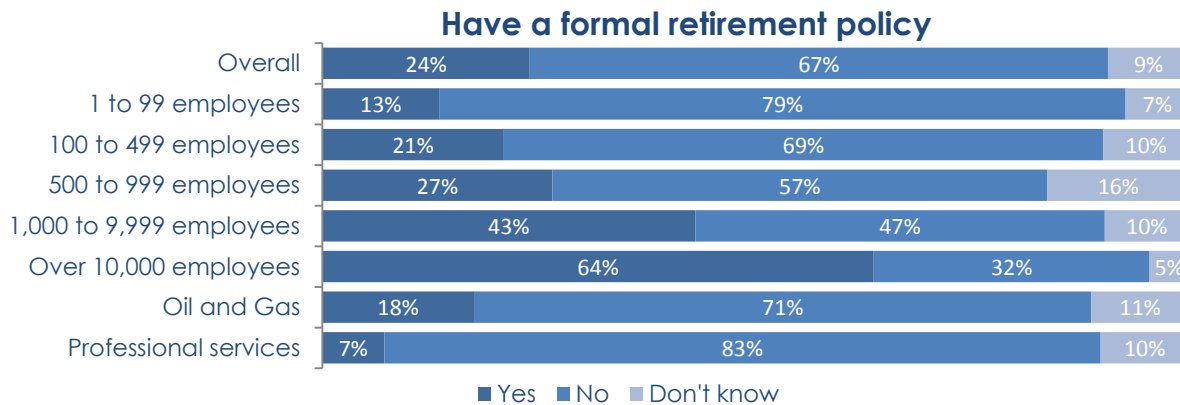
The vast majority of companies (91%) have an employee orientation for new hires. This is true across all company sizes and sectors. Only firms with fewer employees are slightly less likely to have an orientation program.

Companies keep these employee orientation programs up to date. Nearly half (47%) of firms report reviewing their program in the last three months and another 20% doing so within the last

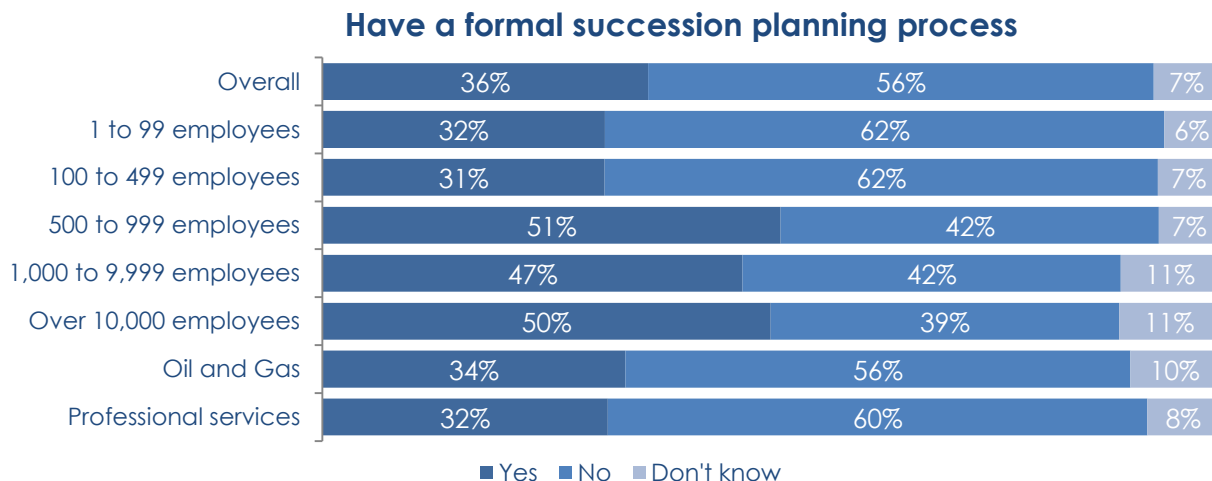
six months. Only 3% of respondents say their employee orientation has never been reviewed, and another 15% say it has been more than a year.

Retirement

Most companies in Alberta do not have a formal retirement policy. Only a quarter (24%) have a formal policy. As firms get larger they become more likely to have a formal retirement policy.



Like retirement policies, most companies in Alberta do not have a formal succession planning process. However, at 36%, this is considerably more common than formal retirement policies. Larger firms (more than 500 employees) are more likely to have a formal succession planning process than smaller ones, but not dramatically so.



