



## Pressure on private sector as retirement starts later

THE TREND of governments raising retirement ages in an effort to reduce social security costs brought about by increased longevity is forcing employers to supplement or replace state provision, according to a new global report from Mercer.

The twin pressures of increasing costs and lower mortality rates are driving change in retirement provision, said the consultancy's Giles Archibald. However, an increase in retirement ages is only part of the response. "In the private sector, companies are moving away from defined benefit towards defined contribution and hybrid plans to control costs and risks.

"Governments are increasingly looking to the private sector to supplement social security – placing more pressure on employer resources," he continued. "However, as social security is eroded, so innovative company-sponsored retirement plans are becoming a more attractive tool for recruiting the best talent."

Mercer's research analysed changes in normal retirement age (NRA) across 47 countries. According to Yvonne Sonsino, head of Mercer's international retirement business in the UK, Western Europe is in a particularly difficult position with an aging workforce and a history of generous social

security provision. "Recent strikes and disturbances in France have highlighted the sensitivities involved but also underline the seriousness of the issue," she said.

Both Denmark and Germany plan to increase the NRA for men and women from 65 to 67 – between 2024 and 2027 in the case of the former and between 2012 and 2029 for the latter. In Hungary the government plans to increase the retirement age to 64 for women and 65 for men by 2020 and then to 68 for women and 69 for men by 2050. And in the UK a common State pension age of 65 will be fully implemented before 2020, and gradually increased to 68 between 2024 and 2046.

In Australia, by 2014, the current variable minimum qualifying age for women will be increased to a standard 65, making it the same for men and women. Japan is gradually increasing the retirement age under Employees' Pension Insurance from 60 to 65, while for company-sponsored plans there the NRA age is being extended from 60 to 65 between 2006 and 2013.

The Singaporean government wants to increase the retirement age from 62 to 67 but it has not yet implemented legislation.

In Latin America Colombia's NRA will increase in 2014 from 60 to 62 for men and

from 55 to 60 for women. In Canada, there is a move for the majority of provinces to eliminate mandatory retirement ages. There has been no recent change in the USA where retirement age depends on a person's year of birth; those born in 1937 or earlier, for example, are eligible to retire at 65 while the NRA of those born after 1960 is 67.

The country with the highest current state retirement age is Norway, where it is between 67 and 70 for both men and women, and the lowest is Indonesia at 55. However certain categories of women in China can retire at 50 and, depending on years of contributions made, for some insured Turkish workers the NRA can be as low as 41 for women and 45 for men.

According to Yvonne Sonsino, "With the unprecedented pace of population ageing worldwide and the impact it has on public expenditure, the governments of countries with a retirement age lower than 65 – particularly China which has a rapidly ageing population and the world's largest number of elderly people – will be under growing pressure to reform public pension policies in the near future."

A guide to benefit plans around the world targeted at multinational employers is available at [www.mercer.com/bpaw](http://www.mercer.com/bpaw)

● Pay survey, see page 8

## All change at the top

THE TOP jobs in two of the world's largest and most influential professional HR associations are to change hands this year. In addition to the previously announced retirement of WFPMA Past President Geoff Armstrong, Director General of the UK's Chartered Institute of Personnel and Development (see *WorldLink*, April 2007), the end of June will also see the departure of Sue Meisinger, President and CEO of the US Society for Human Resource Management and a member of the WFPMA Board.

Meisinger became SHRM's CEO in March 2002 and for the three years before that she was the society's executive vice president and chief operating officer. She was senior vice president from 1997 to 1999 and Vice President of governmental affairs for the 10 years prior to that.



Orme, CIPD

Armstrong's successor as Chief Executive of the CIPD is to be Jackie Orme, currently Chief Personnel Officer and Vice-President, HR for PepsiCo International. A member of the UK Executive Board of PepsiCo International, and of the global PepsiCo International HR Council,

she is also on the Board of the housing and homelessness charity Shelter.

"It is a great honour to be appointed to this role at the head of an HR profession that is growing in influence and standing," she said. "I'm looking forward to leading the CIPD's work to develop and promote great practice in the management and development of people."

She will join the CIPD in April.

At the time *WorldLink* went to press, Sue Meisinger's successor had yet to be announced.

