

HR Trends

Manitoba Report - Spring 2018

MANITOBA HR TRENDS REPORT – SPRING 2018

PURPOSE OF THIS REPORT

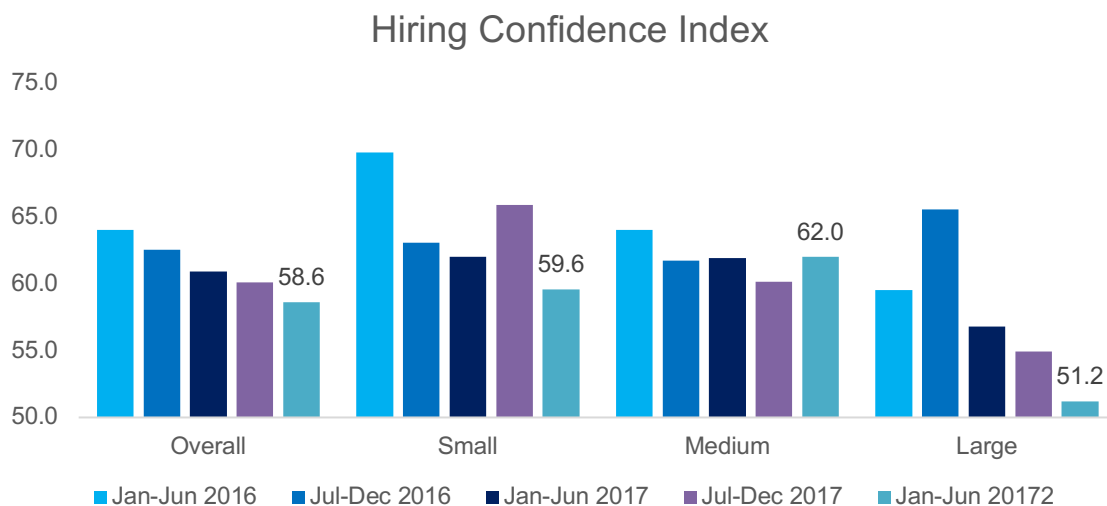
This report is a reference tool for HR professionals and departments in Manitoba to make informed decisions on up-to-date workplace data. Together with best practices, the right labour market information can help human resources professionals make better decisions and improve the advice that they provide to their stakeholders.

CPHR Manitoba has commissioned this report to supplement other sources of labour information available to its members and to provide benchmarks that can help human resources professionals make better decisions. This is the fifth report in the series.

HIRING CONFIDENCE INDEX

Manitoba's Hiring Confidence Index was created to measure how Manitoba 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; it also incorporates views on growth in the number of positions.

The Index is made up of both an expectation of hiring levels over the next six months, but also 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 of more than 50 means HR professionals are more confident, than concerned, about hiring.

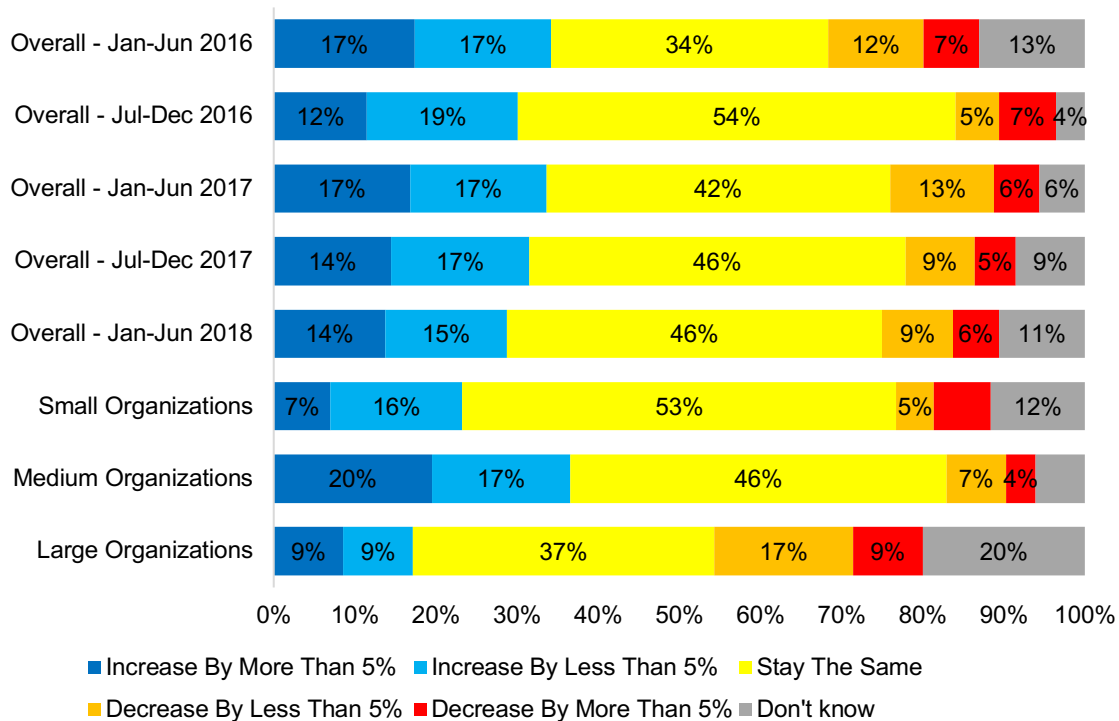


Manitoba's Hiring Confidence Index score has dropped again. There has been an almost straight line drop since the first report. This drop was driven by a significant decrease among both small and large organizations. Medium-sized organizations actually gained in hiring confidence since the last report.

THE 6 MONTH OUTLOOK

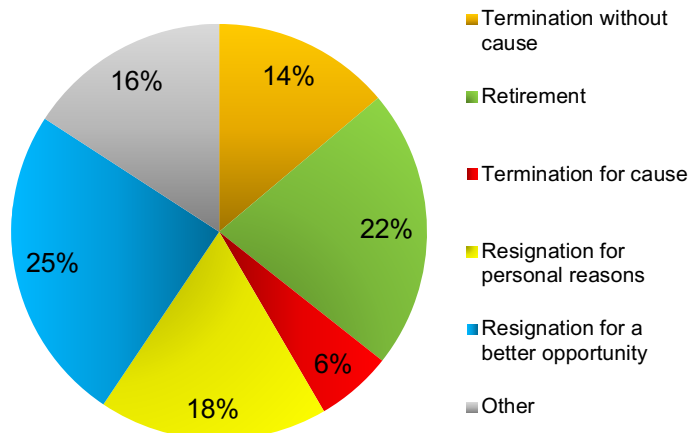
Overall 29% of organizations say they expect their headcount to grow in the next six months. This is a slight drop from the last report (-2 points). While the percentage of medium-sized organizations who expect to grow stayed about the same, there were drops among both small (down four points from 27%) and large organizations (down six points from 23%).

Expected Change in Employment



Respondents expect the most common reasons they will lose staff in the next months to be resignation for a better opportunity (25%) and retirement (22%). The biggest change from the last report is the jump from 9% to 14% of Termination without cause. It is still one of the least common reasons, but its increase could be a warning sign for the economy. In comparison, the Western Canada HR Trends report saw a decrease of three points for Termination without cause which is now at 15% for western provinces.

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



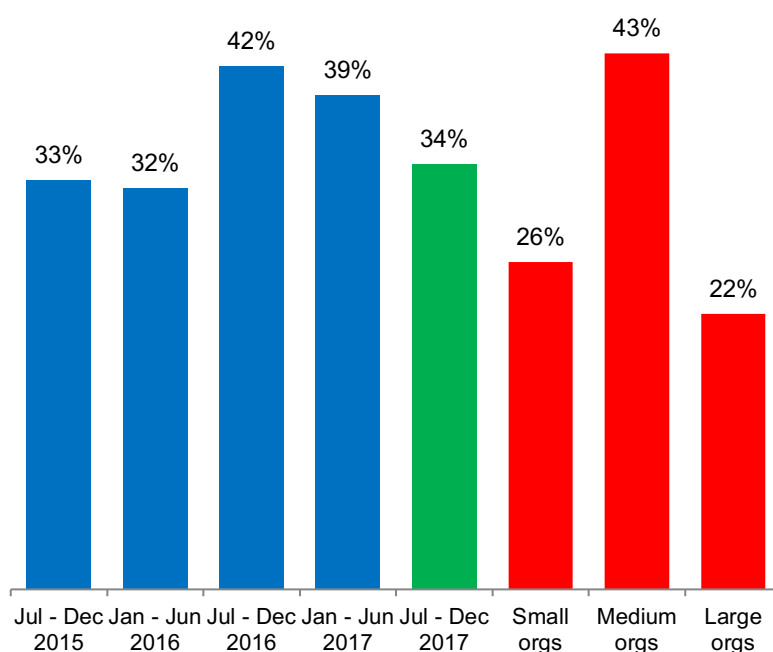
Organizations report that on average they plan for changes in their workforce 5.2 months in advance. The larger the organization, the more likely are to plan further in advance. Respondents with fewer than 100 employees plan 4.2 months in advance while those with more than 1,000 staff begin planning 6.2 months in advance, this reverses the trend found in the last report.

CURRENT TRENDS

About a third of organizations (34%) saw their numbers of employees grow over the last six months. This represents a significant drop (5 points) from the previous report. Small organizations saw the biggest change with only 26% reporting net growth (down from 40% in the first half of the year), the drops were smaller among medium-sized and large organizations. In fact, medium-sized organizations are still seeing growth as only 14% report losing employees. It is a different story among large organizations where 32% say the number of employees dropped in the last six months and only 22% reported growth. This is a worrying trend for Manitoba's job market.

Small organizations saw a significant drop in the number of employees on average, while large organizations shrank as well (both employees and contractors). Medium-sized organizations were the bright-light posting significant average employee gains.

