

# EMPLOYER Labour Market News

CALGARY AND AREA

Government  
of Alberta ■



## Through thick and thin: the value of training in a recession

THIS IS NOT your dad's recession.

In the midst of a downturn that is reportedly the worst in 50 years, unemployment is a less-than-terrifying 8.4 per cent across Canada. In the '90s unemployment hit 11 per cent, and in the '80s it touched 12 per cent. So if 8.4 per cent is about as bad as it gets, what happens when things pick up?

"We are heading for a cliff," says Susan Cassidy, the CEO of the Human Resources Association of Calgary. "Within the next couple of years, 100 per cent of Canada's additional labour will come from immigration. We are looking at a severe workforce shortage in all industries, across the country."

For many employers the labour shortage of 2007 was bad enough. It felt like a noose around expansion plans. In the near future, it could get worse. And companies that continued to build their workforce through the downturn will be positioned to beat competitors when the next labour shortage hits.

A key part of building and retaining a core of talent is training. Even in a downturn, training should be viewed as a mandatory part of operations.

"It's very short-sighted to cut training outright," says Cassidy. "Sure, make



The oil and gas sector learned the hard way that training is mandatory, even during rough times.

some adjustments for the situation, but to just cut it out is short-sighted. In the long term you either lose key people, or you can't attract people because you are known as an organization that doesn't invest in their people." But training does have a price. And many companies are simply unwilling to fork out the cash.

In the 90's, the oil and gas sector decided to keep the money and cut training. It was a decision they came to regret. When the boom came, they had more business than they could handle, but too few workers.

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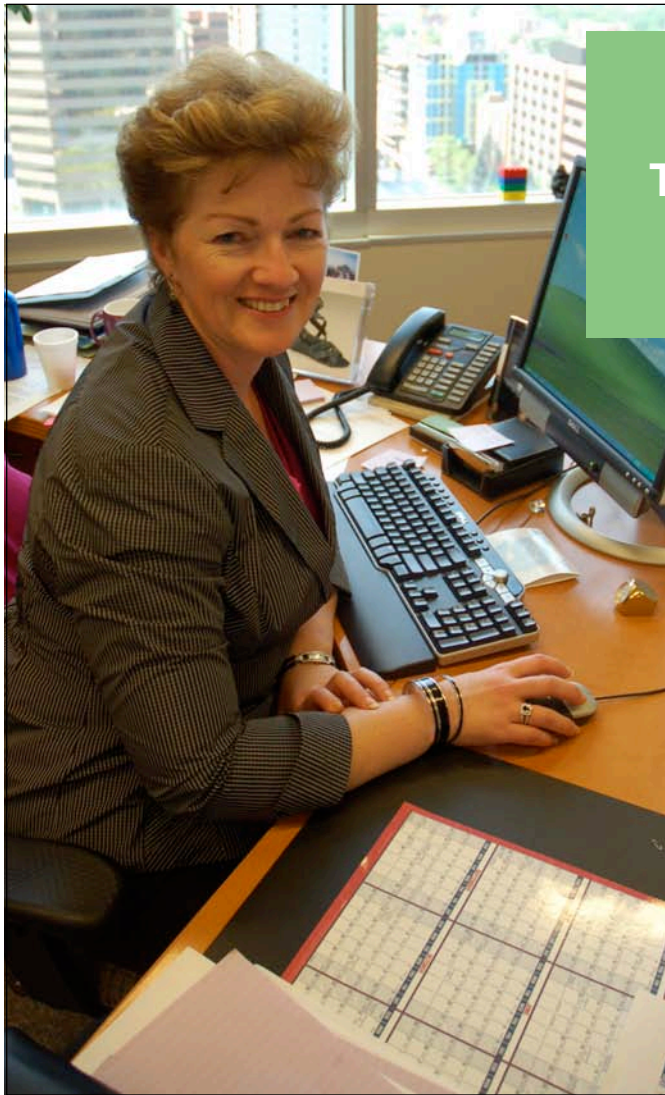
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**“This isn’t investing in basket-weaving. This is workforce development.”**

*Susan Cassidy  
CEO, Human Resources Association of Calgary*

The long shadow of the ‘90s still hangs over an industry whose workforce is either nearing retirement, or fairly young. There is only a small cadre of people with 15 years experience positioned to take the reins of this huge industry.