● Horacio Quirós of Argentina is the new President of the Latin American HR federation FIDAGH

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MAGAZINE OF THE  
World Federation of  
Personnel Management  
Associations

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is the quarterly newsletter of the World Federation of Personnel Management Associations (WFPMA). For further information about the Federation contact David Ang Secretary General, WFPMA c/o the Singapore Human Resources Institute 2 Serangoon Road Level 6, Tekka Mall Singapore 218227 Tel: +65 6438 0012 Fax: +65 6299 4864 Email: wfpma@shri.org.sg WFPMA website: www.wfpma.com

## WorldLink

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## Next issue

The next issue of WorldLink will be published in April 2008. Please submit contributions by 5 February 2008

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Design by **TU ink** www.tuink.co.uk  
ISSN 1560-2737

# Australian workplace relations in the light of the new Government

Towards the end of November last year Australia voted in a new federal government that promised to 'tear up' much of the country's existing workplace relations laws. In practice, though, when is this likely to occur and will it be as radical as it sounds? Graeme Smith and Calum Cook provide some useful background and assess the likely impact

In March 2006, at the initiative of the then Liberal Coalition Government, the Australian parliament passed the 'WorkChoices' amendments to the Workplace Relations Act 1996 (WR Act). These amendments built on previous changes to the legislation introduced at the beginning of the Liberal Coalition Government's incumbency in 1996.

The WR Act, incorporating the WorkChoices amendments, enshrines a number of significant provisions including:

- a move from a multitude of state systems towards a single national workplace relations system – although some state legislation (eg anti-discrimination) is unaffected;
- an enterprise bargaining regime which legitimises industrial action by employees and trade unions after a number of steps have been undertaken (including the union conducting a secret ballot of employees, which must approve the proposed industrial action);
- strengthening employers' access to a number of remedies in response to unlawful industrial action;
- allowing the Australian industrial tribunal to intervene to end or suspend enterprise bargaining and make industrial action unlawful in certain circumstances (eg where the health, safety or wellbeing of the population is being endangered);
- allowing trade union right of entry to employers' workplaces only when the union complies with certain conditions (regarding notification of entry and conduct on site);
- reinforcing the laws to protect the right of an employee to join or not to join a union;
- precluding employees of small employers (with 100 or fewer employees) from making unfair dismissal claims against their employers;
- establishing specialist tribunals to determine minimum wages, enforce workplace laws and regulate workplace agreements;

- improving the accessibility of Australian Workplace Agreements (AWAs), which are agreements directly between an employer and an individual employee which take employees outside the coverage of industrial awards and collective agreements; and
- establishing the Australian Fair Pay and Conditions Standard which guarantees five minimum key employee entitlements – namely, minimum wage, hours of work, annual leave, sick/personal leave and parental leave.



**New Australian Prime Minister Kevin Rudd, elected into office last November on a platform of change**

The Liberal Coalition Government which introduced these laws has now been voted out of office. In his victory speech, the leader of the Australian Labor Party (ALP) and new Prime Minister, Kevin Rudd indicated that workplace reform (or the repeal of WorkChoices) is one of the ALP's key priorities as it takes up government. It has been a common catchcry of the ALP that it will 'tear up' the existing legislation. This has received wholehearted support from the trade

union movement, the ALP's largest benefactor.

## Two years' grace

However, in practice, the ALP's policy statements indicate that it plans to retain many aspects of the Liberal Coalition's workplace relations regime. Further, whilst the ALP government controls the lower house (House of Representatives), it may not control the Australian parliament's upper house (the Senate) and therefore its ability to pass legislation will be dependent on non-ALP members of the Senate.

With the exception of the abolition of the workplace agreements, the ALP policy does not indicate that there will be any immediate change to the current legislative framework. The WorkChoices regime should continue to operate until the end of 2009. The substantive reforms to the system are not due to be enacted and operative until January 1, 2010. However, pressure may be brought on the government by trade unions to bring forward the repeal agenda.

The ALP has indicated that it will implement a Transition Bill early this year, which will contain its 10 National Employment Standards (to take effect from January 2010) and AWA transitional arrangements (see below).

Although the Senate composition will change in mid-2008, the ALP will be relying on support from the Australian Greens to guarantee its industrial relations agenda.

So what are the key changes to be introduced?

- **AWAs** The ALP proposes to abolish the right of employers and individual employees to make workplace agreements. Under this proposal, AWAs made before the introduction of the amending legislation will be honoured and will have full effect;
- **Transitional individual agreements** The ALP policy provides for individual transitional employment agreements (ITEAs) to be used in workplaces that have traditionally used AWAs. These ITEAs will only be available for the two year 'transition period' after the legislative amendments take effect and will need to pass a 'no disadvantage' test in which they are compared against industrial instruments which would otherwise apply to an employee;
- **'Good faith' enterprise bargaining** The new government proposes to introduce legislation requiring parties to bargain in 'good faith' when negotiating collective workplace agreements (ie agreements between an employer and a trade union covering a group of employees or agreements directly between an employer and a group of employees). This requirement may ultimately be subject to orders from a newly-established industrial tribunal, Fair Work Australia, requiring employers to meet, disclose information to union(s) and undertake other steps in order to satisfy this obligation. The full details of these requirements are not yet clear;
- **Workplace agreements – content** Currently, the laws prohibit employers and unions from reaching agreements about matters which do not "pertain to the employment relationship" or over matters prescribed as "prohibited content".