Percentage reporting net increase in employment

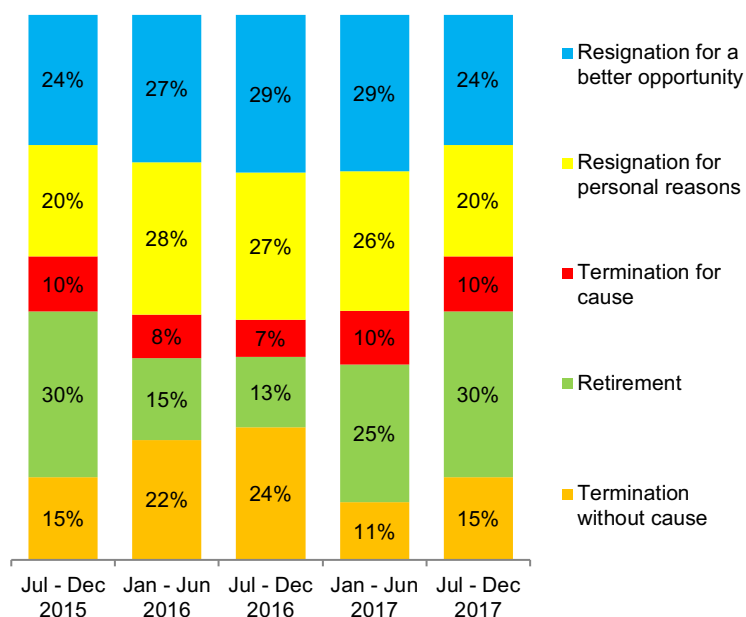


Employees	Small organizations	Medium organizations	Large organizations
Joined in last six months	7.1	41.5	115.3
Left in last six months	13.9	28.5	125.5
Net Employees	-6.8	+13.0	-10.2
Contractors			
Joined in last six months	3.3	5.6	13.5
Left in last six months	2.5	3.0	36.1
Net Contractors	+1.2	+2.6	-12.6

TERMINATION CAUSES

Retirement is now the most common reason cited by HR managers to lose staff (30%, up five points). Resignation for a better opportunity and Resignation for personal reasons both became significantly less common (down five points and six points respectively). This coupled with a slight increase in the Termination without cause could be a warning of a softening of Manitoba's job market. As noted in the last report, Manitoba continues to cite retirement (30%) as the most common reason for leaving well ahead of the Western Provinces (16%).

Most Common Reasons for Leaving

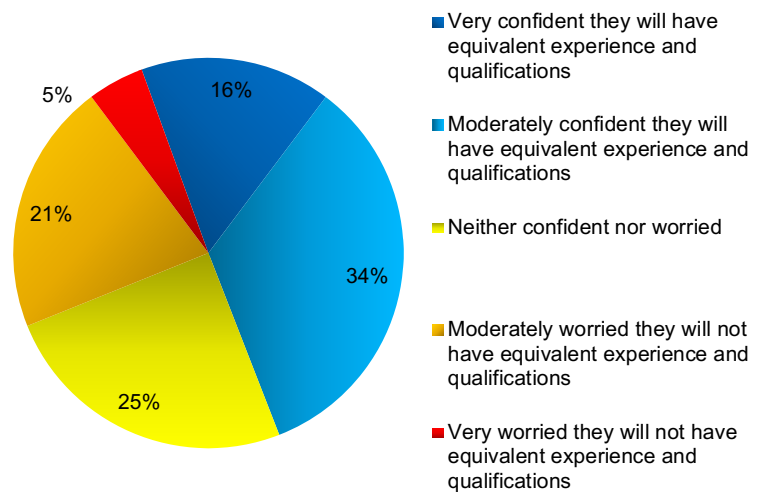


Just as retirement is the most common overall reason for employees to leave it is also the most common reason for employees to leave in five out of the six job type categories. The only exception is administrative and support staff who are most likely to leave for a better opportunity.

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

Exactly half of the HR managers surveyed (50%) said they are confident they will be able to find equivalent qualified replacements to fill vacancies. This is a decrease of two points from six months ago and represents how Manitoba's relatively strong job market is making finding qualified replacements slightly harder. Only 26% are worried they will not find a replacement, but that is an increase of four points from the last report and ten points over the last year.

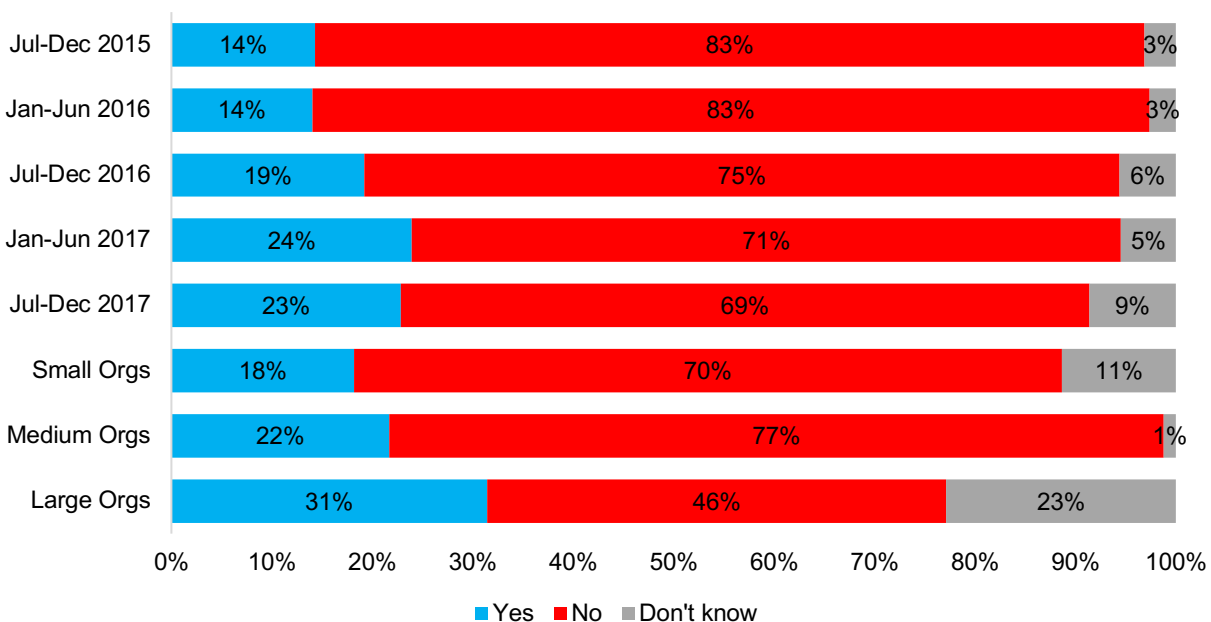
Confidence in replacing workers with equivalent experience and qualifications



TEMPORARY LAYOFFS

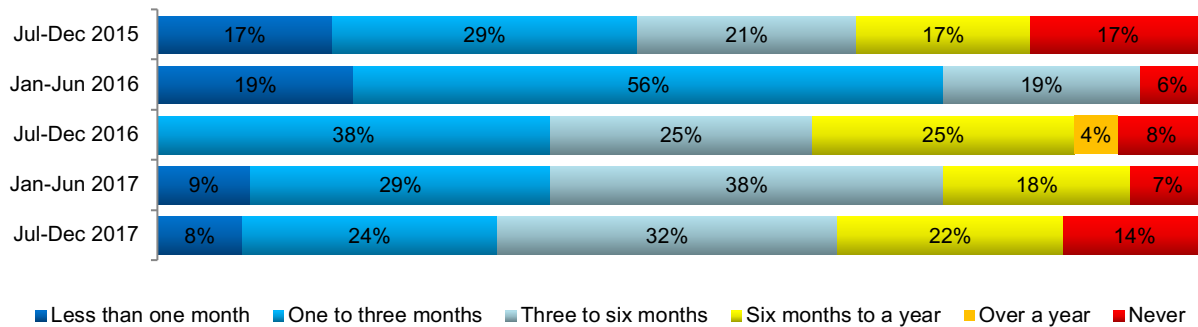
Temporary layoffs maintained their frequency in Manitoba over the last six months. Almost a quarter of organizations (23%, down one point) used this management practice. Large organizations are more likely to use temporary layoffs than small ones. But the gap between them is narrowing, with small organizations using temporary layoffs more frequently than six months ago, and large ones using them less frequently.

Have engaged in Temporary Layoffs



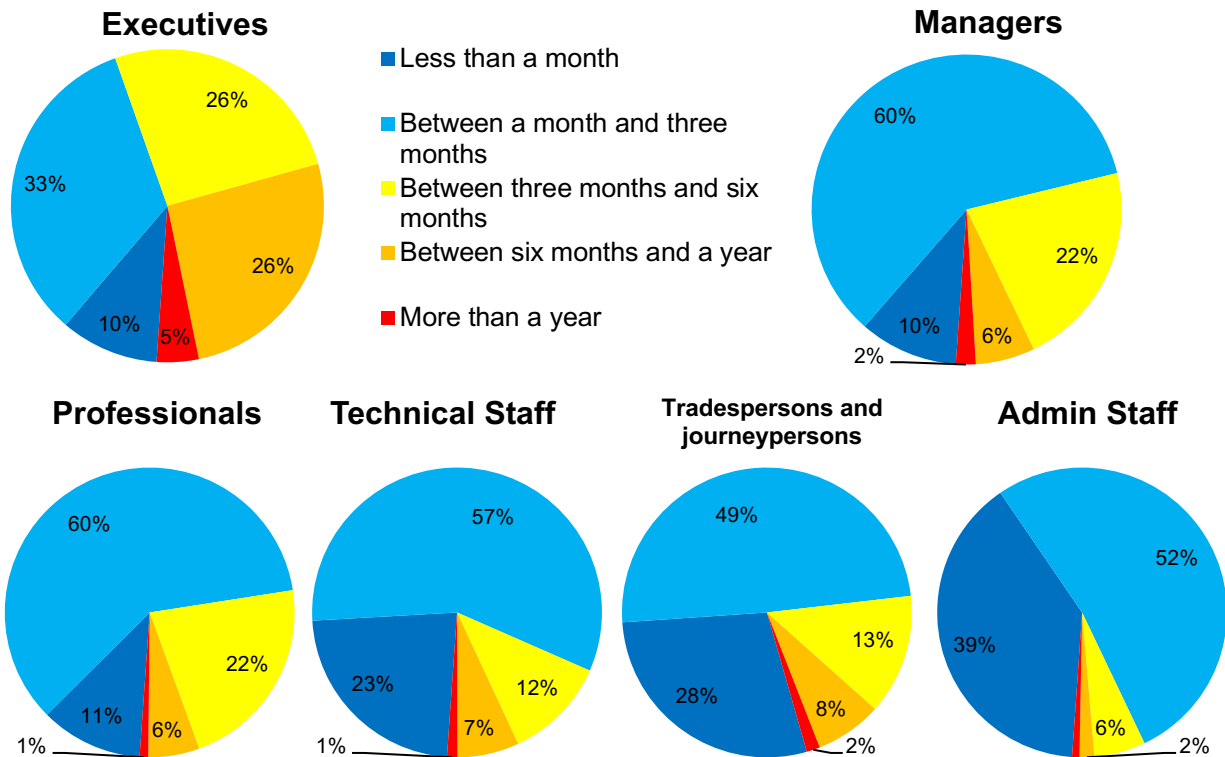
The goal of temporary layoffs for both the employer and the employee is for the layoff to truly be temporary so they can return to work as soon as possible. Unfortunately, more workers are going back to work slower over the last six months than in the previous six months. Eight percent are returning within a month, and 64% within six months (down 12 points). Most concerning is that the number of temporary layoffs that become permanent doubled to 14%.

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



FILLING VACANCIES

When it comes to filling vacancies the more specialized a position is, the longer it takes to fill. Therefore it is no surprise that only 43% of executive vacancies are filled within three months, while 91% of administrative and support staff vacancies are filled within the same period of time. Compared to the first half of 2017 it took slightly longer to fill vacancies in all job categories.