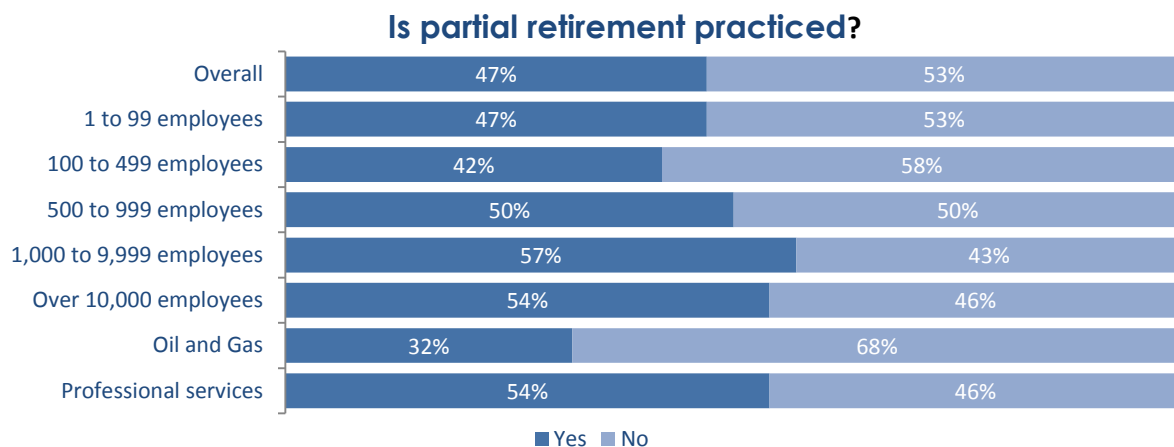
Of those firms that do have a formal succession planning process, nearly two thirds (62%) say that retirements have not affected their succession planning. Only 8% say retirements have had a great deal of impact on their succession planning and another 29% report it has had a moderate amount. This does not vary greatly by company size and sector, with the exception of firms with between 1,000 and 9,999 employees where a majority of respondents (57%) say retirements have had an impact on succession planning.

Alberta's workforce is comparatively young (as opposed to other provinces) and eligibility for retirement is quite low.

| Median number | 1 to 99 employees | 100 to 499 employees | 500 to 999 employees | 1,000 to 9,999 employees | Over 10,000 employees |
|------------------------------------------|-------------------|----------------------|----------------------|--------------------------|-----------------------|
| Eligible for retirement in the last year | 0 | 3 | 9 | 59 | 500 |

Partial Retirement

"Partial-retirement", that is older employees transitioning to two or three days a week or less so that the company retains their experience and knowledge is practiced at nearly half the companies surveyed. It is more commonly found in larger companies and in professional service firms.



Amongst those companies that allow for "partial retirements" they are not very common.

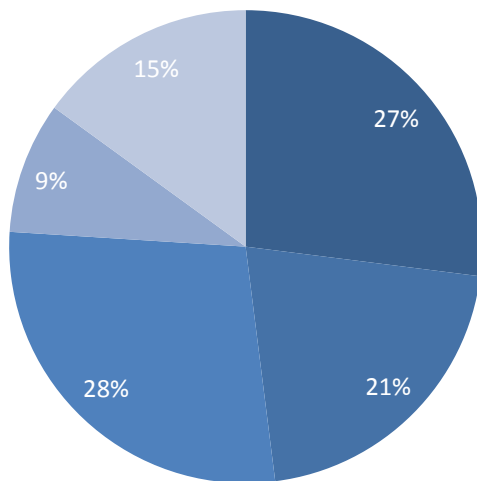
| Median number | 1 to 99 employees | 100 to 499 employees | 500 to 999 employees | 1,000 to 9,999 employees | Over 10,000 employees |
|--------------------------------------------------------|-------------------|----------------------|----------------------|--------------------------|-----------------------|
| Number of "partial retirements" in the last six months | 0 | 1 | 1 | 4 | 10 |

When an employee transitions to "partial retirement" different companies deal with their position in different ways. About an equal number leave the position open pending their full retirement as fill it with a full-time replacement. Fewer use part-time employees to make the difference in hours. Generally, larger companies are more likely to fill the spot with a full time replacement right away. More cash flow conscious smaller firms are much more likely to leave the position open pending their full retirement.

