



# WorldLink

Linking people management professionals around the globe

## Economic Uncertainty Creates New Opportunities for North American HR Professionals

By Jorge Jauregui

The countries and businesses of North America are passing through a difficult economic situation, creating a more complicated and uncertain framework for HR professionals in every industry.

Nevertheless, this represents a great opportunity for all of us to put into practice more innovation and creativity in formulating and implementing HR programs and processes. It is our moment to really align our work with our organizations' strategic objectives so that business is better positioned to deal with these turbulent times.

Generally speaking, the North American region is facing, simultaneously, a slow pace of economic growth and continuing high levels of unemployment compared to the pre-2008 environment. Also, governments of the three countries that belong to the North American Human Resources Management Association (NAHRMA)—Canada, the United States and Mexico—are applying economic policies for which the results are still unknown or the potential still unfulfilled.

Meanwhile, many HR professionals working in North America have attained a transformed, more visible role within their organizations' top management, as well as with the employees and other key stakeholders. More decision-makers are looking to HR to receive coaching, counseling and reasoned responses on how to deal effectively with today's business challenges.

The HR communities in North America face similar challenges to those of their colleagues in other regions. The NAHRMA confederation is unique, however, in that its membership represents people in two of the world's most developed economies—the United States and Canada—with the United States sharing a 2,000-mile border with the one developing country in the region, Mexico. This dichotomy of economic development generates additional challenges for HR professionals and leadership, such as migration problems, diversity issues, and laws that overlap and conflict.



The three NAHRMA member countries are economically united under the 1994 North American Free Trade Agreement (NAFTA). However, NAFTA did not create a common market, as was the case in Europe when several countries initiated what is now the European Union. Therefore, there is no common currency, governing body or free labor mobility among Canada, the United States and Mexico. Yet we all are connected in common business challenges and dealing with similar critical political issues at the same time.

This is a key opportunity for NAHRMA to provide researched, relevant and cutting-edge knowledge on insightful topics to its HR members in the three countries. As the largest continental federation of the World Federation of People Management Associations

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# HR as a Regulated Profession

By Claude Balthazard

It is often assumed that the leading edge of HR as a profession is either in the U.S. or the U.K., but with regard to the regulation of the human resource profession, two Canadian jurisdictions are blazing the trail for all others.

By regulation, we mean official governmental sanction to oversee and regulate members of a profession. Although many professional organizations, through self-governance, do some of the same things that government regulatory bodies do, the “difference that makes a difference” is official governmental engagement. In Québec and Ontario, the provincial HR associations—the Ordre des CRHA et CRIA du Québec (ORHRI) and the Human Resources Professionals Association of Ontario (HRPA)—have received this official governmental sanction to regulate the HR profession.

One challenge in explaining professional regulation vs. government regulation is that the former can vary widely in different jurisdictions. In Canada, professional regulation is, in virtually all cases, a provincial matter. Also, professional regulation tends to follow a self-regulation model as opposed to a direct regulation model.

In self-regulation models, governments will delegate regulatory powers to bodies representing the professionals under regulation. In direct regulation, governments regulate professions through a government agency or department. The advantage of self-regulation from a governmental perspective is that it enables governments to have some control over the practice of a profession and the services provided by its members without having to maintain the specialized in-depth expertise required to intelligently and effectively regulate a profession.

The granting of regulatory authority is done by means of a law (an act or statute) that provides a framework for the regulation of a specified profession and identifies the extent of the legal authority that has been delegated to the profession’s regulatory body. Of course, such a delegation of powers comes with terms and conditions. Most important, the self-regulatory body agrees to govern and regulate its members in the public interest.

Although Canada’s regulation of trades and professions falls, almost invariably, under provincial jurisdiction, this does not mean that regulation is universal—indeed, what is a regulated profession in one province may not be in another. This is the case for human resource management. In Canada, provincial legislation that grants to a professional regulatory body the right to regulate the HR profession exists only in Québec and Ontario.

In Québec, the Professional Code (*Code des professions*) grants to ORHRI the authority to regulate the HR profession in that province, including the exclusive right to grant Canada’s Certified Human Resources Professional (CHRP) designation to Québécois professionals. In Ontario, the Registered Human Resources Professionals Act grants the HRPA authority to regulate the human resource profession in that province, including the exclusive right to grant the CHRP designation there.

