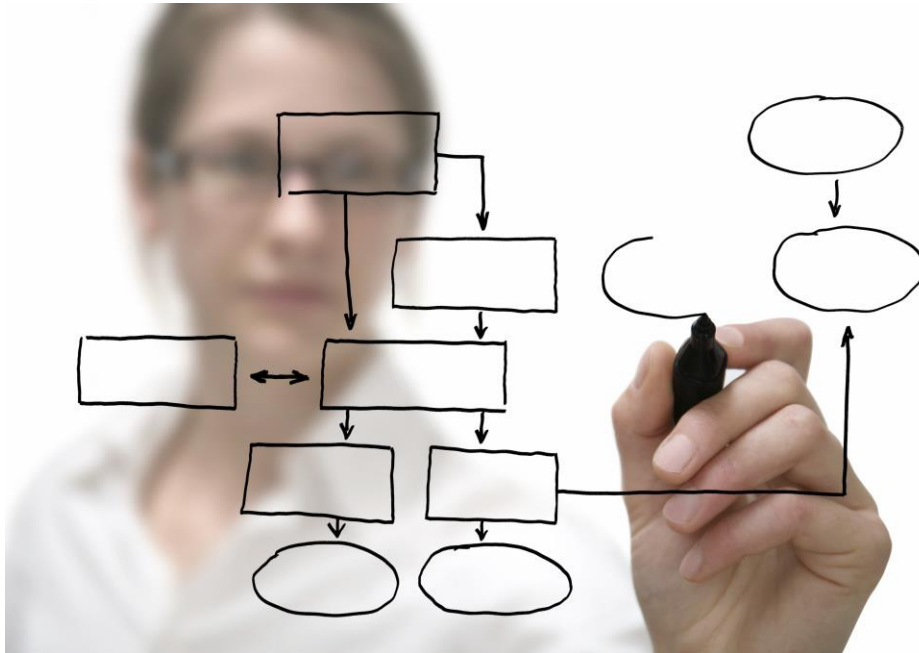


HR Q & A

Survey Results – Looking Ahead to 2016



**HUMAN RESOURCES
MANAGEMENT ASSOCIATION**
The Voice of the HR Profession



ALEXANDER WHITEHEAD
EXECUTIVE SEARCH

HRIA | Human
Resources
Institute of
Alberta

January 18, 2016

Dear Colleague,

In November 2015, the Human Resources Management Association (HRMA), the Human Resources Institute of Alberta (HRIA), and Alexander Whitehead Executive Search partnered in an important undertaking – to create *HR Q&A*, a survey modeled on the quarterly C-Suite surveys. Human resources professionals are acutely aware of how economic issues at a regional, national, and global scale can impact an organization's most important asset – human capital. The viewpoints of HR leaders are often underrepresented outside organizations and industry events, and your perspectives on the complexities that impact business in today's global economy are valuable contributions to informed discussions.

From November 27 to December 22, over 520 of your colleagues and peers in Alberta and British Columbia provided their opinions on the issues impacting their organizations and careers in 2016. We solicited the views of established and emerging HR executives and CHRP designates working as HR leaders for large and small, private and public sector enterprises. Responses were collected from professionals across 38 sectors living and working in the large provincial cities – Calgary, Edmonton, and Vancouver – in addition to smaller communities, from Medicine Hat to Nanaimo, and from Cranbrook to Lloydminster.

Today we present the results of the survey and provide commentary on the responses. Thank you for participating in *HR Q&A*. On behalf of HRIA, HRMA, and Alexander Whitehead Executive Search, we wish you the best in 2016 and we look forward to seeing you at the upcoming conferences (Alberta: April 19 to 21; BC: April 26 and 27).

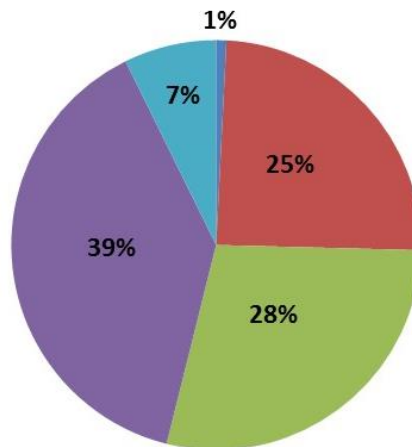
Anthony Ariganello
President & CEO
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Terry Whitehead
Managing Partner
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Chris McNelly
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Regarding the Canadian economy in 2016, which one of the following statements best reflects your opinion?