Most organizations who report losing staff over the last six months are not planning to fill the vacancies (59%, down four points). The remainder is most likely to fill the positions with permanent full-time staff (35%, up five points) while using contractors (3%) and part-time employees are less common (3%). Full-time permanent staff to fill vacancies are most common with medium-sized organizations (39%).

HR TEAM RATIO

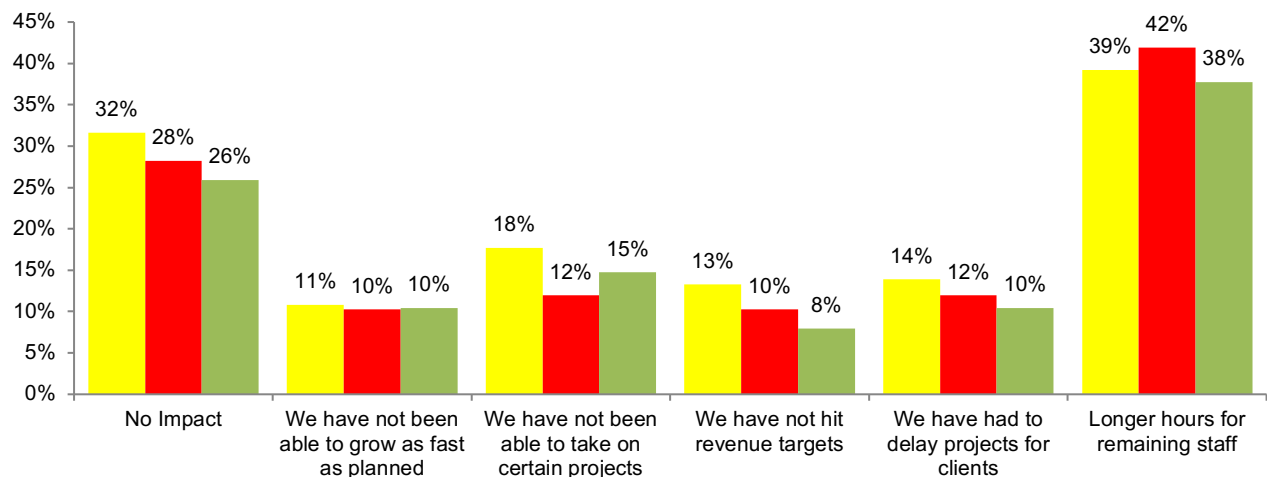
Respondents were asked to provide an approximate ratio of HR employees to overall employees in their organizations. The ratio grows with the size of the organization. Small organizations have 34 regular employees for each HR staff member, the ratio is 124:1 for medium-sized organizations and 249:1 for large organizations.

TURNOVER COSTS AND RESPONSE

In Manitoba, less about a quarter of organizations (26%, down two points) report not being impacted by employee turnover. The most common impact, cited by about two in five respondents (38%, down four points) is longer hours for remaining staff. The other impacts of turnover were all significantly less common and were only reported by about one in ten organizations.

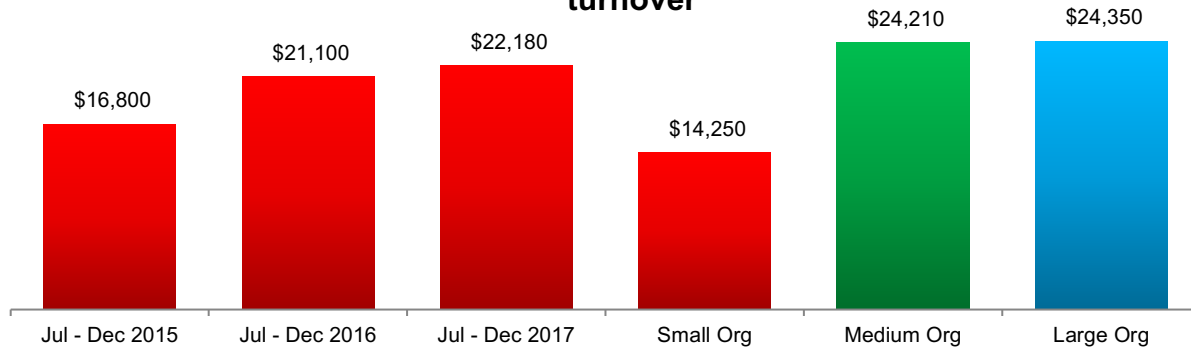
The remaining staff are the ones who bear the brunt of the consequences as turnover impacts more and more organizations. The only impact that became more common over the last year was not being able to take on certain projects which was reported by 15% of organizations (up three points).

Impact of turnover in the last year



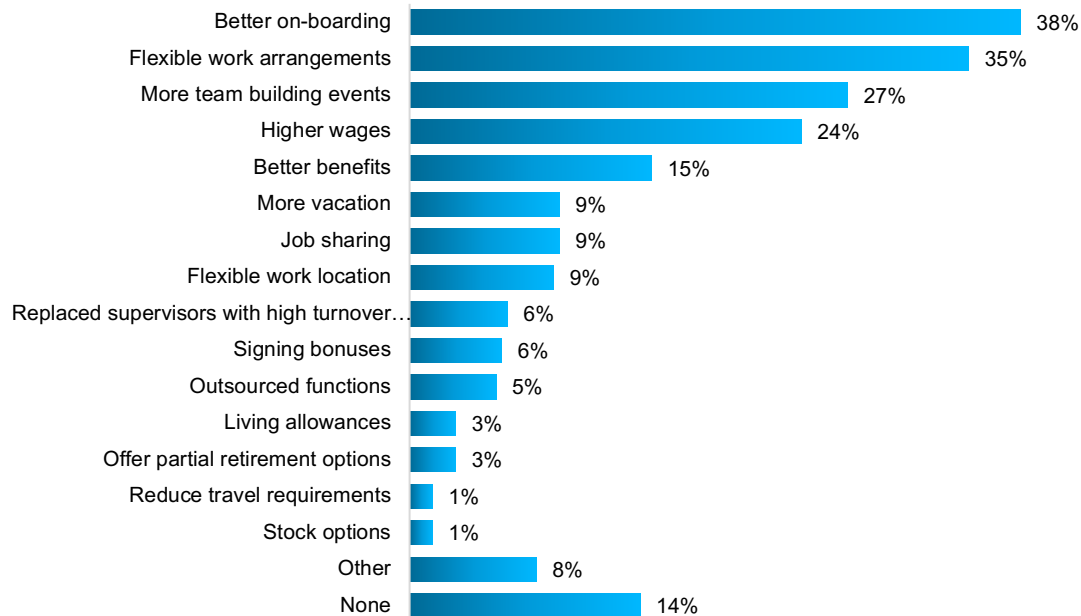
Employee turnover is expensive and getting more so. In Manitoba, the costs saw an increase over the last year from \$21,100 to \$22,180, an increase of just over \$1,000. The processing cost includes the time of the HR team, working with recruiters, severance, separation pay, the interview process and assorted regulatory requirements. The cost of processing is highest among large organizations (\$24,350, down about \$2,300). The cost of turnover increased for both small and medium-sized organizations but dropped for large ones.

Estimated average total cost of processing an employee turnover



The most popular actions organizations reported taking to reduce turnover include better onboarding (38%), flexible work arrangements (35%) and more team building events (27%). 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. Only a quarter of organizations (24%) used better wages to reduce turnover, and even fewer (15%) used better benefits.

Actions taken to reduce turnover for any reason

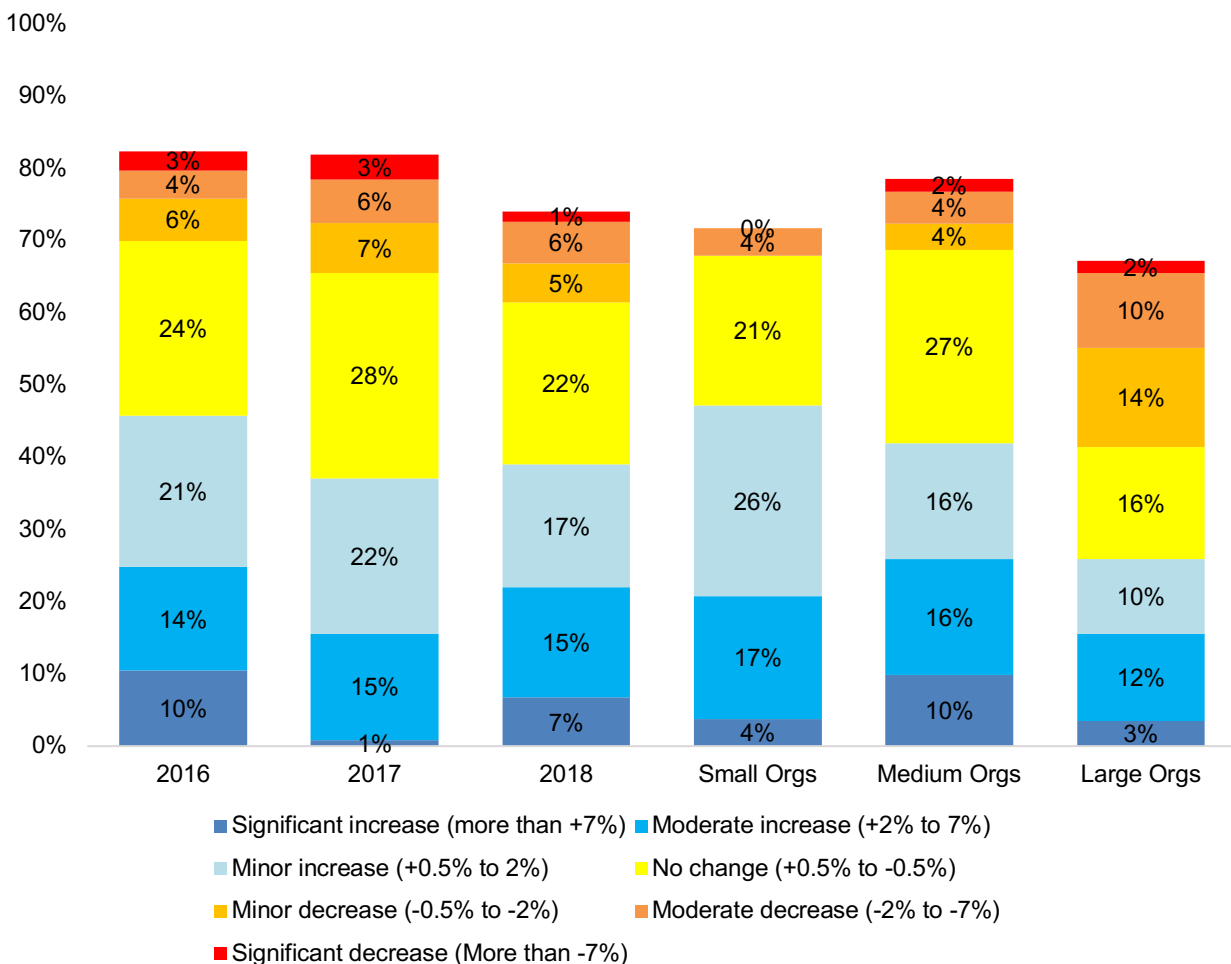


About seven out of ten (71%) cases of turnover in Manitoba are voluntary. This is even more likely to be the case among medium-sized organizations (75%).