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(WFPMA), integrating more than 320,000 HR professionals, NAHRMA and its strong and well-regarded national HR associations are up to this ambitious task.

I foresee various prospects for NAHRMA to continue and consolidate its influence on North American organizations of all types and sizes, as well as on government programs and legislative initiatives related to the workforce of this part of the globe. As the complexity of the world and of this region increases, so will the opportunities for a wider and deeper influence from NAHRMA and from each individual HR professional represented by this continental federation.

I sincerely hope that the content of this *WorldLink* issue, which is dedicated to NAHRMA, may reflect properly the recent accomplishments as well as the challenges that we face daily in carrying out our cherished profession. [WL](#)

Jorge Jauregui is president of the North American Human Resources Management Association.

## NAHRMA at a Glance

**Founded:**

1997

**Members:**

- Canadian Council of Human Resources Associations–Conseil canadien des associations en ressources humains (CCHRA–CCARH)
- Mexican Association of Human Resources Management (AMEDIRH)
- Society for Human Resource Management (SHRM)

**Reach:**

More than 320,000 HR professionals





Although these regulatory powers are delegated by government, they are real powers—as real as when governments directly regulate a profession. For instance, in Canada the decisions of professional regulatory bodies are enforceable, and conversely reviewable, by the same courts that would enforce or review administrative decisions made by government agencies.

What can create confusion is the equating of regulation with licensure—they are related concepts, but they are not the same thing. Licensure is one of the most restrictive forms of professional regulation. Specifically, licensure provides an occupational group with monopoly control over who can practice a profession or perform specified “controlled” or “restricted” acts. Only those individuals who have met specific requirements set out by the regulatory body are issued a license to practice the profession or to perform these controlled or restricted acts.

Other forms of professional regulation do not provide monopoly control over who can practice a profession, but they grant the

regulatory body the same powers to develop, establish, maintain and enforce standards of qualification; standards of practice; standards of professional ethics; and standards of knowledge, skill and proficiency. It is important for HR professionals to help industries and stakeholders understand that not being licensed does not mean that the profession is not regulated.

The importance of achieving self-regulation status cannot be underestimated. Becoming a regulated profession is, as they say, a “game changer.” First, it legitimizes the HR profession in ways that nothing else can. Second, it indicates that the government has confidence in the maturity of the profession and its regulatory body. Third, it gives the profession greater control over its destiny and a greater influence in matters of social policy. Finally, and critically, it enhances the status and recognizes the unique expertise of individual members of the profession. **WL**

Claude Balthazard is vice president for Regulatory Affairs of the Human Resources Professionals Association, Ontario, Canada.

## Canada's CHRP Designation Fuels Higher Earnings and More Promotions

By Bill Greenhalgh

**For Canadian HR professionals, there is a clear correlation between earning potential and career progression and having achieved the Certified Human Resources Professional (CHRP) designation.**

These are the findings of a new report by the Human Resources Professionals Association (HRPA), Canada's largest HR association and the regulator of the HR profession in Ontario. The report, *Fuel for HR Careers*, validates similar findings from a study HRPA conducted in 2012. Research for both reports was conducted by PayScale Inc., which maintains the largest database of individual compensation profiles in the world. The 2013 report can be found online at [www.hrpa.ca/Documents/CHRP\\_PayscaleReport.pdf](http://www.hrpa.ca/Documents/CHRP_PayscaleReport.pdf).

Like the 2012 report, *Fuel for HR Careers* shows that CHRPs earn more across all HR career levels. For example, certified HR managers typically earn 13 percent higher salaries than non-CHRPs. They also advance more quickly in their careers and tend to work at larger organizations.

Most significantly, there has been rising demand for CHRPs advertised on Canadian HR job boards. Job postings requiring a CHRP increased from 67 percent to 70 percent between 2012 and 2013, and has grown from just 36 percent in 2007. Clearly, more employers are recognizing the value of the certification.

The increasing demand for CHRPs from employers sends a clear message about the overall value of the credential: The CHRP designation translates into higher earnings and more promotions for today's HR professionals.