A similar story played out in health care and other sectors. But the lesson is the same: a workforce denied growth moves on, leaving employers in what seems to be a no-win situation: either they pay for training when the bank is empty, or pay later when there’s a labour crunch. But Cassidy doesn’t see training issues as a bitter choice between two evils.

### **Make training pay**

Yes, training builds loyalty and a sense of growth amongst employees that improves morale, retention and even attraction rates. But for the cost-conscious employer, work isn’t about making everyone smile. Training must bring home solid bottom line deliverables either through improved productivity, or organizational flexibility.

“Organizations don’t invest in training and development unless it will have some kind of benefit. Organizations simply don’t have the luxury for it just to be a perk,” says Cassidy. “This isn’t investing in basket-weaving. This is workforce development. It is really about developing someone to do their current job better, or to position them to do something that will benefit the organization.”

The tangible dividends of training play out across the board in improved productivity, more flexibility in the workforce, better customer care, greater customer loyalty, fewer accidents, fewer HR headaches. In the long-term it can simply cost less.

“Getting training programs started isn’t easy,” says Cassidy. “It’s time-consuming and expensive. If you cut training now you’ll end up paying for it later.”

In spite of the clear benefits of training, many employers still need to be convinced. Here are five solid reasons to make training an indispensable part of your business, through good times and bad.

### **Lesson learned—Oilpatch**

“In past downturns, often training has been the first thing to get cut,” says Cassidy. “But over the last couple of decades one of the lessons has been the value of building and training your workforce.” It’s a hard lesson, and one industry that learned from brutal experience was the oil and gas sector.

Failing to train and develop its workforce during a downturn left a visible scar on the oil and gas industry. In the ‘90s oil hit US\$15. Layoffs were common and the industry was teetering.

Understandably, new hiring was at a standstill, but worse, the oil and gas industry was bleeding internally. Training budgets were cut, and employees read the writing on the wall. Young engineers making lifelong career decisions decided the grass was greener elsewhere. They left. Many didn’t come back.



## Reason 1: Productivity

The relationship between training and productivity is simple. Trained employees who know what they're doing—and can do it without creating time-consuming safety problems—deliver better results at a lower cost.

“Your leaders can show you where you want to go, but it's the workforce that's going to get you there,” says Cassidy. “But in terms of getting there we need to make sure workers are on top of the best way to do things, the best practices and the most current thinking. And obviously training and development is the way to do that.”

And it's not just a question of making more widgets. With training, quality improves along with quantity—even when it is hard to measure. A customer who returns because of better service from trained staff is hard to track, but the sales are critical in a slow economy.

And while productivity goals are often seen as a top-down initiative where management identifies training needs to meet productivity targets, that isn't the whole story. Knowledgeable and skilled staff help identify new ways to generate revenue, letting productivity gains bubble up rather than be forced down. Training also gives employees the tools to see the big picture. Knowing how they fit into an organization's goals can lead to a better understanding of their own importance, and perhaps ideas about how they can contribute more in the future. “Training brings out the best in people,” says Cassidy. “It improves base productivity. It also draws in employees. You tap that discretionary effort from people. You get more creativity, more ideas in terms of them coming forward and creating efficiencies.”

Overall, training is an investment in productivity in the short term, as well as the long term. And the sooner you train staff, the more ready you will be to compete in this recession.

## Reason 2: Flexibility

Faced with a punishing market, a business may find some departments doing better than others. One solution to a downturn is to transfer resources to where the sales are better. And for that you need a workforce that can move with the times.

Training provides staff with a larger set of tools so they can adapt to changing roles. It's like giving employees a Swiss Army knife, when all they had before was a corkscrew.

