



Many Canadian employers are experiencing difficulty in attracting and retaining employees. In order to assess the degree of difficulty being experienced and to identify the initiatives being taken by employers, Western Compensation & Benefits Consultants (WCBC) conducted an **e-pulse** online survey in January 2007.

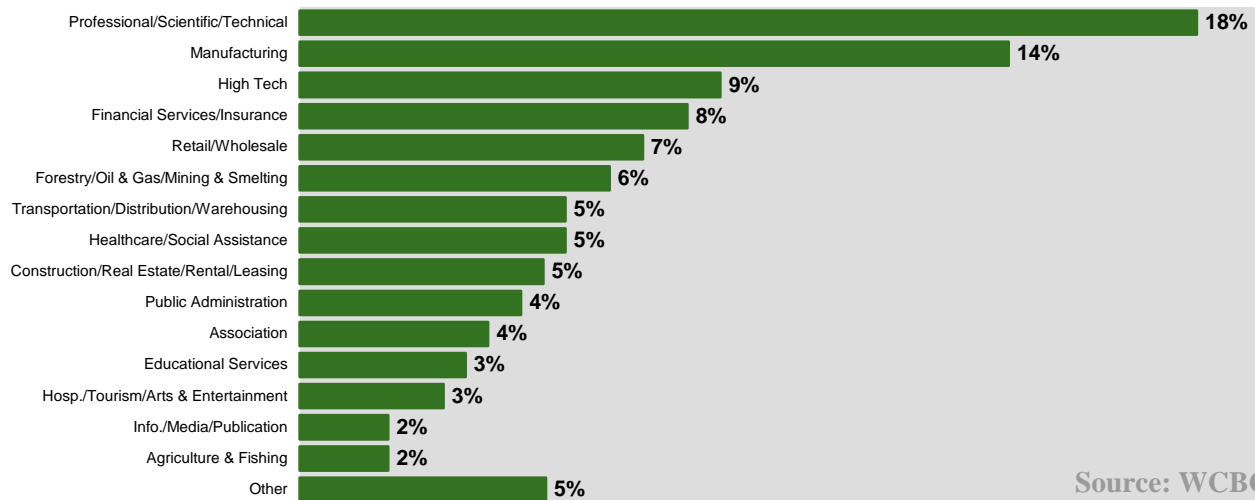
## EMPLOYER PROFILE

A total of 446 organizations from across Canada participated in the survey. The average survey organization has \$850 million annual revenues and 1,100 full-time employees. Seventy-five percent of the organizations are from the private sector (54% privately-owned and 21% publicly-traded) while 12% are from the public sector and 13% are not-for-profit organizations. The business classifications of the survey participants are shown below.

## HIGHLIGHTS OF FINDINGS

- ◆ During 2006, 87% of employers experienced challenges in attracting employees, and 66% had employee retention challenges. Half of the employers had an increase in employee turnover in 2006.
- ◆ The degree of difficulty in attracting and retaining employees varies considerably by functional area and management level.
- ◆ Alberta and BC organizations experienced more challenge than other employers.
- ◆ The most effective attraction strategy was offering competitive base salaries, and the top reason for employee turnover was dissatisfaction with cash compensation.
- ◆ Although 91% of employers are taking initiatives to ensure compensation and benefits programs are competitive, about two-thirds of employers are (or will be) coaching/developing managers and encouraging/enabling a work/life balance.
- ◆ Two-thirds of employers expect to have challenges in attracting employees in the next few years, while one-half of employers expect retention challenges. A majority of employers expect to meet these challenges in 2007.

## Business Classification



Source: WCBC

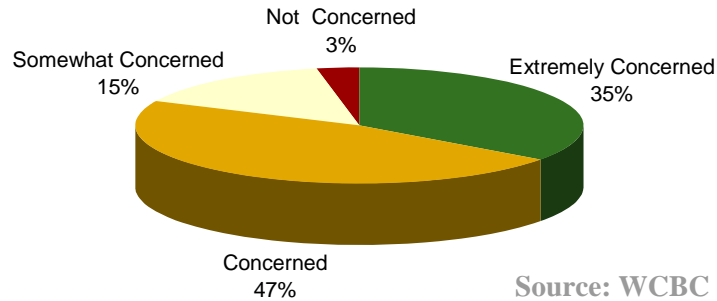
% of Organizations



## ATTRACTION OF EMPLOYEES

The majority of Canadian employers are concerned with their ability to attract employees. As the graph below shows, 82% of organizations are concerned or extremely concerned with their ability to attract employees. Only 3% of the organizations surveyed are not concerned.