The CHRP designation is Canada's national standard of HR excellence. It sets a benchmark for effective HR practice and emphasizes the strategic role of HR management in organizations. To achieve the CHRP, individuals must hold a minimum of a bachelor's degree, be a member in good standing of their provincial HR association, fulfill HR academic requirements, pass the National Knowledge Exam (an exam assessing HR knowledge and skills) and complete a three-year HR experience requirement.

After becoming a CHRP, individuals commit to career-long learning by completing triannual Continuing Professional Development hours.



“These report findings are consistent with our research showing there are only a few ways to positively impact pay for white-collar jobs—certifications being one of them,” said Katie Bardaro, lead economist at PayScale. “The increased earning potential for the CHRP is particularly impressive, demonstrating employers are willing to pay significantly more to attract HR experts with these credentials.”

Not surprisingly, the number of HRPA members who either have their CHRP designation or are CHRP candidates now account for 60 percent of total membership.

Bill Greenhalgh is chief executive officer of the Human Resources Professionals Association, Ontario, Canada.

# A Think Tank for Mexico's Future

By Pedro Borda

Developing talent and putting it to best use is one of the most powerful ways to improve national economies and the lives of citizens. Thanks to its innovative employers, Mexico has a growing opportunity to generate the wealth needed to maintain its vitality and progress.

Visionary leaders and talented workers play an important role in Mexico's future. The Mexican Association of Human Resources Management (AMEDIRH) aims to be a think tank to meet the challenges coming our way. Our role is not only to observe and identify key issues affecting employment and its trends but also to act as a hub for the multidisciplinary activities practiced by the community of human resource professionals.

We have built the association over 66 years to wield the national influence and credibility needed to carry out its work on behalf of Mexican businesses and workers. We are the only Mexican nonprofit organization willing and able to formulate strategies that will ultimately transform the role of HR from personnel coordinator to strategic partner of top leaders.



Pedro Borda (center) gives WFPMA board members Bill Greenhalgh (right) and Aida Josefina Puello a tour of AMEDIRH's offices and state-of-the-art training facilities. The association hosted the most recent WFPMA board meeting at its Mexico City headquarters in September.

## Building Knowledge, Skills and Best Practices

An important role of any national HR association should be to develop and showcase the unique competencies and contributions of our profession. With this mission in mind, AMEDIRH created its Center for the Development of Talent in 2012. Our unique in-house training facility has the flexibility and capacity to present different programs every day for up to 300 people.

Another key objective, championed by the president of our board, Alberto de Armas, is to establish a national HR competency certification. Just a few months ago, Mexico's Undersecretary of Education Rodolfo Tuirán named AMEDIRH the official certification and evaluation center for the country's HR profession.

To define and develop best practices across the profession, the association operates eight separate "excellence" committees made up of representatives from 30 to 40 of Mexico's top companies. These committees meet every month to trade knowledge and share new ideas.

For almost 50 years, AMEDIRH has hosted the International Human

Resources Congress. The most recent one took place over two days in September in Mexico City, drawing almost 5,000 HR executives from across Mexico, the U.S. and abroad. It was a first-time privilege to have had the WFPMA Board of Directors in attendance, led by president Pieter Haen and Jorge Jauregui, general secretary and treasurer.

Even before the last booth was disassembled, our work on the 2014 International Human Resources Congress had already begun. Next September 10-11 in Mexico City, the theme will be Connecting People with Talent. Since booth sales started in October, 44 percent of the booths have been reserved. We also have already confirmed 6 of 10 speakers. Over the years, we have learned that it is never too early to begin building excitement for this key HR event.

**A**n important role of any national HR association should be to develop and showcase the unique competencies and contributions of our profession.

## Educating and Influencing Stakeholders

With a total membership of more than 900 companies representing 1 million workers employed by our members, AMEDIRH has been active in shaping national policies over the years.

Recently, it has been our role to advise and assist Congress and employer organizations on modifications to Mexico's labor laws. Just a few months ago, when financial reform legislation was presented to Congress, the association stepped in to defend attacks made on taxes and fringe benefits, campaigning through multiple open letters in major newspapers, personal letters, and telegrams to senators and deputies.

## Employee Support and Development

It is our mission also to bring people into jobs to fill workforce gaps. One of our most successful programs has been to encourage companies to re-employ senior citizens—retired workers age 60 and older. To support this activity, we established a training center in our own headquarters to teach senior citizens vital computer skills. This has been one of our most stimulating and rewarding experiences as an association.

