



# RAYMOND

## EXECUTIVE SEARCH

INFO  FLASH JEAN RAYMOND'S BULLETIN

### Economy Recovery

People regularly ask me how the economy is doing. Where are we at with this recession? I am not an economist and I have no crystal ball, but the nature of our business does give us insight into the current economic reality.

This is the third recession that I have lived through in executive search. This doesn't make me an expert but it has allowed me to witness some extremely difficult situations around me. The current recession has left a sour taste in my mouth because I feel that it was caused in great part by the abuse of a small number of business leaders. The effect, however, has been a general loss of confidence toward the business community.

So where are we at today with this recession? First we need to define recession, because I suspect that it has a very different meaning depending upon where you are in your career, which economic sector you work in, where you were at financially before it hit, what your professional status is and finally, the country where you live.

For the past few weeks I have been attentive to this question, I have read, listened and consulted my network of key recruiters and clients. What I have found was that more and more experts are confident that this recession is over and key economic indicators are up. I have noticed that activity around my EMA Partners has increased, that businesses are regaining confidence but remain cautious. Another encouraging sign is that consultants in organizational transformation are particularly busy.

So let's agree that better days are ahead. As for me personally, these better days may be a little farther off because there is so much catching up to do. I'm also worried about the amount of debt carried by some countries and consumers. Countries like Iceland and Greece have very serious problems; our American neighbours also have big challenges ahead. At home, things are scarcely better: a recent article written by a well respected economic journalist stated that the level of debt for Quebecers is 110% of GDP, sending chills up my spine.

### So!

Even though signs are encouraging, consumers will have to be patient because they can't count on any miracles happening.

Economic recovery will be slow because countries all around the world are so indebted.

What is in store for us in the next few years? Will taxpayer confidence be regained? Larry Mishel, an economist with the Economic Policy Institute, points to the fact that from the 1940s until around 1970, as workers became more productive, their salaries grew accordingly. But around 1970, things changed, and for the next four decades, as productivity skyrocketed 70%, hourly wages hardly budged, rising a mere four percent. "We know that CEOs in large companies make 270 times that of a typical worker," Mishel said. "It used to be around 20 times, 30 times, back in the '60s and '70s."

Companies that pay particular attention to their governance and listen to consumers could grow their market shares. Take for example Hyundai, which experienced 8% growth while most major automakers were losing market share. And interestingly, while the US government poured billions of dollars into Detroit and the car industry, American consumers still shied away from buying American even though they were now major investors in these companies.

One interesting fact—that is unrelated to the recession but will have a major impact—is demographics. Here in Quebec, according to La Presse's Sophie Cousineau in her article entitled « An act of Faith », 2013 will be a pivotal year as more people will be leaving than entering the workforce. This is a phenomenon that will be happening not only here but in many developed countries. In my opinion, this is an encouraging phenomenon for future generations. It will have a fascinating impact on the job market for many years, and will reshape the business environment.

Everyone in the human resource market should not only be focused on the recession, but on the changing demographics in our society. Those who shape their businesses to this trend will prosper as we get to the inevitable end to this downturn in our economic cycle..

**Jean Raymond**  
President

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