Prohibited content includes matters which mostly relate to union powers (eg withholding union membership deductions). The ALP's policy is to enable the parties to decide the content of their agreements with only limited restrictions;

- **Industrial awards** In Australia, there are numerous industrial awards applying in numerous workplaces and industries which provide a basic 'safety net' for employees' terms and conditions. The ALP has indicated that it will instruct the Australian industrial tribunal to start a two-year award simplification process from January 2008, in accordance with the ALP's 10 National Employment Standards (see below);
- **National Employment Standards** The ALP plans to prescribe legislated standards for 10 areas: hours of work, parental leave, flexible work for parents, annual leave, personal, carers and compassionate leave, community service leave, public holidays, information in the workplace, notice of termination and redundancy, and long service leave;
- **Two-tier unfair dismissal regime** The ALP proposes to introduce a two-tier system for the Australian unfair dismissal regime; that is, one system for small businesses (employing fewer than 15 employees) and one for other businesses (employing 15 or more employees):
  - **Small businesses** Employees of small businesses will only be able to file an unfair dismissal claim if they have been employed for at least 12 months and either be covered by an industrial award or earn less than an annual remuneration threshold (currently \$AUD 101,300 per annum). If an employee can bring a claim, it will only be considered 'unfair' if the small business did not 'genuinely' comply with the ALP's Fair Dismissal Code.
  - **Other businesses** Employees of other businesses must have been employed for at least six months and either be award covered or earn less than the remuneration limit. If such an employee can bring an unfair dismissal claim, the tribunal will look at a variety of factors in assessing the claim (including whether there was a valid reason for the dismissal and whether the employee was afforded procedural fairness). Essentially, this is the same system which is currently in place for organisations with more than 100 employees.

## Potential impact

What is the potential impact of the ALP's various proposed changes? First, employers who have traditionally entered into AWAs with individual employees will need to adjust their practices. This adjustment will be particularly important in certain regions and industries where AWAs are prevalent (for example, the mining industry in Western Australia). If employers wish to continue to have individual agreements with their employees, it may be necessary for them to enter into common law contracts rather than statute-based agreements.

On the issue of 'good faith' bargaining, while the particulars of the new regime are yet to be established, it is clear that it will afford the industrial tribunal a deal of discretion regarding the conduct of the parties. This may force the parties to do some things they would not normally do during bargaining (eg provide certain documents/facts in support of their claims).

All employers will need to comply with the 10 National Employment Standards in relation to their Australian employees. This will mean that company policies and contracts will need to be amended to ensure that their terms and conditions are no less generous than those in the Standards.

And, finally, businesses with fewer than 15 employees will need to comply with the Fair Dismissal Code when dismissing employees eligible to file unfair dismissal claims, while businesses with 15 or more employees will need to ensure they implement sound and defensible dismissal procedures to mitigate against unfair dismissal risks. This will involve a significant change from the current regime where employers with 100 or fewer employees are immune from unfair dismissal laws. Employers who do not make the adjustment will be exposed to the risk of unfair dismissal claims resulting in damages and/or reinstatement of the employee.

While the changes referred to above do represent a departure from the previous regime and will have some impact, the substantive changes are not currently planned to take effect until the start of 2010. Further, many aspects of the previous regime will be retained (eg pre-strike secret ballots, strict right of entry rules and responses to unprotected industrial action). Because of this, HR professionals should have adequate time to consider how to adapt their strategies to deal with the changes, and do so in an environment which mostly preserves the status quo.

*Graeme Smith is a Partner and Calum Cook a Senior Associate with law firm Freehills (www.freehills.com). Following the meeting of the Board of the WFPMA in Melbourne at the end of October, Graeme spoke to members about the Australian labour laws and the implications of the then anticipated change of government*

# The clever way to lead clever people

Based on more than 100 interviews with leaders of household name companies and the clever people they employ, Rob Goffee and Gareth Jones have identified seven characteristics that clever people share. They argue that by understanding these and developing the right psychological relationships with such people, HR professionals can generate a crop of creative minds that will enrich their organisations

**T**he empires of the future will be the empires of the mind," Winston Churchill famously observed. Today, Churchill's words appear more prescient than ever.