Finally, we are proud of the success of our virtual employment fairs. They run online for a week twice a year. Our most recent fair brought together 65 companies and 22 universities to "meet" more than 350,000 candidates.

Through such programs and activities, national HR associations can impact economies and change lives. AMEDIRH is now positioned in the minds of government officials and business leaders as a reliable, ethical and effective champion for Mexico and its people. I am proud every day to be a part of it. **WL**

Pedro Borda is chief operating officer for the Mexican Association of Human Resources Management.

# Global Employee Handbooks Must Balance Compliance with Culture

By Stephen J. Hirschfeld

For U.S. multinational companies, creating work rules and personnel policies that comply not only with U.S. federal and state law but also with the laws of each jurisdiction outside the United States where the companies operate is a major challenge. Add to the equation the need to sync a company's corporate values with foreign cultures and mores, and you have a very delicate and difficult task. There simply is no one-size-fits-all answer.

As an example of the global complexities and nuances at play, in the U.S. the commonplace practice (based on jurisdiction-specific judicial precedent) is that employee handbooks do not form employee contracts. However, in other countries, regardless of disclaimer language, handbooks may be viewed as binding contracts. The question then becomes this: How does a business best structure such an essential, strategic document, which employees literally receive moments after first walking through the door?

As a starting point, American companies employing U.S. citizens at facilities abroad need to account for certain statutes, such as federal discrimination laws and the Foreign Corrupt Practices Act, that apply to those citizens regardless of their workplace location. Then, care must be taken to ensure that jurisdiction-specific labor and employment laws for a facility are included. This is easier said than done.

When doing business in Germany, for example, complying with European Union law is not enough; you must also look to the laws of Germany as well as each of its 16 states. When employing workers in Canada, a company must consider Canadian federal labor law, along with the laws of the country's 10 provinces and three territories. While Australia has extensive federal labor laws, you must comply, too, with the employment and labor laws in one or more of its six states and several territories. Globalization has standardized much of the world, but labor and employment law remains inherently local.

To ensure full legal compliance, organizations must establish a team to conduct an employment law audit, which is overseen by legal counsel. While many countries do not allow the attorney-client privilege to protect this process, U.S. state laws provide such protection. So it is imperative that this process be overseen and managed by a skilled employment lawyer based in the United States. The audit's purpose is to identify all applicable law and compare and contrast that law to a company's own personnel policies, procedures and practices—ranging from recruiting to hiring to performance management to layoffs and terminations.

On a global level, most organizations, once they have identified and corrected potential areas of concern, will then put together an omnibus set of work rules that will apply worldwide to ensure that all employees are treated consistently and to minimize confusion over which rules apply where.

**A** business should determine what rules and standards of conduct are non-negotiable regardless of where the behavior occurs.

## A Global Code of Conduct

One of the greatest challenges employers face is determining what to do in situations where they voluntarily choose to apply broader protections than currently exist in a given jurisdiction.

For example, a California-based company that is required to comply

with state laws banning discrimination based on sexual orientation and gender identity is faced with a quandary as to how to enforce those laws at facilities based in Muslim countries, where homosexual acts are often criminalized. Even if the law of a particular jurisdiction doesn't criminalize the behavior, local cultures and mores may frown upon gay, lesbian and transgender individuals.

Should the American company nevertheless impose U.S.-based laws in those jurisdictions when it is not legally required to do so? Can, or should, a company tolerate religious or ethnic discrimination in a jurisdiction where no anti-discrimination laws exist or where certain ethnic or religious preferences are either common or encouraged? And what should an American company do when one of its employees and his or her domestic partner (or same-sex spouse) wish to be transferred to work in that country? These situations present both complicated legal issues and vexing employee relations challenges.

When considering all of these issues and conflicts, a business should determine what rules and standards of conduct are non-negotiable regardless of where the behavior occurs. Developing a comprehensive global code of conduct will successfully balance compliance with the law and a company's corporate culture and behavioral standards.

In many cases, education and training must be conducted in each jurisdiction so that employees can fully appreciate the importance of these issues to the company and learn how they are expected to behave. For instance, sexual harassment remains widespread in parts of Latin America and Asia. Even though local law may not address this conduct and the culture may tolerate it, it is critical for a U.S.-based company to teach its local employees what it considers to be acceptable behavior.

