

***Compensation Planning Outlook 2014***  
**The Conference Board of Canada**



# Compensation Planning Outlook 2014.





The Conference Board  
of Canada

Compensation Planning Outlook 2014

by Nicole Stewart and Elyse Lamontagne

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## Preface

*Compensation Planning Outlook 2014* is the 32nd edition of this publication, which summarizes the results of The Conference Board of Canada's annual compensation survey. In June 2013, a questionnaire was sent to 1,693 predominately large and medium-sized Canadian organizations operating in a variety of regions and sectors. A total of 411 respondents participated in the survey, representing a response rate of 24 per cent.

This publication was prepared under the auspices of the Conference Board's Compensation Research Centre (CRC) and was made possible through the ongoing support of the funding members and survey participants. We owe a special thank you to all the individuals who took the time to answer this year's comprehensive questionnaire and to the many organizations that participate year after year. Their efforts are very much appreciated, as it is through the commitment of respondents that The Conference Board of Canada is able to produce this report.

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## Executive Summary

# Compensation Planning Outlook 2014

### At a Glance

- ♦ Organizations are planning moderate base salary increases for 2014, with the average pay increase for non-unionized employees projected to be 2.9 per cent.
- ♦ In 2013, 83 per cent of employees received a salary increase, down slightly from the 87 per cent who received increases in 2012.
- ♦ Projected increases are highest in the oil and gas sector (4.1 per cent) and lowest in the health sector (1.8 per cent).
- ♦ Short-term incentive pay plans remain an important part of the total rewards package. The majority of survey respondents (83 per cent) have at least one of these plans in place.
- ♦ Looking ahead to 2014, 19 per cent of compensation planners expect that the size of their workforce will increase, with only 9 per cent anticipating workforce reductions.

**A**s we approach 2014, competitive pressures to control costs will require careful allocation of compensation dollars. For the third year in a row, salary increases are expected to remain moderate, but Canadian workers can still expect to see some real wage gains in the coming year.

Based on responses from the 411 organizations who participated in this year's Compensation Planning Outlook survey, the average pay increase for non-unionized employees is projected to be 2.9 per cent for 2014. This increase is 1 percentage point higher than the 1.9 per cent inflation rate forecast for 2014.<sup>1</sup>

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**For the third year in a row, salary increases are expected to remain moderate, but Canadian workers can still expect to see some real wage gains in the coming year.**

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Salary increases are expected to vary by industry, sector, and region:

- ♦ Projected increases are highest in oil and gas, at 4.1 per cent, followed by the scientific and technical services industry at 3.8 per cent.
- ♦ The lowest average increases are expected in the health sector, with an average increase of 1.8 per cent.
- ♦ The expected increase in the private sector is 3.0 per cent, while the overall average increase for employees in the public sector<sup>2</sup> is expected to be 2.7 per cent.

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1 The Conference Board of Canada, *Canadian Outlook Economic Forecast: Autumn 2013*.

2 The public sector includes federal and provincial government departments, agencies, and Crown corporations; municipalities; hospitals; and universities and colleges.

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- ♦ Regionally, Alberta and Saskatchewan lead, with average projected increases of 3.7 per cent.
- ♦ The lowest average base pay increase is expected in the Atlantic provinces at 2.5 per cent, followed by Ontario at 2.6 per cent.
- ♦ Anticipated average wage increases for unionized employees are projected to be 1.9 per cent in 2014—1.5 per cent in the public sector and 2.2 per cent in the private sector.

The percentage of employees receiving an increase in 2013 was 83 per cent, down slightly from the 87 per cent who received increases in 2012. For those who did receive an increase to base salary in 2013, the average adjustment was 3.4 per cent. Only 1 per cent of organizations are planning to freeze base salaries in 2014, down from 4 per cent in 2013.

Average increases to salary ranges (or “structures”) are expected to be 1.6 per cent in 2014, the same as increases in 2013. Eighteen per cent of organizations with salary range structures plan to hold their ranges constant in 2014, down slightly from 21 per cent in 2013.

### 2014 Projections by the Numbers

- 2.9%** average salary increase for non-unionized employees
- 4.1%** highest average increase by industry (oil and gas)
- 3.7%** highest average increase by region (Alberta and Saskatchewan)
- 1.9%** expected inflation

Source: The Conference Board of Canada.

Merit budgets—budgets for performance-based base salary increases—were 2.4 per cent in 2013, slightly lower than the anticipated budgets of 2.6 per cent in 2014. Overall salary budgets are expected to increase by 3.0 per cent in 2014, compared with an increase of 2.9 in 2013.

Short-term incentive pay plans remain an important tool used by organizations to drive organizational and individual performance. The majority of respondents (83 per cent) have at least one short-term incentive pay plan in place. On average, organizations spent 11.6 per cent as a percentage of total base pay spending on short-term incentive pay plans in 2013, compared with targets of 11.0 per cent. This indicates that, overall, organizations paid out slightly above target. In 2014, organizations expect to spend 10.8 per cent as a percentage of total base pay spending on short-term incentive pay—similar to what was planned for 2013.

While Canada’s economy is in relatively good shape, growth has been soft in 2012 and 2013. Some of the reasons for this lacklustre performance include challenges in the global economy, fiscal restraint being demonstrated by (especially) federal and provincial levels of government, and some deleveraging by households whose aggregate debt level is reaching its limits. The Conference Board of Canada does expect improved growth in 2014, with real GDP forecast to increase by 2.4 per cent—up from 1.8 per cent in 2013.

The unemployment rate currently sits at just over 7 per cent. Over the past few years, job creation in the business services, health, education, public administration, and construction sectors has contributed most to downward pressure on the unemployment rate. However, despite a modest recovery in manufacturing output, solid productivity gains have kept job creation stifled—the number of jobs available in manufacturing has been in decline since mid-2012. Overall, the Conference Board expects employment growth to be moderate for 2013 and 2014, averaging a 1.3 per cent annual pace in both years.

In the survey, 58 per cent of organizations report challenges with recruiting and/or retaining employees—down from 69 per cent in 2012. However, while there is softness in the overall labour market—at least for now—labour market pressures vary considerably depending on region and industry. A full three-quarters (75 per cent) of organizations in Saskatchewan and Alberta struggle with attracting and retaining talent, compared with 46 per cent in Ontario. Eighty-one per



cent of those in the oil and gas sector report challenges. Organizations report some very specific skill sets that are in high demand. Engineers, followed by skilled trade workers and IT specialists, are among the most coveted by organizations. This past year's voluntary turnover rate was 7.3 per cent—similar to the 7.2 per cent reported last year. Organizations anticipate that 8.6 per cent of their workforce will retire within the next five years.

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**The long-term challenges for Canadian organizations will include adapting to a strong dollar and addressing skill shortages due to an aging workforce.**

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Looking ahead to 2014, 19 per cent of compensation planners expect that their workforce will increase, with only 9 per cent anticipating workforce reductions. Sixty-two per cent of organizations expect no significant change to the workforce, while the remainder were unsure. Labour markets are expected to tighten by mid-2014, as the unemployment rate dips below 7 per cent. However, there are still certain cohorts that are struggling to find jobs. The employment rate among those aged 15 to 24 has failed to improve from the hit it took during the downturn in 2009. As labour markets tighten, it will be more important than ever to ensure that youth are pursuing careers—such as skilled trades and engineering—and realigning their skills to enable them to participate more fully in the labour force. While there is a role for the education system to play, there is also a need for employers to take an active part in ensuring that youth are being encouraged to gather the education

and skills that align with market needs. Moreover, employers need to provide training for younger workers as well as increased on-campus recruiting.

The Canadian dollar is expected to remain strong, but shy of parity over the next two years. While interest rates will likely come up in Canada ahead of those in the United States—a situation that would put temporary upward pressure on the loonie—easing oil prices will help counter the effect. The combination of a strong dollar and solid real wage gains (average weekly wages are increasing at a pace that is significantly higher than inflation) is putting pressure on Canadian employers, especially for those industries that are export-oriented.

Real wage gains are especially sharp in tight labour markets, mainly in the West. In order to sustain real wage growth for Canadian employees over the long term, organizations will need to see improved productivity gains if they wish to remain competitive. The long-term challenges for Canadian organizations will include adapting to a strong dollar, addressing skill shortages due to an aging workforce, and becoming more entrepreneurial and innovative. Continued cost containment and deep succession plans will be critical in the future.

The outlook for Canada is uneven, as the divide between East and West persists. Organizations in Saskatchewan and Alberta, where resource development is frenzied and unemployment rates are near bottom, face a different set of challenges than those in other provinces. Still, skills shortages and mismatches, and upward pressure on real wages, are important concerns for employers across most regions in the country.





## Résumé

# Les perspectives de la rémunération en 2014

### Aperçu

- ♦ Les organisations prévoient des augmentations modérées du salaire de base en 2014 et, plus précisément, une augmentation moyenne de 2,9 p. 100 pour les employés non syndiqués.
- ♦ En 2013, 83 p. 100 des employés ont reçu une augmentation de salaire, au lieu de 87 p. 100 en 2012.
- ♦ Les augmentations projetées seront les plus fortes (4,1 p. 100) dans le secteur pétrolier et gazier et les plus faibles (1,8 p. 100) dans le secteur de la santé.
- ♦ Les régimes d'incitatifs à court terme continuent de représenter un élément important du programme complet de rémunération. La majorité des répondants au sondage (83 p. 100) ont au moins un de ces régimes en vigueur.
- ♦ À l'horizon de 2014, 19 p. 100 des planificateurs de la rémunération s'attendent à ce que la taille de leur effectif augmente et 9 p. 100 seulement à ce qu'elle diminue.

leur budget de rémunération. Pour une troisième année d'affilée, les augmentations salariales devraient rester modérées, mais les travailleurs canadiens peuvent quand même espérer quelques gains salariaux réels durant la prochaine année.

D'après les réponses des 411 organisations qui ont participé au sondage de cette année sur la rémunération (appelé Planification salariale – Perspectives 2014), l'augmentation salariale moyenne pour les employés non syndiqués devrait être de 2,9 p. 100 en 2014. Cette augmentation dépasse d'un point de pourcentage le taux d'inflation de 1,9 p. 100 prévu pour 2014<sup>1</sup>.

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**Pour une troisième année d'affilée, les augmentations salariales devraient rester modérées, mais les travailleurs canadiens peuvent quand même espérer quelques gains salariaux réels durant la prochaine année.**

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Les augmentations salariales devraient varier selon les industries, les secteurs et les régions :

- ♦ C'est dans le secteur pétrolier et gazier que les augmentations attendues seront les plus fortes, à 4,1 p. 100, suivi du secteur des services scientifiques et techniques, où elles atteindront 3,8 p. 100.

À l'aube de 2014, les pressions exercées sur les coûts par la compétitivité obligeront les organisations à utiliser avec discernement

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<sup>1</sup> Le Conference Board du Canada, *Note de conjoncture canadienne de l'automne 2013*.

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- ♦ Les augmentations moyennes les plus faibles sont prévues dans le secteur de la santé, où elles se situeront en moyenne à 1,8 p. 100.
- ♦ Dans le secteur privé, l'augmentation salariale prévue sera de 3,0 p. 100 contre 2,7 p. 100 en moyenne dans le secteur public<sup>2</sup>.
- ♦ À l'échelle régionale, l'Alberta et la Saskatchewan mènent avec des augmentations salariales projetées de 3,7 p. 100 en moyenne.
- ♦ L'augmentation moyenne la plus faible du salaire de base, à 2,5 p. 100, est attendue dans les provinces de l'Atlantique, devancées de peu par l'Ontario, où cette augmentation sera de 2,6 p. 100.
- ♦ Selon les prévisions, les augmentations salariales moyennes prévues pour les employés syndiqués seront de 1,9 p. 100 en 2014, soit de 1,5 p. 100 dans le secteur public et de 2,2 p. 100 dans le secteur privé.

En 2013, 83 p. 100 des employés recevront une augmentation, soit un peu moins qu'en 2012 où cette proportion avait été de 87 p. 100. Pour ceux dont le salaire de base a augmenté en 2013, l'ajustement moyen a été de 3,4 p. 100. Seul 1 p. 100 des organisations prévoient geler les salaires de base en 2014, comparativement à 4 p. 100 en 2013.

Les hausses moyennes des échelles salariales devraient être de 1,6 p. 100 en 2014, comme en 2013. En 2014, 18 p. 100 des organisations qui ont des échelles salariales ne prévoient aucune variation, ni à la baisse ni à la hausse. En 2013, cette proportion était de 21 p. 100.

Les budgets pour la rémunération au mérite, c'est-à-dire les budgets pour les augmentations des salaires de base en fonction du rendement, ont été de 2,4 p. 100 en 2013, soit un peu moins que les budgets anticipés de 2,6 p. 100 en 2014. Globalement, les budgets salariaux devraient s'accroître de 3,0 p. 100 en 2014, au lieu de 2,9 p. 100 en 2013.