### Level of Concern in Attracting Employees



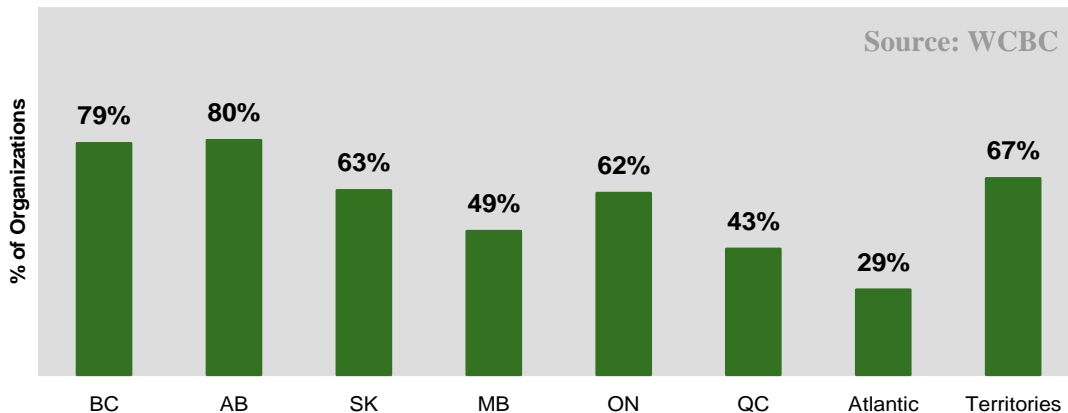
Public sector organizations have the highest level of concern. Nine out of 10 (88%) are concerned or extremely concerned with their ability to attract employees, while the remaining 12% are somewhat concerned.

The not-for-profit sector ranked lowest in their concern for attracting new employees. However, seven out of ten (71%) not-for-profits are concerned or extremely concerned about attraction.

During 2006, 87% of the organizations from across Canada experienced challenges in attracting employees. The most difficulty (93%) was experienced by employers with over 1,000 employees, but this number only decreases to 83% in organizations with less than 100 employees.

While organizations across Canada are struggling with recruiting employees, employers in Alberta and British Columbia were confronted with the most extreme challenges.

### % of Organizations Experiencing Challenges in Attraction in 2006 By Province/Territory



**Note:**  
Atlantic includes NB, NS, PE and NL.  
Territories include NT, YT and NU.

The functional areas and management levels which employers are having challenges in attracting employees are set out below, in decreasing order of difficulty.

Challenges in Attracting Employees					
Degree of Difficulty	Functional Area	% of Orgs. Having or Anticipating Challenges <sup>1</sup>	Management Level	% of Orgs. Having or Anticipating Challenges <sup>1</sup>	
	Engineering & Technical	67%			
	Production & Distribution	50%			
				Middle Management	43%
				Supervisors	39%
	Marketing & Sales	38%			
	Information Technology	36%			
				Upper Management	35%
	Accounting/Finance	34%			
	Research & Development	27%			
	Clerical	26%		Part-Time Staff	26%
				Executives	23%
	Least Difficult	Human Resources	21%		

**Note:**

<sup>1</sup> These percentages only include those organizations which have employees in that particular functional area and/or management level.

Source: WCBC

One-third (32%) of the overall employers have systems/procedures in place to measure their ability to attract employees, although 54% of the public sector employers have such systems/procedures. The following measures are most commonly used:

Measures Used To Track Ability To Attract Employees	
Systems/Procedures	% of Orgs.
Total number of applications received	25%
Number of qualified applicants who apply	25%
Time elapsed before filling positions	22%
Time required to receive applications	12%
Cost per person hired	11%
Ratio of offers extended to applications received	10%

**Note:**

Percentages do not add up to 100% as some organizations use more than one measure.

Source: WCBC

Employers stated that the most effective strategy to attract new employees is the provision of competitive base salaries. As the table below shows, providing opportunities for advancement and encouraging/enabling a positive work/life balance are also key tools for attracting employees.

<b>Tools Used To Attract New Employees</b>	
<b>Strategy</b>	<b>% of Orgs.</b>
Competitive base salary	94%
Opportunities for advancement within the organization	79%
Work/life balance	77%
Competitive benefits program	71%
Flexible work schedule	52%
Retirement plan	35%
Short-term incentive program	33%
Long-term incentive program	30%
Profit-sharing program	25%
Flexible benefits program	17%
Other	11%

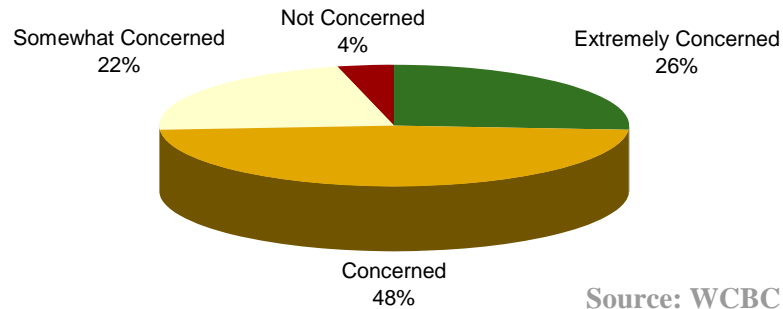
Source: WCBC



## RETAINING EMPLOYEES

Three-quarters (74%) of Canadian organizations are concerned or extremely concerned with their ability to retain employees. Only 4% are not concerned.