HR BUDGET CHANGES

More HR departments expect their budgets to increase in 2018 than to decrease. In fact, 39% of respondents expect growth (up one point) with seven percent (up six points) expecting a significant budget increase. Only 12% (down four points) expect their HR budgets to shrink in 2018. Optimism is greatest among small organizations where 47% expect bigger budgets compared to large organizations where only 25% expect to see their budgets grow.

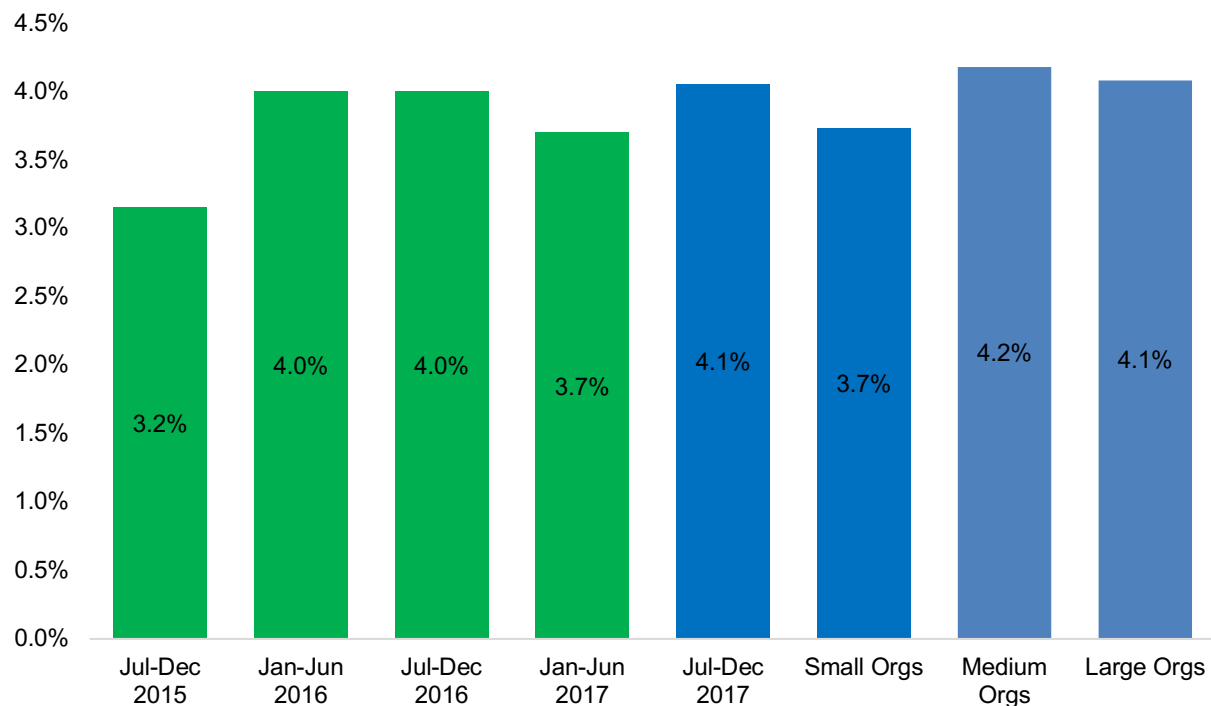
Expected HR Budget changes for 2018



LEARNING AND DEVELOPMENT

On average, organizations are investing 4.1% of their total budget towards learning and development. This is an increase from six months ago (up 0.4%) and restores budgets to where they were in 2016. Medium-sized organizations are more likely to spend a higher proportion of their budget on learning and development than small organizations.

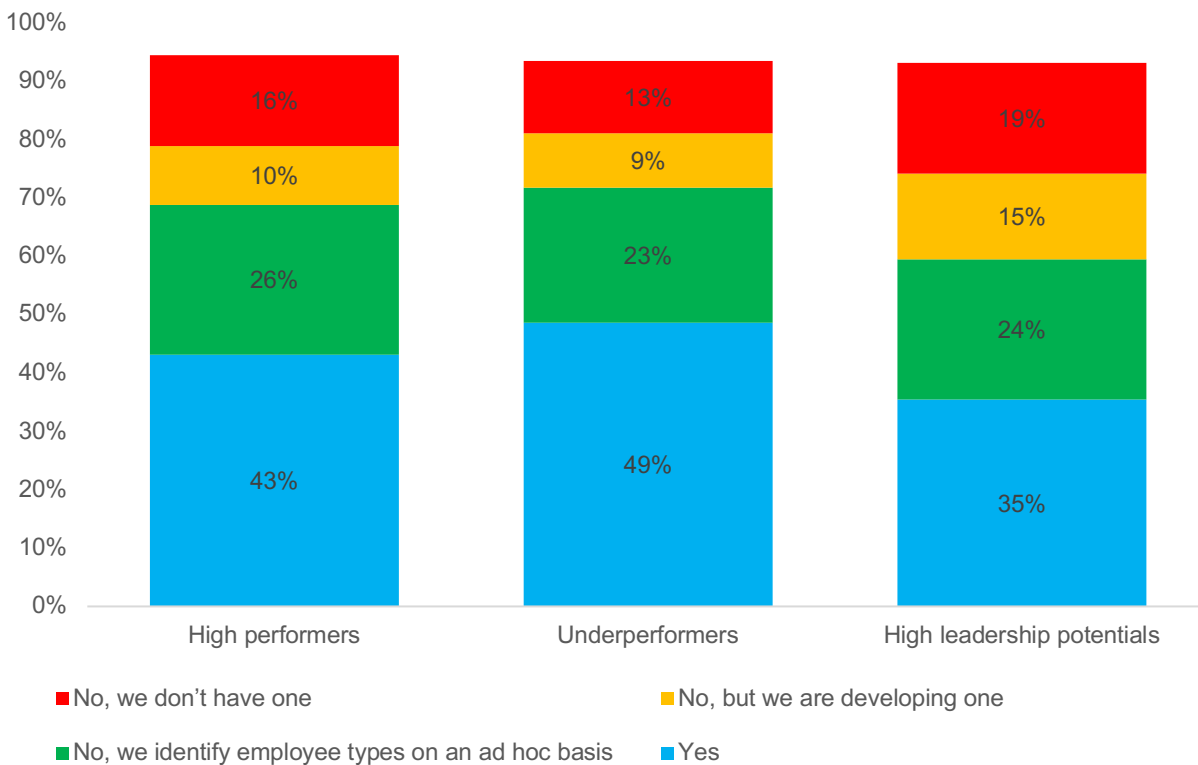
% of Budget Allocated to Learning and Development



DEVELOPING HIGH PERFORMERS AND LEADERSHIP POTENTIAL

More organizations have a process for identifying underperformers (49%) than high performers (43%) and high leadership potentials (35%). About a quarter of respondents say they identify high performers, underperformers and high leadership potentials on an ad hoc basis. Around one in ten say they are developing a formal process for identifying high performers and underperformers, but this rises (15%) for identifying high leadership potentials.

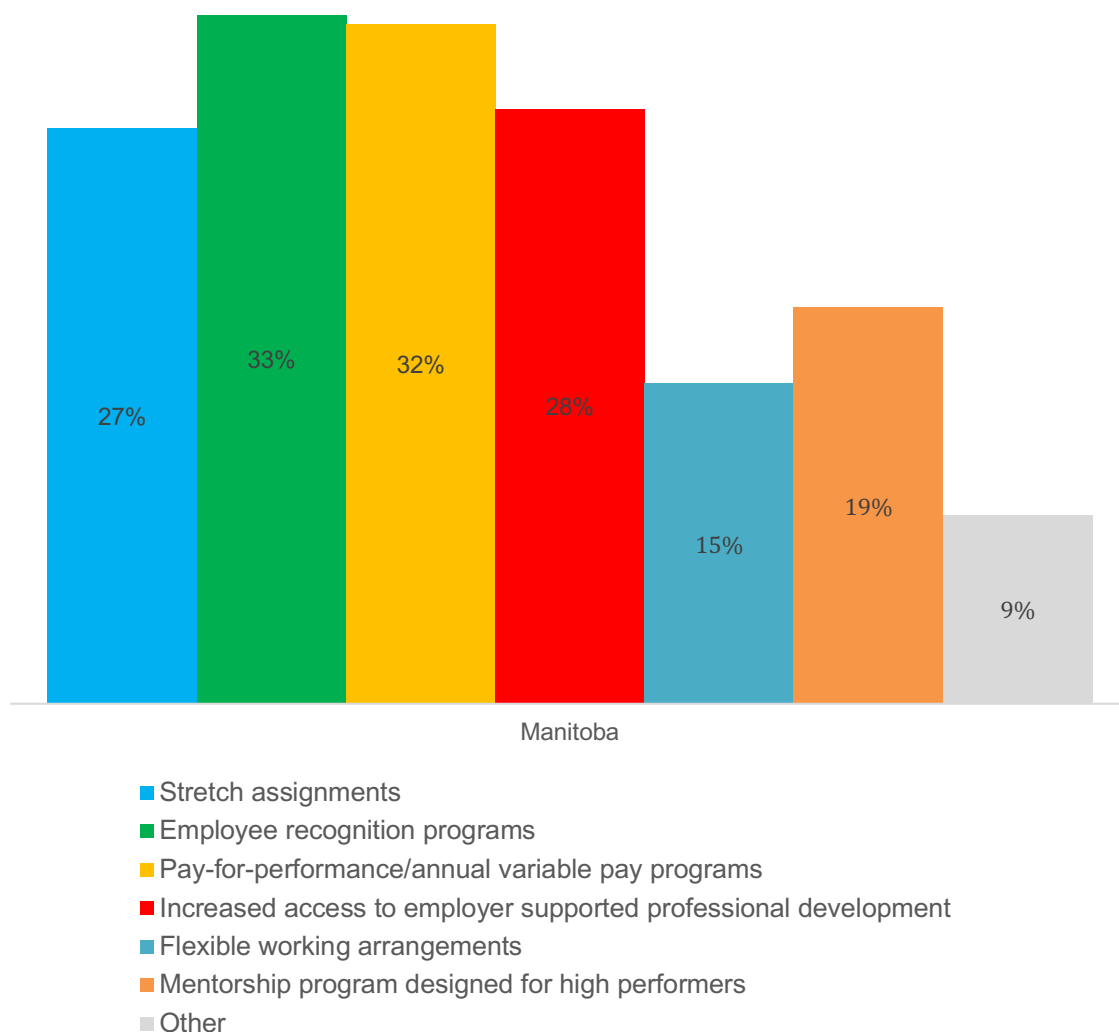
Do you have a process for identifying...