2 Le secteur public comprend les ministères, organismes et sociétés d'État fédéraux et provinciaux, les municipalités, les hôpitaux et les universités et collèges.

Prévisions pour 2014 selon les chiffres recueillis

- 2,9 %** Augmentation salariale moyenne chez les employés non syndiqués
- 4,1 %** Plus forte augmentation annuelle moyenne, par secteur (secteur pétrolier et gazier)
- 3,7 %** Plus forte augmentation annuelle moyenne, par région (Alberta et Saskatchewan)
- 1,9 %** Taux d'inflation anticipé

Source : Le Conference Board du Canada.

Les régimes d'incitatifs à court terme continuent de représenter pour les organisations un instrument important de stimulation du rendement individuel et collectif. La majorité des répondants au sondage (83 p. 100) ont au moins un de ces régimes en vigueur. En moyenne, 11,6 p. 100 des dépenses des organisations au titre de la rémunération totale de base sont allées aux incitatifs à court terme en 2013, alors que l'objectif était de 11,0 p. 100. C'est une indication que les organisations dans leur ensemble ont dépensé légèrement plus qu'elles ne le prévoyaient à ce chapitre. En 2014, la proportion de ces dépenses destinée aux incitatifs à court terme devrait être de 10,8 p. 100, soit un pourcentage similaire à celui prévu pour 2013.

Toutes proportions gardées, l'économie canadienne s'en tire assez bien, malgré une croissance au ralenti en 2012 et 2013. Cette lenteur vient, entre autres, des difficultés de l'économie mondiale, mais aussi des restrictions budgétaires que se sont imposées (tout spécialement) les administrations fédérale et provinciales, et des efforts des ménages pour réduire leur endettement qui, globalement, a atteint ses limites. Le Conference Board du Canada s'attend à ce que la croissance s'accélère en 2014, avec un PIB réel qui devrait progresser de 2,4 p. 100, en comparaison de 1,8 p. 100 en 2013.



Le taux de chômage s'établit actuellement à un peu plus de 7 p. 100. Ces dernières années, c'est surtout la création d'emplois dans les secteurs des services aux entreprises, de la santé, de l'éducation, de l'administration publique et de la construction qui a fait baisser le taux de chômage. Dans le secteur manufacturier, malgré une modeste reprise de la production, de solides gains de productivité ont continué d'étouffer la création d'emplois. Le nombre d'emplois disponibles est en déclin dans ce secteur depuis le deuxième semestre de 2012. Le Conference Board s'attend à une croissance modérée de l'emploi en 2013 et en 2014, à un rythme annuel moyen de 1,3 p. 100 pour les deux années.

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**Parmi les défis à long terme que devront surmonter les organisations canadiennes figurent l'adaptation à la vigueur du dollar et la capacité de combler les pénuries de compétences attribuables à une main-d'œuvre vieillissante.**

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Cinquante-huit pour cent des organisations sondées ont signalé avoir eu des difficultés à recruter ou à maintenir en poste des employés — une proportion en baisse par rapport à 69 p. 100 en 2012. Toutefois, malgré le fléchissement observé dans l'ensemble du marché du travail, du moins pour le moment, les pressions varient considérablement selon la région et l'industrie. Trois quarts (75 p. 100) des organisations de la Saskatchewan et de l'Alberta ont eu de la difficulté à attirer et à retenir les talents, comparativement à 46 p. 100 de celles de l'Ontario. Quatre-vingt-un pour cent des organisations du secteur pétrolier et gazier rapportent des difficultés sur ce plan. Les organisations indiquent que certains ensembles très précis de compétences sont en forte demande. Les ingénieurs, suivis des travailleurs spécialisés et des experts en TI, comptent parmi les travailleurs les plus convoités par les organisations. Le taux de roulement volontaire a été de 7,3 p. 100 au cours de l'année qui vient de s'écouler et est donc comparable à celui de 7,2 p. 100 enregistré l'année dernière. Les organisations prévoient que 8,6 p. 100 de leur effectif partira à la retraite d'ici les cinq prochaines années.

En ce qui a trait plus particulièrement à 2014, 19 p. 100 des responsables de la planification salariale s'attendent à un accroissement de l'effectif, alors que seulement 9 p. 100 anticipent le contraire. Soixante-deux pour cent des organisations ne prévoient aucun changement important pour leur effectif, mais les autres sont incertaines à cet égard. Les marchés du travail devraient se resserrer d'ici le milieu de 2014, sous l'effet du recul du taux de chômage sous 7 p. 100. Cependant, certaines cohortes peinent toujours à trouver des emplois. Le taux de chômage des personnes âgées de 15 à 24 ans ne s'est pas amélioré depuis le ralentissement de 2009. Avec le resserrement des marchés du travail, il sera plus important que jamais de s'assurer que les jeunes poursuivent une carrière — notamment dans les métiers spécialisés et en génie — et réorientent leurs compétences de façon à participer plus pleinement à la population active. Bien que le système de l'éducation ait un rôle à jouer, il faut aussi que les employeurs participent aux efforts pour inciter les jeunes à mener des études et à acquérir des compétences qui correspondent aux besoins du marché. De plus, les employeurs doivent promouvoir la formation des jeunes travailleurs et le recrutement sur les campus, et leur offrir aussi des occasions d'apprentissage.

On s'attend à ce que le dollar canadien demeure vigoureux, sans toutefois atteindre la parité, au cours des deux prochaines années. La hausse des taux d'intérêt au Canada devancera probablement celle prévue aux États-Unis — une situation qui augmentera temporairement la pression à la hausse sur le huard —, mais la baisse des prix du pétrole aidera à en contrer les effets. La combinaison d'une forte devise et de solides gains de la rémunération réelle — les salaires hebdomadaires moyens augmentent à un rythme beaucoup plus élevé que l'inflation — a des répercussions pour les employeurs canadiens, surtout ceux dans les industries orientées vers les exportations. Les gains de la rémunération réelle sont particulièrement marqués dans les marchés du travail restreints, surtout dans l'Ouest. Pour soutenir la croissance de la rémunération réelle des employés canadiens à long terme et rester concurrentielles, les

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organisations devront afficher une meilleure productivité. Parmi les défis à long terme que devront surmonter les organisations canadiennes figurent l'adaptation à la vigueur du dollar, la capacité de combler les pénuries de compétences attribuables à une main-d'œuvre vieillissante et le développement de l'entrepreneuriat et de la capacité d'innovation. La poursuite des efforts de compression des coûts et de formation de la relève sera essentielle.

Les perspectives varient pour la conjoncture canadienne, car le fossé entre les régions plus à l'est et celles plus à l'ouest du pays persiste. Les organisations en Saskatchewan et en Alberta, où la mise en valeur des ressources se fait à un rythme frénétique et où les taux de chômage sont au plus bas, n'ont pas les mêmes défis à relever que celles d'autres provinces. Il n'en demeure pas moins que les pénuries et le déséquilibre des compétences, ainsi que la pression à la hausse sur les salaires réels, préoccupent grandement les employeurs dans la plupart des régions du pays.

## Chapter 1

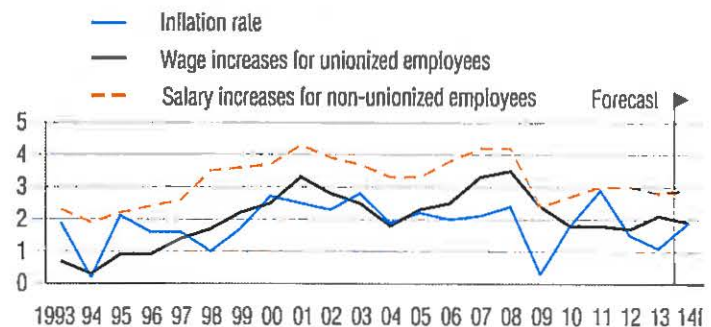
# Compensation Planning and Practices

### Chapter Summary

- Compensation plans remain stable for 2014. Average base pay increases of 2.9 per cent for non-unionized employees are expected—almost exactly in line with actual increases of 2.8 per cent in 2013.
- Only 1 per cent of organizations expect a base salary freeze for all employees in 2014.
- More than 8 in 10 respondents have short-term incentive pay plans—typically cash bonuses or incentives—with an average cost of 11.6 per cent of total base pay spending in 2013. Average actual payouts exceeded targets in 2013 in over 40 per cent of organizations, across all employee groups.

**Chart 1**

Inflation vs. Increases, 1993–2014  
(percentage change)



f = forecast

Note: Wage increases for unionized employees from 1993–2012 are actuals as reported by Employment and Social Development Canada, Workplace Information Directorate. Wage increases for unionized employees for 2013 (actual) and 2014 (projected) are from the Compensation Outlook 2014 survey.

Sources: The Conference Board of Canada; Employment and Social Development Canada, Workplace Information Directorate.

### MANAGING BASE PAY

According to this year's survey respondents, the average pay increase for non-unionized employees is projected to be 2.9 per cent<sup>1</sup> in 2014—1 percentage point above the 1.9 per cent total inflation rate forecast for the year ahead.<sup>2</sup> (See Chart 1.)

Similar to the past few years, the private sector anticipates slightly higher base pay salary increases in 2014 at 3.0 per cent, while the public sector<sup>3</sup> is looking at increases of 2.7 per cent. Neither sector is straying far from the base pay increases given in 2013, which were 2.9 per cent in the private sector and 2.6 per cent in the public sector. (See Exhibit 1, tables 1–4, and Chart 2.)

<sup>1</sup> Note: Unless stated otherwise, all average salary increase percentages reported in the text include zero per cent increases. For averages excluding zero per cent increases, please consult tables 1–4.

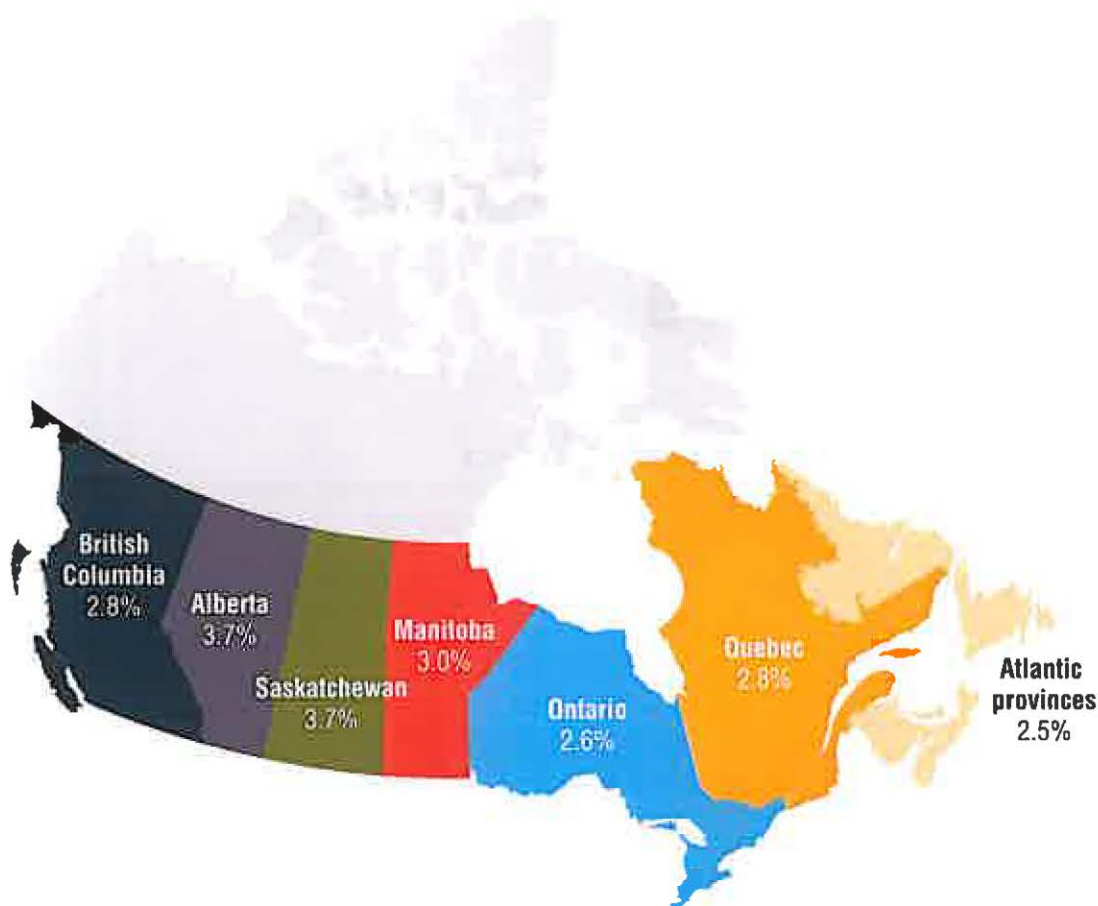
<sup>2</sup> The Conference Board of Canada, *Canadian Outlook Economic Forecast: Autumn 2013*.