Today, even in the U.S., companies are increasingly grappling with issues in this vein, such as recognition of same-sex marriages and partnerships. Some companies have decided to extend benefits to same-sex spouses and partners, regardless of the state law in which an employee is based. Others have opted to offer benefits to same-sex spouses and partners only in states where they are required to do so.

For a historical perspective on such considerations, one can look to San Francisco-based Levi Strauss & Co., which was expanding its operations and poised to open a factory in Virginia in the early 1960s. A key condition on which the company insisted was that the factory be racially integrated in accordance with its other facilities throughout the country. This move preceded Virginia government mandates on this issue; however, the local government yielded to the company, and the factory opened.

A global code of conduct, woven into an employee handbook, should be viewed as an ever-evolving document influenced by developing laws, defined company values, and changes in local cultures and customs.



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## Global Adjustments

It is essential that a company establish a robust in-house infrastructure or employ a trusted external network of seasoned legal counselors and human resource professionals in each jurisdiction in which it operates. These resources will help an organization ensure its compliance with applicable, jurisdiction-specific laws and establish a global code of conduct, as well as help the employer understand and be sensitive to critical cultural mores and values.

For instance, in Asia gift-giving is customary on the occasions of marriage and death. This presents a tricky situation at times, as company policy may dictate that employees cannot give gifts to or receive gifts from customers, vendors or suppliers. However, refusal of such an offering may be interpreted as a hostile or insulting gesture in some cultures. Businesses, therefore, may very well need to allow for varying limits on gifts.

Another example: In Japan, the concept of allowing one to “save face” is crucial, both from a cultural and legal perspective. Under Japanese law, a company is generally not permitted to dismiss an employee without first offering the individual the right to resign “voluntarily.” This is true whether the employee is being terminated for behavioral or performance issues or due to a reorganization and layoff.

Accordingly, company supervisors—some of whom may be foreign nationals—should be trained on these types of sensitive issues and provided latitude to deviate from standard procedures.

Understanding and navigating the cultural norms of a country and its workplaces is essential for a harmonious operation. At times, a multinational company needs to proactively override consistency in the application of its rules to allow for exceptions.

## A Patchwork Quilt

Just because the world feels “smaller” thanks to its interconnected and interdependent nature doesn’t mean it has gotten any less complex. The reality is that labor and employment law in many countries is highly ambiguous. Simply knowing what a statute says is not enough; for a company to fully understand and ultimately enforce its meaning, the law must be decoded and put through a filter of cultural context by trained professionals.

Employment law remains a fundamentally local domain, which is both a challenge (ensuring compliance) and an opportunity (shaping and advancing labor and employment policy) for businesses. A critical task for corporate leaders is to sit down and carefully codify the type of culture that the organization’s entire global workforce is expected to adhere to. Armed with this foundation and working with local legal and human resource professionals, leaders can develop an employee handbook that ensures compliance with all applicable laws, includes a global code of conduct, and allows for evolution and adaptations that are acceptable based on cultural differences. Given such complexity, handbooks should not be hastily put together every few years, tucked away in a drawer and then largely forgotten. Rather, they need to be treated as critical documents and de facto mission statements for organizations. Carefully considered and effective employee handbooks form the thread stitching together a company’s geographically disparate operations into a unified, multicultural quilt and a well-run business. **WL**

Stephen J. Hirschfeld is CEO and founder of the Employment Law Alliance and a founding partner of Hirschfeld Kraemer LLP.

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## Rewarding Innovation at Banorte

By Gerardo Valdes

Three years ago, Banorte—one of Mexico’s largest and oldest financial institutions, established in 1899—inaugurated the Ingenio Awards. *Ingenio* means inventiveness and describes the way Mexicans, in a cultural sense, solve problems and present solutions in their everyday lives.

The purpose of the awards is to generate an institutional culture within Banorte wherein innovation is a core value—not only for embracing change but also for generating it. For Banorte, innovation is characterized by change, development, transformation and progress always oriented to the benefit of our clients (internal and external). It holds the universal objective of creating new alternatives, new values and new paradigms, all of which aim to add value to clients, employees, stakeholders and society in general.