Intellectual know-how increasingly drives productivity, value creation and economic growth. Recent research by the consulting firm McKinsey & Company, for example, estimates that 'tacit' jobs – work involving complex interactions and a high level of expertise – now account for some 40 per cent of the US labour market, and a staggering 70 per cent of the jobs created since 1998. A similar process is under way in other countries around the world.

The notion of the 'knowledge worker' was introduced in the 1960s by Peter Drucker. But what we are seeing now is a maturation of the knowledge economy. In particular, our research identifies the emergence of a sub-set of tacit workers. We call them 'clever people'. They are a small group of highly talented individuals with the potential to create disproportionate amounts of value from the resources that the organisation makes available to them. Think, for example, of the software programmer or the pharmaceutical researcher who creates a new piece of code or a new drug that can potentially bankroll the entire organisation for a decade.

This poses new challenges to organisations, business leaders and especially HR professionals, who have at the heart of their obsessions the nature of

the psychological contract and the establishment and maintenance of the labour market brand.

We have spent the last 25 years studying the issue of leadership and, in particular, what followers want from their leaders. We have interviewed hundreds of leaders all over the world and many of their followers. Of the people we have spoken to, many

work for top performers in the knowledge economy – organisations like PwC, Electronic Arts, Cisco Systems, Credit Suisse, Novartis, KPMG, the British Broadcasting Corporation (BBC), WPP and Roche. The more we talked to these leaders and workers, the more we came to see that the nature of the leadership challenge is shifting.

As companies become more reliant on their clever people, so the old rules of business are changing. Sir Martin Sorrell, chief executive of the world's largest communications services company, WPP, told us recently: "The only reason for this company to exist is to leverage economies of knowledge. One of the biggest challenges is that there are diseconomies of scale in creative industries. If you double the number of creative people, it doesn't mean you will be twice as creative."

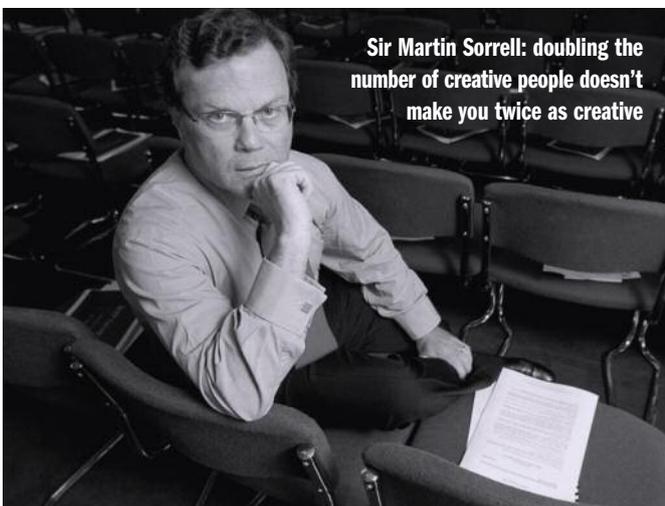
## Ideas and knowhow

When we spoke to Franz Humer, chief executive and chairman of the Swiss-based pharmaceuticals giant Roche, his words echoed those of Sorrell even though they are worlds apart in terms of their industries, leadership styles and personalities. "In my business of research, economies of scale don't exist," Humer told us. "Globally today we spend \$4 billion on R&D every year. I could spend \$9 billion and my research wouldn't necessarily be any better; it could even be worse. I could take \$2 billion out of my budget, but I don't know which \$2 billion to take out. In research there aren't economies of scale, there are economies of ideas."

In the industrial age the emphasis was on economies of scale – the idea was that bigger organisations could leverage their size to become more efficient. Today, for a growing number of companies, competitive advantage resides in the ability to create an economy that is driven not by cost efficiencies but by the ability to connect ideas and know-how.

For HR professionals, the challenge boils down to a leadership problem: how do you persuade a group of extremely smart and highly creative individuals to join an organisation, and then inspire them to achieve their fullest potential? And how do you do that in a way that creates wealth and value for all your stakeholders? How can HR create the fabled "beacon for talent"?

We describe it as a problem for a simple reason: if there is one defining characteristic of these people, it is that they claim they



Sir Martin Sorrell: doubling the number of creative people doesn't make you twice as creative

do not want to be led. Clearly, this raises new questions for corporate leaders. Smart executives may not have all the answers, but the best of them do recognise the problem of not effectively managing their intellectual know-how and those who generate it.

Organisations which create economies of ideas attract the intellectual know-how they require. They become employers of choice. They understand that organisations full of clever people, just like other kinds of organisations, are more than the sum of their parts. They appreciate that there are real benefits from cultures of collaboration, trust and knowledge sharing. Creative HR professionals can help to build organisations which thrive in this new world.