“You need agility, adaptability and flexibility to respond to the markets,” explains Cassidy. “And one of the ways you achieve that is through your people. Your people need to understand what needs to be done differently, and how to do things differently.”





## Reason 3: Attraction and retention

One sure way to increase stress in the workforce is to cut training. The first conclusion employees will come to is they have no future in the organization. The second conclusion will be even if they do stay their lives will become a lot more stressful.

Not having the skills and knowledge to do your job and do it well is a major contributor to stress in the workforce, and it leads to serious problems for employers, including retention problems, more sick days and even safety issues.

In contrast, investing in your people builds two-way commitment and demonstrates that employees are valued at a time when they may feel anxious about their jobs. Essentially, training builds trust, particularly amongst younger generations.

“One of the things we know is that the younger generations view training, development and growth as top items of importance in terms of retention,” says Cassidy. Training can also help brand an organization as a good employer.

“We also do it for recruitment purposes,” says Cassidy. “It is not uncommon for someone in an interview to ask what development opportunities there are up front. Training is an important part of how job hunters choose.”

Of course, there is another option. Let the recession act as your retention strategy, since employees probably won't jump ship in a storm. Trouble is, they will be gone the moment they see opportunity elsewhere.

## Reason 4: The future

Booms don't last forever, and recessions don't either. In time, this slowdown will be consigned to the history books, and employers will again be faced with the happy problem of too much business, and too few workers.

When the upswing hits, organizations that hibernated through the downturn may well find themselves without the skills to take advantage of good times. Companies that kept up with training will hit the ground running. They will be able to expand quickly from a well-trained core of personnel who can then train a new generation.

As the oil and gas sector learned, a failure to train and develop staff may create some very long-lived problems. Nearly a full generation after the downturn of the 1990s, the oil and gas sector still feels the loss of key people.

“Training is more important now than ever,” says Cassidy. “It is not a discretionary thing.”

## Reason 5: It doesn't have to be expensive

Training can be expensive—but it doesn't have to be.

“There are a lot of innovative and inexpensive ways to train in an organization,” says Cassidy. “There are ways to develop people without sending them off to a \$3,000 seminar.”

Online courses, working with other companies in your industry or outsourcing training needs are options, but some of the best training opportunities lie latent in the organization, just waiting to be unlocked.

A worker can be tearing their hair out because a program or tool won't do what they want it to, when two desks over another worker could fix the problem in a few minutes. Having workers train other workers can be cheap and effective. “When there's not a lot of dollars, ask your employees,” says Cassidy. “Seeking feedback can help maximize your budget. There are options like having employees put on a lunch-and-learn session. We shouldn't be dismissing the experts in our own back yard.”





# Flying high on training

## WestJet trains right through a turbulent economy

AS THE ECONOMY sputters, WestJet is feeling the pain. “We have a felt a pinch,” says Janice Webster, vice-president of talent management with WestJet.

But even as the airline’s resources tighten, employee development remains a priority. “We constantly have to develop our people so they can do the roles that we are asking them to do,” says Webster. “So even as we lose people we continue to find people, and keep employee skills at top levels.”

In a highly regulated industry WestJet must train, and train well. But merely following the rules is no guarantee of success, and WestJet sees training as far more than a certification issue. It is a competitive advantage.

### Delivering value to the business

The airline industry has seen giants fall from the skies. Once great airlines like TWA and Pan Am are now history. But in the last 13 years, WestJet’s success has been stellar. And much of the credit can be placed on the shoulders of its well-trained employees.

From the start WestJet was a fun airline to fly. The flight attendants were less formal than competitors and told jokes over the speaker. It is an easy-going style that seems effortless. It isn’t.

WestJet hires and trains for customer experience and has even upped its game through the downturn. “In the last five months we have actually redeveloped our training for front line staff to focus more on how to support the customer experience,” says Webster. “It’s not just about teaching front line workers how to do their job, it’s also about showing them what a great customer experience looks like—we want to remind people about what we are good at, because that’s what makes us different.” Interestingly, the idea to fortify WestJet’s key

competitive advantage with better training didn’t come from an executive’s desk.