The world itself is in a state of constant change—social, technological, political and cultural. Banorte is no stranger to these changes, because our own environment—our clients, employees, competitors, suppliers and others—demands us to reinvent ourselves.

Three years ago, our general business approach was to retain our market and our place in Mexican society amid the economic turmoil of the global recession. But today that is not enough. Our organization must be ready to seize opportunity in change, to reinvent itself and to do whatever it takes to grow sustainably for generations to come.

The financial field where we work constantly changes and evolves. In the 1970s and 1980s, business competition was based on the cost cut; in the 1990s, on productive efficiency. Today, in 2013, financial competition is based on differentiation and customer focus. We and our competitors strive to offer new products and services because our clients demand them.

At Banorte, we understand that this approach to “the new” requires



deep engagement with our employees. It also requires deep research and data-gathering. When we launched our innovation program, we were determined to mine knowledge from the source—to fully understand market trends, to find areas where we could innovate, and to analyze whether our institution has the technical and financial capability needed. We also reviewed the costs and benefits of improvements we could pursue.

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In keeping with this new paradigm, the Ingenio Awards were born. They are intended to:

- Boost a culture of continuous innovation through the recognition of innovative ideas that exceed our clients' expectations by improving our processes, products and services.
- Position Banorte as an institution that reinvents itself continuously.

The winners receive public acknowledgment from Chemistry Nobel Prize Winner Mario Molina, our CEO and the chairman of the board during Banorte's Strategic Annual Summit held every January. Winners also receive a monetary prize.

**I**n the 1970s and 1980s, business competition was based on the cost cut; in the 1990s, on productive efficiency. Today, in 2013, financial competition is based on differentiation and customer focus.

The first year the awards were available, 124 registered ideas were generated and three awards were given. In 2011, the second year, we issued a broad call for entries from throughout Banorte's parent company, Grupo Financiero Banorte (GFB), so that more people could participate among different award categories. The current categories are Products and Services, Internal Processes, Specialized Areas, Deployed Ideas, Social Responsibility, and Integrate. This last category was created to generate ideas on how to

best integrate both cultures during the merger between Banorte and Ixe Financial Group.

To boost the initiative, we launched a massive internal communications effort in 2011, including fliers and an exclusive website where entrants can access tools, materials and resources for collaborating on new ideas. A separate online tool allows Banorte management to follow up on each of the registered ideas to explore feasibility and potential implementation. In 2011, almost 800 ideas were generated.

For 2012, the different GFB subsidiaries (Banorte, Ixe, Generali, INB and, for the first time, the INB subsidiaries in the U.S.—Uniteller, Solida USA and BSI) were invited to participate within the six categories. The competition elicited 1,015 innovative ideas, which were evaluated on the characteristics of extension and level of importance of the impacted audience, generated impact, imitation barriers, ease of deployment, and competitive advantage.

In 2013, Banorte introduced a new category in which the families of our employees proposed innovative ideas regarding the services they receive as clients of the bank. This year, more than 1,163 ideas were registered and are ready to be evaluated and selected for the Ingenio Awards. The awards ceremony will take place in January 2014.

After three years of this journey, we are assured that innovation is a key part of our organizational culture and an important piece of GFB's DNA, being one of the most strategic initiatives of the whole group. **WL**

Gerardo Valdes is chief human resources officer for Grupo Financiero Banorte and a NAHRMA board member as delegate to Mexico.

## Compensation in Canada: Moderate Salary Increases Expected in 2014

Submitted by the Canadian Council of Human Resources Associations-Conseil canadien des associations en ressources humains (CCHRA-CCARH)

Salary increases in Canada are expected to remain moderate for the third year in a row, but workers can still expect to see some real wage gains in the coming year, according to the Conference Board of Canada's most recent compensation survey. International firms with Canadian employees, operations or investments may want to take note of the freshly researched trends.

In 2014, competitive pressures will still be a factor in compensation, but the average pay increase for Canada's nonunionized employees is projected to be 2.9 percent. Significantly, this projection is 1 percent higher than the inflation rate forecast for 2014.

However, the average wage increases for unionized employees are lower, with an anticipated average increase of 1.9 percent—1.5 percent in the public sector and 2.2 percent in the private sector.