Our research shows that, if you fail to grasp some basic insights and follow several broad practices, you will push your most valuable resources into the open arms of your competitors. As one anonymous HR director put it, "I am a master of the dark art of retention. I know about deferred options, elaborate tax plans and all the

paraphernalia of retention strategies. Let me tell you – none of these will work if the competition really wants your people. On the contrary, they will only stay if you can offer them a great place in which to express their cleverness and other clever people to work with."

Even in companies that have high compensation strategies for clever people, good promotion prospects and exciting projects to work on, the difference between a high retention rate of the most talented and an average one is how they are led.

### What is clever?

The first and most obvious point to make is that clever people are not simply those with the highest IQ or the most impressive academic qualifications (although many of them do score highly on these two measures). Clever people are highly talented individuals with the potential to create disproportionate amounts of value from the resources that the organisation makes available to them.

Precisely what they do, of course, depends on the context. In professional services firms, clever people solve complex client problems; in advertising agencies they understand customers and brand values and they craft highly innovative communications that connect the two. Typically clever people are a scarce and valuable resource able to bring creativity,

innovation and complex problem-solving skills to all they do. Most have a highly developed sense of their own value and are extremely demanding. They do not respond to the traditional corporate carrots and sticks – salary, status and performance measurement – the very stuff of traditional HR practices. This makes them problematic to lead. That's the bad news.

The good news is that clever people need the organisation as much as it needs them. They cannot function effectively without the resources it provides. The fact is that, contrary to what we have been led to believe, chief executives are not at the mercy of their star performers. There is a continuum between individuals who can create value more or less on their own

and the clever people we are talking about – who need the complex support systems of large organisations. Think, for example, of research scientists working on a new cancer drug. They cannot work effectively without research funding and the facilities of a top-class laboratory.

Unlike the traditional company-employee relationship, where the individual follower is more dependent on the organisation than the organisation is on him or her, the relationship between a company and its clever people is symbiotic, a kind of interdependence between equals.

### Key characteristics

No two clever people are alike, yet they have much in common. Leaders should be aware of the following characteristics that most clever people share and which collectively make them a difficult crew to manage. The following list can help HR professionals develop concepts and practices for the new world.

- **They know their worth.** The tacit skills of clever people are closer to the craft skills of the medieval period than they are to the codifiable and communicable skills which characterised the industrial revolution. This means you can't transfer the knowledge without having the people. Clever people know this.

- **They are organisationally savvy.**

Clever people will find the organisational context where their interests will be most generously funded. When the funding dries up, they have several options.

They can move on to somewhere where resources are plentiful or they can dig in and engage in elaborate organisational politics to ensure that their pet projects are indulged.

- **They are not impressed by corporate hierarchy.** Leaders who seek to use titles or hierarchical promotion to motivate them are likely to be met with cold disdain. But don't make the mistake of assuming this means they don't care about status: they can be very particular about professional status, and may insist on being called doctor or professor.
- **They expect instant access.** The ideas of clever people are so all-consuming to them that they cannot understand why they may not be to their leaders as well. If they don't get access to the chief executive, they will assume that the organisation does not take their work seriously.
- **They are well connected to other clever people.** Their concern with professional status usually means that clever people are plugged into highly developed knowledge networks – *who* they know is often as important as *what* they know. Their strong external networks both increase their value and make them more of a flight risk for the organisation.
- **They have a low boredom threshold.** Fail in an era of employee mobility to engage your clever people intellectually and to inspire them with an organisational purpose, and they will walk out the door. Are you opening that door by not presenting them with the opportunity to grapple with challenging problems?
- **They won't thank you.** Even when you're leading them well, clever people will be unwilling to recognise your leadership. Remember, these creative individuals feel that they don't need to be led. Measure your success by your ability to remain on the fringes of their radar. You know you're a success when you hear you're not getting in the way too much.

...they will only stay if you can offer them a great place in which to express their cleverness

*Rob Goffee is Professor of Organisational Behaviour at London Business School and Gareth Jones is a Visiting Professor at INSEAD and a Fellow of the Centre for Management Development at London Business School. They are the authors of 'Why Should Anyone Be Led By You?', Harvard Business School Press, 2006, and will be speaking on the subject of 'Leading clever people' on the opening day of the WFPMA's 12th World HR Congress to be held at London's ExCel Centre, 14-17 April 2008. For further information about the World Congress see [www.cipd.co.uk/worldcongress](http://www.cipd.co.uk/worldcongress)*

## reappraised its professional competencies

HRINZ has spent the last four years reviewing and updating the model on which it bases its professional standards and membership accreditation criteria. Kristen Cooper explains the new approach and describes the tools now coming online

Members of professional associations increasingly expect such organisations to use models of competence which are current, relevant and will have the effect of heightening awareness of and encouraging excellence in their particular professional area.