“We asked our employees,” says Webster. “It came out they enjoyed the training, and learned their job, but they didn’t necessarily get everything they needed. They wanted more than the technical skills.”

### Doing more with less

Training goes on at WestJet, in spite of the recession, but there have been concessions to the reality of a tight market. In a harsher world, the company has adopted a leaner model for training.

“The way we do our training has changed,” says Webster. “We are always looking at more efficient ways that aren’t as expensive. We don’t do as much travel and huge training classes. It’s much more on-the-spot learning and bringing people together for current issues and developing leaders in a more team-based way, instead of bringing them in for five days of education.”

With a core of key people trained, WestJet staff go on to spread the skills. “We may bring people together to give them one day of skill building and then have an organizational development team that goes out to work with the department leaders to support that skill. We are trying to keep it current, give them the skills they need, and then provide the support in the business on a day-to-day level.”

More efficient training will help WestJet control costs, but the bottom line is training will remain a key part of WestJet’s operations because it delivers a strategic advantage.

“We don’t stop training,” says Webster. “Customer service is what is going to get us through this recession.”



## The real story on real wages

IN 1965 THE average truck driver was paid \$2.20 an hour. It sounds ludicrous today, but this was a time when a hundred dollar bill inspired dreams of wealth. 44 years ago, \$2.20 an hour represented a fair real wage.

Simply put, real wages measure what we can buy with our paycheques. “If you are earning \$10 an hour and a pizza costs \$5. You are making two pizzas an hour,” says Dr. Christopher Bruce with the University of Calgary. But of course it is not quite that easy.

“Trouble is, we buy thousands of different things,” says Dr. Bruce. “You can’t really divide your wage by the thousand of things you buy. So no one actually calculates real wages. But what you can do is compare wage increases to inflation rates. If your wage goes up by ten per cent and inflation goes up by eight per cent, you’ve made a gain of two per cent.”

The difference between the rate of growth of wages and the rate of growth of prices is called ‘real wage growth,’ and it is an important number for employers, particularly if they are dealing with unions.

In collective bargaining, real wage growth is the benchmark. A union won’t care if a company offers a 20 per cent raise if inflation is at 25 per cent. It would mean their members would be worse off one year to the next.

Outside of unionized shops, employers are not quite as focused on real wages. “For most employers, they just have to pay enough to compete with other employers,” says Dr. Bruce. “The concern is more about nominal wages (the actual dollar amount).” But even here employers should take notice.

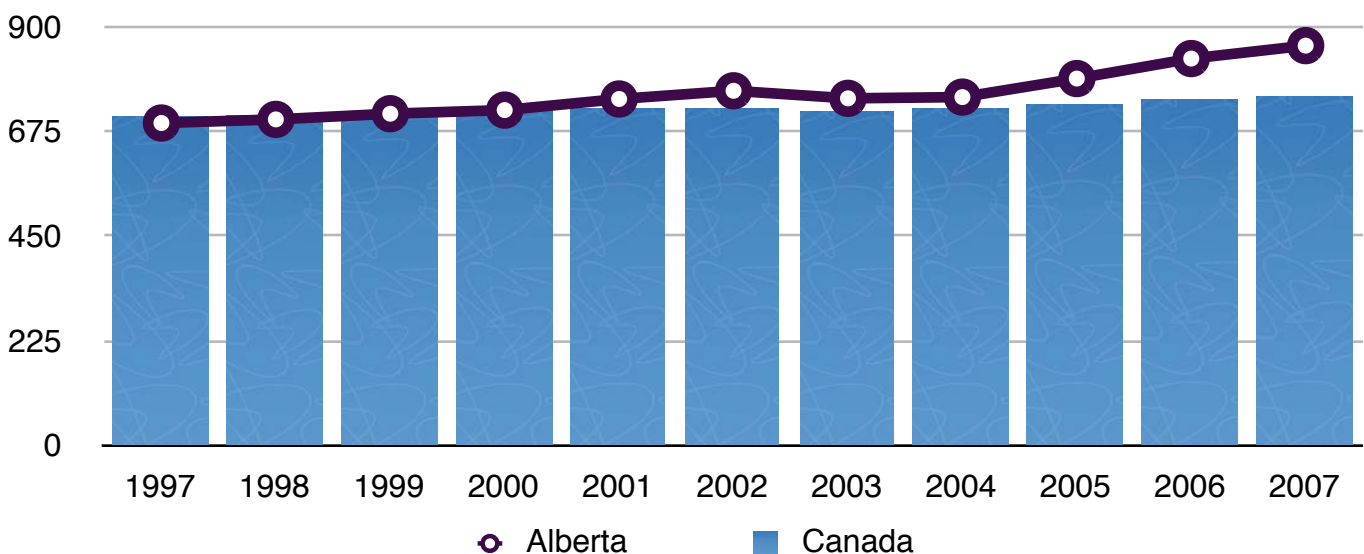
Companies that have a single nominal pay structure for a large region are actually paying employees different real wages depending on where they live and the local inflation