<sup>3</sup> Note: The public sector includes federal and provincial government departments, agencies, and Crown corporations; municipalities; hospitals; and universities and colleges.



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**Exhibit 1**  
Planned Average Salary Increases, by Region, 2014  
(per cent)



Source: The Conference Board of Canada.

Only 1 per cent of organizations are projecting that they will freeze salaries next year. The vast majority of organizations (94 per cent) provide annual salary increases on a fixed date as opposed to on an anniversary date. (See Chart 4.)

In 2013, the average actual salary increase among non-unionized employees across all responding organizations was 2.8 per cent. Eighty-three per cent of employees received an increase to base salary in 2013, down slightly from 2012 when 87 per cent received an

increase. For those employees who did receive a raise, the average increase was 3.4 per cent. Four per cent of organizations reported a salary freeze for all employees in 2013.

Average increases to salary ranges (or “structures”) are expected to be 1.6 per cent in 2014, the same as the range movement seen in 2013. Eighteen per cent of organizations with salary range structures plan to hold their ranges constant in 2014, down from 21 per cent in 2013.

**Table 1**  
2013 Actual Compensation Increases, by Employee Group  
(non-unionized employees)

Employee group*	Policy line (range increase; %)**		Merit budget (%)		Employees receiving an increase (%)	Average increase for those receiv- ing one (%)	Average increase among all employees (%)		2013 average base salary (\$)
	zeros included	zeros excluded	zeros included	zeros excluded			zeros included	zeros excluded	
Senior executives	1.4	2.2	2.3	2.9	77.4	3.8	2.9	3.4	278,630
	1.9	2.0	2.5	3.0	100.0	3.2	3.0	3.0	254,930
Executives	1.5	2.2	2.4	2.7	81.7	3.5	2.9	3.2	187,055
	2.0	2.0	2.8	3.0	100.0	3.2	3.0	3.0	179,569
Management	1.6	2.1	2.5	2.7	84.6	3.5	2.9	3.1	113,061
	2.0	2.0	2.8	3.0	96.0	3.2	3.0	3.0	108,000
Professional—technical	1.6	2.2	2.5	2.7	85.0	3.5	2.9	3.1	83,676
	2.0	2.0	2.8	2.9	98.0	3.1	2.9	3.0	80,884
Professional—non-technical	1.6	2.1	2.5	2.7	84.8	3.5	2.9	3.1	77,702
	2.0	2.0	2.8	3.0	97.0	3.1	3.0	3.0	76,033
Technical and skilled trades	1.7	2.3	2.5	2.8	86.7	3.4	2.9	3.1	68,159
	2.0	2.0	2.8	3.0	98.6	3.1	3.0	3.0	66,100
Clerical and support	1.6	2.1	2.5	2.7	84.0	3.4	2.8	2.9	50,458
	2.0	2.0	2.8	2.8	95.8	3.0	2.8	2.8	49,950
Service and production	1.6	2.2	2.3	2.7	81.9	3.2	2.6	2.9	55,297
	2.0	2.0	2.6	2.9	98.0	3.1	2.8	2.9	49,497
Overall	1.6	2.1	2.4	2.6	83.0	3.4	2.8	2.9	n.a.
	2.0	2.0	2.5	2.6	94.0	3.1	2.9	2.9	n.a.

**\*Employee Group Definitions**

**Senior executives:** all executives reporting directly to the CEO

**Executives:** all other executives

**Management:** senior and middle management who plan, develop, and implement policies and programs

**Professional—technical:** computer analysts, engineers, information technology specialists, developers, etc.

**Professional—non-technical:** all other professionals, such as accountants, lawyers, and doctors, *excluding sales*

**Technical and skilled trades:** technologists, technicians, millwrights, etc.

**Clerical and support:** administrative staff, clerks, coordinators, assistants, etc.

**Service and production:** employees providing service, production, maintenance, transportation, etc.

**\*\*Definitions**

**Policy line/range increase:** percentage increase to salary ranges, among organizations with ranges (often associated with increase to cost of living, economic adjustment)

**Merit budget:** budget for performance-based base salary increases, expressed as a percentage of base pay

**Employees receiving an increase:** percentage of employees receiving a base salary increase, as a percentage of all employees in category

**Average salary increase for those receiving one:** total percentage increase to base salary from all sources—range, merit, economic, progression (excluding increases due to promotions).

Excludes employees receiving a zero per cent increase.

**Overall average salary increase:** total percentage increase to base salary from all sources—range, merit, economic, progression (excluding increases due to promotions). Includes employees receiving a zero per cent increase.

Note: For each result, the top number is the average (mean) and the bottom number (in italics) is the median.

n.a. = not applicable

Source: The Conference Board of Canada.

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**Table 2**  
2014 Planned Compensation Increases, by Employee Group  
(non-unionized employees)

Employee group*	Policy line (range increase; %)		Merit budget (%)		Average increase among all employees (%)	
	zeros included	zeros excluded	zeros included	zeros excluded	zeros included	zeros excluded
Senior executives	1.6	2.1	2.6	2.9	2.9	3.2
	<i>2.0</i>	<i>2.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
Executives	1.6	2.1	2.6	2.8	2.9	3.1
	<i>2.0</i>	<i>2.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
Management	1.7	2.0	2.7	2.8	3.0	3.1
	<i>2.0</i>	<i>2.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
Professional—technical	1.7	2.0	2.7	2.8	3.0	3.1
	<i>2.0</i>	<i>2.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
Professional—non-technical	1.6	2.0	2.7	2.8	3.0	3.1
	<i>2.0</i>	<i>2.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
Technical and skilled trades	1.6	2.1	2.6	2.8	2.9	3.1
	<i>2.0</i>	<i>2.0</i>	<i>2.8</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
Clerical and support	1.6	2.0	2.6	2.7	3.0	3.0
	<i>2.0</i>	<i>2.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
Service and production	1.5	2.1	2.5	2.8	2.8	3.1
	<i>2.0</i>	<i>2.0</i>	<i>2.8</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>
<b>Overall</b>	<b>1.6</b>	<b>2.0</b>	<b>2.6</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>
	<i><b>2.0</b></i>	<i><b>2.0</b></i>	<i><b>2.9</b></i>	<i><b>2.9</b></i>	<i><b>3.0</b></i>	<i><b>3.0</b></i>

Note: For each result, the top number is the average (mean) and the bottom number (in italics) is the median.

\*see Table 1 for definitions

Source: The Conference Board of Canada.

Merit budgets, the budget for performance-based base salary increases, were 2.4 per cent in 2013 and are forecast to be 2.6 per cent in 2014.

In 2013, increases to overall salary budgets were 2.9 per cent. Looking ahead to 2014, organizations are anticipating salary budgets will increase by 3.0 per cent. At the time of the survey, most organizations (85 per cent) were still working with preliminary budgets. (See Chart 3.)

Twenty-one per cent of organizations have a formal budget for promotions for non-unionized employees, and 44 per cent of organizations have a defined

policy on compensation adjustments for internal promotions. The most common formula used was a 5 per cent increase or the minimum of the next salary range. Others specified that it ranged from 5 to 15 per cent depending on the salary positioning and past performance.

The majority of organizations progress non-unionized employees through ranges based on performance. (See Table 5.) Only a small percentage of organizations use defined incremental step increases to move employees through their pay ranges. (See Table 6.)



**Table 3**  
2013 Actual Compensation Increases by Industry, Sector, and Region  
(non-unionized employees)

	Policy line (range increase; %)		Merit budget (%)		Employees receiving an increase (%)	Average increase for those receiving one (%)	Average increase among all employees (%)	
	zeros included	zeros excluded	zeros included	zeros excluded			zeros included	zeros excluded
<b>Overall (n = 403)</b>	1.6	2.1	2.4	2.6	83.0	3.4	2.8	2.9
<b>Industry</b>								
Oil and gas (n = 22)	2.9	2.9	3.9	3.9	95.0	5.2	4.7	4.7
Construction (n = 6)	1.9	1.9	3.5	3.5	88.2	4.3	3.9	3.9
Natural resources, excluding oil and gas (n = 16)	2.5	2.8	2.7	2.7	88.4	4.0	3.3	3.3
Professional services (n = 14)	1.5	1.7	2.5	2.5	79.7	3.9	3.3	3.3
Scientific and technical services (n = 11)	2.9	2.9	3.1	3.4	83.7	4.3	3.3	3.3
Chemical, pharmaceutical, and allied products (n = 14)	1.8	2.2	2.7	2.7	95.5	3.3	3.1	3.1
Wholesale trade (n = 10)	1.4	1.7	2.6	2.6	88.4	3.7	3.0	3.0
Government (n = 43)	1.9	2.1	2.2	2.4	85.1	3.6	2.9	2.9
Transportation (n = 19)	1.9	2.1	2.9	2.9	96.5	3.0	2.9	2.9
Utilities (n = 20)	1.7	2.2	2.5	2.9	78.5	3.1	2.8	2.9
Finance, insurance, and real estate (n = 72)	1.4	1.9	2.3	2.4	83.4	3.3	2.7	2.8
Retail trade (n = 17)	0.8	1.8	2.2	2.4	75.9	3.5	2.7	2.9
Not-for-profit (n = 25)	1.3	2.0	2.3	2.6	81.8	3.1	2.6	2.7
Food, beverage, and tobacco (n = 11)	1.2	1.5	2.2	2.4	87.5	2.8	2.5	2.5
Services—accommodation, food, and personal (n = 19)	1.5	2.0	2.2	2.6	75.6	3.1	2.5	2.7
Manufacturing (n = 21)	1.4	1.7	2.5	2.5	84.8	2.8	2.4	2.5
Education (n = 13)	1.3	1.6	1.6	1.8	81.1	3.3	2.2	2.2
High technology (n = 20)	1.3	2.1	2.2	2.6	74.7	2.9	2.2	2.8
Communications and tele- communications (n = 17)	1.7	2.0	1.6	1.6	73.1	2.6	2.1	2.1
Health (n = 13)	1.0	1.5	0.6	1.2	48.6	2.4	1.4	2.0
<b>Sector</b>								
Private sector (n = 300)	1.6	2.1	2.5	2.7	85.1	3.4	2.9	3.0
Public sector (n = 103)	1.5	1.9	1.9	2.3	76.1	3.4	2.6	2.7

Note: Sample sizes above indicate the number of organizations providing a response for at least one actual or projected increase.  
Source: The Conference Board of Canada.

(continued ...)

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**Table 3 cont'd**

2013 Actual Compensation Increases by Industry, Sector, and Region  
(non-unionized employees)

	Policy line (range increase; %)		Merit budget (%)		Employees receiving an increase (%)	Average increase for those receiving one (%)	Average increase among all employees (%)	
	zeros included	zeros excluded	zeros included	zeros excluded			zeros included	zeros excluded
<b>Region</b>								
Atlantic provinces (n = 14)	1.5	1.8	1.9	2.2	83.3	3.1	2.9	2.9
Quebec (n = 49)	1.8	1.9	2.4	2.5	92.4	3.0	2.7	2.7
Ontario (n = 191)	1.2	1.8	2.1	2.4	78.4	3.0	2.3	2.5
Manitoba (n = 13)	1.9	1.9	2.7	2.7	87.7	4.0	3.2	3.2
Saskatchewan (n = 24)	2.6	2.6	2.7	2.7	90.5	4.6	3.9	3.9
Alberta (n = 76)	2.2	2.6	3.3	3.5	89.4	4.4	3.8	3.8
British Columbia (n = 33)	1.4	2.2	2.1	2.3	73.2	3.1	2.6	2.8

Note: Sample sizes above indicate the number of organizations providing a response for at least one actual or projected increase.  
Source: The Conference Board of Canada.