At least, this is the experience of the Human Resources Institute of New Zealand (HRINZ), which, like its Canadian and German equivalent bodies, has recently been through an evaluation of its competency model. As a result, all services are now being reviewed and redesigned to meet the expectations and drivers for HR success in New Zealand that have been identified in the new model.

HRINZ had been operating its previous model for more than a decade with only minor updating, before queries were raised about its scope. The framework comprised nine HR-centric competency areas:

- 1 Managing the HR function
- 2 HR planning and staffing
- 3 Learning, training and development
- 4 Employee relations
- 5 Remuneration and benefits
- 6 Safety, health, welfare and support
- 7 Systems and information management
- 8 Performance management and
- 9 Change management.

The model had been developed largely via a panel of subject matter experts, and concern was growing that perhaps the concentration on technical HR skills underrated the importance of the business as a whole.

"For some years now we've been concerned that the profession has been out of touch with what business wants," HRINZ's CEO Beverley Main told *WorldLink*. "HR has been seen more as a centre of compliance than a strategic business partner. So, with growing numbers of senior practitioners now gaining the credibility and experience to join the senior management team, it has become

important for us to articulate the types of behaviour and the competencies that make them effective contributors in that broader context. It's also important for the ongoing development of the profession in our country that less experienced practitioners see what skills and experience they need to be effective at the senior levels. We have a responsibility to our members to help them throughout their HR careers, and the competency model is the building block for that."

A review of the model started in 2004, with a study commissioned by leading academic and consultant Stephen Dakin. Dr Dakin reviewed competency literature and models for professional associations, and compared the HRINZ model (in detail) with six other HR models from four different parts of the world – the UK and Ireland (CIPD), United States of America (including SHRM), Canada (including the recently developed CCHRA model) and Australia (AHRJ). His analysis and findings suggested the Institute had several decisions to make.

The most fundamental question to be answered was the role of the Institute in relation to its competency model. "In the light of findings from other countries, we needed to decide whether we were going to become a formal certification (or 'gatekeeper') body, by providing courses and examinations to determine professional membership – as with the model used by the CIPD, for instance – or whether we were going to be a 'provider of resources' to members of the profession," says then President, Geoff Summers.

Up until this point, HRINZ had been a 'resource provider' organisation, offering functional and technical support and consultancy in the form of education, services, career guidance, research and publications. Professional accreditation was determined through an application process outlining accumulated career experience and qualifications, and a referee checking system.

Was the time right to make a change to the more formal examiner/gatekeeper role?

Debate was passionate. Eventually it was decided that the New Zealand context still called for the 'resource provider' approach. "We thought the accreditation process could take account of professional qualifications acquired through any of our more than 30 public tertiary institutions. That's a large number, given our 4 million population base, and we didn't want to use our members' resources to reinvent those wheels."

The next question was about how much the competency model should underpin the work of the Institute. "This was an easy one for us to decide," recalls Summers. "We thought it had to be our foundation. Everything we did should in some way assist members through their HR career path, and the competency model needed to help us – and them – achieve that. The professional courses we run, our networking opportunities, publications, professional accreditation system – all our services for members had to have this as their heart."

### Business issues

All decisions from there related to how the Institute could update the model to be more relevant. As suspected, Dakin discovered that all models, except our New Zealand one, recognised that success in HR hinges on more than technical skills and functional knowledge. In particular, most other models covered interpersonal skills, as well as stressing the importance of business understanding and the capacity to operate conceptually at a strategic level.

"The team knew before we started that our current competencies were too HR-centric; the benchmarking just confirmed this, particularly when we saw the greater focus on the wider business competencies within these other frameworks," says Summers.

But the relevance of the New Zealand context could not be underestimated. While many of our challenges are shared by our global colleagues, our labour laws are far-reaching and national commitment to the Treaty of Waitangi (signed in 1840 between the Crown, our governing monarch and the Maori, our native people) makes for a unique HR environment.

After extensive benchmarking of all of the international competency frameworks, and consultation both within the profession and the wider business community, it soon became obvious that a 'hybrid' of elements from the international frameworks could be combined with aspects of the local environment to provide the best new model for HRINZ.

Helpfully, the benchmarking exercise revealed that the existing New Zealand competencies could be incorporated within a new framework. As HRINZ's current President Bill Shields puts it, "We got pretty excited when we realised that our existing nine competencies could be subsumed and retained within a new-look five-category framework. We wanted members to see we weren't throwing out the existing competencies. We were just adding to them in an evolutionary, rather than revolutionary, way."