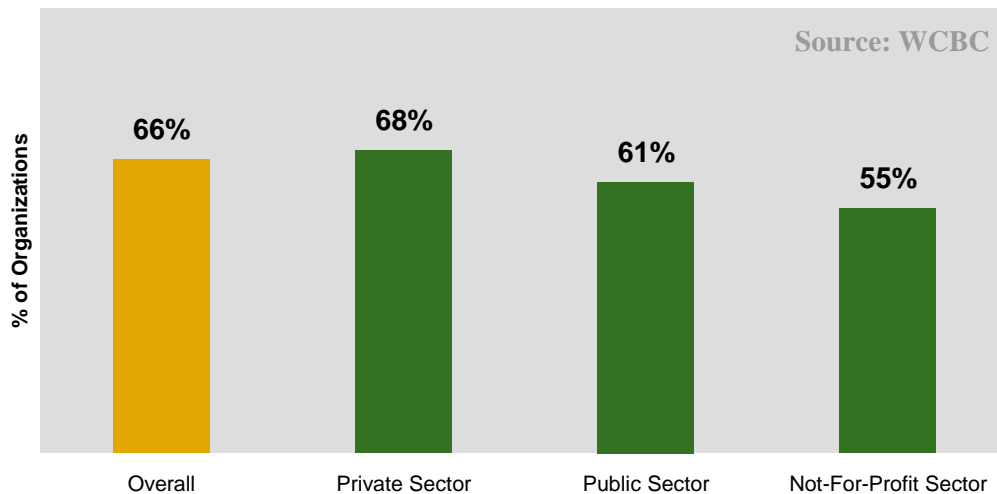
### Level of Concern in Retaining Employees



Source: WCBC

During 2006, two-thirds (66%) of the organizations from across Canada experienced challenges in retaining employees. Seventy-four percent of employers with more than 100 employees had difficulty in retaining staff in 2006, while 56% of organizations with less than 100 employees had retention challenges. As the graph below shows, private sector companies were most affected by retention issues.

### % of Organizations Experiencing Retention Challenges In 2006



Source: WCBC



A majority of the organizations (85%) perform exit interviews with departing employees. Fifty-five percent conduct exit interviews regularly, while another 30% conduct exit interviews periodically. Exit interviews are regularly conducted most often by larger employers.

The top two reasons for employee turnover are dissatisfaction with cash compensation and lack of career opportunity. A list of the main reasons is listed below:

Main Reason For Employee Turnover	Rank	
	Based On Research <sup>1</sup>	Based On Opinion <sup>2</sup>
Dissatisfaction with cash compensation	1 <sup>st</sup>	2 <sup>nd</sup>
Lack of career opportunity offered by the organization	2 <sup>nd</sup>	1 <sup>st</sup>
Lack of recognition and praise	3 <sup>rd</sup>	3 <sup>rd</sup>
Dissatisfaction with work/life balance	4 <sup>th</sup>	4 <sup>th</sup>
Dissatisfaction with corporate culture	5 <sup>th</sup>	5 <sup>th</sup>
Dissatisfaction with benefits provided by the organization	6 <sup>th</sup>	6 <sup>th</sup>

**Notes:**

<sup>1</sup> Based on analysis of research such as exit interviews.

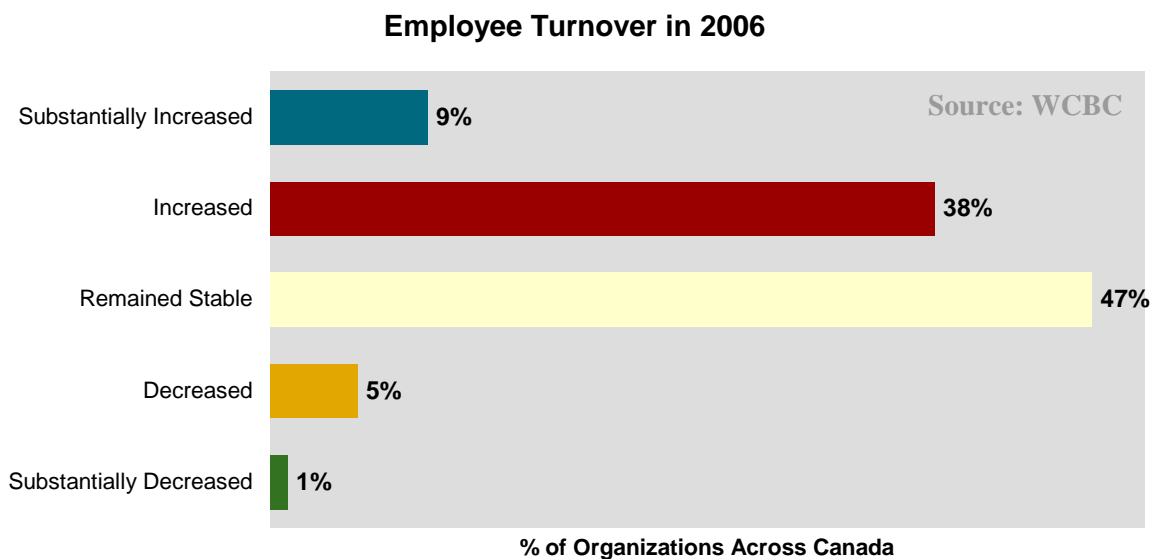
<sup>2</sup> Based on the employer's opinion as to the main reason for turnover.

Source: WCBC

Other reasons provided for employee turnover are retirement, work location, an employee's desire to commute less and, to a lesser extent, conflict/incompatibility with manager.