**Table 4**

2014 Planned Compensation Increases by Industry, Sector, and Region  
(non-unionized employees)

	Policy line (range increase; %)		Merit budget (%)		Average increase among all employees (%)	
	zeros included	zeros excluded	zeros included	zeros excluded	zeros included	zeros excluded
<b>Overall (n = 403)</b>	<b>1.6</b>	<b>2.0</b>	<b>2.6</b>	<b>2.7</b>	<b>2.9</b>	<b>3.0</b>
<b>Industry</b>						
Oil and gas (n = 22)	2.5	2.5	4.0	4.0	4.1	4.1
Scientific and technical services (n = 11)	1.9	2.2	3.3	3.3	3.8	3.8
Construction (n = 6)	1.8	2.3	3.7	3.7	3.5	3.5
Chemical, pharmaceutical, and allied products (n = 14)	2.0	2.2	2.6	2.8	3.2	3.2
Professional services (n = 14)	1.4	1.4	2.6	2.6	3.2	3.2
Services—accommodation, food, and personal (n = 19)	1.8	2.3	2.9	2.9	3.2	3.2
Education (n = 13)	1.4	1.7	1.7	2.0	3.1	3.1
Natural resources, excluding oil and gas (n = 16)	2.1	2.1	2.6	2.6	3.1	3.1
Food, beverage, and tobacco (n = 11)	1.5	1.7	2.6	2.6	2.9	2.9
Retail trade (n = 17)	1.1	1.7	2.8	2.8	2.9	2.9
Transportation (n = 19)	1.9	1.9	2.5	2.5	2.9	2.9

Note: Sample sizes indicate the number of organizations providing a response for at least one actual or projected increase.

\*sample size for data point too small to report on

Source: The Conference Board of Canada.

(continued ...)



**Table 4 cont'd**  
2014 Planned Compensation Increases by Industry, Sector, and Region  
(non-unionized employees)

	Policy line (range increase; %)		Merit budget (%)		Average increase among all employees (%)	
	zeros included	zeros excluded	zeros included	zeros excluded	zeros included	zeros excluded
<b>Industry</b>						
Utilities (n = 20)	1.4	2.0	2.6	2.8	2.9	2.9
High technology (n = 20)	1.7	2.3	2.8	2.8	2.8	2.8
Wholesale trade (n = 10)	1.4	1.7	2.5	2.5	2.8	2.8
Communications and telecommunications (n = 17)	1.6	1.7	2.1	2.1	2.7	2.7
Government (n = 43)	1.9	2.1	2.6	2.8	2.7	2.7
Manufacturing (n = 21)	1.3	1.9	2.7	2.7	2.7	2.9
Finance, insurance, and real estate (n = 72)	1.6	2.0	2.3	2.4	2.6	2.7
Not-for-profit (n = 25)	0.9	1.5	2.5	2.5	2.6	2.6
Health (n = 13)	0.8	1.3	*	*	1.8	1.8
<b>Sector</b>						
Private sector (n = 300)	1.7	2.0	2.7	2.7	3.0	3.0
Public sector (n = 103)	1.5	1.9	2.2	2.5	2.7	2.7
<b>Region</b>						
Atlantic provinces (n = 14)	2.2	2.6	1.8	2.0	2.5	2.5
Quebec (n = 49)	1.8	1.9	2.7	2.7	2.8	2.8
Ontario (n = 191)	1.4	1.8	2.3	2.4	2.6	2.6
Manitoba (n = 13)	1.9	1.9	2.3	2.3	3.0	3.0
Saskatchewan (n = 24)	2.0	2.0	2.8	2.8	3.7	3.7
Alberta (n = 76)	2.0	2.3	3.6	3.6	3.7	3.7
British Columbia (n = 33)	1.2	2.0	2.3	2.4	2.8	3.1

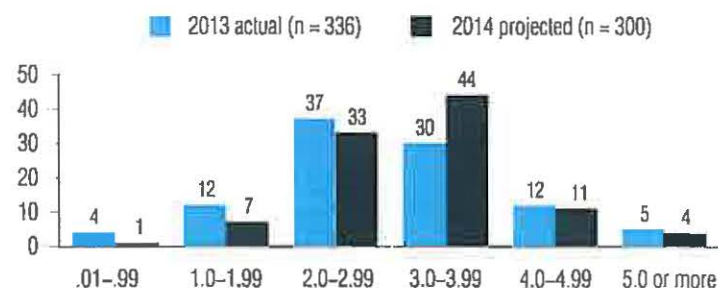
Note: Sample sizes indicate the number of organizations providing a response for at least one actual or projected increase.

\*sample size for data point too small to report on

Source: The Conference Board of Canada.

Over three-quarters of organizations (82 per cent) link base pay to performance. “Top” performers received an average salary increase of 4.1 per cent, compared with 2.7 per cent for “satisfactory” performers and 0.7 per cent for “poor” performers. Many organizations make an effort to differentiate base pay increases between different levels of performance. Eighty-four per cent reward top performers with increases that are up to twice the average increase given to satisfactory performers. Fifteen per cent reward “outstanding” performance with increases that are two to three times the average increase for satisfactory performance. Two per cent of organizations reported that the average increases

**Chart 2**  
Average Salary Increase Distribution  
(percentage of organizations)

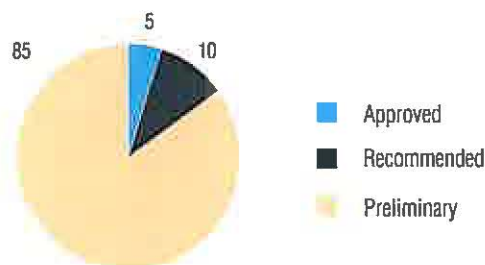


Source: The Conference Board of Canada.

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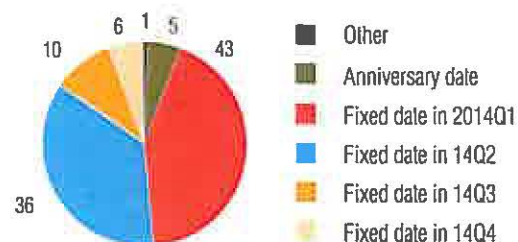
**Chart 3**  
Current Status of Salary Budget Recommendations for 2014

(n = 411; percentage of organizations)



Source: The Conference Board of Canada.

**Chart 4**  
Planned Implementation of Salary Increases for 2014  
(n = 403; percentage of organizations)



Source: The Conference Board of Canada.

**Table 5**  
Progression Through Pay Ranges for Non-Unionized Employees, by Sector  
(percentage of organizations)

	Public		Private		Overall	
	Performance-based	Tenure-based	Performance-based	Tenure-based	Performance-based	Tenure-based
Senior executives	91	8	97	9	95	8
Executives	85	11	99	7	94	9
Management	82	19	98	10	93	12
Professional—technical	79	23	98	10	93	13
Professional—non-technical	78	23	98	11	93	14
Technical and skilled trades	70	27	91	17	86	19
Clerical and support	75	26	96	14	91	17
Service and production	61	32	90	22	84	24

Note: Totals across rows do not add up to 100 as respondents could choose more than one method of progression/select other.  
Source: The Conference Board of Canada.

for outstanding performers are more than three times those given to “satisfactory” performers. These levels of differentiation are similar to what has been reported over the past few years.

### SHORT-TERM INCENTIVE PLANS

The majority of survey respondents (83 per cent) have at least one short-term incentive pay plan (STIP) in place. These plans are especially popular in the private sector, where 92 per cent of organizations reported

having at least one plan. By comparison, 58 per cent of public sector organizations have one (or more) short-term incentive pay plan. Cash bonuses or incentive plans are, by far, the most common form—used by 95 per cent of organizations that have at least one of these types of short-term incentive pay plans in effect. (See Chart 5 and tables 7 and 8.)

Average actual payouts exceeded targets in 2013 in over 40 per cent of organizations, across all employee groups. (See Table 9.) In 2013, the actual cost of short-term incentive pay plans averaged 11.6 per cent of total

base pay spending, higher than the 11.0 per cent that was planned for the year. The percentage of eligible employees receiving a payout varies by employee group, ranging from 88 to 94 per cent. In 2014, organizations expect to spend 10.8 per cent as a percentage of total base pay spending on short-term incentive pay.

When comparing short-term incentive pay targets as a percentage of base pay, targets vary widely across employee groups and industries. Organizations in the oil and gas and natural resources industries have the highest targets overall and across most employee groups. Government<sup>4</sup> targets remain the most conservative. (See Table 10.) The majority of organizations have no plans to adjust short-term incentive pay targets in 2014, compared with 2013. For the few that are adjusting, the average adjustment is minor. (See Table 11.)

**The majority of organizations provide outstanding or top performers with short-term incentive payouts that are up to twice the amount given to satisfactory performers.**

More than two-thirds of organizations (68 per cent) with short-term incentive pay plans link their individual performance management system to their plans. The majority of organizations (81 per cent) provide outstanding or top performers with short-term incentive payouts that are up to twice the amount given to satisfactory performers. Thirteen per cent provide short-term incentive payouts that are two to three times the average payout for satisfactory performance, and 6 per cent offer more than three times the typical short-term incentive payout to their top performers. The average short-term incentive payout made to top performers was 15.1 per cent of base pay, compared with 10 per cent to satisfactory performers and 3.7 per cent to poor performers.

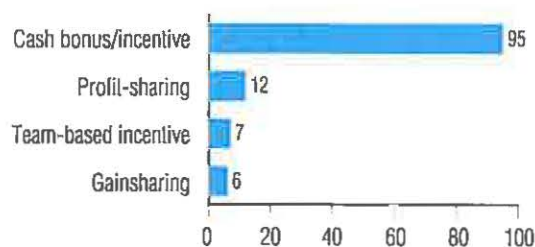
4 Note: The government sector includes federal governments, provincial governments, and municipalities—but excludes Crown corporations.

**Table 6**  
Progression Through Pay Ranges by Set Increments for Non-Unionized Employees, by Sector  
(percentage of organizations)

	Progression at set increment	Average percentage step increase
Senior executives	10	3.7
Executives	11	3.9
Management	11	3.5
Professional—technical	12	3.4
Professional—non-technical	13	3.6
Technical and skilled trades	15	3.6
Clerical and support	14	3.6
Service and production	19	3.2

Source: The Conference Board of Canada.

**Chart 5**  
Short-Term Incentive Pay—Plan Types  
(n = 317; per cent, based on organizations that have at least one plan)



Note: Figures do not add up to 100 because some respondents have more than one plan.

Source: The Conference Board of Canada.

On average, organizations with no short-term incentive plans in place gave smaller base salary increases in 2013—2.6 per cent compared with 2.9 per cent for those with a plan in place. In addition, when looking at those organizations with short-term incentive plans, average base salary increases tend to rise with larger short-term incentive payouts. (See tables 12 and 13.)



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**Table 7**  
Overall Prevalence of Incentive Plans, by Sector and Employee Group  
(per cent, based on all organizations)

	Short-term incentive plans			Long-term incentive plans		
	Public sector (n = 106)	Private sector (n = 305)	Overall (n = 411)	Public sector (n = 106)	Private sector (n = 305)	Overall (n = 411)
<b>Overall</b>	<b>58</b>	<b>92</b>	<b>83</b>	<b>7</b>	<b>62</b>	<b>48</b>
Senior executives	57	90	81	6	64	48
Executives	51	92	81	4	60	45
Management	43	90	78	3	30	23
Professional—technical	36	85	74	0	14	11
Professional—non-technical	36	83	72	0	13	10
Technical and skilled trades	23	69	57	0	9	6
Clerical and support	31	76	65	0	7	5
Service and production	16	64	53	0	6	5

Note: Overall prevalence of Incentive plans refers only to ongoing plans. For the purposes of this question, any ad hoc rewards of stock options or grants are excluded.  
Source: The Conference Board of Canada.

**Table 8**  
Short-Term Incentive Pay, by Sector and Employee Group  
(per cent\*)

	Public sector (n = 60)	Private sector (n = 279)	All sectors combined (n = 339)
Senior executives	98	97	98
Executives	89	98	96
Management	75	98	94
Professional—technical	64	91	87
Professional—non-technical	62	90	86
Technical and skilled trades	45	75	70
Clerical and support	54	82	77
Service and production	36	70	66

\*based on organizations that reported having short-term incentive pay for at least one employee category, non-unionized employees  
Source: The Conference Board of Canada.

Just over one in ten organizations (13 per cent) have “medium term” or “mid term” plans that pay out after two or three years. They are more common in the private sector, where 17 per cent of private sector organizations use these types of plans, as compared with 1 per cent of public sector organizations.

### Short-term Incentive Plans by the Numbers

- 83%** have at least one plan in place
- 40%** or more paid out at above target
- 11.6%** average cost of short-term incentive pay in 2013 as a percentage of total base pay spending
- 10.8%** targeted spend on short-term incentive pay for 2014 as a percentage of total base pay spending

Source: The Conference Board of Canada.