A significant team from the Institute has been involved in developing, testing and fine-tuning the competencies within HRINZ's new framework of five areas:

- 1 **Business knowledge** which focuses on a professional's understanding of the organisational value chain, how the organisation derives value from it, and how people add value to it;
- 2 **HR delivery** which focuses on exactly what it says and includes the nine above-mentioned HR competencies;
- 3 **Personal credibility** which focuses on effective relationships, achieving results and personal communication;
- 4 **Strategic contribution** which includes the key elements of culture management, change management, strategic decision-making and customer focus and market connection; and
- 5 **Business technology** which focuses on the application of technology as a key tool for implementing strategy, including linkage to plans, effective data analysis and facilitation skills.

Like other frameworks, the New Zealand one also has two levels of competency - 'Advisory' and 'Mastery'. Generally, advisory level competence concentrates on front-line delivery, usually within a very defined context. Mastery level competence indicates a broader application of skill in a more complicated setting, with a higher level of responsibility. In the New Zealand context, mastery competence is most likely to be attained when practitioners are in HR-line management or sole HR manager roles. Most members will find that they have a mix of competencies at the advisory and mastery levels, but for accreditation we expect to see a higher proportion of mastery achievement.\*

These upgraded competencies provide the Institute with a transparent standard for what HRINZ expects from an HR professional in New Zealand. Now that the new framework is in place, all other Institute services are being reconsidered and aligned to make sure members get the best possible benefit.

Three major initiatives relate to the realignment of the accreditation programme, the introduction of a career log, and the piloting of our 'education endorsement programme'. Each is briefly outlined here.

Accreditation at HRINZ occurs via on-line application, which has to give evidence of qualifications, skills and experience in relation to the five areas of the new framework. Generalist members can apply for generalist accreditation, and specialist members can apply for accreditation in any of five specialities: recruitment and selection, training and development, employment relations, recruitment or health and safety. Each application is considered by a grading panel made up of experienced senior practitioners from throughout New Zealand. Referees are contacted to verify the details and claims in the applications. Those who meet the criteria for generalist accreditation can use the initials MHRINZ (Member of the Human Resource Institute of New Zealand) and those awarded specialist accreditation can use SHRINZ (Specialist Member of the Human Resource Institute of New Zealand). Specialist and generalist accreditation are equally valued.

The new competency model means professional accreditation is now more strongly evaluated on a broader basis for both generalist and specialist members. Importance is placed on a practitioner's wider business acumen and on his or her experience in applying and adapting HR interventions to real business situations - more simply, the extent they are regarded as a partner in the success of the business.

Before applying for accreditation, members can use tools provided by the Institute to compare their experience levels against the competencies, and then benchmark, via a series of scores, how close they are to meeting or exceeding the accreditation requirements. This gives people a very practical sense of where they stand and what they need to aim for to achieve professional membership status.

Another on-line membership service, to be launched soon, is the career log. This will assist members to plan, track and review their professional development in line with the competency framework. It already has considerable support from the industry and is eagerly awaited by HRINZ's entry and mid-level practitioners.

Also in relation to the competency model HRINZ has been working on educational endorsement. As noted earlier, New Zealand has a host of tertiary institutions delivering HR programmes and many more, including HRINZ, delivering HR short courses. Our tertiary study environment encourages strong industry involvement in curriculum design and in ensuring the relevance of educational

## New framework

### Business knowledge

- Value chain
- Value proposition
- People value

### HR delivery

- Staffing and recruitment
- Performance management
- Development
- Remuneration
- Health, safety and wellness
- HR measurement
- Legal compliance and employment relations

### Personal credibility

- Effective relationships
- Achieving results
- Personal communication

### Strategic contribution

- Culture management
- Change management
- Strategic decision making
- Customer focus
- Market connection

### Business technology

- Linkage to plans
- Effective data analysis
- Facilitation skills

delivery. An extensive project conducted this year with the help of an AIESEC intern is revolutionising how HRINZ provides this input and yields effective service for members (and potential members) who are constantly seeking advice regarding which courses to study.

Briefly, tertiary HR education providers can apply to HRINZ for endorsement of their courses, which will be considered against the competency model. The result is a rating for the course regarding its contribution to knowledge and learning at the advisory or mastery levels of the competencies in our framework. In this way, HRINZ expects to be able to link educational achievement with accreditation requirements without having to design and administer all of the courses from the Institute. The system is in the pilot stage, and expected to be fully launched later this year.