Among those firms that do not allow for "partial retirement" a fraction (2%) are planning to implement it and a majority (63%) are open to the idea. Openness to the idea tends to

decrease as the size of the company increases, perhaps because those large companies that are interested in the idea have already implemented it.

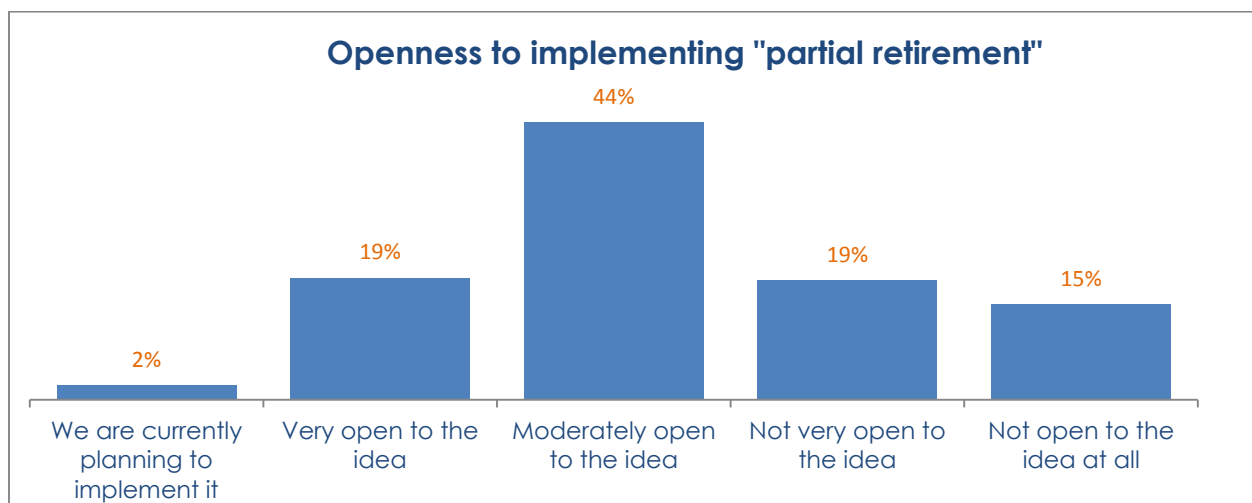
How the open position is dealt with?



- It has been filled by a full-time replacement
- It has been filled by a part-time replacement
- It has been left open pending their full retirement
- It will not be filled again
- Other

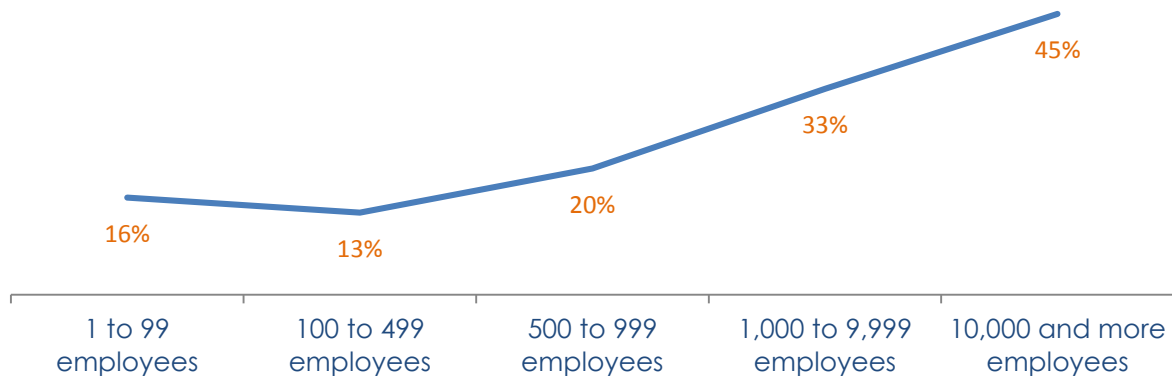
Companies that were not open to the idea of "partial retirement" were asked why not. The answers fell into three categories – either the company is engaged in an industry or sector where this model would not work; it is too small to implement a policy like this; or management does not think it would fit with the culture of the firm.