### LONG-TERM INCENTIVE PLANS

The prevalence of long-term incentive plans (LTIPs) remains stable. Close to half of respondents (48 per cent) have LTIPs, and an additional 1 per cent are considering putting them in place for the upcoming year. This figure is influenced mostly by LTIP use in the private sector, where 62 per cent of organizations reported

**Table 9**  
Annual Short-Term Incentive Pay Plan Payouts, by Employee Group  
(percentage of base salary, non-unionized employees)

2013 Payouts*	Average payout					Percentage of organizations			
	n	Target payout	Actual payout	Eligible for payouts	Receiving payouts***	n	Exceeded target	Met target	Fell short of target
Employee group									
Senior executives	233	42.8	43.3	100	94	203	43	14	43
Executives	222	31.1	31.7	99	94	194	44	13	43
Management	257	16.8	16.8	96	92	225	46	11	43
Professional—technical	203	11.3	10.4	94	88	180	43	11	46
Professional—non-technical	214	10.4	10.0	94	90	187	43	10	47
Technical and skilled trades	95	8.2	8.1	95	89	83	45	8	47
Clerical and support	192	6.6	6.7	95	89	169	44	12	44
Service and production	80	7.0	6.8	91	88	75	40	19	41
2014 Projected Payouts**	n	Target payout	Plan maximum						
Employee group									
Senior executives	204	44.0	76.2						
Executives	200	31.5	54.3						
Management	232	17.0	29.9						
Professional—technical	184	11.5	20.1						
Professional—non-technical	190	10.6	18.9						
Technical and skilled trades	87	8.3	14.6						
Clerical and support	174	6.5	11.0						
Service and production	77	7.0	12.0						

\*2013 payouts refer to payouts based on 2012 results, paid in 2013; sample size indicates the number of organizations providing a response for a target for that employee group

\*\*2014 payouts refer to payouts based on 2013 results, to be paid in 2014; sample size indicates the number of organizations providing a response for a target for that employee group

\*\*\*percentage of employees in category

Source: The Conference Board of Canada.

LTIP use. By comparison, LTIPs are not common in the public sector—only 7 per cent have such plans. Most publicly traded firms offer LTIPs (88 per cent), as do most of the firms controlled by a publicly traded company (71 per cent).

Traditional stock option plans remain the most prevalent form of LTIP. Slightly less than half (45 per cent) of organizations with an LTIP currently have this type of plan—down from a high of 73 per cent in 1998 when the Conference Board first collected this information. Over the years, many organizations have replaced traditional stock option plans with performance share unit plans (PSUs) and restricted share unit plans (RSUs).



**Table 10**  
2014 Short-Term Incentive Pay Plan Targets for Selected Industries, by Employee Group  
(percentage of base salary, non-unionized employees)

Employee group*	Oil and gas (n = 18)	Natural resources (n = 12)	Manufacturing (n = 14)	Transportation (n = 14)	Finance, insurance, and real estate (n = 55)	Communications/telecommunications (n = 14)	High tech (n = 15)	Food, beverage, and tobacco products (n = 9)	Services—accommodation, food, personal (n = 11)	Government (n = 12)	Retail trade (n = 12)	Utilities (n = 16)	Chemical, pharmaceutical, and allied products (n = 11)
Senior executives	57.0	58.3	40.4	43.1	50.2	51.9	38.8	47.6	41.7	16.3	49.6	30.3	38.6
Executives	38.3	44.3	32.2	29.1	35.0	35.4	30.5	32.3	27.5	12.6	39.4	21.8	29.0
Management	24.2	22.7	20.5	12.8	17.1	15.8	16.0	15.6	16.1	10.1	19.5	13.6	16.2
Professional—technical	17.1	13.7	14.4	9.6	10.8	12.0	10.2	11.5	9.6	7.5	14.0	9.7	11.1
Professional—non-technical	15.5	12.6	10.8	10.0	10.5	10.3	8.9	10.3	9.9	8.9	10.0	9.8	9.5
Technical and skilled trades	12.4	9.0	8.1	**	6.7	**	**	10.8	**	**	10.5	8.1	6.6
Clerical and support	9.5	6.8	7.1	5.4	6.0	6.9	6.2	7.0	4.4	5.8	4.8	7.2	5.9
Service and production	10.1	6.3	5.8	7.2	6.8	**	**	8.6	**	**	8.8	**	4.7

\*sample size indicates the number of organizations providing a target for at least one employee group

\*\*not shown due to small sample size

Source: The Conference Board of Canada.

**Table 11**  
Short-Term Incentive Pay Plan Target Adjustments, by Employee Group  
(per cent, based on organizations providing 2013 and 2014 targets)

Employee group	Adjusting target	Increasing	Average target increase	Decreasing	Average target decrease	Overall average target movement*
Senior executives	14.0	10.5	8.7	3.5	-4.5	5.4
Executives	14.0	7.8	4.7	6.2	-2.5	1.5
Management	16.1	9.4	2.1	6.7	-1.5	0.6
Professional—technical	15.8	9.0	1.9	6.8	-2.3	0.1
Professional—non-technical	16.4	9.8	2.0	6.6	-1.6	0.6
Technical and skilled trades	10.9	8.5	1.5	2.4	-1.7	0.8
Clerical and support	12.0	6.0	1.2	6.0	-0.8	0.2
Service and production	6.8	4.1	3.0	2.7	-1.1	1.4

\*average target movements based upon data provided by those organizations adjusting targets  
Source: The Conference Board of Canada.

**Table 12**  
2013 Average Base Salary Increases by Sector, Presence of Short-Term Incentive Plan  
(per cent)

	n	Short-term incentive plan in place	n	No short-term incentive plan in place
Overall	299	2.9	51	2.6
Public sector	44	2.7	31	2.4
Private sector	255	2.9	20	3.0

Source: The Conference Board of Canada.

**Table 13**  
2013 Average Base Salary Increases by Percentage of Base Payroll Spent on Short-Term Incentive Plans  
(per cent)

STIP spent as % of payroll	n	Average base salary increase 2013
0.01-5	52	2.4
5.01-10	33	2.8
10.01-15	38	3.5
15.01-20	16	3.4
>20	27	3.5

Source: The Conference Board of Canada.

Forty-one per cent of organizations have PSUs in place, while 38 per cent have RSUs. For privately owned firms with LTIPS, the most common type of plan is long-term cash at 69 per cent. In comparison, only 9 per cent of publicly traded firms with LTIPs (or firms owned by a publicly traded company) have this type of incentive in place. In most organizations, eligibility for long-term incentives still resides mostly among the senior executive and executive ranks. (See Table 14 and Chart 6.)

**Table 14**  
Long-Term Incentive Plans—Eligibility, by Employee Group  
(per cent\*)

	Organizations with LTIP for this category (n = 193)	Employees eligible for LTIPs	Employees receiving LTI in 2013**
Senior executives	99	97	93
Executives	90	95	93
Management	49	81	79
Professional—technical	22	71	88
Professional—non-technical	20	70	78
Other non-management	11	77	86

\*based on organizations that reported having LTIPs for at least one employee category, non-unionized employees

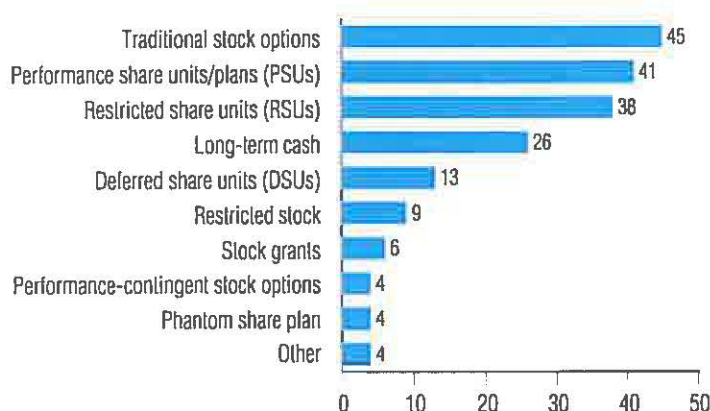
\*\*based on percentage eligible

Source: The Conference Board of Canada.

**Chart 6**

Long-Term Incentive Plans—Plan Types

(n = 182; per cent, based on organizations that reported having at least one type of plan)



Notes: Figures do not add up to 100 because some respondents have more than one plan. Plan types refer only to ongoing plans. For purposes of this question, any ad hoc rewards of stock options or grants are excluded.

Source: The Conference Board of Canada.

Most organizations grant long-term incentives annually, with only a small percentage providing these incentives on milestone dates. The average grant value of long-term incentives provided to senior executives is 103 per cent of base salary. (See tables 15 and 16.)

## REWARDS STRATEGY AND PRIORITIES

The top three rewards priorities for organizations over the next 12–18 months are the following:

1. Maintain a competitive market position.
2. Retain talent.
3. Review strategy and ensure alignment with business objectives.

Maintaining a competitive position reclaims first spot from retaining talent, with nearly half of the responding organizations (47 per cent) selecting it as a top priority. Reviewing strategy and ensuring alignment with business objectives has returned to the top three after falling to fourth behind attracting talent last year. Although attracting talent has dropped to 34 from 40 per cent last year, it remains higher than it was in 2009 when it was seen as a priority by only 26 per cent of organizations. (See Table 17.)

Base pay represents the most significant component of total direct compensation, particularly in the public sector. The proportion of compensation represented by short-term, medium-term, and long-term incentives remains steady in both sectors as compared with a year ago. (See Chart 7.)



**Table 15**  
Method of Granting Long-Term Incentive Plans  
(percentage of organizations)

	Traditional stock options		Restricted share units (RSUs)		Deferred share units (DSUs)		Performance share plan or performance share units (PSUs)		Long-term cash	
	Milestone	Annually	Milestone	Annually	Milestone	Annually	Milestone	Annually	Milestone	Annually
Senior Executives	3	99	4	96	13	87	6	94	26	74
Executives	5	97	0	100	14	86	0	100	24	76
Management	7	96	0	100	0	100	0	100	6	94
Professionals	8	95	0	100	*	*	*	*	17	83

Notes: Professionals include technical and non-technical employees. Totals across rows do not add up to 100 as respondents could choose more than one method of granting stock options.

\*not shown due to small sample size

Source: The Conference Board of Canada.

**Table 16**  
Grant Value of LTI Awards in 2013  
(grant value as a percentage of base pay)

	n	Mean
Senior executives	112	103
Executives	98	61
Management	65	31
Professional—technical	23	19
Professional—non-technical	21	15
Other non-unionized	13	11

Source: The Conference Board of Canada.

**Table 17**  
Top Rewards Activities and Priorities\*  
(n = 404; percentage of organizations)

1. Maintaining competitive position	47
2. Retaining talent	45
3. Reviewing strategy and ensuring alignment with business objectives	36
4. Attracting talent	34
5. Connecting pay and performance	34
6. Communicating rewards to employees	20
7. Containing benefit costs	15
8. Managing rewards on a total rewards basis	15
9. Maximizing effectiveness of variable pay	15
10. Containing pension costs	13
11. Managing executive compensation	7
12. Cost containment	1
13. Employee engagement	1
14. Other	2

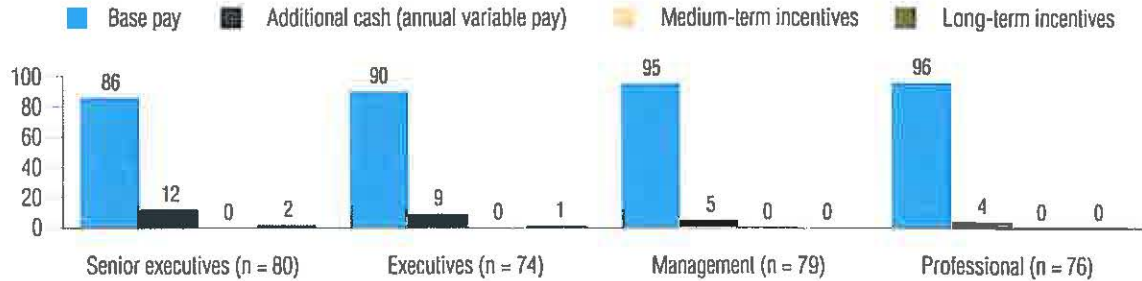
\*Respondents were asked to select (from a list) their top three rewards activities/priorities over the next 12 to 18 months.

Source: The Conference Board of Canada.

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**Chart 7**  
Distribution of Total Direct Compensation, by Sector\*  
(percentage of total direct compensation)

**Public Sector**



**Private Sector**



Note: Direct compensation can be defined as all compensation that is paid directly to the employee through base salary and incentives. (Society for Human Resource Management, 2012, [www.shrm.org/TemplatesTools/hrqa/Pages/totalcompensationstatement.aspx](http://www.shrm.org/TemplatesTools/hrqa/Pages/totalcompensationstatement.aspx))

\*refers to the desired distribution of total direct compensation components based on the design of the total direct compensation strategy  
Source: The Conference Board of Canada.