"The examination of our competency model has opened new doors and opportunities for us to improve our services to members in a very focused way," says Beverley Main. "We're thrilled with the results and possibilities it has revealed."

*Kristen Cooper is a Vice President of the Human Resources Institute of New Zealand*

\*For more detailed information about the competency model, applying for professional accreditation, the career log and the educational endorsement programme see [www.hrinz.org.nz](http://www.hrinz.org.nz)

# Wide variation in pay rises

India can expect among the highest pay increases in the world this year at 14.1 per cent, nearly 10 per cent above local inflation, while North America and most Western European countries will experience the lowest salary increases.

A survey of 62 countries by Mercer shows that global salaries are expected to rise by an average of 6 per cent – 1.9 per cent above inflation – revealing a strong correlation with forecasts but also wide global variations.

Mercer partner Steve Gross points out that some multinational companies are experiencing labour cost savings of 75 per cent by sourcing labour from emerging markets, but he warns that such savings can evaporate over time because of long-term volatility in labour costs and inconsistent service quality, and not least since the companies generally need to invest more in employing supervisory staff and in training.

In Western Europe, Ireland is predicted to experience the highest actual salary increase (4.7 per cent) as well as the highest increase above inflation (2.6 per cent), while Bulgaria is expected to see one of the highest pay increases in Eastern Europe (9.3 per cent) and with expected inflation rates at 4.4 per cent, pay above inflation is projected at 4.9 per cent.

In Asia, as well as India, Vietnam is expecting a double-digit pay increase at 11.9 per cent, 5.6 per cent above inflation.

● *Mercer's 2008 Global Compensation Planning Report*, US\$780 / €630 from [www.imercer.com/gcpr](http://www.imercer.com/gcpr)

## HR ISSUES - omission

The report of the survey of HR issues in Europe published in the July 2007 issue of *WorldLink* omitted to mention that Malta was a participant country. Apologies for this. A similar survey covering the rest of the world and commissioned by the WFPMA is being prepared for the World Congress in April.

## THE WORLDBLINK HR CALENDAR

### January 30 – February 1, 2008

Toronto, Canada

#### HRPAO Annual Conference

Tel: +1 416 923 2324

Email: [mpawych@hrpao.org](mailto:mpawych@hrpao.org)

Website: [www.hrpao.org](http://www.hrpao.org)

### March 29, 2008

Athens, Greece

#### GPMA Annual Conference

Tel: + 30 210 682 4092

Email: [costaspap@freemail.gr](mailto:costaspap@freemail.gr)

Website: [www.gpma.gr](http://www.gpma.gr)

### March 31 – April 2, 2008

Boston, Massachusetts, USA

#### SHRM 31st Global Conference

Tel: +1 703 548 3440

Email: [rbarrera@shrm.org](mailto:rbarrera@shrm.org)

Website: [www.shrm.org](http://www.shrm.org)

### April 13, 2008

London, England

#### WFPMA Board and Heads of Nations Meetings

Contact: David Ang

Tel: +65 6438 0012

### April 14–17, 2008

London, England

#### 12th WFPMA World HR Congress

Tel: +44 20 8612 6248

Email: [conf@cipd.co.uk](mailto:conf@cipd.co.uk)

[www.cipd.co.uk/worldcongress](http://www.cipd.co.uk/worldcongress)



## WFPMA World HR Congress

14–17 April 2008, London

- Explore the latest developments and best practice in HR across the globe.
- Hear from inspirational leaders and HR experts such as **Charles Handy**, **John Boudreau** and **Nancy Kline**.

Gain practical solutions to the challenges you face and network with your international peers.

For more information, visit [www.cipd.co.uk/worldcongress](http://www.cipd.co.uk/worldcongress)



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**2008 World Congress chairman** Geoff Armstrong, UK and Ireland

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#### AFHRMA (13)

AFRICAN FEDERATION OF HRM ASSOCIATIONS

Angola, Botswana, Democratic Republic of Congo, Kenya, Malawi, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe

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#### APFHRM (14)

ASIA PACIFIC FEDERATION OF HRM

Australia, Bangladesh, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Papua New Guinea, Philippines, Singapore, Sri Lanka, Taiwan, Thailand

**President** Ernie Espinosa, Philippines

#### EAPM (28)

EUROPEAN ASSOCIATION FOR

PERSONNEL MANAGEMENT

Austria, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Malta, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom

**President** Rudolf Thurner, Austria

#### FIDAGH (15)

INTERAMERICAN FEDERATION

OF PEOPLE MANAGEMENT ASSOCIATIONS

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**President** Horacio Quirós, Argentina

#### NAHRMA (3)

NORTH AMERICAN HRM ASSOCIATION

Canada, Mexico, United States

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