Openness to implementing "partial retirement"



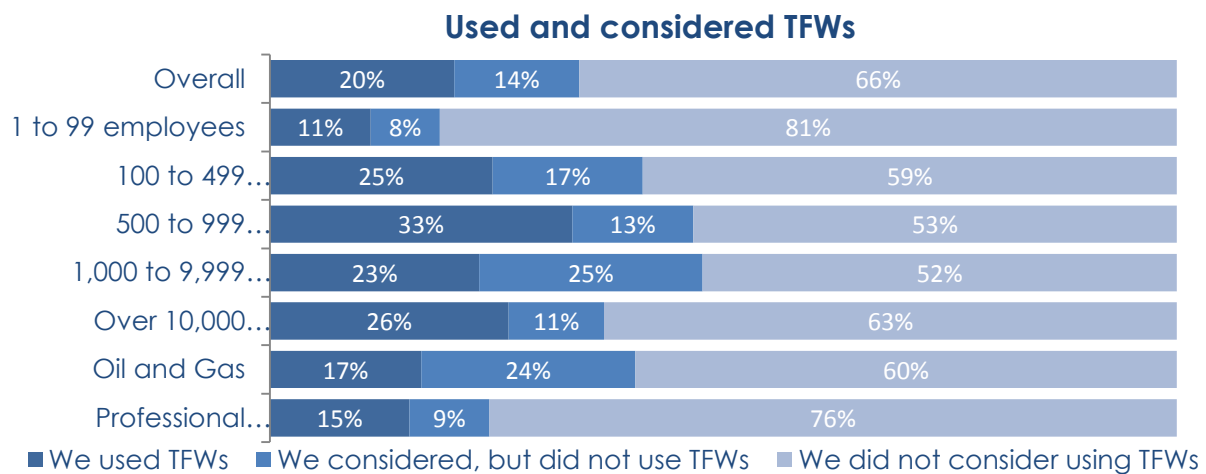
Far fewer companies have a policy of allowing retired employees to return to work on contract. Less than one in five (19%) have such a policy. Another 15% say they are working on developing a policy, but two thirds (66%) say they have no plans to develop such a policy. The existence of a policy increases with the size of the company.

Have a policy allowing retired workers to work on contract



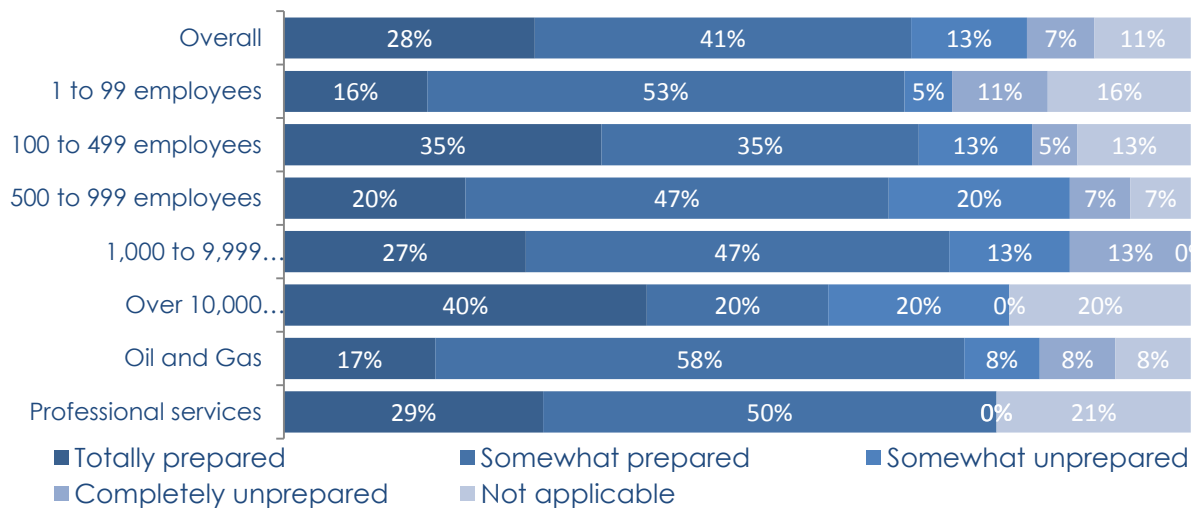
Temporary Foreign Workers (TFWs)

Overall, one in five companies (20%) used TFWs in the last six months. Firms with more employees were more likely to use TFWs than those with fewer employees. Another 14% considered using TFWs in the last six months.