## Chapter 2

# Human Resources Management

### Chapter Summary

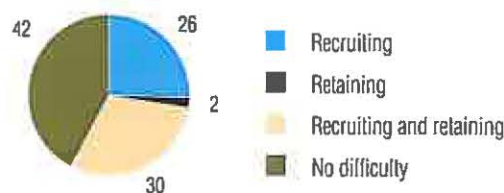
- ◆ With uneven economic growth across the country, the percentage of organizations having difficulty retaining and attracting talent has decreased to 58 per cent in 2013. However, Saskatchewan and Alberta continue to have difficulty in this area.
- ◆ Voluntary turnover has risen slightly in the past year, averaging 7.3 per cent.
- ◆ The overall average absenteeism rate for 2013 was 6.9 days per employee. The health sector has the highest absenteeism rate with an average of 10.9 days per employee.

### RECRUITMENT AND RETENTION

The percentage of organizations experiencing difficulty recruiting and retaining particular skills has dropped to 58 per cent—down from 69 per cent last year. (See charts 8 and 9.) While labour market pressures continue in Alberta and Saskatchewan—where 75 per cent of employers are reporting difficulty attracting and retaining talent—less than half of organizations (46 per cent) in Ontario are facing challenges in this area. There was little variance between the public (54 per cent) and private (59 per cent) sectors in terms of difficulty recruiting and/or retaining talent.

**Chart 8**

Difficulty Recruiting and Retaining Particular Skills  
(n = 400; percentage of organizations)



Source: The Conference Board of Canada.

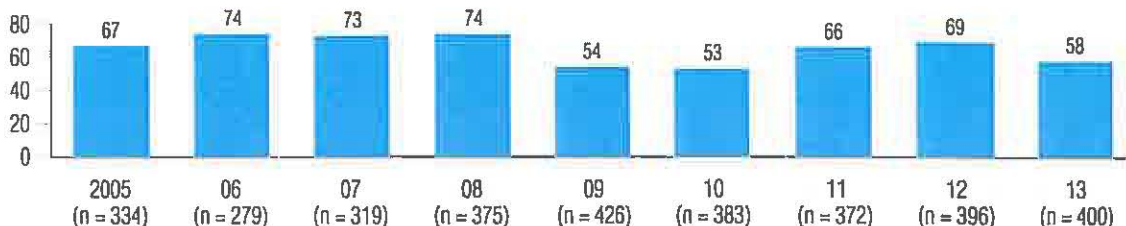
By industry, pressure is high in the construction sector, where 83 per cent of organizations are facing challenges recruiting and retaining employees. Attraction and retention continues to be a challenge in the oil and gas (81 per cent) and professional services industries (79 per cent). In a few other industries, the difficulty in attracting and retaining talent has significantly decreased. Sixty-eight per cent of organizations in the transportation sector had trouble recruiting and retaining talent in 2012 compared with only 37 per cent in 2013. The finance, insurance, and real estate industry also saw a significant decline—72 per cent in 2012 to 49 per cent in 2013. Half of the organizations in this industry have the majority of their workforces in Ontario, which is challenged by soft economic growth.

Although the order varies slightly from year to year, the top five specializations in highest demand (engineering, skilled trades, specialist information technology,



**Chart 9**

**Difficulty With Recruiting and Retaining—Trend Over Time**  
(percentage of organizations reporting difficulties with recruitment and/or retention)



Source: The Conference Board of Canada.

**Table 18**

**Top Professions/Specializations/Position Types in Demand**  
(n = 206; per cent; based on organizations reporting difficulty recruiting and/or retaining particular skills)

1. Engineering—electrical, mechanical, etc.	42
2. Skilled trades	40
3. Specialist IT	32
4. Management	28
5. Accounting/finance	17
6. Sales and marketing	16
7. Physical sciences	12
8. Executives	7
9. General IT	7
10. Human resources	7
11. Senior executives	3

Notes: Respondents were asked to select their top three professions/specializations/position type. A wide variety of other responses were provided, representing a broad range of industries and occupations. The most common were project managers, health care professionals (including nurses and technicians), and specialists from a variety of professions.  
Source: The Conference Board of Canada.

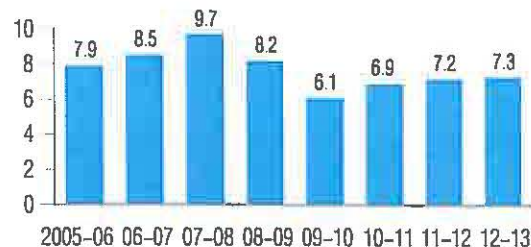
management, and accounting and finance) have not changed since the Conference Board began collecting this information more than a decade ago. (See Table 18.) The demand for skilled trade positions saw the biggest increase, jumping from 28 per cent in last year's survey to 40 per cent this year. The demand for professionals in this field could possibly surpass the need for engineering professionals in the next few years.

## TURNOVER

Voluntary turnover rates have risen slightly, with organizations reporting an average of 7.3 per cent. After dropping to 6.1 per cent in 2010 (after the economic downturn), turnover rates have been steadily rising as workers are finding more opportunities. However, rates are not yet back to what we saw prior to the downturn, reaching a high of 9.7 per cent in 2008. The private sector still faces higher rates of voluntary turnover, with an overall average rate of 8.1 per cent compared with 5.1 per cent in the public sector. (See Chart 10 and tables 19 and 20.)

**Chart 10**

**Voluntary Turnover Rates\***  
(average percentage of employees)



\*refer to Table 19 for definitions  
Source: The Conference Board of Canada.

Employee turnover remains high in certain sectors. The retail industry has faced the highest turnover rates in 2013 at 20.6 per cent. The construction and the professional services industries also have voluntary turnover

**Table 19**  
Voluntary and Involuntary Turnover Rates, by Sector and Industry

	Voluntary turnover rates		Involuntary turnover rates	
	n	%	n	%
<b>Overall</b>	<b>338</b>	<b>7.3</b>	<b>317</b>	<b>3.7</b>
<b>By sector</b>				
Private sector	254	8.1	239	4.2
Public sector	84	5.1	78	2.3
<b>By industry</b>				
Natural resources, excluding oil and gas	12	6.8	10	4.5
Oil and gas	22	6.0	21	3.3
Manufacturing	17	5.0	17	4.4
Food, beverage, and tobacco products	10	6.5	8	4.5
Chemical, pharmaceutical, and allied products	11	4.5	11	3.0
Construction	5	15.6	5	4.7
High technology	15	6.3	14	4.7
Communications and telecommunications	11	5.9	11	4.6
Transportation	16	4.5	14	2.1
Finance, insurance, and real estate	66	7.0	61	3.5
Wholesale trade	10	8.4	10	5.4
Retail trade	10	20.6	10	4.8
Education	7	4.3	6	1.2
Government	39	4.9	36	2.4
Not-for-profit	23	8.3	21	5.0
Services—accommodation, food, personal	15	10.0	15	5.1
Professional services	13	14.6	12	5.4
Utilities	18	5.0	18	1.8
Health	10	6.8	9	1.7
Scientific and technical services	8	11.9	8	6.4

**Definitions**

**Voluntary turnover:** turnover that is due to an employee-initiated departure. Sometimes referred to as avoidable or regrettable turnover. Excludes retirements, dismissals, severances, redundancies, transfers, deaths, and leaves (e.g., disability, parental, sabbatical, and other leaves of absence)

**Involuntary turnover:** an employee departure that is initiated by the employer (e.g., severances, dismissals, redundancies)

**Employee turnover:** calculated by first calculating the average number of employees during a one-year period (add headcount for each month in the year/12), excluding casual, contract, temporary, or seasonal workers. Second, calculate the annual turnover rate (total number of exits/average number of employees during a one-year period) x 100

Source: The Conference Board of Canada.

rates higher than those of many other sectors at 15.6 per cent and 14.6, respectively. The lowest turnover rate—4.3 per cent—is in the education sector.

The turnover rate among top performers is low at 3.8 per cent. Clearly, organizations are focused on retaining their top talent. (See Table 21.)

The Northern Territories had the highest turnover rate at 22.9 per cent, followed by Alberta (10.8 per cent) and Saskatchewan (10.3 per cent). Given the tight labour markets in these regions, it is not surprising to see higher than average rates. (See Table 22.)

**Table 20**  
Voluntary Turnover Rates Among  
Specific Employee Groups  
(average percentage of employees)

	n	%
Senior executives	171	2.4
Executives	156	3.3
Management	201	4.5
Professional—technical	172	5.8
Professional—non-technical	185	6.5
Technical and skilled trades	99	5.3
Clerical and support	195	6.5
Service and production	105	7.6

Source: The Conference Board of Canada.

**Table 21**  
Voluntary Turnover Rates Among Performance  
Employee Groups  
(average percentage of employees)

	n	%
Top performers	103	3.8
Satisfactory performers	106	6.0
Poor performers	101	10.1

Source: The Conference Board of Canada.

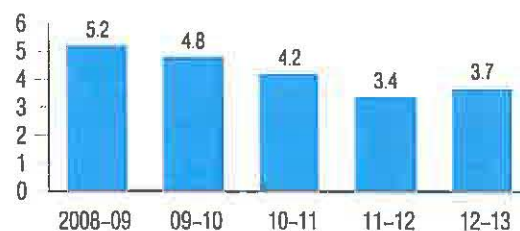
**Table 22**  
Voluntary Turnover Rates Among Regions  
(average percentage of employees)

	n	%
Newfoundland and Labrador	35	6.8
Prince Edward Island	23	7.8
Nova Scotia	49	5.2
New Brunswick	39	4.7
Quebec	77	5.1
Ontario	147	5.9
Manitoba	57	7.3
Saskatchewan	70	10.3
Alberta	114	10.8
British Columbia	108	7.6
Northern Territories	19	22.9

Source: The Conference Board of Canada.

For the fourth year in a row, employers were also surveyed on their involuntary turnover rates—defined as exits from the organization that are initiated by the employer (severances, dismissals, etc.). The overall involuntary turnover rate for 2013 was 3.7 per cent (see chart 11), with the highest rates reported in the scientific and technical services sector (6.4 per cent). In 2013, the private sector again reported a higher rate of involuntary turnover (4.2 per cent) than the public sector (2.3 per cent).

**Chart 11**  
Involuntary Turnover Rates\*  
(average percentage of employees)



\*refer to Table 19 for definitions  
Source: The Conference Board of Canada.

The overall retirement rate for 2013 was 1.8 per cent—2.3 in the public sector and 1.7 in the private sector. Projecting forward, organizations are anticipating 2.3 per cent of employees to retire next year. When looking even further ahead, the percentage of employees expected to retire within five years is 8.6 per cent. Workforce planning, especially succession planning, will be important as workers exit the workforce.

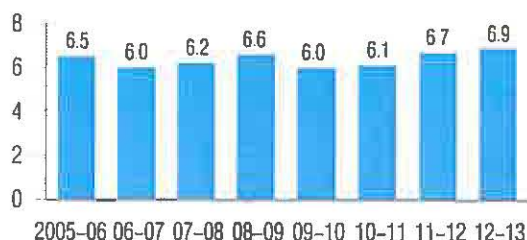
## ABSENTEEISM

The overall absenteeism rate for 2013 was 6.9 days per employee. This rate was higher in the public sector (8.7 days) than in the private sector (6.0 days). By industry, health had the highest absenteeism rate at 10.9 days, while the lowest (4.0 days) was found in the oil and gas industry. (See Chart 12 and Table 23.)

Just over half of organizations (51 per cent) track the reasons for casual absences (one to five days). Of those that do track this metric, 86 per cent indicated that the



**Chart 12**  
Absenteeism Rates\*  
(days per employee)\*\*



\*refer to Table 23 for definitions

\*\*absenteeism for 2008-09 and 2011-12 are in days per full-time equivalent employee

Source: The Conference Board of Canada.

**Table 23**  
Absenteeism Rates, by Sector and Industry  
(days per employee)

	n	Days per employee
<b>Overall</b>	<b>153</b>	<b>6.9</b>
<b>By sector</b>		
Private sector	98	6.0
Public sector	55	8.7
<b>By Industry*</b>		
Oil and gas	8	4.0
Manufacturing	6	6.3
High technology	5	4.8
Communications and telecommunications	7	6.2
Transportation	6	8.0
Finance, insurance, and real estate	36	6.3
Education	5	7.9
Government	27	8.9
Not-for-profit	16	4.7
Utilities	8	6.3
Health	10	10.9

\*not all industries are shown due to a small sample sizes

**Definition**

**Absenteeism:** absenteeism is defined as absences (with or without pay) of an employee from work due to his or her own illness, disability, or personal or family responsibility for a period of at least half a day, but less than 52 consecutive weeks. Please exclude maternity, adoption, paternity and parental leaves, vacation and holidays, bereavement leave, and jury duty.