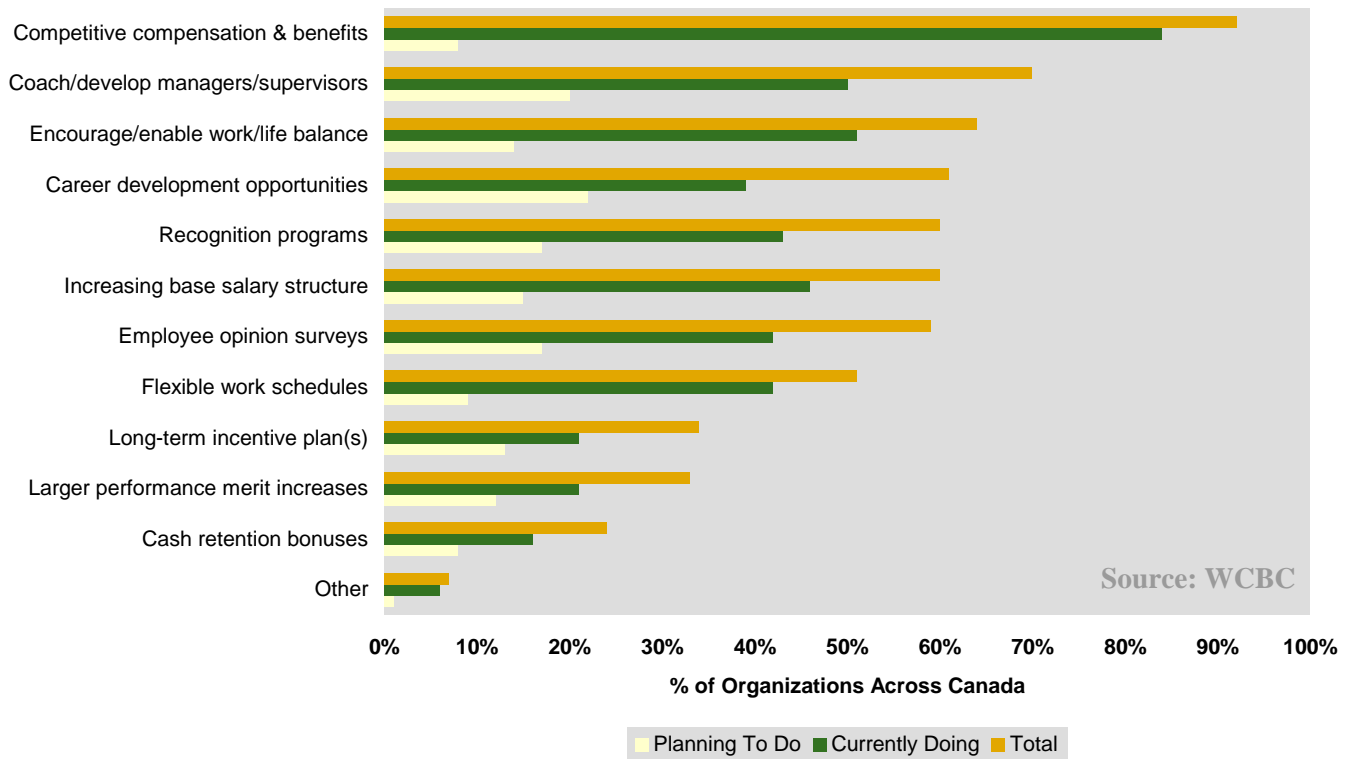
Measuring and analyzing the costs associated with employee turnover is essential in determining the impact turnover has on an organization. However, only 1 in 5 (21%) of the organizations surveyed calculate the costs. Larger organizations are more likely than smaller ones to perform such calculations. Twenty-five percent of organizations with more than 100 employees calculate turnover costs, while only 14% of organizations with less than 100 employees do so. One-quarter (24%) of employers that do not currently calculate turnover costs, plan to start tabulating and analyzing these costs.

As the graph below shows, nearly half (47%) of the employers experienced an increase in turnover rates in 2006.




In order to reduce turnover, virtually all (91%) of the employers are taking initiatives to ensure the organization's compensation and benefits are competitive. Perhaps because some organizations reported that turnover of staff may have been due to a conflict or incompatibility with supervisors and/or managers, 70% of organizations are, or will be, coaching or developing managers and supervisors. Other strategies currently used by organizations, or strategies organizations are planning to utilize, are summarized below:

### Strategies Utilized To Manage Retention And Reduce Turnover



One-sixth (16%) of the organizations have a cash retention program. Of those organizations, over half (57%) report that their cash retention program is informal and is applied at management's discretion. The remaining 43% of organizations have a formal program with defined eligibility criteria, rules and guidelines.

The table below ranks the employee by both functional area and management level which are eligible to receive a cash retention bonus.

Eligible For Cash Retention Bonus					
Degree of Eligibility	Functional Area	% of Orgs. Having or Anticipating Challenges <sup>1</sup>	Management Level	% of Orgs. Having or Anticipating Challenges <sup>1</sup>	
	Engineering & Technical	78%			
			Upper Management	72%	
		Production & Distribution	71%	Middle Managers	71%
				Supervisors	
		Accounting/Finance	70%		
		Research & Development	67%		
		Information Technology	66%		
				Executives	65%
		Human Resources	63%		
		Marketing & Sales	62%		
		Clerical	55%		
Least Eligible			Part-Time	39%	

**Note:**

<sup>1</sup> These percentages only include those organizations which have employees in that particular functional area and/or management level.