rate. “If you have a national company that gave a five per cent increase, some people would have higher increase in real wages than others,” explains Dr. Bruce.

For most goods and services we buy, there is actually very little difference between inflation in Toronto and inflation in Calgary. “Products that move easily across the country—like wheat or cars—won’t have much of difference in their inflation rates,” says Dr. Bruce. “But there are substantial differences in things that are local, and the most important one is housing.” And housing has had a huge impact on real wages here in Alberta.

As anyone trying to rent a place in 2007 knows, rents rose sharply. Overall shelter costs, which include rented and owned accommodations, increased by 11.5 per cent between May 2006 and May 2007. And since shelter represents about 28 per cent of the calculated inflation rate, increased rates drove inflation

### Average weekly earnings in constant 2007 dollars



In 1997, Alberta’s average wage was less than the Canadian average, and for another seven years the difference was minimal. Then in 2005 things started to change. As many employers will remember, wages rose sharply in the boom, and even when you compensate for inflation, as this graph does, employees’ real wages were rising.

**Source:** *Indicators of Well-being in Canada, HRSDC calculations based on Statistics Canada Labour Force Historical Review 2007.*

higher, even as energy costs like natural gas fell by 18 per cent in the same period.

For employers, this can be a problem. If inflation cuts too deeply into the real value of a paycheque, there's no reason for anyone to consider moving to a region where nominal wages may be high, but no one can afford the rent. "People react to real wages," says Dr. Bruce, "not nominal wages." And this may be precisely what happened in Alberta in 2007.

At the peak of the boom, net migration from other provinces was nearly zero. At a time when employers were desperate for workers, the rest of Canada said 'no thanks' even to very high nominal wages. Of course, the workers were still needed, and nominal wages had to rise even higher.

For Albertans, one of the most striking examples of how local inflationary pressures can force high nominal wage growth is in Fort McMurray, where housing costs turn \$100,000-a-year salaries into a common commodity. Without high wages, employers simply would not have been able to attract people.

"It is quite common in Canada for companies to offer higher wages to work in Whitehorse, Yellowknife or Fort McMurray," says Dr. Bruce. "Those are cases where there are extreme price differences overall, not just in house prices."

## It could be worse...

Want to be a billionaire? For Yugoslavs in 1993 and 1994 it wasn't too hard. At the end of a vicious inflationary period, the government was printing 500 billion dinar notes like this one. One postman got inventive, and waited a few days to pay substantial bills using a few American pennies. For workers, inflation caused a serious problems. Their paycheques would be all but worthless once they were issued. It would be like a Canadian getting a salary from the 1920's to pay for goods in 2009.

