



Canada's Top 100 Employers: The Only 6 Stocks You'll Need

Description

Newsflash: companies that treat their employees well also tend to do well.

Wal-Mart Stores, Inc. ([NYSE:WMT](#)) is a great example of how true this is. The world's biggest retailer was experiencing a major revenue slowdown in 2015 due in large part to terrible customer service. Only 16% of its stores were hitting the company's customer service goals. A radical change was needed to turn things around.

Rather than go with some management consultant's expensive report on how to turn around its service issues, it made a commonsense decision that would almost immediately alter its sales trajectory.

It raised wages.

While the financial ramifications of the hit to expenses have yet to be tallied, the customer service improvement (more than 75% of stores now hitting targets) has tangibly improved, and that's put a fire under same-store sales.

Now back to Canada.

The annual list of Canada's Top 100 Employers came out November 7. There are a number of public companies among the winners. The list is divided alphabetically into six groups. Buy one stock from each group, and I'm confident you'll have a portfolio that's set for life.

A to B – BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#))

While it can be dangerous to own too much of your employer's stock, it's generally a good idea to provide employees with incentives to own it. In BCE's case, it has a share-purchase plan that provides a matching contribution by the company of one-third of your annual contributions up to a maximum of 2% of your basic salary.

So, if you earn \$50,000, to get an annual match of \$1,000 (2%), you would have to buy \$3,000 in Bell Canada stock, making it a 33% discount on the price of BCE stock. Money's not the only motivator of a

productive workforce, but it certainly doesn't hurt.

C to E – Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#))

As I said previously, employees aren't motivated solely by money. They want to feel appreciated and recognized; the energy transportation and distribution company, despite announcing it was laying off 5% of its Canadian workforce October 19, goes to great lengths to help employees better themselves.

The company has an in-house university which provides training and education on various subjects including finance, project management, leadership development, and, of course, energy-related courses. In addition, it provides a post-secondary scholarship program for the children of employees that covers \$2,100 per child. It's not going to cover the whole nut, but it will less the parents' financial burden, and that, in turn, will lead to a happier, more productive employee.

F to I – Intact Financial Corporation ([TSX:IFC](#))

If you live in Toronto, where Intact's head office is located, you know how expensive day care is in the city. Anything that can reduce an employee's parenting burden is going to help them be more productive. That's why Intact has an onsite daycare centre with over 80 spaces that employees can use for their young children. For many, that's priceless.

While the property and casualty insurer's stock hasn't performed well relative to its industry peers in recent years, long term, policies like this one will help drive the results necessary to move the stock higher.

K to N – Loblaw Companies Limited ([TSX:L](#))

In this group, there weren't a lot of TSX-listed companies, so Loblaw wins the day almost by default. However, the judges did find a lot to like about working at the grocery store chain, including its commitment to children's charities. Since 1989, its President's Choice Children's Charity has raised over \$130 million, helping over 2.7 million children.

Businesses that work hard to contribute to the communities where they operate generally tend to do well on the top and bottom line, and the income generated with employees shouldn't be discounted.

R to S – Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#))

What would a Canadian equity portfolio be without the inclusion of at least one major bank? Royal Bank makes it into this six-stock portfolio for several reasons, but one of the biggest has to be the discounted banking services employees receive—most notably, discounted mortgage rates. In places like Toronto, where housing prices are through the roof, a low-rate mortgage could mean thousands of dollars in savings over one's working career.

This single benefit provides RBC with a built-in recruiting advantage when it comes to hiring younger employees fresh out of university. That can only help the company continue to grow, which ultimately translates into higher stock prices.

T to Y – Thomson Reuters Corp. ([TSX:TRI](#))([NYSE:TRI](#))

Rested employees are the best employees. I didn't make that up. Study after study has shown that employees who use all of their vacation time experience less burnout and are better prepared to meet the daily requirements of their jobs. It's not surprising that a company that specializes in information would understand this reality.

Thomson Reuters provides all new employees three weeks of vacation, which bumps up to four weeks after four years on the job. That might not seem like a big deal, but many companies on this list don't give more than three weeks' vacation until almost a decade on the job. In addition, the company also gives employees three paid personal days off.

Bottom line

Over the past five years, the six companies above averaged an annualized total return of 13.9%—748 basis points higher than the S&P/TSX Composite Index. While we don't know how they'll do in the next five years, if they keep employees happy, I suspect we'll get more of the same.

It pays to treat employees well. Heck, it pays to treat everyone well. Shareholders included.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:TRI (Thomson Reuters)
2. NYSE:BCE (BCE Inc.)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:RY (Royal Bank of Canada)
5. NYSE:WMT (Wal-Mart Stores Inc.)
6. TSX:BCE (BCE Inc.)
7. TSX:ENB (Enbridge Inc.)
8. TSX:IFC (Intact Financial Corporation)
9. TSX:L (Loblaw Companies Limited)
10. TSX:RY (Royal Bank of Canada)
11. TSX:TRI (Thomson Reuters)

Category

1. Investing

Date

2025/08/21

Date Created

2016/11/09

Author

washworth

default watermark