Source: WCBC

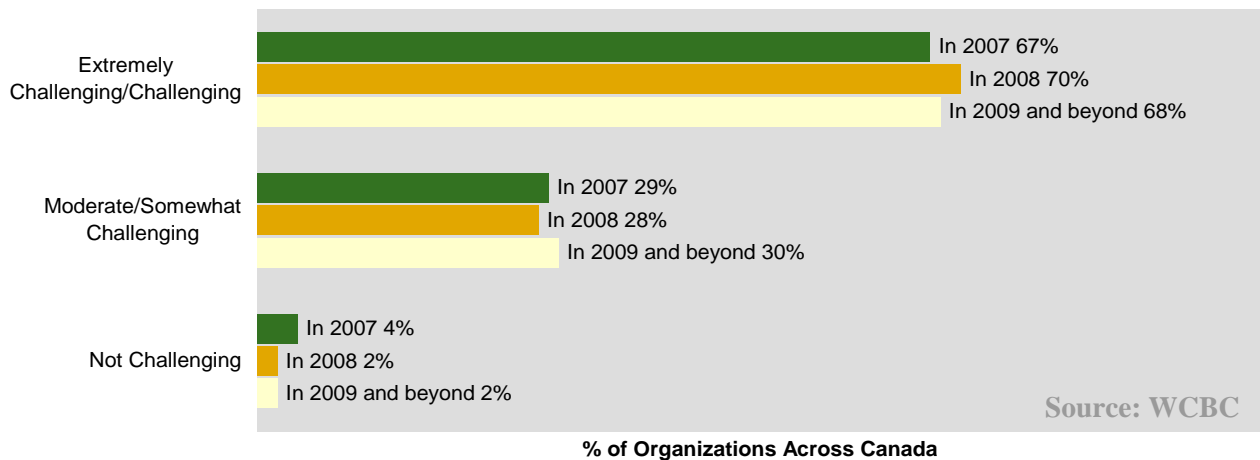
Three-quarters (74%) of the organizations rate their retention bonus program as an effective tool in retaining employees.



## FUTURE CHALLENGES

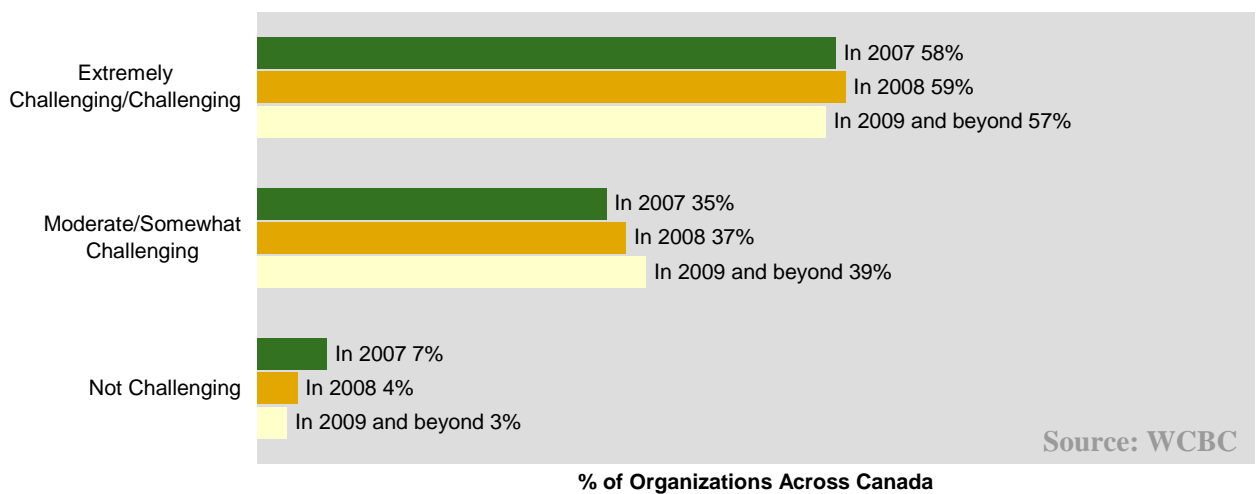
Looking forward in time, approximately 68% of the employers anticipate attraction of new employees to be extremely challenging/challenging in 2007, 2008, 2009 and beyond, while almost all of the remaining employers expect to face some challenges in those time periods. Private sector companies and those employers with over 1,000 employees are expecting these challenges to be the most extreme.

### Attraction Challenges in Future



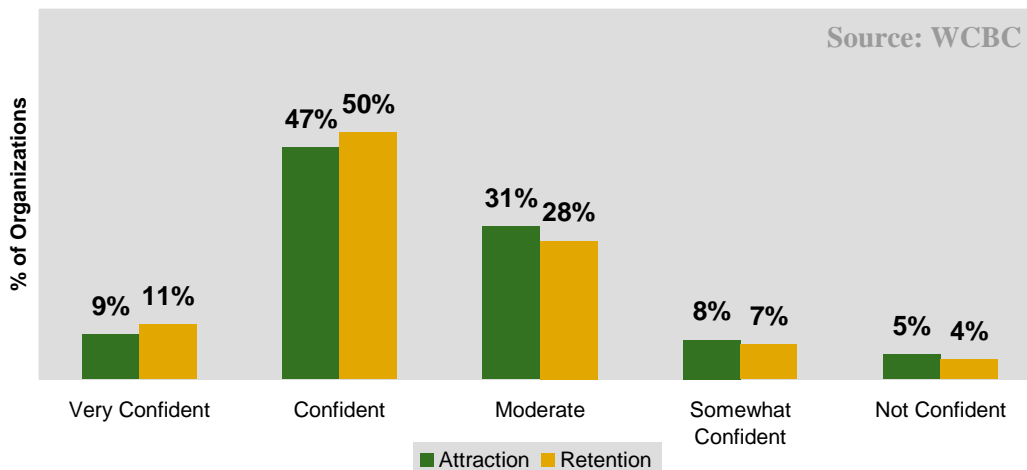
Nearly one-half (48%) of employers expect employee retention will be extremely challenging/challenging in 2007, 2008, 2009 and beyond, while virtually all of the remaining employers expect to face some challenges in those time periods. Again, private sector companies and those employers with over 1,000 employees feel that their challenges in retaining employees will be the most extreme.