- I anticipate strong economic growth in 2016 compared to 2015
- I anticipate moderate economic growth in 2016 compared to 2015
- I anticipate no change in economic growth in 2016 compared to 2015
- I anticipate moderate economic decline in 2016 compared to 2015
- I anticipate strong economic decline in 2016 compared to 2015



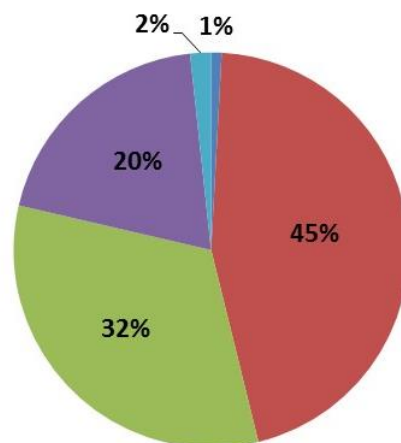
The prevailing opinion among HR leaders on the growth of the Canadian economy in 2016 is not optimistic. Over 67 percent of respondents anticipate no change in economic growth or moderate economic decline in the Canadian economy over the next 12 months. A small group, seven percent, are even more pessimistic and predict a strong economic decline as compared to 2015. These sentiments are tied to continued downward pressure on commodity prices, predominantly oil and gas. Additional comments point to a weak Canadian dollar and provincial and federal tax increases all contributing to a stagnant or moderately weakened national economy.

There are some contrarian views. Just under 25 percent of respondents predict the Canadian economy is poised for moderate economic growth, and one percent predict strong economic growth in 2016 compared to 2015. This optimism stems from the opinion that oil prices are set to rise in 2016 and that some sectors, such as tourism and those that export to the United States (i.e. manufacturing and forest products), may benefit from a weaker Canadian dollar.

Regarding your provincial economy in 2016, which one of the following statements best reflects your opinion?

British Columbia

- I anticipate strong economic growth in 2016 compared to 2015
- I anticipate moderate economic growth in 2016 compared to 2015
- I anticipate no change in economic growth in 2016 compared to 2015
- I anticipate moderate economic decline in 2016 compared to 2015
- I anticipate strong economic decline in 2016 compared to 2015



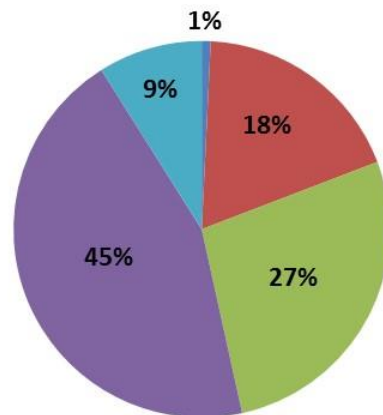
While Alberta and BC HR leaders are reasonably aligned on their forecast for Canada’s economy in 2016, when they examine their own jurisdictions, the gap in optimism is pronounced. HR leaders in British Columbia are much more bullish on the prospects of their provincial economy than their eastern counterparts, as 45 percent of respondents anticipate moderate economic growth. This positive forecast is consistent with the opinion of several economic forecasts¹, including those of RBC which pegs real GDP growth for BC at 3.1 percent in 2016 and BMO Capital Markets which is just slightly less positive with a prediction of 2.5 percent GDP growth. The optimism stems from the industries that benefit from a weaker Canadian dollar: foresters exporting their products to the United States; tourist destinations and attractions; and BC’s resurgent film and television industry that attracts projects from US-based film and TV producers. Another surging sector is ITC – Information Technology and Communications – which is benefitting from significant start-up activity of new enterprises and growth in companies such as Hootsuite, in addition to the expansion to Vancouver of notable enterprises such as Microsoft, Amazon, and Facebook.

¹ BMO Capital Markets, Provincial Outlook, 2015 and RBC Economics, Laura Cooper, Economist.

Regarding your provincial economy in 2016, which one of the following statements best reflects your opinion?