HIGH PERFORMERS

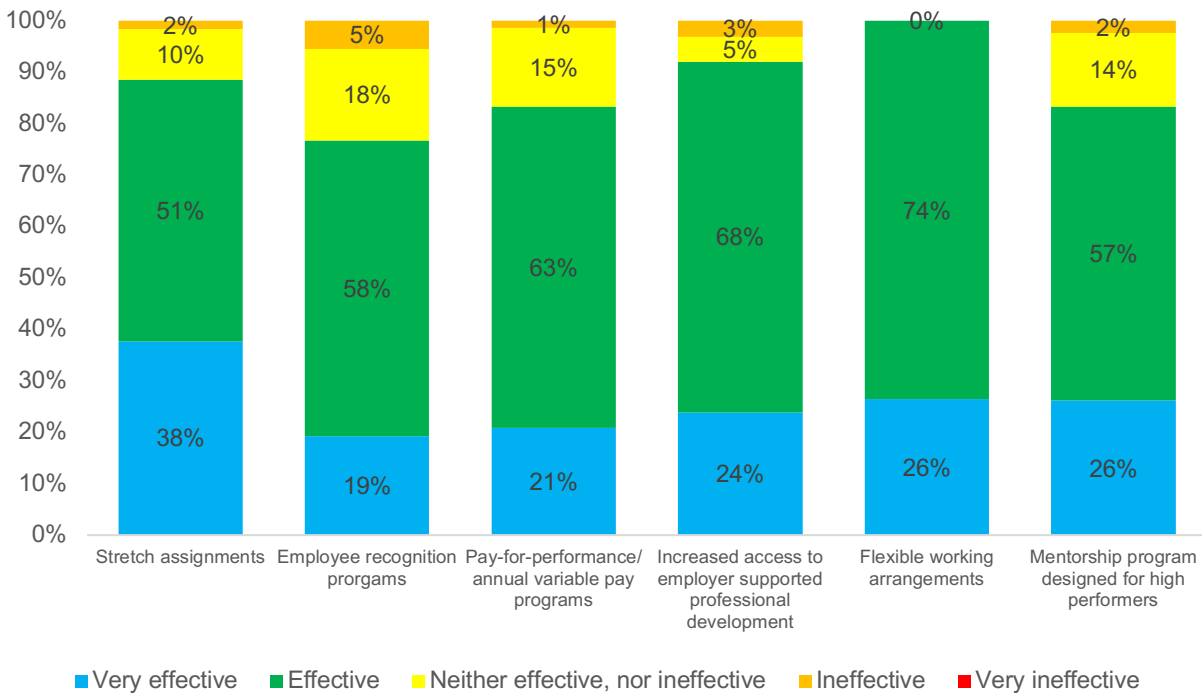
Of those organizations that identify high performers the most common methods used to motivate them are employee recognition programs (33%), pay-for-performance or annual variable pay programs (32%), increased access to employer-supported professional development opportunities (28%) and stretch assignments (27%).

What methods does your organization use to motivate high performing employees?



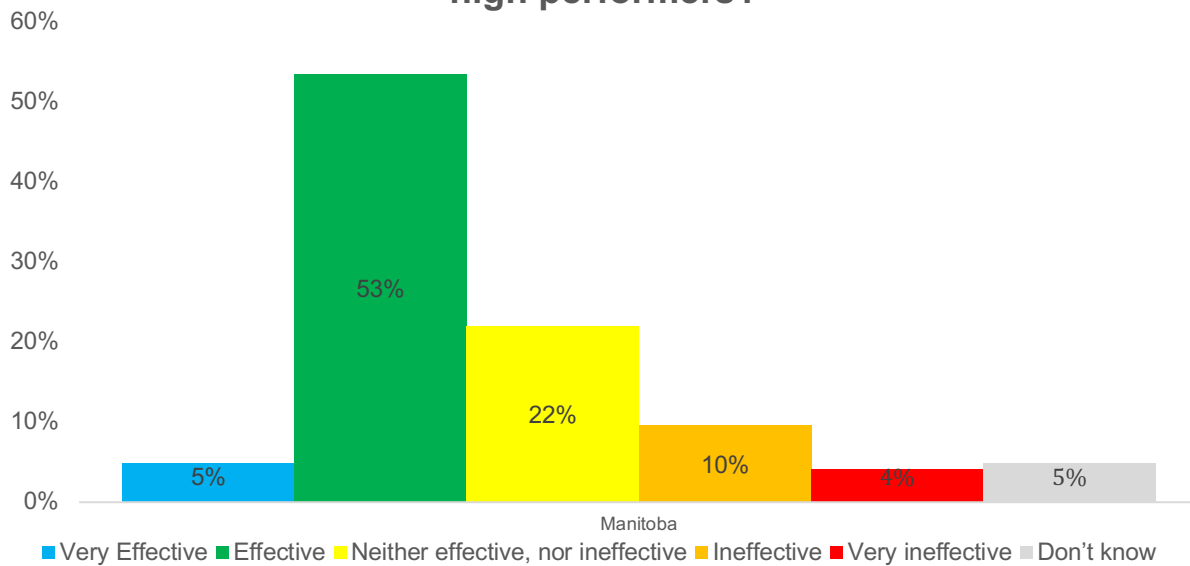
Respondents rated flexible working arrangements and stretch assignments as the most effective. Both of them were rated as very effective or effective by at least 89% of organizations. Employee recognition programs and pay-for-performance, while still seen as effective by a clear majority were rated as the least effective overall. This is very relevant because these two methods are also the most commonly used methods by organizations in Manitoba.

How effective were the methods?



A majority of respondents say that overall their organizations are effective at motivating high performers (53%). Only small numbers say they are either very effective (5%) or very ineffective (4%) at motivating those employees.

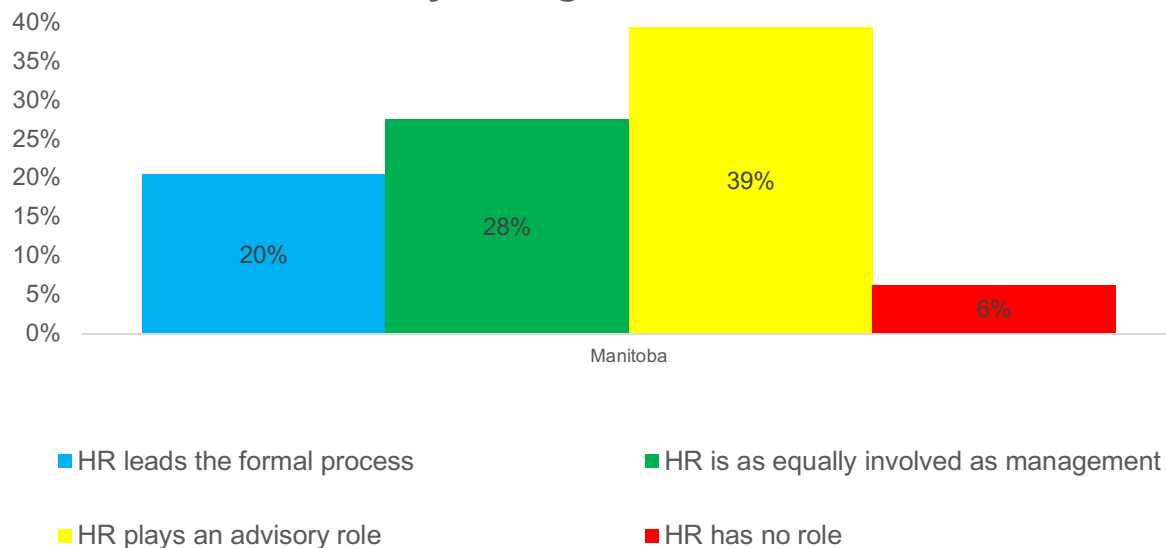
How effective overall is your organization at motivating high performers?



IDENTIFYING LEADERSHIP POTENTIAL

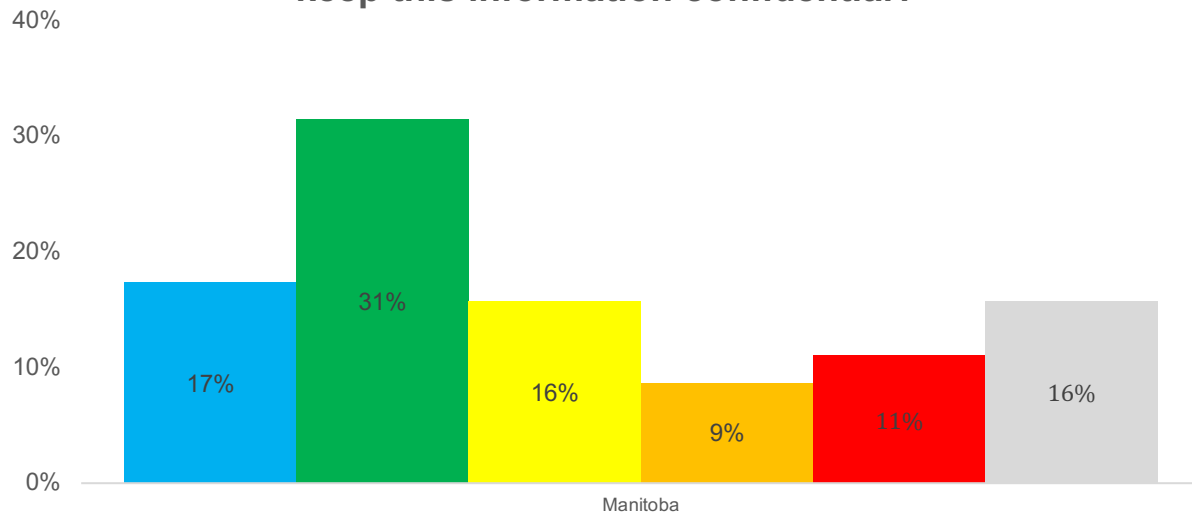
In almost every organization in Manitoba, HR is involved in the process of identifying higher leadership potential employees. That said in only 20% of cases does HR lead the formal process. HR being equally involved as management happens about a third of the time (28%), though this is more common in small organizations. In another 39% of organizations, HR plays only an advisory role.

To what extent is HR involved in the process of identifying high leadership potential employees at your organization?



Only one in six organizations (17%) informs all high leadership potential employees that they have been identified as such. The most common approach (31%) is to tell some of the high leadership potential employees but not others depending on their situation and the context. Another 25% of organizations inform the employees at various parts of the process while about half of that number (11%) does not inform the high leadership potential employees that they have been identified.