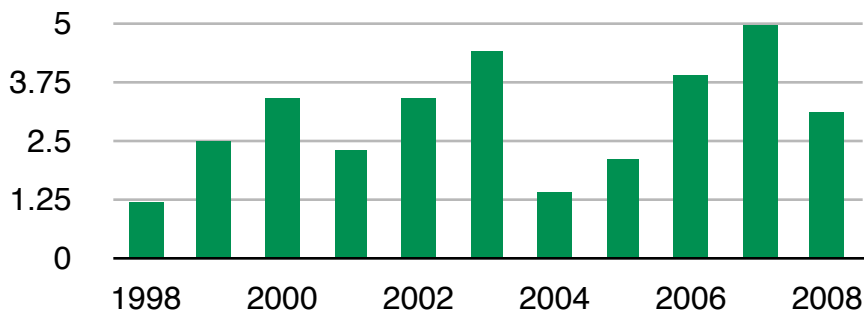
## Real wages by the numbers

Mathematically, real wages can be defined as the nominal wage growth (the dollar amount) divided by the inflation rate. Here's one equation for calculating a real wage for any given year:

**Real Wage = Nominal Wage / 1 + percentage increase in prices since base year.**

If you don't like math, the important thing to remember is inflation can erode the value of wages and over time the effect can be significant. Below is a graph of inflation over the last few years showing how the value of dollar has changed over the years.

### Inflation rates in Alberta, 1998-2008



Source: Statistics Canada, Table 326-0021

In many ways, real wage growth is a race between inflation and nominal wages. If inflation is moving faster, real wage growth turns negative and people actually earn less. If minimal wage growth outstrips inflation, real wage growth turns positive and workers are better off. For decades, real wage growth in Alberta was fairly stagnant. In the last boom, the tide turned.

Even under inflationary pressure, wage increases were still running ahead of price increases. By

definition, this means workers can buy more stuff—something every retailer might want to think about, and many do.

When the Deerfoot Mall was in the planning stages, investors took a hard look at real wage growth, and placed the mall in an area where real wages were on the rise.

Whether an employer is looking for a promising market, or thinking about how to attract and retain employees, real wages are an important consideration.



## BIG IDEAS from small business



# Silver Spoon Children's Boutique

Family oriented, business friendly

CANMORE'S MAIN STREET bustles on a spring afternoon, and you can see why it is prime real estate for business.

Even in early June, when the air is fresh rather than warm, tourists wander between cafés, galleries and gift stores. "It's like being in Vegas," says Pamela Currie, owner of Main Street's Silver Spoon Children's Boutique. "You have to be on the main strip."

But location wasn't Currie's first thought when she started her business. She wanted success, but she also wanted balance.

### Finding balance

Currie wanted to make business an integral part of her life, and chose children's clothing and toys as a perfect way to tie her work life and the home together.

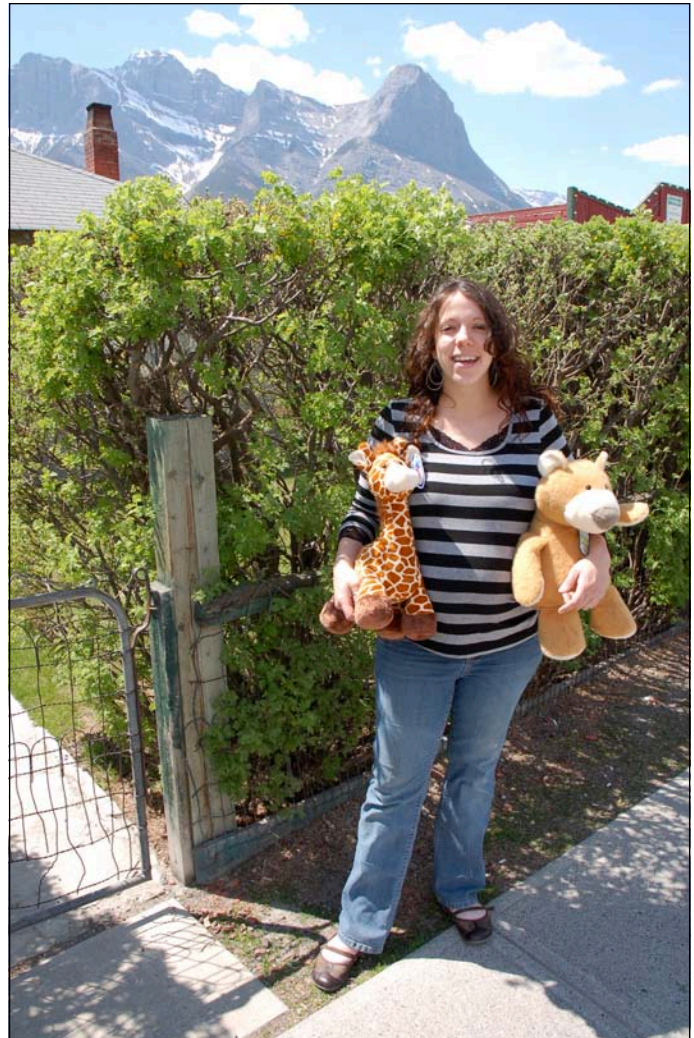
"I wanted to be in business for myself, but I needed to make it match the stage of life I was in, and I was pregnant and wanted to be able to work with my children," says Currie. "I wanted to be more of a 'mumpreneur' than an entrepreneur." So far, the family focus has paid off, but at first it was tiring.