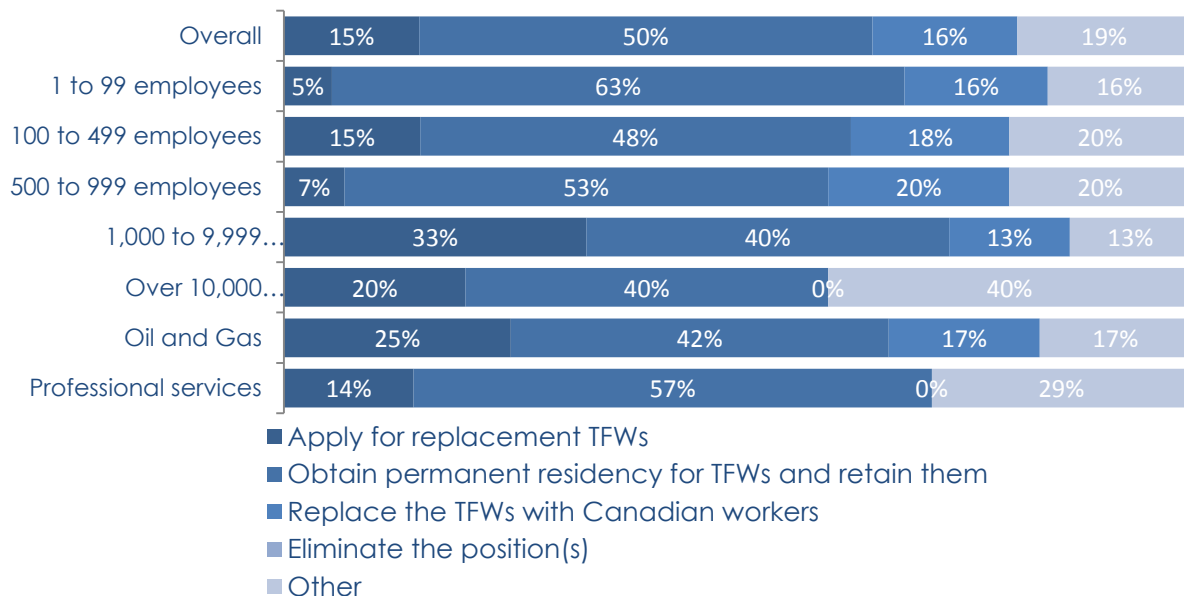
TFWs have a four year maximum and dealing with issues surrounding this limit can be difficult for employers. 2015 in particular will see many TFWs leave Canada. Of firms that had TFWs, a clear majority say they are totally or somewhat prepared for this transition.

Prepared for transition in 2015 of TFWs leaving Canada



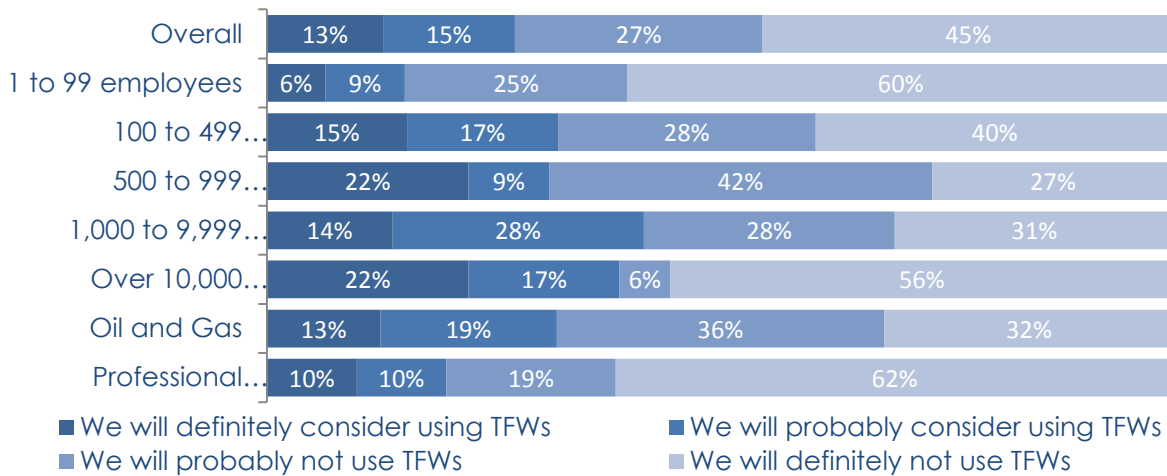
Regardless of when the four year maximum is up, employers must have a plan to deal with replacing them. The most common plan is to obtain permanent residency for the TFWs (50%), while only about one in six says they will replace them with Canadian workers (16%) or get new TFWs (15%). Not a single respondent said they would eliminate the position once the TFW left.