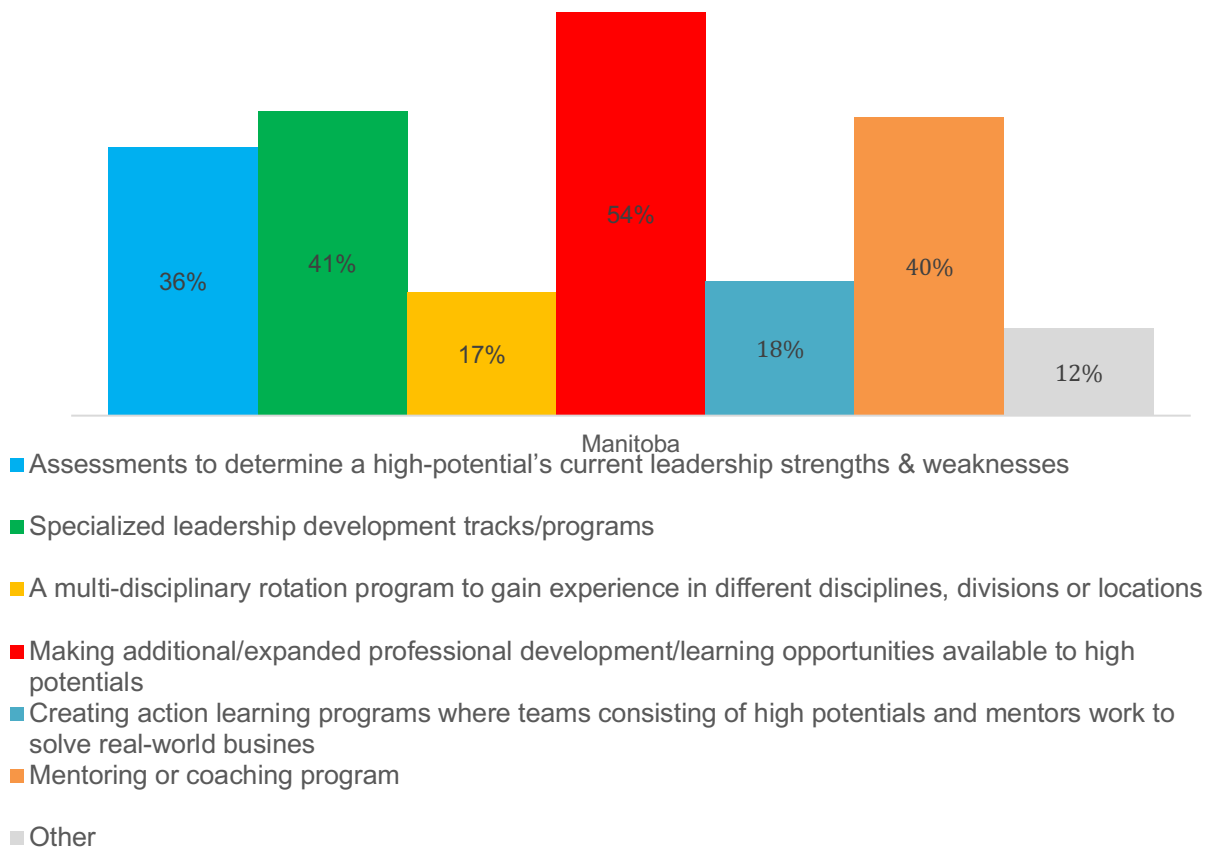
Does your organization inform high leadership potential employees once they are identified or do you keep this information confidential?



- My organization informs all high leadership potential employees that they have been identified as such
- My organization sometimes informs high leadership potential employees, but this decision is dependent on additional fact
- My organization keeps confidential the identification of all high leadership potential employees up until they are enrol
- My organization keeps confidential from the employee the identification of all early-stage/emerging high leadership pote
- My organization keeps confidential from the employee the identification of all high leadership potential employees
- Don't know

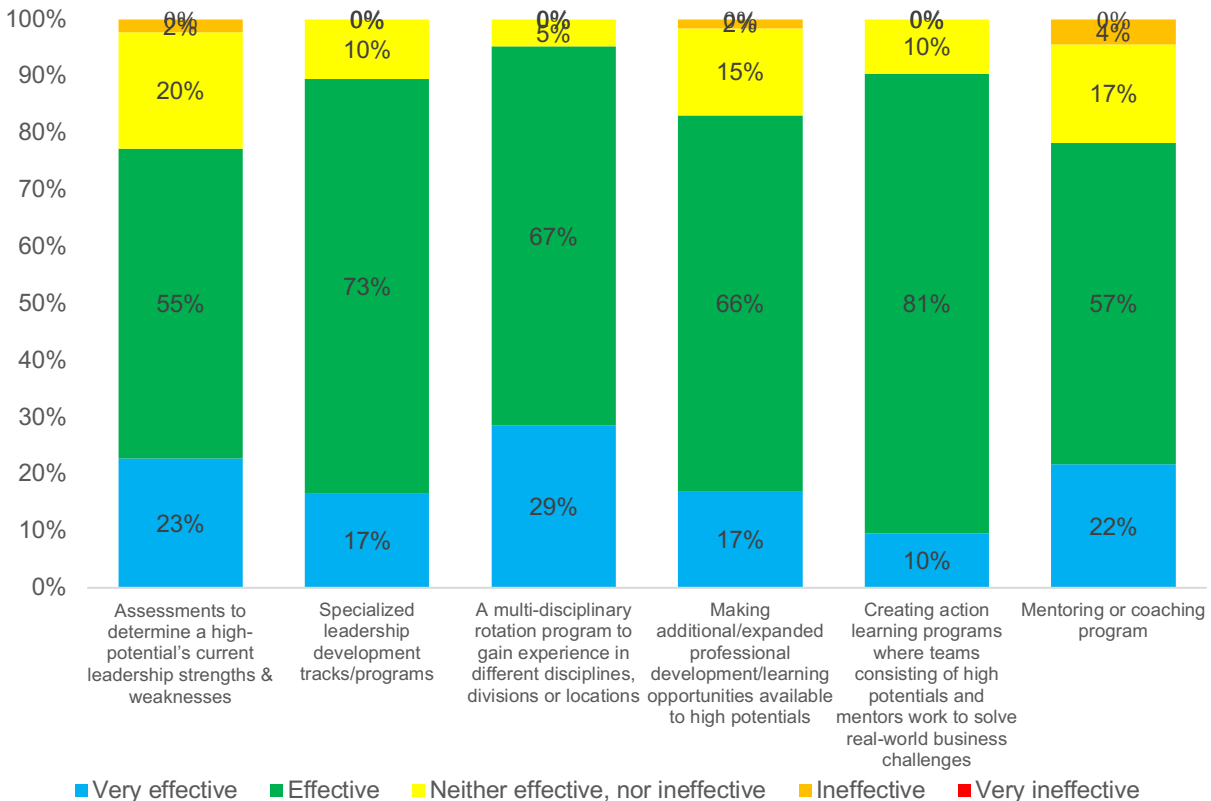
The most common method used by organizations in Manitoba to develop high leadership potential employees is to make additional professional development and learning opportunities available to them (54%). About two in five organizations offer mentoring (40%) and specialized leadership development tracks (41%).

What methods does your organization use to develop high leadership potential employees?



A majority of respondents rate all the methods to develop high-potential leaders as effective. The method that got the largest proportion of "very effective" responses was a multi-disciplinary rotation program to gain experience in different disciplines, divisions or locations (29%). It is worth noting that the most common method, of additional professional development and learning opportunities available to high-potentials, is actually seen as one of the least effective methods.

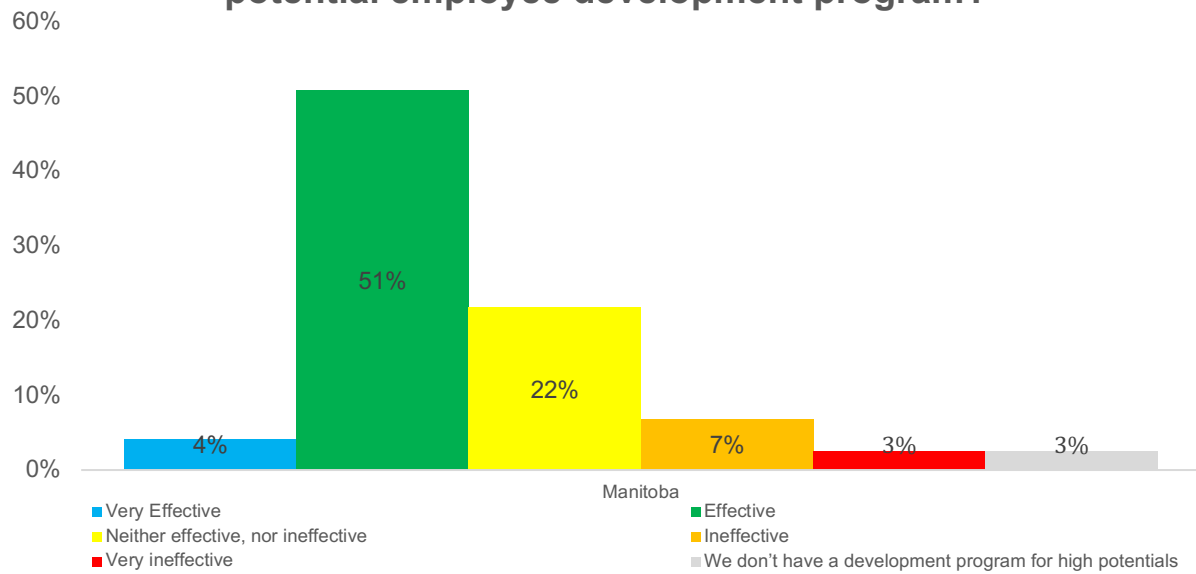
How effective were the methods?



Other methods that organizations use to develop high leadership potential employees include informal coaching and individual development plans.

Only one in twenty (4%) of organizations rate their organizations high potential employee development program as very effective. Another 51% describe it as effective. In contrast, only ten percent see their program as either ineffective or very ineffective. Overall organizations are satisfied with their high potential leadership programs.

How effective overall is your organization's high potential employee development program?