"Our first location wasn't on Main Street," says Currie. "And without the traffic we couldn't pay for staff. I had to be the entire business. I had to be the janitor, the cashier, the orderer. There were stressful days!"

But there was one advantage to Silver Spoon's slower first location. "I could bring my son in," says Currie. "In the new location it's too busy for that." Not only did Currie bring her own child to work, she let her staff bring theirs—a powerful advantage in Canmore, a town notorious for its labour shortage.

### What labour shortage?

"There is definitely a labour shortage in Canmore," she says. "My partner's a carpenter, and they are still short staffed. But being family friendly, we've never had a problem getting staff."



Pamela Currie shows off some of her cuddly products on Canmore's Main Street.

"When I get my hiring sign up we have seven resumés a day, because we hire workers in a very specific category," she says. "A lot of times we take on moms who want three shifts a week to get out of the house and make a little extra money. Many aren't even looking for work. We are not going after the traditional workforce." Working for a children's store when you are a mom, also has an appeal that works to Currie's advantage.

"They love it," she says. "Especially when you give them a discount."

For Currie, the ability to hire has turned her work life around. "I am still getting my employer hat on," she says. "And with new staff, this is my first chance to take a step

CONTINUED ON NEXT PAGE



Currie got the name for her store from her son Silver. In two years, Silver's namesake has grown rapidly to a store with three employees.

back to hire and train, and see what I've done over the last few years. It's really nice in that sense. I now look forward to coming into work."

## Staying balanced

In spite of a family-friendly store and work environment, her family is one part of Currie's life she would like to give more to. "Everyone will tell you to start a business to gain more time for your family. And it's the exact opposite," says Currie, while in the background her son pleads for her to answer a question. "For the first three years it's anything but. Hopefully, after that there's time to relax when things have been set up."

For many, the loss of time with family and the sheer trauma of starting a business can be overwhelming. But Currie had one big advantage. She had completed a self-employment program funded by the Alberta government in Cochrane.

"It was great. I had a lot of help going through the program. They were really motivating and helped to get things going. They helped us get funded. And if we needed to get assistance, or a class, they set up

meetings with accountants, or lawyers, or other people you might not get a chance to meet," she says.

Hard work, long hours, and sacrificing family time have all been issues for Currie, but things have turned around lately. "Now with the new location and staff I am not forced to always be here. With this location I can actually book time off." Many Canmore employers aren't so lucky.

**"Everyone will tell you to start a business to gain more time for your family. And it's the exact opposite."**

Canmore hotel operators and restaurant owners have been putting in extra time to fill in their labour gaps. For Currie, a niche labour market has been the gateway to a viable business model in a popular tourist town. "As a business owner, I now feel I've accomplished the goal I set out to achieve."



Photo albums are one of the family-friendly products Currie's business offers.

## Need to learn more? Take online courses about employment standards!

Learning more about employment standards can be as easy as a click of the mouse!