Alberta

- I anticipate strong economic growth in 2016 compared to 2015
- I anticipate moderate economic growth in 2016 compared to 2015
- I anticipate no change in economic growth in 2016 compared to 2015
- I anticipate moderate economic decline in 2016 compared to 2015
- I anticipate strong economic decline in 2016 compared to 2015

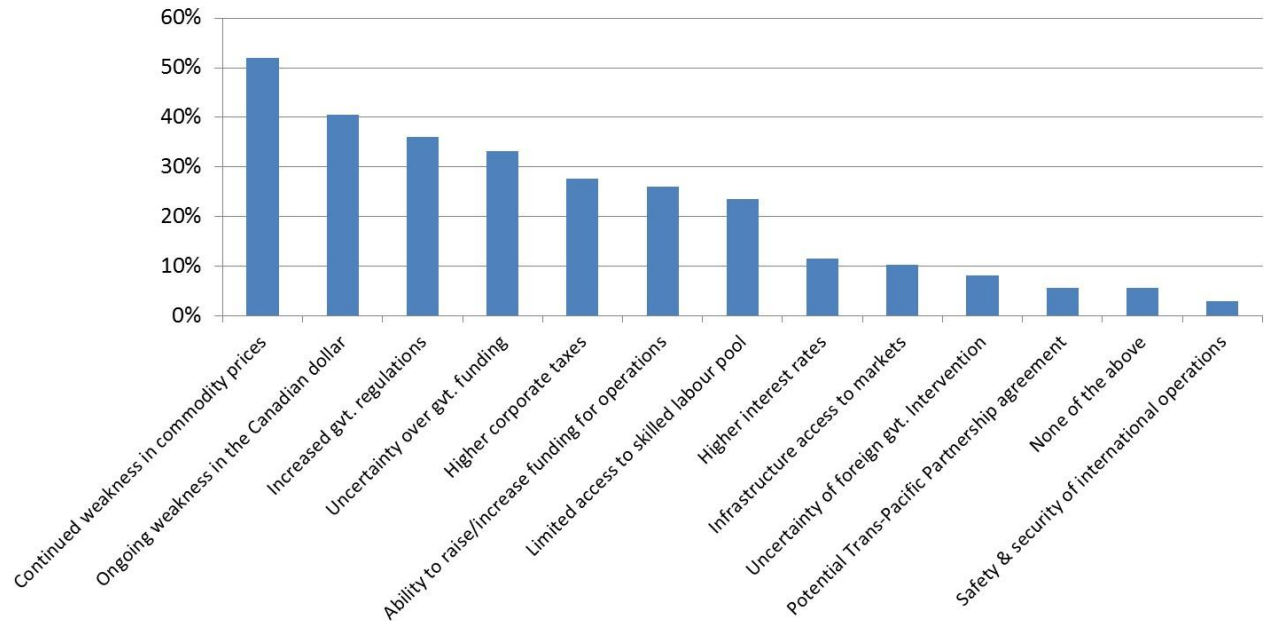


After a decade of Alberta leading or near the top of the Canadian economy, 2015 saw a reduction in real GDP of 1.5 percent. With a forecast of zero percent growth projected by BMO Capital Markets², it is therefore not surprising that 54 percent Alberta HR leaders are bracing for another difficult year of economic decline or stagnation in the provincial economy. An anticipated budget deficit in excess of \$6 billion is the result of sub-\$40 oil, which drastically shrinks operating margins for producers and eliminates most capital investment in the sector for the coming year. Add to these economic woes are increases in corporate taxes and the provincial minimum wage, and the result is pessimism in Alberta’s economic fortunes for the next 12 months. The charitable sector is bracing for a reduction of support from the traditionally generous corporate sector.

The “green shoots” in the provincial economy that suggest some level of optimism are tied to industries that expect to benefit from a weaker Canadian dollar (exporters of Alberta lumber and agriculture products) and sectors such as renewable energy that are receiving renewed interest as the province’s energy policies shift towards both renewable energy and economic diversification.