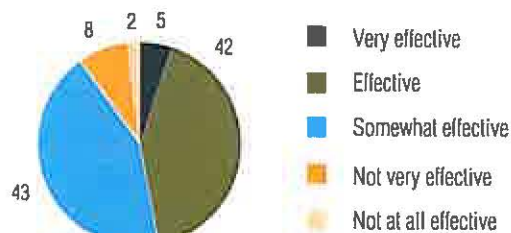
Source: The Conference Board of Canada.

main causes were minor illnesses such as colds, flu, headaches, etc. Four in ten organizations (43 per cent) have a formal strategy to manage absenteeism within their organization and 16 per cent benchmark their absenteeism rate against other organizations. In order to address absenteeism, organizations need to know what is driving it. By looking at the root causes of absenteeism and absence patterns, organizations will be better equipped to address absenteeism in their organization.<sup>1</sup>

## PERFORMANCE MANAGEMENT

Almost all responding organizations (94 per cent) have a performance management system in place, but not all are pleased with the effectiveness of their systems. Less than half the organizations find their performance

**Chart 13**  
Effectiveness of Performance Management System  
(n = 376; percentage of organizations)



Source: The Conference Board of Canada.

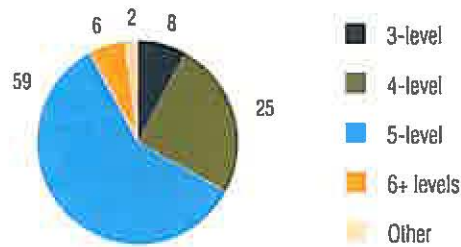
management systems to be effective or very effective (47 per cent). Ten per cent report that their system requires improvement. (See Chart 13.)

When conducting performance assessments, six in ten organizations (59 per cent) use a five-level rating system, and one-quarter apply a four-level approach. (See Chart 14.) Three-level approaches are becoming less common, used by only 8 per cent of organizations, compared with 15 per cent in 2011. In terms of how ratings are distributed within each rating system, normal distributions are observed. (See Chart 15.) Very few

<sup>1</sup> Stewart, *Missing in Action*, 7.

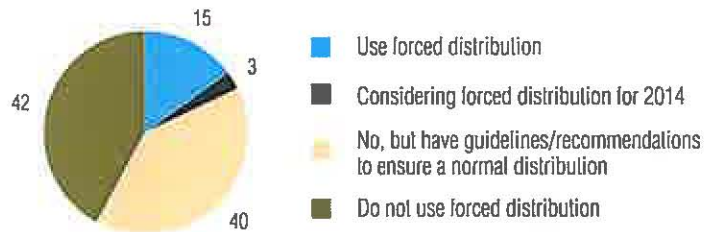
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**Chart 14**  
Number of Performance Levels  
(n = 360; percentage of organizations)



Source: The Conference Board of Canada.

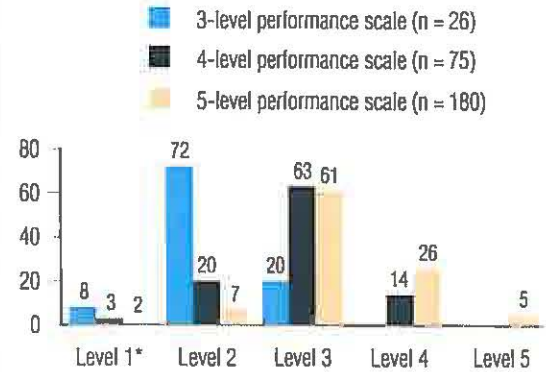
**Chart 16**  
Forced Performance Distribution and Guidelines  
(n = 356; percentage of organizations)



Source: The Conference Board of Canada.

organizations (15 per cent) use a forced performance distribution. However, 40 per cent of organizations have guidelines or provide recommendations to managers to ensure a normal distribution. (See Chart 16.)

**Chart 15**  
Performance Distribution  
(average percentage of employees)



Note: The high degree of variability in performance appraisal systems does not allow labels to be assigned to each level presented in the chart.

\*for each of the three rating systems, "Level 1" represents unsatisfactory performers

Source: The Conference Board of Canada.

Forty-two per cent of organizations use only automated/electronic systems for performance appraisals, while 32 per cent use a paper-based system. Slightly more than a quarter of organizations (26 per cent) use a combination of both paper-based and automated/electronic systems.

## Chapter 3

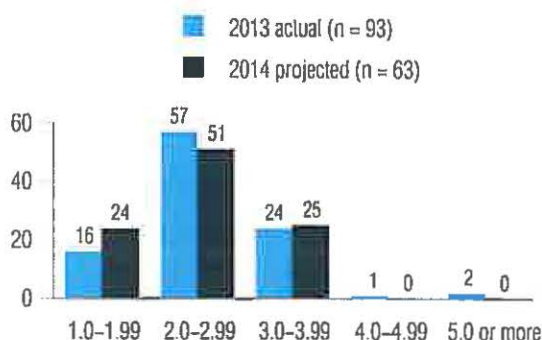
# Collective Bargaining

### Chapter Summary

- ♦ For 2014, the projected average wage increase among unionized employees is 1.9 per cent. The average increase for 2013 was 2.1 per cent.
- ♦ A little more than a quarter of respondents have short-term incentive pay plans for their unionized employees, with cash bonuses or incentives being the most common. Unionized workers in these organizations received payouts averaging 4.1 per cent of base pay in 2013.
- ♦ For the sixth year in a row, wages are the key bargaining issue for both management and unions.

**Chart 17**

Distribution of Base Wage Increases\*  
(per cent)



\*a base wage increase refers to the average increase applied to the base wage rate for the year specified (includes any cost-of-living-allowance increases)

Source: The Conference Board of Canada.

### BASE PAY INCREASES

**F**or unionized employees, projected average wage increases for 2014 are 1.9 per cent—1.5 per cent in the public sector and 2.2 per cent in the private sector. (See Chart 17 and Table 24.)

The average actual negotiated increase in 2013 was 2.1 per cent. Negotiated increases in the public sector were 1.9 per cent compared with 2.2 per cent in the private sector.

Organizations were also asked to provide overall salary increases (as a percentage of base) for unionized employees (including in-range adjustments, merit, step progression, etc.). The overall average increase for unionized employees in 2013 averaged 2.5 per cent and is projected to be the same in 2014. The public sector reported the same increase for 2013 (2.5 per cent) as it anticipates for 2014. The private sector's 2014 projected increase of 2.6 per cent is slightly higher than its actual increase of 2.5 per cent in 2013.

Almost two-thirds of unionized employees (63 per cent) are at the maximum of their pay ranges. The majority of organizations (81 per cent) progress their



**Table 24**  
**Base Wage Increases\***  
(per cent, except for years in contract)

		Average no. of years in contract (n = 111)	Year 1 2013 (n = 106)	Year 2 2014 (n = 102)	Year 3 2015 (n = 88)
Contracts negotiated since Jan. 1, 2013	(mean)	3.3	2.1	2.1	2.3
	(median)	3.0	2.0	2.0	2.0
		Average no. of years in contract (n = 78)	Year 1 2014 (n = 74)	Year 2 2015 (n = 72)	Year 3 2016 (n = 64)
Contracts to be negotiated before Dec. 31, 2014	(mean)	3.3	1.9	2.0	2.1
	(median)	3.0	2.0	2.0	2.0

\*a base wage increase is the rate for the year specified (includes any cost-of-living-allowance increases)  
Source: The Conference Board of Canada.

#### Collective Bargaining by the Numbers

- 57%** of organizations have unionized employees
- 1,923** agreements currently in place
- 608** agreements expire in 2014, covering 429,975 employees
- 1.9%** average projected wage increase for unionized employees

Source: The Conference Board of Canada.

unionized employees through the ranges based on tenure. Eighty-four per cent of organizations use set increments to increase base pay with an average 3.8 per cent step increase.

#### SHORT-TERM INCENTIVE PAY

A little more than a quarter of unionized organizations (26 per cent) have short-term incentive pay plans for unionized employees. These plans are more common in the private sector, where 34 per cent have short-term incentive pay plans for their unionized employees as compared with 13 per cent of employers in the public

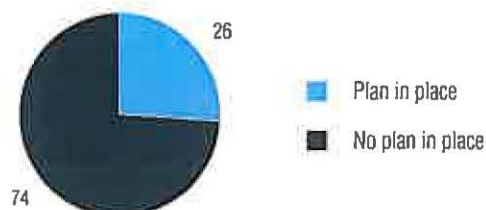
sector. Close to half of the plans (47 per cent) exceeded payout targets in 2013. Almost all eligible employees (97 per cent) received a payout, averaging 4.1 per cent, compared with targets of 4.3 per cent. (See Chart 18 and Table 25.) Three-quarters of organizations offer cash bonuses or incentives to their unionized employees, making it the most common type of short-term incentive provided to this employee group.

#### NEGOTIATION ISSUES

The majority (91 per cent) of unionized organizations do not expect any work stoppages in 2014. Only one respondent reported that a stoppage “will definitely occur.” Over half of the organizations (57 per cent) rated the overall union–management climate in their organization as cooperative. Three out of four organizations (76 per cent) anticipate that the relationship with their union counterparts will remain the same in 2013.

In recent contract negotiations, the vast majority of union members (95 per cent) voted to ratify the contract that was accepted by union representatives. The average percentage of union members voting in favour of the contract was 82 per cent. That said, slightly more than one-quarter (28 per cent) have negotiated at least one

**Chart 18**  
Prevalence of Short-Term Incentive Pay for Unionized Employees  
(n = 233; percentage of unionized organizations)



Source: The Conference Board of Canada.

contract in the past that the union membership failed to ratify. The majority of these cases (77 per cent) have occurred since 2007.

Slightly less than one-quarter of respondents (24 per cent) include cost of living adjustments (COLA) in any of the collective agreements within their organization. Some of the methods for calculating COLA include a three-month average of the consumer price index, a fixed rate used until a pre-determined date, or using a benchmark to negotiate rate of increase.

**Table 25**  
Short-Term Incentive Pay Plan Payouts  
(percentage of base pay)

<b>2013 payouts</b> (actual, based on 2012 performance)	
Target payout (n = 38)	4.3
Actual payout (n = 34)	4.1
% of eligible employees receiving (n = 33)	97
% of organizations falling short of target (n = 34)	32
% of organizations meeting target (n = 34)	21
% of organizations surpassing target (n = 34)	47

**2014 payouts**  
(projections, based on 2013 performance)

Target payout (n = 35)	4.2
Plan maximum (n = 35)	6.6

Source: The Conference Board of Canada.

The leading issue for the year ahead—on both sides of the negotiation table—continues to be wages. Productivity and business competitiveness are also top of mind for management. Management expects employment security and health benefits to be key issues for unions. (See Table 26.)

**Table 26**  
Current Negotiation Issues  
(n = 181; percentage of unionized organizations)

Management issues		Union issues	
1. Wages	60	1. Wages	84
2. Productivity	45	2. Employment security	47
3. Business competitiveness	29	3. Health benefits	33
4. Organizational change	28	4. Pensions	28
5. Flexible work practices	27	5. Outsourcing and contracting out	26
6. Health benefits	25	6. Flexible work practices	19
7. Pensions	22	7. Employment and pay equity	16
8. Training and skills development	16	8. Organizational change	15
9. Outsourcing and contracting out	15	9. Training and skills development	10
10. Employment and pay equity	8	10. Productivity	5
11. Employment security	7	11. Variable pay	5
12. Variable pay	7	12. Other	4
13. Technological change	6	13. Business competitiveness	3
14. Other	3	14. Technological change	2

Note: Respondents were provided with a list of 14 possible choices and asked to indicate the top three negotiation issues for both management and union.

Source: The Conference Board of Canada.

## Appendix A

# Glossary

### EMPLOYEE CATEGORY DEFINITIONS

**Senior executives:** All executives reporting directly to the CEO.

**Executives:** All other executives.

**Management:** Senior and middle managers who plan, develop, and implement policies and programs.

**Professional—technical:** Computer analysts, engineers, information technology specialists, developers, etc.

**Professional—non-technical:** All other professionals, such as accountants, lawyers, doctors, etc., but excluding sales.

**Technical and skilled trades:** Technologists, technicians, millwrights, etc.

**Clerical and support:** Administrative staff, clerks, coordinators, assistants, etc.

**Service and production:** Employees providing services, production, maintenance, transportation, etc.

### BASE PAY INCREASE DEFINITIONS

**Policy line/range increase:** Percentage increase to salary ranges, among organizations with ranges (often associated with increase to cost of living, economic adjustment).

**Merit budget:** Budget for performance-based base salary increases, expressed as a percentage of base pay.

**Employees receiving base salary increase:** Percentage of employees receiving a base salary increase, as a percentage of all employees in category.

**Average salary increase for those receiving one:** Total percentage increase to base salary from all sources—range, merit, economic, progression (excluding increases due to promotions). Excludes employees receiving a zero per cent increase.