### Retention Challenges in Future



As reported above, Canadian employers recognize there are, and will be, challenges in attracting and retaining their necessary complement of employees. However, the majority of organizations feel confident that they are ready to meet those challenges. Fifty-five percent of organizations report that they feel very confident or confident that they will meet their attraction challenges in 2007. Sixty-one percent of the organizations also expect to meet challenges with retaining employees in 2007.

### Level of Confidence in Meeting Attraction & Retention Issues In 2007



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[www.wcbc.ca](http://www.wcbc.ca)



## LIST OF PARTICIPATING ORGANIZATIONS

A. D. Williams Engineering Inc.  
Abbey Window Coverings  
Aboriginal People's Television Network  
Acculogix Distribution Services  
ACD Systems Ltd.  
Advanced Glazing Systems Ltd.  
Aeroustics Engineering Limited  
AeroInfo Systems  
Agricultural Manufacturers of Canada  
Ainley Group  
Alberta Beverage Container Recycling Corp.  
Alberta Envirofuels Inc.  
Alberta Food Processors Association  
Alberta Personnel Administration Office  
Alberta Teachers' Retirement Fund  
Allied Windows  
AltaGas Utilities Inc.  
AMEC Earth & Environmental  
Anderson Civil Consultants Inc.  
AN-GEO Environmental Consultants Ltd.  
AODBT Architecture Interior Design  
Aon Reed Stenhouse  
Apollo Industries Ltd.  
Argue & Assoc. Management Consultants, Inc.  
Art In Motion  
Assiniboine Community College  
Assiniboine Credit Union  
Associated Economic Consultants Ltd.  
Associated Engineering  
Association of Neighbourhood Houses  
Astrographic Industries Ltd.  
ATCO  
ATCO I-Tek  
Avison Young Commercial Real Estate

B. A. Robinson Co. Ltd.  
Babcock & Wilcox Canada Ltd.  
Bantrel Co.  
Barrick Gold Corporation  
Bayer CropScience  
BC Assessment  
BC Cancer Foundation  
BC Children's Hospital Foundation  
BC Hot House Foods Inc.  
BC Lung Association  
BC Medical Association  
BC Pavilion Corporation  
BC Public Service Agency  
BC Real Estate Association  
BC Securities Commission  
BC Transit  
BCAA - British Columbia Automobile Association  
Beaubien Glover Maskell Engineering  
Beta Machinery Analysis

Bioriginal Food & Science Corp.  
Bishop & McKenzie LLP  
BJ Services Company Canada  
Boardwalk Rental Communities  
Boge and Boge (1980) Ltd.  
Bunge Canada  
Burntwood Regional Health Authority  
Business Council of British Columbia  
Business Practices & Consumer Protection Auth.

CAA Manitoba  
Calgary Co-operative Ltd.  
Calgary Exhibition & Stampede  
Calgary HandiBus Association  
Cameco Corporation  
Campbell Scientific Canada Corp.  
Canada Bread Company Ltd.  
Canada Moving  
Canadian Blood Services - Winnipeg  
Canadian Cancer Society - Alberta  
Canadian Cancer Society - British Columbia  
Canadian Centre for Occupational Health & Safety  
Canadian Nuclear Safety Commission  
Canadian Policy Research Networks  
Canadian Society of Association Executives  
Canadian Western Bank  
Canadian Wheat Board  
Can-Cell Industries Inc.  
Canfor Corporation  
Cangene Corporation  
Canlan Ice Sports  
CanWel Building Materials Ltd.  
Capilano College  
Cardel Homes  
Caritas Health Group  
Caritas Hospitals Foundation  
Cascades Tissue Group - Calgary  
Catalyst Paper Corporation  
CBI Health  
CCW Inc.  
Celero Solutions  
Cellex Power Products, Inc.  
Century Group  
Century Group Lands Corporation  
CenturyVallen  
CG Industrial Specialties Ltd.  
CGI Group  
CH2M HILL Canada Limited  
Chevron Canada Limited  
Christenson Developments Ltd.  
City of Brandon  
City of Burnaby  
City of Chilliwack  
City of Edmonton  
City of Grande Prairie