² BMO Capital Markets, Provincial Outlook, 2015

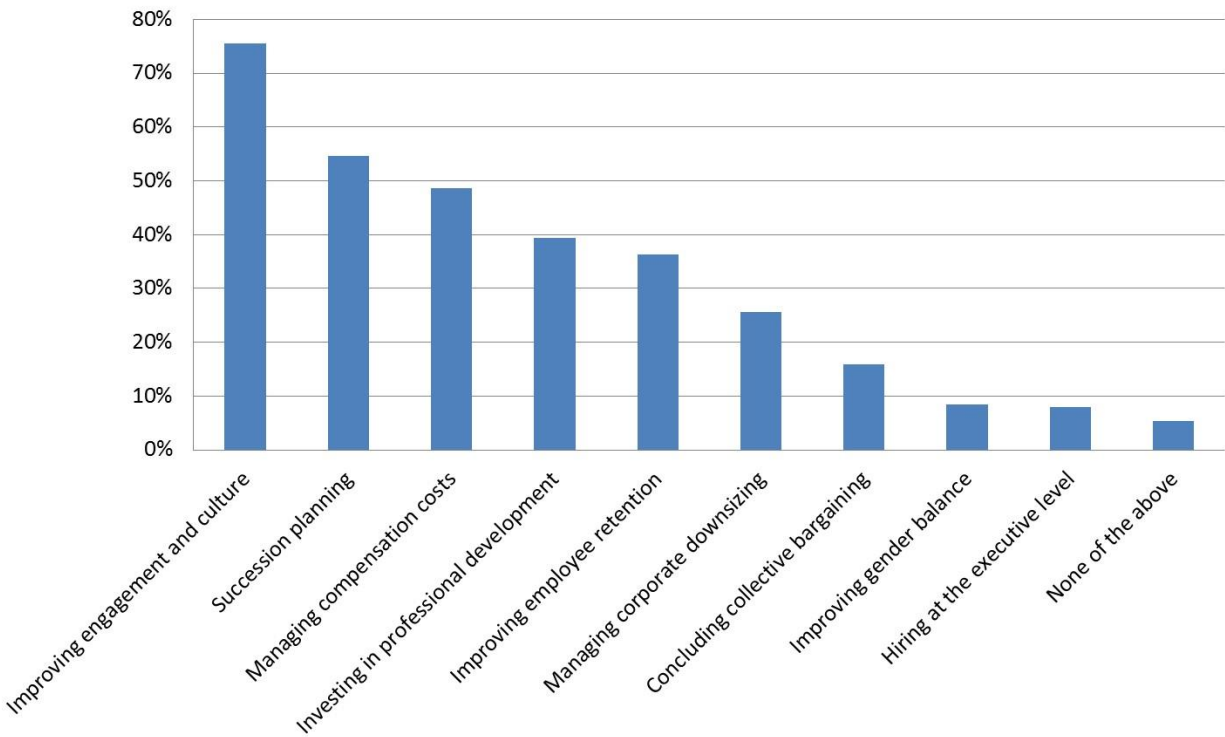
From an enterprise risk perspective, which of the following macroeconomic factors are the most likely to negatively impact your organization in 2016.



External risks vary from sector to sector. Participants were asked to identify those external risks that are likely to impact their organization in 2016. Not surprisingly, continued weakness in commodity prices ranked highest – 52 percent of respondents included this category, which is a reflection of the industries (natural resources and those industries that serve them) represented by the participants. A weak Canadian dollar ranked second, followed by increased regulations at the provincial and federal levels. This latter point is linked primarily to natural resources, specifically oil and gas, as this sector is planning for greater regulatory oversight over production and distribution, along with uncertainty related to infrastructure and access to market. Respondents in the Alberta retail sector commented that an additional enterprise risk for that sector is the higher minimum wage.

Additional comments from Alberta participants highlighted the lighter provincial coffers will impact funding of public sector enterprises and not-for-profit organizations. The weakened Alberta economy will also limit corporate investment in community initiatives, further impacting the not-for-profit sector.

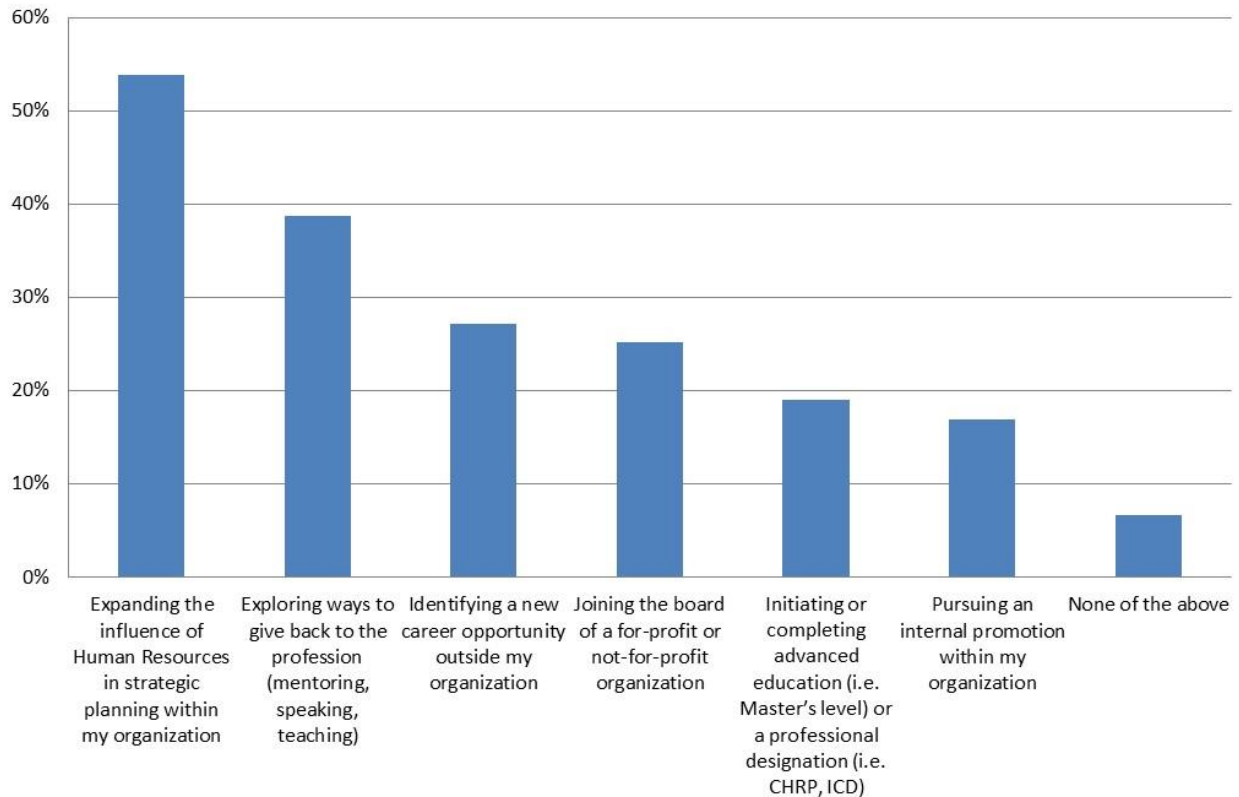
Looking at your own organization from a human resources perspective, what are your objectives and priorities for 2016?