### Energy and Tech Lead the Way

Salary increases are also expected to vary by industry, sector and region: Projected increases are highest in oil and gas, at 4.1 percent, followed by the scientific and technical services industry at 3.8 percent. The lowest average increases are expected in the health care sector, with an average increase of 1.8 percent.

Expected increases across the private sector average 3 percent, while overall base pay in the public sector is projected to grow by 2.7 percent. Regionally, resource-driven Alberta and Saskatchewan have the highest average projected increases of 3.7 percent. The lowest average base pay increase is expected in the Atlantic provinces at 2.5 percent, followed by Ontario at 2.6 percent.

While Canada's economy is in relatively good shape, growth has been soft in 2012 and 2013. Some of the reasons for this

underwhelming performance include challenges in the global economy, restraints on government spending and high household debt levels that are restricting consumer spending. The Conference Board does expect improved GDP growth for Canada in 2014—2.4 percent compared with just 1.8 percent in 2013.

### Moderate Workforce Growth

Over the past few years, job creation in the business services, health, education, public administration and construction sectors has contributed the most to downward pressure on Canada's unemployment rate, which sits at slightly above 7 percent. Manufacturing remains a large part of the job problem. Despite a modest recovery in manufacturing output, the number of jobs available in manufacturing has been in decline since mid-2012.



## Canada Better tech wanted



Half of Canadian workers say they want up-to-date technology and the ability to telecommute to be a priority in their workplaces but that a lack of resources or workplace policies is getting in the way. A new report on the “connected workplace” by Rogers Communications confirms what these employees already knew: The latest technology, and enabling people to work seamlessly across devices and environments, is critical to driving productivity and innovation, and will become even more important as time goes on.

The survey identified four major trends among Canadian workers:

- They are willing to sacrifice salary and vacation days to work from anywhere.
- They want access to the latest technology but don't want to lose face-to-face interactions.
- They are willing to blur the lines between personal and professional technology—like using their own smartphones for business reasons.
- They increasingly prefer laptops and tablets over desktop PCs.

## Mexico On the books



Mexico's new tax reforms, among other objectives, aim to bring millions of Mexican workers out of the informal economy and onto taxpayer rolls. Mexico has one of the highest rates of off-the-books workers in the hemisphere: 60 percent. Many work in agriculture, as street vendors and as domestic workers.

But advocates for informal workers say that before they consider paying taxes, which start at 6 percent for the lowest incomes, they want some reassurances—guarantees that they can remain on their street corners, that they will be eligible for credit to grow their businesses and that their families will also get health coverage.

Economists cannot agree how many workers might be lured out of the shadow economy. Estimates have ranged from 120,000 to 600,000 people from a pool of more than 30 million informal workers in the country.

## United States Skills gaps growing

According to new data from the Society for Human Resource Management (SHRM), two-thirds of American companies are experiencing difficulty recruiting for specific job openings, compared with 52 percent in the previous year.

When organizations that reported recruiting difficulties were asked what basic knowledge/skills were lacking in job applicants, respondents from all industry sectors cited writing in English (55 percent), mathematics (38 percent), reading comprehension (31 percent) and spoken English language (29 percent) at the top of the list.



Additionally, about one-half to three-quarters of respondents across all industries (45 percent to 78 percent) reported difficulty recruiting for completely new positions or positions requiring different skill sets. Currently encountering the highest levels of hiring challenges: the high-tech; manufacturing; and construction, mining, oil and gas industries.

Sources: *Canadian HR Reporter*, GlobalPost, SHRM.org.

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Overall, the Conference Board expects employment growth to be moderate for 2013 and 2014, averaging a 1.3 percent annual pace in both years. Nineteen percent of compensation planners expect that the size of their workforce will increase, with only 9 percent anticipating workforce reductions and 72 percent predicting no change.

Fewer organizations report challenges with recruiting and/or retaining employees—down to 58 percent from 69 percent in 2012. Softness pervades the overall labor market, at least for now, but labor market pressures vary considerably depending on region and industry. Seventy-five percent of organizations in Saskatchewan and Alberta struggle with attracting and retaining talent, compared with 46 percent in Ontario. Not surprisingly, the energy sector struggles disproportionately: 81 percent of employers in the oil and gas sector report challenges.

As elsewhere across the globe, very specific skill sets are in high demand. Engineers, followed by skilled trade workers and IT specialists, are among the most coveted by Canadian organizations.