Plan to replace TFWs when maximum time is reached



Looking forward to the next six months more than a quarter of employers (28%) will consider using TFWs. This number is larger, around 40%, for the larger firms.

Consider using TFWs in the next six months



Other Trends

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

By far the most common response is that employers are operating in a highly competitive labour market in Alberta. Employees are being lured away by good wages and benefits packages. Linked to that is a complaint about the difficulty of finding talent – specialised skill sets are hard to find and hard to retain.

Another prominent response is the aging of the workforce and the pressures that it is putting on employers as highly experienced people retire. This also brought up generational differences whereby younger workers have different expectations about work than the people they are replacing.

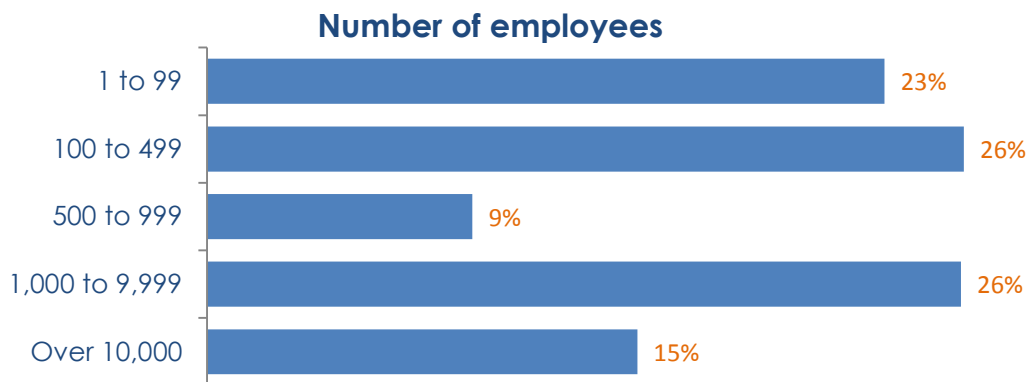
Several respondents also commented about the impact of the economy in general. Changes in government funding are impacting some of the HRIA members. Rural employers also mentioned that it is harder to attract qualified employees to locations outside of the major cities.

Methodology

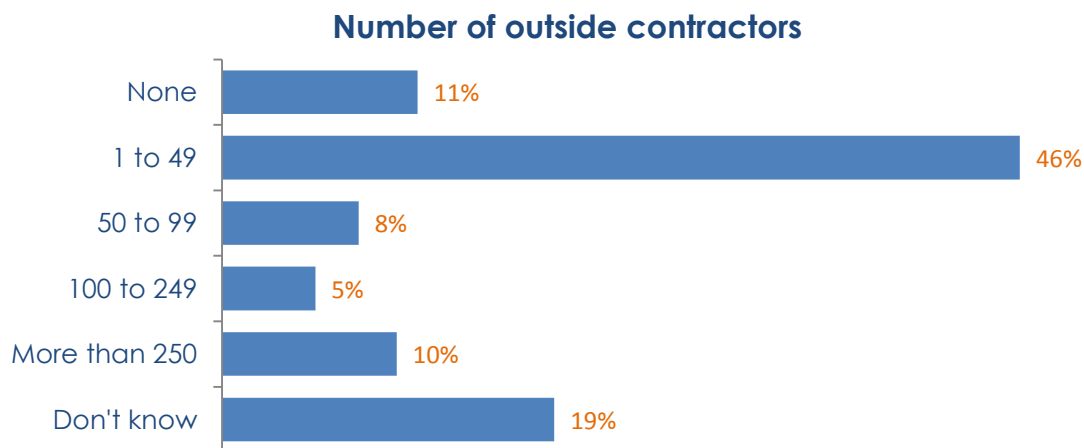
This survey was conducted online between November 15 and December 6, 2013. 5,845 members of the HIRA were invited to participate via an email. Of these 944 completed enough of the survey for their responses to be useable, a response rate of 16.2%. 448 respondents completed every question, a completion rate of 7.7%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/- 2.9%, nineteen times out of twenty and +/- 4.4%, nineteen times out of twenty.