City of Kelowna  
City of Kitchener  
City of Port Coquitlam  
City of Surrey  
City of Winnipeg  
CKUA Radio Network  
ClaimSecure  
Cloverdale Paint Inc.  
CMA Canada - British Columbia  
Coast Capital Savings  
Coinamatic Canada Inc.  
College & Assoc. of Registered Nurses of Alberta  
College of Dental Surgeons of BC  
College of Physicians & Surgeons of Alberta  
Commercial Solutions Inc.  
Commonwealth Insurance Company  
Community Justice Initiatives  
Computronix Canada  
Concentra Financial Services Association  
Concert Properties Ltd.  
Concord Elevator (London) Ltd.  
Conestoga-Rovers & Associates  
Convion  
COSTI Immigrant Services  
Coutts Courier Company Ltd.  
Crape Geomatics Corporation  
Credit Union Central Alberta  
Credit Union Central of Manitoba  
Credit Union Central of Nova Scotia  
Credit Union Central of Saskatchewan  
Crosier Kilgour & Partners Ltd.  
Cryopak Industries (2007) ULC  
Custom Building Products  
Custom Window & Door

Daishowa-Marubeni International  
Daniels Electronics Ltd.  
David McManus Engineering Ltd.  
DC Energy Services Inc.  
Delcan Corporation  
Deloitte  
Delta Bessborough  
District of West Vancouver  
Divestco Inc.  
Downtown Winnipeg BIZ  
DP World Vancouver  
DSL Ltd.  
Ducky's Office Furniture  
Dynacare Kasper Medical Laboratories  
Dynatec Metallurgical Technologies

Eagle Picher Energy Products Corp.  
Earth Tech Canada Inc.  
easyhome Ltd.  
EBA Engineering Consultants Ltd.  
Edmonton Public Schools

EGS Electrical Group Canada  
EHC Global  
Elite Swine Inc.  
EMCON  
Ensign Energy Services Inc.  
EPCOR CENTRE for the Performing Arts  
ESI Entertainment Systems Inc.  
EXH Engineering Services  
Extendicare (Canada) Inc.

FarmPure Inc.  
Faronics Corporation  
FAST First Aid & Survival Technologies Limited  
Fibreco Export Inc.  
Fielding Chemical Technologies Inc.  
FinancialCAD Corporation  
Finning (Canada)  
First General Services (Saskatchewan)  
Focus Corporation  
Focus on the Family Canada  
FormaShape, div. of Whitewater Composites Ltd.  
FortisBC Inc.  
FPI Fireplace Products International Ltd.  
Fraser River Port Authority  
FVB Energy Inc.

G&F Financial Group  
Gamma-Dynacare Medical Laboratories  
GATX Rail  
GEF: Housing for Seniors  
Genivar Limited Partnership  
Gibson Energy Ltd.  
Gienow Windows and Doors  
Global Railway Industry  
Global Saskatoon  
Glotman Simpson Consulting Engineers  
Golder Associates  
Granville West Group  
Graymont Limited  
Great Canadian Gaming Corporation  
Greater Montréal Real Estate Board  
Greater Vancouver Regional District  
Greyhound Canada  
Group2 Architecture Engineering Ltd.

H.Y. Louie Co. Limited  
Hardie Industrial Services Inc.  
Hayhurst Elias Dudek Inc.  
Health Employers Association of British Columbia  
Heart and Stroke Foundation of BC & Yukon  
Hemmera Engineering  
Highstreet Asset Management Inc.  
Hitachi Canadian Industries Ltd.  
HOPE International Development Agency

IBM Canada Ltd.

IC Group LP  
IKON Office Solutions Inc.  
IMV Projects Inc.  
Inmet Mining Corporation  
Insurance Corporation of British Columbia  
Integrus Credit Union  
Intercontinental Truck Body  
International Forest Products Limited  
International Language Schools of Canada  
International Mascot Corporation  
Invensys Systems Canada, Inc.  
ISL Engineering and Land Services  
Island Architectural Millwork Ltd.

Jacques Whitford  
Jardine Lloyd Thompson Canada Inc.  
Jayman MasterBUILT Inc.  
JMP Engineering  
John Howard Society of Waterloo-Wellington  
Jones Kwong Kishi

KW Petroleum Services Ltd.  
Keller Construction Ltd.  
Kerr Wood Leidal Associates Ltd.  
KGS Group  
Klohn Crippen Berger  
Koers & Associates Engineering Ltd.  
KWH Pipe (Canada) Ltd.

L-3 Wescam  
Lackner McLennan Insurance Ltd.  
Les Consultants LBCD Inc.  
Lions Gate Fisheries Ltd.  
Lynden International Logistics Co.

MacDonald, Dettwiler and Associates Ltd.  
Malaspina University-College  
Maple Leaf Sports & Entertainment Ltd.  
Marshall Macklin Monaghan  
Martin Services  
Maxxam Analytics  
McCoy Corporation  
McGraw-Hill Ryerson  
McGregor and Thompson Hardware Ltd.  
MDS Metro Laboratories  
MDSI Mobile Data Solutions  
Minter Country Garden Ltd.  
Miramar Mining Corporation  
Mitsubishi Canada Ltd.  
Morguard Investments Limited  
Morningstar Air Express Inc.

Nakina Systems  
Natco Canada  
National Concrete Accessories  
National Money Mart

Nature's Path Foods  
Nicola Wealth Management  
Norco Products Ltd.  
NorQuest College  
Norscan Instruments Ltd.  
North Island College  
North West Geomatics Ltd.  
Northern Climate Engineering Ltd.  
Northern Trailer Ltd.  
Northrock Resources Ltd.  
Norwest Corporation  
Novartis Pharma Canada  
NovAtel Inc.  
NRC-Integrated Manufacturing Technologies Institute

Olympic Seismic Ltd.  
On Command Canada Inc.  
Ontario Hospital Association  
Ontario Teacher's Insurance Plan  
OSI Geospatial Inc.