At the organizational level, over 75 percent of HR leaders in both provinces identify the need to improve employee engagement and organizational culture as top priorities. Given the weaker Alberta economy in 2016 and the corresponding impact on individual organizations’ workforces, the priority is to maintain or raise morale among the remaining employees throughout the downturn. The need to plan for executive succession may seem counterintuitive given the state of the economy, especially in Alberta. However, as the workforce ages, and as downsizing impacts people at all levels of an organization, navigating change at the top of the organization remains a concern for 55 percent of respondents.

Other notable objectives include managing compensation and benefit costs – nearly half of all respondents predict their organization will confront this issue. Investing in enterprise-wide professional development programs was another popular selection, suggesting that one strategy to ensure retention of key staff is to invest dollars in training. Comments supporting this view indicated the priority spend is for upper management professional development which also further reinforces the aforementioned objective of planning for executive succession.

On a personal level, what are your professional objectives and priorities for 2016?



The top personal priority for HR leaders in both provinces is expanding the influence of human resources at the organizational level in the area of strategic planning. Nearly 54 percent listed this as a priority objective for them in 2016, suggesting concern that human capital planning is not enough of a strategic priority for most organizations. Over 40 percent of respondents are seeking a career move, either through an internal promotion or by accepting a new position outside their current organization.

HR leaders are also planning to contribute outside their organization in 2016: over 38 percent of respondents plan to identify opportunities to give back to their profession through mentoring junior professionals, teaching, or speaking at industry events; and 25 percent are planning to join the board of a for-profit or not-for-profit enterprise, which further reinforces the belief that HR leaders have much to offer at the enterprise governance level.

HR Q&A: Survey Results – Looking Ahead to 2016 was produced in partnership between the organizations below. For further information about their professional services and membership benefits, please contact them independently with any specific questions.

Alexander Whitehead Executive Search Inc. is a Western Canadian boutique search and management consultancy firm providing advisory services to our Western Canadian clients in the areas of senior management, executive, and board search. Alexander Whitehead operates offices in Vancouver, British Columbia and Calgary, Alberta.

For additional information, please visit: alexanderwhitehead.com.

The Human Resources Management Association (HRMA), representing HR professionals in British Columbia and the Yukon, works to keep people first in the decisions of leaders by promoting and enhancing the profession. HRMA offers professional development and networking opportunities to its members, and it is the sole grantor of the Certified Human Resources Professional (CHRP) designation in British Columbia and the Yukon.

For additional information, please visit: HRMA.ca

Human Resources Institute of Alberta (HRIA) is the professional association dedicated to strengthening the human resources profession and upholding the highest standards of practice. With chapters in all major cities in Alberta, HRIA is the third largest HR association in Canada representing over 6,000 members. We are the exclusive certifying body in Alberta for the Certified Human Resources Professional (CHRP) designation; the standard for HR professionals in Canada.

For additional information, please visit: HRIA.ca