## Young People Feel the Pinch

As the unemployment rate dips below 7 percent, labor markets are expected to tighten. But young people will still feel the pinch. The employment rate among those ages 15 to 24 has failed to improve from the hit it took during the downturn in 2009. It will become absolutely essential to prepare young people to pursue certain careers—such as skilled trades and engineering.

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. Employers also need to provide training for younger workers as well as increase on-campus recruiting at universities and trade schools.

## Two Dollars

The long-term challenges for Canadian organizations will include adapting to a strong Canadian dollar, addressing skills shortages due to an aging workforce, and becoming more entrepreneurial and innovative. The dollar is expected to remain strong, but shy of parity with the U.S. dollar, during the next two years. While interest rates will likely rise in Canada ahead of those in the U.S.—a situation that would put temporary upward pressure on the Canadian dollar—easing oil prices will help counter the effect. The combination of a strong dollar and solid real wage gains—since, as the study indicated, average weekly wages are increasing at a significantly higher pace than inflation—is putting pressure on Canadian employers, especially those in industries that are export-oriented.

To sustain real wage growth for Canadian employees over the long term—essential to remaining competitive—organizations will need to see improved productivity gains. Continued cost containment and deep succession plans will be critical in the future.

The outlook for Canada is uneven, as the divide between continental 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 Canadian employers across the board. [W/L](#)

This article was adapted from the report *Compensation Planning Outlook 2014* by Nicole Stewart and Elyse Lamontagne for the Conference Board of Canada, 2013.



# THE WORLDLINK HR CALENDAR

**May 22-24, 2014**

L'Associazione Italiana per la Direzione del Personale (AIDP) 43rd National Conference

**Bergamo, Italy**

E-mail: [nazionale@aidp.it](mailto:nazionale@aidp.it)

Tel: +39 02 6709558

Website: [www.aidp.it/congressi/index.php](http://www.aidp.it/congressi/index.php)

**June 22-25, 2014**

Society for Human Resource Management 66th Annual Conference & Exposition

**Orange County Convention Center, Orlando, Florida, USA**

E-mail: [globaldel@shrm.org](mailto:globaldel@shrm.org)

Website: <http://annual.shrm.org/>

**Aug. 18-21, 2014**

Associação Brasileira de Recursos Humanos (ABRH-Nacional) 40th Annual HR Congress

**Transamerica Expo Center, São Paulo, Brazil**

Website: [www.conarh.com.br](http://www.conarh.com.br)

**Aug. 19-21, 2014**

Australian Human Resources Institute National Convention and Exhibition **Melbourne Convention and Exhibition Centre**

E-mail: [events@ahri.com.au](mailto:events@ahri.com.au)

Website: [www.ahri.com.au/conferences-and-networking/event-type-overview/ahri-national-convention-2014](http://www.ahri.com.au/conferences-and-networking/event-type-overview/ahri-national-convention-2014)

Editor's note: Please submit events for the calendar to Martha Frase at [Martha@frasecommunications.com](mailto:Martha@frasecommunications.com).

## Save the Date for the 2014 WFPMA World HR Congress

Join us in **Santiago, Chile, October 15-17, 2014**, at the Centro de Eventos Casa Piedra for the WFPMA 15th World Human Resource Management Congress. Organized by the Circulo Ejecutivo de Recursos Humanos Chile, this world-class event is designed to address key organizational and people management issues through the sharing of new insights and solutions from internationally renowned speakers, business leaders and practitioners from around the world. The World Congress will provide delegates with a platform for global exchange, learning and sharing among business leaders and HR professionals.

Visit [www.wfpma.com/upcoming-2014-world-congress](http://www.wfpma.com/upcoming-2014-world-congress) and watch this space for further details. For more information, contact [surbina@laaraucana.cl](mailto:surbina@laaraucana.cl).



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### WORLDLINK

welcomes news stories, announcements of events and ideas for articles. These should be accompanied by a telephone number and e-mail address.

**Martha J. Frase**

Editor, *WorldLink* **E-mail:** [Martha@frasecommunications.com](mailto:Martha@frasecommunications.com)

### NEXT ISSUE

The next issue of *WorldLink* will feature the European Association for People Management (EAPM) and HR news from Europe.

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