Respondent Profile

The respondents come from organisations of all sizes from sole-proprietors to multi-national corporations. The median number of global employees per company is 500 and the average number of employees is 6,780. The respondents are fairly evenly distributed by the size of company. The largest number of employees reported is 100,000.

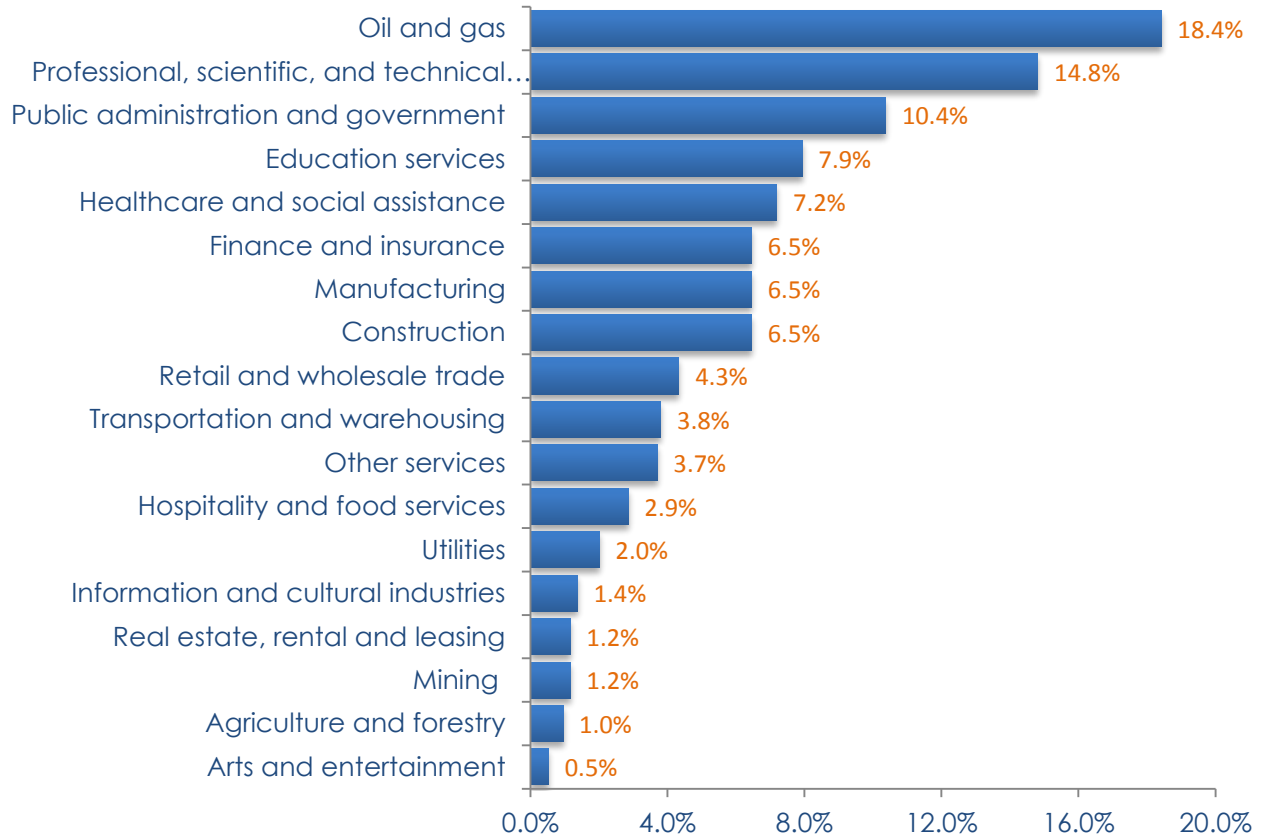


Most HRIA members use outside contractors to supplement the work their employees do. The most common number is between 1 and 59 outside contractors.



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

Distribution by Sector



Due to the sample size the only sectors that can be broken out with separate results are Professional, scientific and technical services and Oil and gas.

Respondents were divided between being Certified Human Resource Professionals and other categories. 58.7% of respondents were certified.