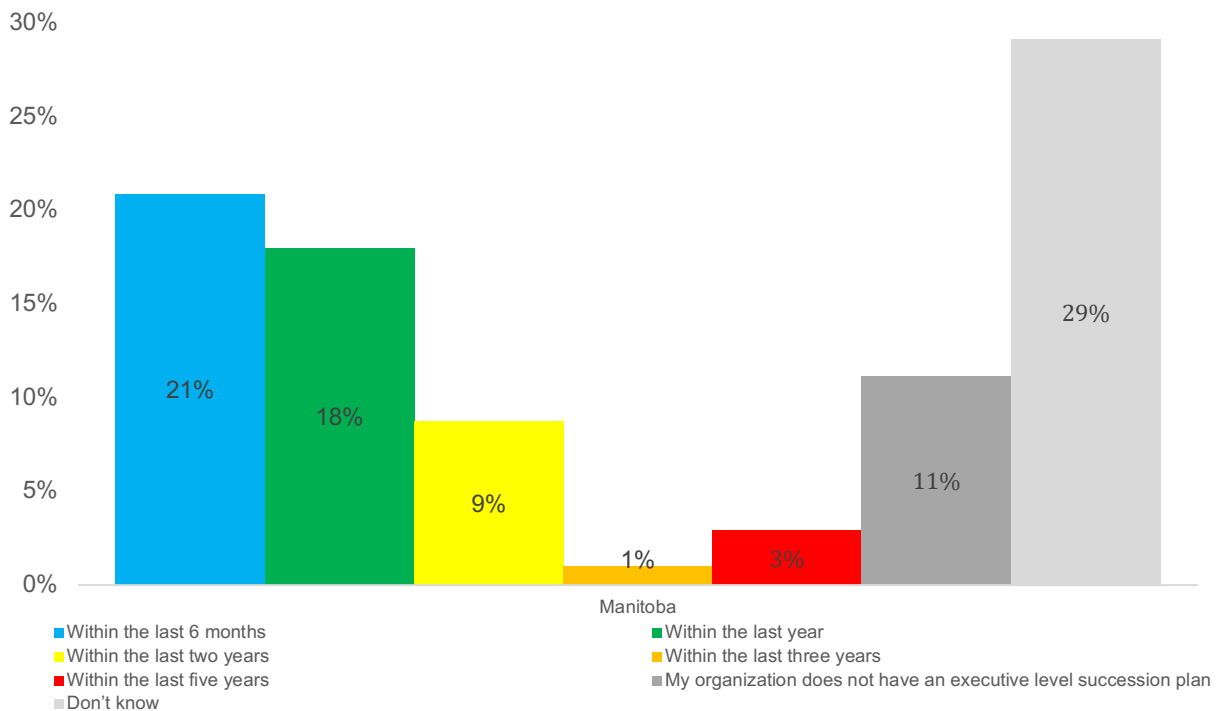


SUCCESSION PLANNING

Just under half of the HR practitioners who responded said they were involved in executive-level succession planning at their organization (47%). This includes eight percent who are leading the succession planning, 22% who are involved as a member of the executive leadership team and another 17% who have an advisory role. A further 22% are not involved directly because only the executive leadership team does this level of succession planning. The rest either don't know or say there is no succession planning for their organization.

Two in five (39%) organizations have reviewed their executive level succession plan with the last year. Overall, fully 11% of organizations do not have an executive level succession plan.

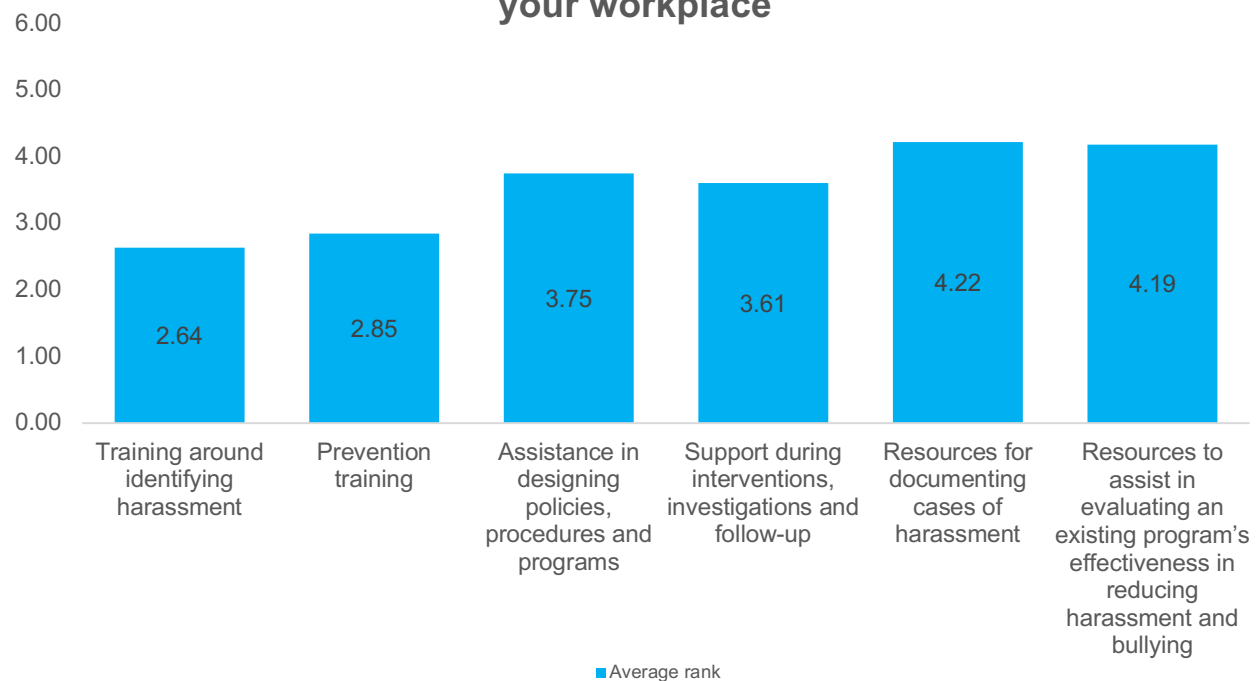
When did your organization last review the executive level succession plan?



COMBATTING HARASSMENT

Respondents were asked to rank up to six tools or actions used to reduce harassment and bullying in the workplace. The most highly ranked tools were training around identifying harassment and prevention training. This makes sense as these two tools are focused on identifying harassment early or preventing it before it begins. The lowest ranked tools were resources for documenting cases of harassment and resources to assist in evaluating an existing program's effectiveness at reducing harassment and bullying. These two tools are more focused on handling harassment properly as opposed to preventing it from happening in the first place, so it stands to reason they would be seen as less useful.

Average rank of the usefulness of the following tools/actions to reduce harassment and bullying in your workplace

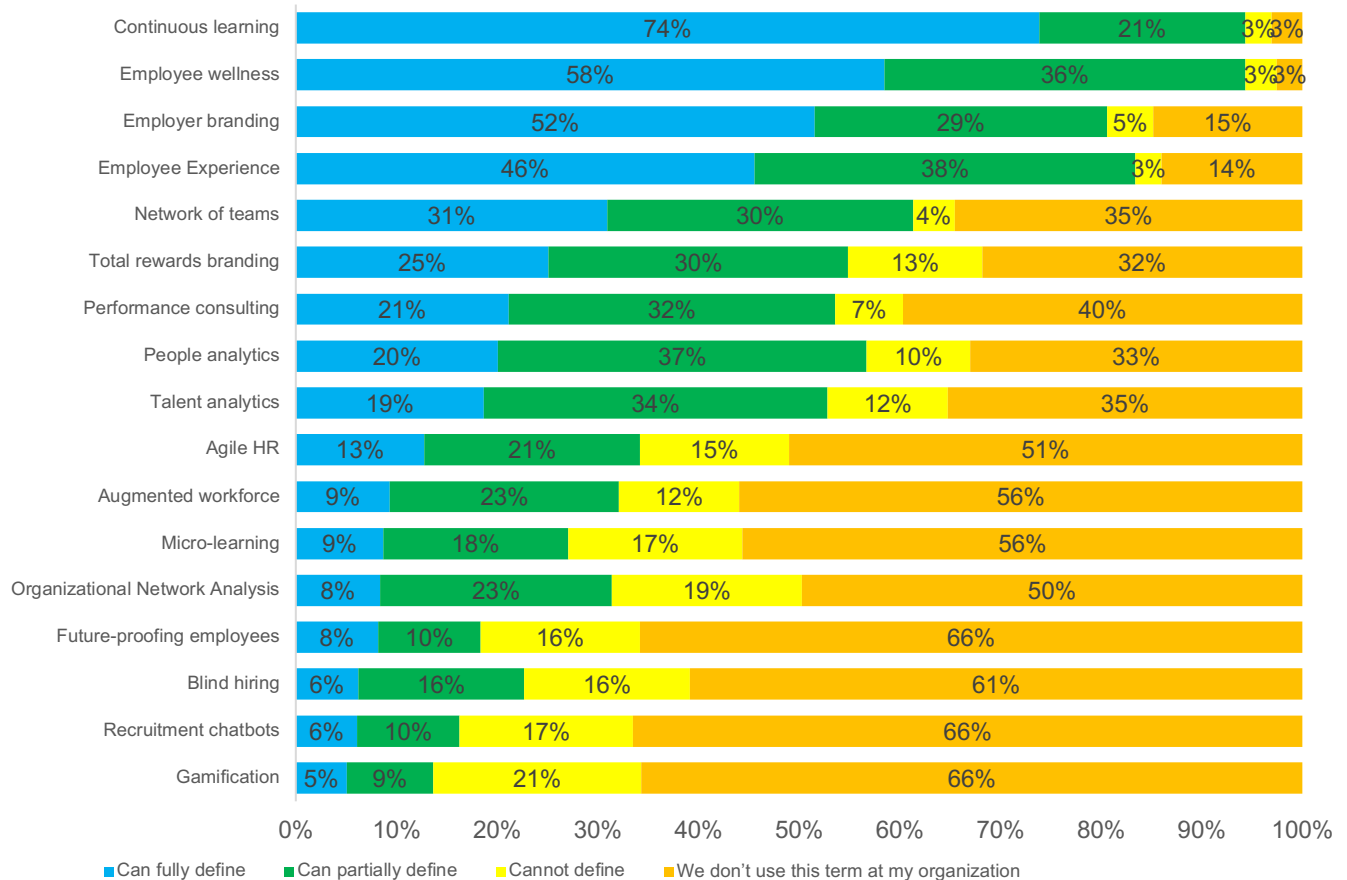


HR VOCABULARY

Every profession has vocabulary specific to their expertise. As HR's vocabulary changes, is it creating a barrier to other business professionals? Respondents were asked how their senior leadership would be able to define a list of 17 terms used by HR professionals.

There are only three terms that more than half of senior leadership team members would be able to fully define: continuous learning, employee wellness, and employer branding. There are seven terms that only 10% or less would be able to fully define: augmented workforce, micro-learning, organizational network analysis, future-proofing employees, blind hiring, recruitment chatbots, and gamification.