Pacific Blue Cross  
Pacific Energy Fireplaces Ltd.  
Palliser Furniture Ltd.  
PDQ Mechanical  
Peace Hills Insurance  
Peninsula Co-op  
PH Molds Limited  
Phelps Appliances Ltd.  
Phillips, Hager & North Investment Mgmt. Ltd.  
Philom Bios Inc.  
Pink Elephant Inc.  
PINTER & Associates Ltd.  
Pioneer Envelopes Ltd.  
Polaris Inflatable Boats  
Polybottle Group Limited  
POS Pilot Plant  
Powerup Resources Limited  
PricewaterhouseCoopers  
Progressive Solutions Inc.  
ProjEx Technologies Ltd.  
Propak Systems Ltd.  
PRT Management Inc.  
Psion Teklogix Inc.

Quails' Gate Estate Winery  
Quebecor Media  
Quinsam Coal Corporation  
Qulliq Energy Corporation

R.C. Purdy Chocolates Ltd.  
R.F. Binnie & Associates Ltd.  
Real Estate Council of British Columbia  
Regional District of Central Okanagan  
Regional District of Fraser-Fort George

Revelstoke Community Forest Corporation  
RGO Office Products  
Ridley Inc.  
Ritchie Bros. Auctioneers  
Rona Revy Inc.  
RS Technologies  
RSC Equipment Rental

SageKey Software Inc.  
Samco Printers Ltd.  
Saskatchewan Association of Rehabilitation Centres  
Saskatchewan Research Council  
Saskatchewan Wheat Pool  
SaskCulture Inc.  
Sears Canada  
Second Foundation Consulting  
SEI Industries  
7-Eleven Canada, Inc.  
Shawnigan Lake School  
Shea Nerland Calnan LLP  
Sicom Industries Ltd.  
Sigma Explorations Inc.  
Silliker Canada Co.  
SISU Inc.  
Skeans Engineering and Machinery Ltd.  
Skelton, Brumwell & Associates  
Sobeys West  
Softek Services Ltd.  
Solution 105 Consulting Ltd.  
Solvera Solutions  
Sorin Group Canada Inc.  
Spectrum Signal Processing Inc.  
St. Michael's Health Group  
Standen's Limited  
Stantec Inc.  
Staples Business Depot  
StarGarden  
Steinbach Credit Union  
Strait Engineering Ltd.  
Strategic Technologies Inc.  
Suncor Energy Inc.  
Syspro Software Ltd.  
Systematix Inc.

Taiga Building Products Ltd.  
Target Products Limited  
TBT Engineering  
Terrain Group Inc.  
The Brick Group  
The Calgary Airport Authority  
The Commissionaires  
The CUMIS Group  
The Dominion of Canada General Insurance Co.  
The Fairmont Empress Hotel  
The Fairmont Waterfront

The Langley Concrete Group of Companies  
The Law Society of Alberta  
The Law Society of B.C.  
The Original Cakerie  
The Partnership  
The Pepsi Bottling Group  
The StarPhoenix  
Thomson Technology  
3Com Corporation  
Thrifty Foods  
Thurber Engineering Ltd.  
Time Business Machines Ltd.  
Tonko Realty Advisors  
Totten Sims Hubicki Associates  
Tourism Calgary  
Tourism Saskatoon  
Tourism Vancouver  
Town of Canmore  
TR Westcan Inc.  
Trenton Cold Storage  
Trican Well Service Ltd.  
Tricycle Lane Corporation  
Trinity Western University  
Triton Environmental Consultants Ltd.  
Trow Associates Inc.  
TruServ Canada  
TSI Terminal Systems Inc.  
TTG Systems Inc.  
Twin City Dwyer Printing

UFA Co-operative Limited  
Unity Builders Group  
University Health Network  
University Medical Group  
University of British Columbia  
University of Regina  
University of Saskatchewan  
University of Victoria  
Upper Canada Soap  
Upside Engineering Ltd.

V. B. Cook Co. Limited  
Vancouver Community College  
Vancouver Convention & Exhibition Centre  
Vancouver Port Authority  
Vancouver School Board  
Vantage Engineering Inc.  
VECO Canada Ltd.  
Veer Corporation  
Vigil Health Solutions  
Virtual Causeway  
Vita Health Products Inc.  
Volker Stevin Contracting Ltd.

WAL-MART Canada  
Wardrop Engineering

Warehouse One  
Wawanesa Mutual Insurance  
WCG International  
Weatherhaven  
West Coast Reduction Ltd.  
Westcorp Properties Inc.  
Western Canadian Coal  
Western Financial Group Inc.  
Western Management Consultants  
Westminster Savings Credit Union  
Westtower Communications Ltd.

Westwinn Group Corp.  
Westwood Electric  
Wilson & Proctor Ltd.  
Wilson Auto Electric  
WinnipegREALTORS  
Women Entrepreneurs of Saskatchewan Inc.  
Wood Group Pressure Control Pressure

Xenos Group Inc.

YMCA of Greater Vancouver