The Alberta government's Employment and Immigration department offers [eLearning programs](#).

These stand-alone, interactive, web-based awareness programs are designed to provide Alberta employers and employees with an opportunity to learn more about minimum employment standards in the workplace.

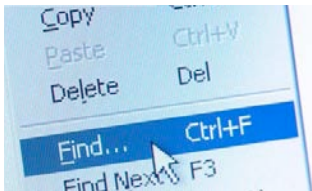
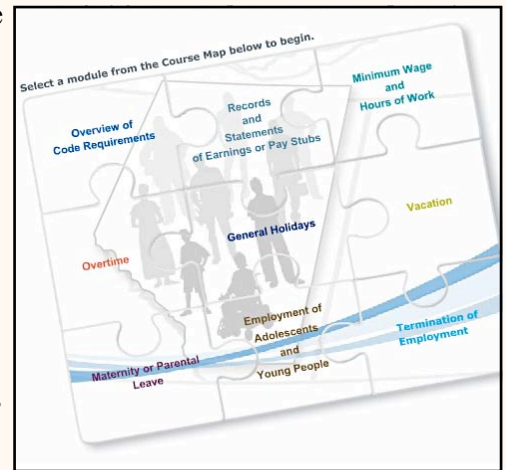
The following online courses are now available:

### Dispute Resolution

Provides basic information and options to help address disputes in the workplace relating to payment of earnings, leaves, etc.

### Basics of Employment Standards

This eLearning program will help you gain a basic understanding of the main topics of Employment Standards legislation.



*Whether it is for workplace support or general knowledge, there are many places employers can turn for information.*

## Health and Safety

### Work Safe Alberta

An organization committed to preventing work-related injuries.

[employment.alberta.ca/whs-wsa](http://employment.alberta.ca/whs-wsa)

### Canadian Safety Council—Occupational Safety and Health

Provides information on how to encourage safety in the workplace and deal with mishaps.

[safety-council.org/info/OSH/OSH.html](http://safety-council.org/info/OSH/OSH.html)

### Canadian Centre for Occupational Health and Safety (CCOHS)

Gives direction to employers regarding what to do if employees suffer from substance abuse problems.

[ccohs.ca/oshanswers/psychosocial/substance.html](http://ccohs.ca/oshanswers/psychosocial/substance.html)

## General Links

### Calgary Chamber of Commerce

An organization for business in Calgary to network and learn business practices. [calgarychamber.com](http://calgarychamber.com)

## Where to find us

This publication and other labour market information products can be found at [employment.alberta.ca/calgary](http://employment.alberta.ca/calgary).

We welcome your feedback! Send comments or suggestions to [ei.webmaster@gov.ab.ca](mailto:ei.webmaster@gov.ab.ca).

## Building and Educating Tomorrow's Workforce

Alberta government's 10-year labour force strategy. [employment.alberta.ca/betw](http://employment.alberta.ca/betw)

## Calgary Economic Development

Connects businesses to information and networks in the Calgary region and promotes the city.

[calgaryeconomicdevelopment.com](http://calgaryeconomicdevelopment.com)

## Economic development in Alberta

Provides support and assistance to Alberta business and also compiles information on the Alberta economy.

[alberta-canada.com](http://alberta-canada.com)

## Employee Relations

### Alberta Employment and Immigration Mediation Services

Helps resolve disputes in the workplace through collective bargaining agreements.

[employment.alberta.ca/mediationservices](http://employment.alberta.ca/mediationservices)

## Human Resources

### Canadian Council of Human Resources Associations (CCHRA)

The human resources body combining efforts of 10 provincial and specialist human resources associations.

[cchra-ccarh.ca](http://cchra-ccarh.ca)

### Alberta Employment Standards

Information on everything from minimum wage to maternity and parental leave.

[employment.alberta.ca/employmentstandards](http://employment.alberta.ca/employmentstandards)

### Alberta Labour Relations Board

Employment standards information for trade unions, labour law and more. [alrb.gov.ab.ca/index.html](http://alrb.gov.ab.ca/index.html)