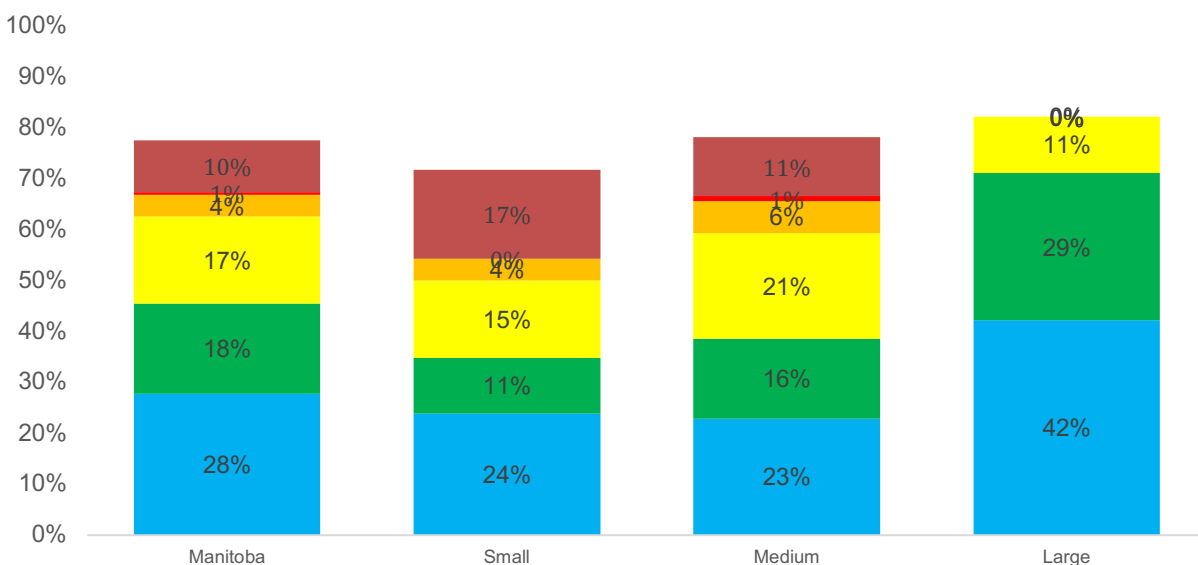
To what extent is your organization's senior leadership able to define the following?



MANITOBA'S CUSTOMER SERVICE STANDARD

Only 28% of organizations are fully compliant with the Customer Service Standard under the Accessibility for Manitoba Act (this rises to 42% among large organizations). Another 18% are currently designing their programs to be compliant (29% with large organizations) and about the same number (17%) are currently reviewing programs to figure out what is needed to be compliant. Five percent of organizations are struggling with compliance and one in ten (10%) have not even started a review of current programs and policies (this is 17% among small organizations)

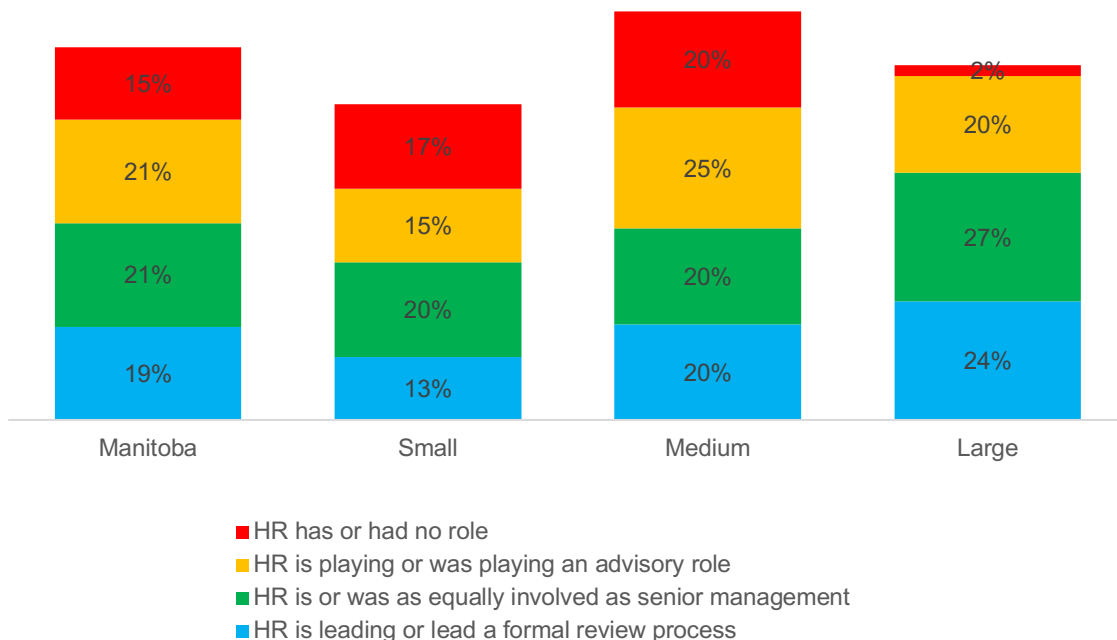
Where is your organization with respect to complying with the Customer Service Standard under the Accessibility for Manitobans Act?



- We have not started a review of our current programs and policies
- We are struggling to understand how to review our existing programs and policies to ascertain where we are not compliant
- We are struggling in designing our programs and policies to achieve compliance and would benefit from more support
- We are currently reviewing our programs and policies to ascertain what changes are needed to achieve compliance
- We are currently designing our programs and policies to be fully compliant
- We are fully compliant with the Customer Service Standard

In about one in five organizations HR is leading a formal review process to ensure compliance with the Customer Service Standard. This is less common with small organizations (13%) but more so with large ones (24%). HR is as equally involved as senior management or is playing an advisory role in about one in five cases (each 21%). As organization size increases so does the likelihood that HR will play an equal role with senior management. In 15% of cases, HR has no role (which drops to 2% among large organizations).

What is HR's involvement in your organization with respect to ensuring compliance with the Customer Service Standard?



TRENDS IN HR

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

- Bill 28
- Budget cuts
- Cannabis legislation

METHODOLOGY

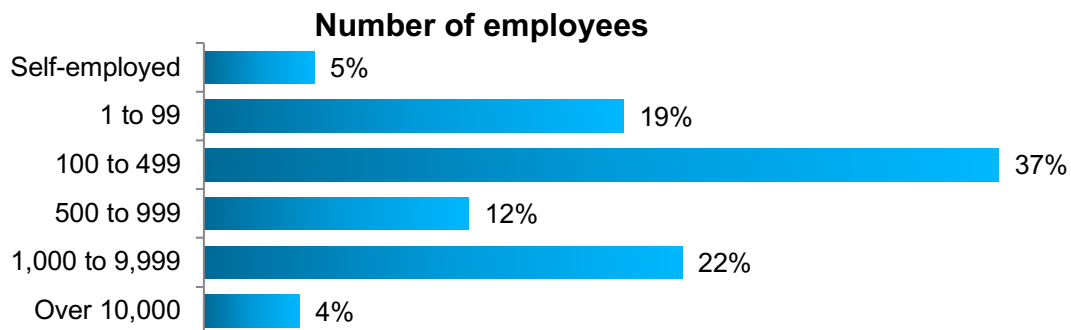
This survey was conducted online between November 30 and December 21, 2017. 1,233 members of CPHR Manitoba were invited to participate via an email. Of these, 336 completed enough of the survey for their responses to be used in the results; a response rate of 27.3%. 156 respondents completed every question, a completion rate of 12.7%. The margin of error of this survey varies depending on the number of completions each question received. The margin of error varies between +/-5.3% nineteen times out of twenty and +/-7.8% nineteen times out of twenty. The data for the previous report was collected in June 2017.

Due to rounding, some numbers may not add up to 100.

RESPONDENT PROFILE

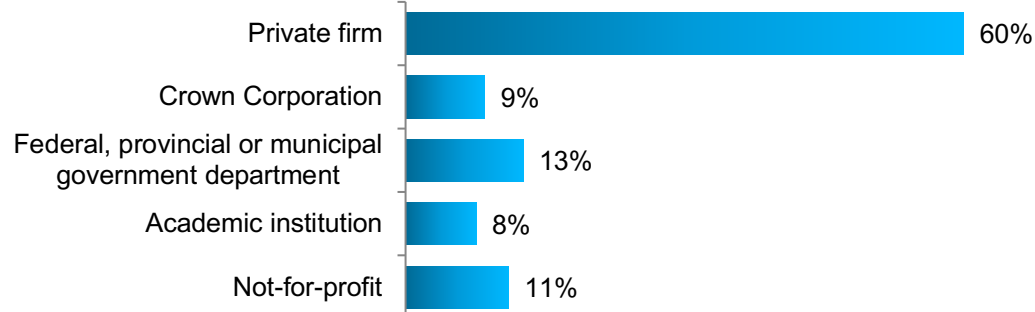
The respondents came from organizations of all sizes from sole proprietors to multinational corporations. The median number of employees in Manitoba per organization is 300 and the average number of employees is 1,853.

In this report, small organizations are ones with fewer than 100 employees, medium-sized ones have between 100 and 999 and large have 1,000 or more employees. Respondents were also distributed across a wide range of sectors.



Due to the sample size individual sectors could not be broken out with separate results.

Responses by Organization Type

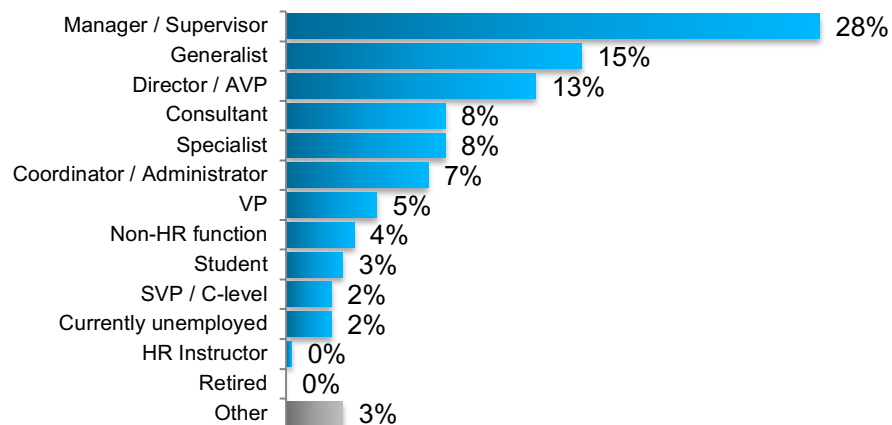


Responses by Unionization



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

Distribution by Role



FURTHER INFORMATION

Committed to the Human Resource profession, CPHR Manitoba 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. 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.

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

For more information contact:

Phone: 204-943-2836

Email: hello@cphrmb.ca

www.cphrmb.ca

For inquiries regarding the survey and analysis, contact:

Ron Gauthier

Chief Executive Officer & CPHR Manitoba Registrar

Phone: 204-943-0884

Email: ron@cphrmb.ca

For inquiries regarding the methodology and survey tool, contact:

Hamish I. Marshall

One

Phone: 778-835-3715

Email: hamish.marshall@onepersuades.com