Further information

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

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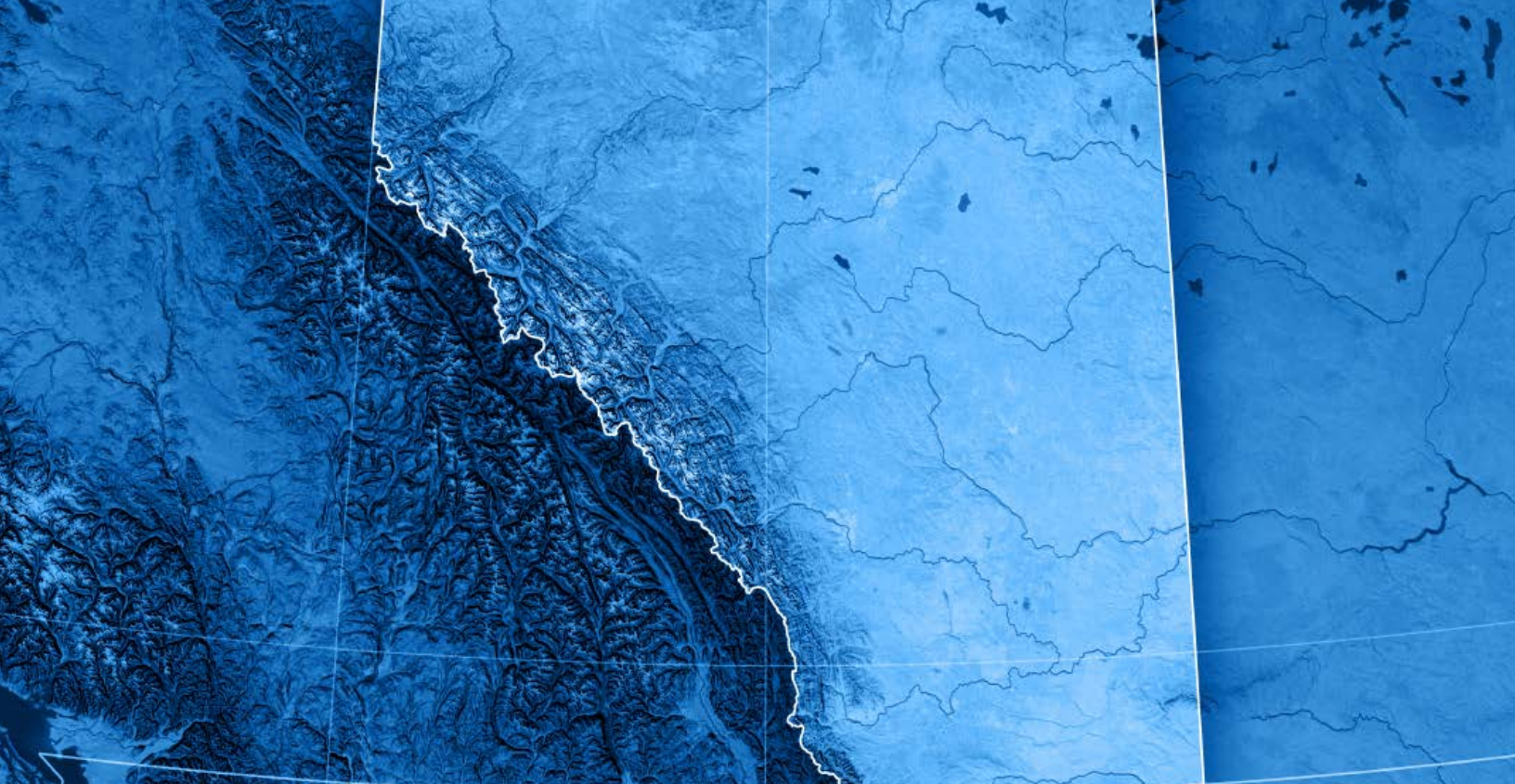
For inquiries regarding the methodology and survey tool, contact:

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Abingdon specializes in large membership surveys and economic/public affairs oriented projects. The company's past work has included labour market studies of western Canada evaluating labour shortages and relative pay rates for employers. Based in western Canada, Abingdon boasts past clients such as the Port Metro Vancouver, BHP Billiton, the Calgary Chamber of Commerce, municipalities from British Columbia to Ontario, as well as major media organizations in British Columbia and Alberta.

HRIA

HRIA is the leading professional association for human resources practitioners in Alberta dedicated to strengthening and promoting the HR profession. As Alberta's exclusive granting body for the Certified Human Resources Professional (CHRP) designation, HRIA plays a critical role in establishing professional standards within the industry. The HRIA membership connects over 5,900 HR practitioners, including 3,100 + CHRPs across the province through various professional development, networking, and community initiatives.