**Overall average salary increase:** Total percentage increase to base salary from all sources—range, merit, economic, progression (excluding increases due to promotions). Includes employees receiving a zero per cent increase.

**Average annual base salary:** The average annual base salary in dollars after the increases have been applied.



## Appendix B

# Respondent Profile

(Total number of responding organizations = 411)

	Percentage of organizations		Percentage of organizations
<b>Industrial Classification</b>		<b>Ownership</b>	
Natural resources, excluding oil and gas	4	Publicly traded shares	26
Oil and gas	5	Controlled by Canadian publicly traded company	5
Manufacturing	5	Controlled by foreign publicly traded company	12
Food, beverage, and tobacco products	3	Privately held	21
Chemical, pharmaceutical, and allied products	3	Not applicable	35
Construction	2		
High technology	5	<b>Assets (Canadian operations)</b>	
Communications and telecommunications	4	\$0–\$99 million	14
Transportation	5	\$100–\$999 million	22
Finance, insurance, and real estate	18	\$1 billion and over	41
Wholesale trade	3	Not reported	23
Retail trade	4		
Education	3	<b>Annual sales/service revenue (Canadian operations)</b>	
Government	11	\$0–\$99 million	20
Not-for-profit	6	\$100–\$999 million	34
Services—accommodation, food, personal	5	\$1 billion and over	35
Professional services	4	Not reported	12
Utilities	5		
Health	3	<b>Number of employees</b>	
Scientific and technical services	3	Fewer than 500	28
		500–1,499	23
		1,500–5,000	28
		Over 5,000	21
<b>Characteristics of Responding Organizations</b>		Total number of employees	2,139,916
<b>Sector</b>		Total non-unionized employees	1,123,153
Private sector corporation	74		
Public sector organization	26		
<b>Operations</b>			
Canadian only	61		
North American	11		
Global	28		

## Appendix C

# Participating Organizations

A total of 411 organizations participated in the Compensation Planning Outlook 2014 survey. The following participants have authorized the publication of their names.

3M Canada Company	Atlantic Central and League Savings and Mortgage Company
A&W Food Services of Canada Inc.	Atomic Energy of Canada Limited
AB SCIEX	Aviva Canada
ABB Inc.	Ballard Power Systems
Aboriginal Peoples Television Network	Bank of Canada
AGF Management Limited	Bank of Montreal
Agriculture Financial Services Corporation	Baxter Corporation
Agropur coopérative	Bayer Inc.
Air Canada	BC Cancer Foundation
Alberta Energy Regulator	BC Hydro and Power Authority
Alberta Health Services	Bell Aliant
Alberta Innovates Technology Futures	Bell Canada
Alberta Medical Association	BHP Billiton Canada Inc.
Alberta Motor Association	Bishop's University
Alberta Pacific Forest Industries Inc.	Blue Mountain Resorts Ltd.
Alberta Securities Commission	BNP Paribas (Canada)
Alcatel-Lucent	Bombardier Aerospace
Allstate Insurance Company of Canada	Bonavista Energy Corporation
AltaLink	BP Canada Energy Corporation
Altus Group Canada	British Columbia Automobile Association
Apotex Inc.	British Columbia Institute of Technology
ARC Resources Ltd.	British Columbia Lottery Corporation
ArcelorMittal Dofasco	BroadGrain Commodities Inc.
AREVA Resources Canada Inc.	Brookfield Johnson Controls
Assiniboine Credit Union	Brookfield Residential Properties Inc.
Association of Universities and Colleges of Canada	Business Development Bank of Canada
Assumption Life	Cadillac Fairview Corporation Limited
ATB Financial	CAE Inc.

Caisse de dépôt et placement du Québec	City of Saint John
Calfrac Well Services	City of Saskatoon
Calgary Co-operative Association Limited	City of Toronto
Cambrian Credit Union	City of Vancouver
Cameco Corporation	Columbia Power Corporation
Canada Forgings Inc.	Combined Insurance Company
Canada Lands Company Limited	Compass Group Canada
Canada Mortgage and Housing Corporation	Concentra Financial
Canada Post Corporation	Concordia University
Canadian Agency for Drugs and Technologies in Health	Conexus Credit Union
Canadian Air Transport Security Authority	ConocoPhillips Canada
Canadian Blood Services	Corus Entertainment
Canadian Foodgrains Bank Association Inc.	Credit Union Central of Manitoba
Canadian Institute for Health Information	Credit Union Deposit Guarantee Corporation
Canadian Medical Association	Crombie REIT
Canadian Medical Protective Association	Crown Investments Corporation
Canadian National Railway Company	CSA Group
Canadian Nuclear Safety Commission	Dalhousie University
Canadian Pacific Railway Company	David Suzuki Foundation
Canadian Payments Association	Deloitte
Canadian Tire Corporation, Limited	Delta Hotels and Resorts
Canlan Ice Sports Corporation	Desjardins Group
Capgemini	DIALOG
Capital Power Corporation	Domtar Corporation
Capstone Mining Corporation	E. I. du Pont Canada Company
Cara Operations Limited	Eastern Health
Catalyst Paper Corporation	Empire Life Insurance Company
CBC/Radio-Canada	Enbridge Inc.
Celero Solutions	Encana Corporation
Cenovus Energy	Enerflex Ltd.
Centerra Gold Inc.	Énergie Valero Inc.
Cervus Equipment Corporation	Enerplus Corporation
Chubb Insurance Company of Canada	EPCOR Utilities Inc.
CI Investments Inc.	Equitable Life Insurance Company of Canada
CIMA+	Ericsson Canada Inc.
Cineplex Inc.	Ernst & Young LLP
Citibank Canada	EVRAZ Inc. NA
City of Brampton	Expertech Network Installation Inc.
City of Brandon	Export Development Canada
City of Burlington	Farm Credit Canada
City of Edmonton	Federal Express Canada Ltd.
City of Grande Prairie	Federated Co-operatives Limited
City of Guelph	Federation of Canadian Municipalities
City of Lethbridge	Fiera Capital Corporation
City of Mississauga	Finning (Canada)
City of Ottawa	First Calgary Financial Credit Union Limited
City of Regina	First Canadian Title



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First West Credit Union	Investors Group Inc.
Ford Motor Company of Canada, Limited	Ivanhoé Cambridge
Foresters	Jones Packaging Inc.
FortisAlberta Inc.	Kellogg Canada Inc.
FortisBC Energy Inc.	Kemptville District Hospital
Fountain Tire Corporation	Keyera Corp.
FT Services	Kiewit Energy Canada Corporation
Gaz Métro	Kinder Morgan Canada Inc.
General Dynamics Land Systems Canada	Kingston General Hospital
General Electric Canada	Kinross Gold Corporation
Gibson Energy	KPMG
Goldcorp Inc.	L-3 Communications—Wescam Inc.
Government of Alberta	La Capitale groupe financier
Government of New Brunswick	Lafarge
Government of the Northwest Territories	Ledcor Group of Companies
Graham Group Ltd.	Lifelabs Inc.
Great Canadian Gaming Corporation	Liquor Control Board of Ontario
Greater Edmonton Foundation	Longo Brothers Fruit Markets Inc.
Greater Toronto Airports Authority	Lululemon Athletica
Great-West Life/London Life/Canada Life	MacDonald, Dettwiler and Associates Inc.
Groupe Deschênes	Mackenzie Financial Corporation
Halifax International Airport Authority	Manulife Financial
Halifax Regional Municipality	Maple Leaf Foods Inc.
Harlequin Enterprises Ltd.	Matrix Asset Management Inc.
Henry Schein Canada, Inc.	Mattamy Homes
Heritage Park Society	Mattel Canada
Hewitt Equipment Limited	MCAP
Hewlett-Packard Canada Official	McGill University
High Liner Foods Incorporated	McMaster University
Hoffmann-La Roche Canada Limited	Meridian Credit Union
Holcim (Canada) Inc.	Methanex Corporation
Holland Bloorview Kids Rehabilitation Hospital	Metro
Hudson Bay Credit Union Ltd.	MNP LLP
Husky Energy Inc.	Molson Coors Canada
Hydro-Québec	Morneau Shepell
IBM Canada Ltd.	Mother Parkers Tea & Coffee
Imperial Oil Limited	Mountain Equipment Coop
IMS Health	MTS Allstream Inc.
Independent Electricity System Operator	National Arts Centre
Industrielle Alliance, Assurance et services financiers inc.	National Bank of Canada
Information Services Corporation	NAV CANADA
ING Group	New Brunswick Power Holding Corporation
Innovatia	Newalta Corporation
Innovation Credit Union	Nexen Inc.
Intact Financial Corporation	Nordion Inc.
International Development Research Centre	North Shore Credit Union
Investment Industry Regulatory Organization of Canada	Northbridge Financial Corporation

Northwestel Inc.	Russel Metals, Inc.
NOVA Chemicals	Ryerson University
NovAtel Inc.	Safety Codes Council
Novelis Inc.	Saipem Canada Inc.
Novozymes Biologicals Inc.	Sanofi Canada Inc.
NuVista Energy Ltd.	Saputo Inc.
Office of the Superintendent of Financial Institutions	Saskatchewan Government Insurance
Ontario Energy Board	Saskatchewan Public Service Commission
Ontario Ministry of Government Services	Saskatchewan Workers' Compensation Board
Ontario Pension Board	SaskEnergy Incorporated
Ontario Power Authority	SaskPower
Ontario Power Generation	SaskTel
Ontario Securities Commission	Savanna Energy Services Corporation
OPTrust	Scotiabank
Ottawa International Airport Authority	Sears Canada Inc.
Ottawa Police Service	Secrétariat du Conseil du trésor du Québec
Pacific & Western Bank of Canada	Servus Credit Union
Pacific Northern Gas	Shell Canada Ltd.
Panasonic Canada Inc.	Shoppers Drug Mart/Pharmaprix
Parmalat Canada	SickKids Foundation
People First HR Services	Siemens Canada Limited
PepsiCo Canada	Silvera for Seniors
Pharmascience	Sleeman Breweries Ltd.
Pitney Bowes Inc.	Sleep Country Canada
Port Metro Vancouver	SMART Technologies ULC
Postmedia Network Inc.	SNC-Lavalin
Potash Corporation of Saskatchewan	Southern Alberta Institute of Technology
PowerStream Inc.	Spectra Energy
Pratt & Whitney Canada	St. Joseph's Health Care London
PricewaterhouseCoopers LLP	St. Joseph's Healthcare Hamilton
Prince Rupert Port Authority	St. Lawrence Seaway Management Corporation
PSP Investments	Standard Life Canada
PTI Group Inc.	Staples Inc.
Purolator Inc.	Strathcona Paper
Québecor Média Inc.	Suncor Energy Inc.
RBC Financial Group	Symcor Inc.
Regional Municipality of Durham	Syncrude Canada Ltd.
Regional Municipality of Halton	TAQA North Ltd.
Regional Municipality of Niagara	Tarion Warranty Corporation
Regional Municipality of Peel	TD Bank Group
Reitmans Canada Ltd.	Teck Resources Limited
Revera Inc.	Teknion Corporation
Rio Tinto	Telesat Canada
Ritchie Brothers Auctioneers	Teranet Inc.
Rogers Communications	Tervita Corporation
Ronald McDonald House—Southern and Central Alberta	Thales Canada Inc.
Rothmans, Benson & Hedges Inc.	The Banff Centre

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The Beer Store	University of Ontario Institute of Technology
The Law Society of British Columbia	University of Regina
The Law Society of Upper Canada	University of Saskatchewan
The Minto Group	University of Toronto
The Ottawa Hospital	UPS Canada
The Wawanesa Mutual Insurance Company	URS Flint
Thunder Bay District Health Unit	Vale
Tim Hortons Inc.	VIA Rail Canada
TMX Group Inc.	Ville de Montréal
Toronto Hydro	Viterra
Toronto Transit Commission	Voestalpine Nortrak Inc.
Town of Banff	Walmart Canada Corp.
Town of Richmond Hill	Wescast Industries Inc.
Toyoto Motor Manufacturing Canada Inc.	West Fraser Timber Co. Ltd.
TransAlta Corporation	Western Canada Lottery Corporation
Transat A.T. Inc.	WestJet
TransCanada Corporation	Westminster Savings Credit Union
Transcontinental Inc.	Weyerhaeuser
Treasury Board of Canada Secretariat	Winnipeg Airports Authority
Trillium Health Partners	Workers' Compensation Board of Alberta
Troy Life & Fire Safety Ltd.	Workplace Safety and Insurance Board of Canada
Ubisoft	Xerox Canada
United Way Ottawa	Yellow Pages Group
University Health Network	YMCA of Greater Toronto
University of Calgary	Zurich Canadian Holdings Limited



## Appendix D

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