The Glenn Commandments: 5 Ways Upcoming U.S. Elections Will Affect Canadian Companies’ HR Operations

Why should you care about the upcoming November mid-term elections in the U.S. if you’re an HR director on this side of the border? While election results will have no direct impact on Canadian employment laws, dismissing the election as a “purely American issue” would be a mistake. Despite the recent erosion in U.S.-Canadian relations, the political, financial, and legal ties between the two countries remain indisputable. The U.S. is Canada’s largest trading partner. Thousands of Canadian companies depend on U.S. customers, suppliers, investors, and parent companies. **Result:** Decisions made in Washington have consequences for Canadian businesses and their HR operations.

With so much at stake, Canadian HR directors must prepare for the U.S. elections’ potential ramifications—not by trying to predict which side will win but instead identifying the HR operations that the outcome will likely affect. Here are the five potential consequences to anticipate and how to prepare for them.

1. Hiring & Personnel Needs May Change

The elections will affect what for HR directors is the primary imperative, namely, getting the right people in the right positions at the right time. As became painfully clear in 2024, elections directly impact U.S. economic and trade policy and thus demand for Canadian products and services.

Action Point: Be prepared to adjust your hiring and downsizing plans more quickly than anticipated, especially if your business serves the U.S. market. Thus, for example, a decisive Democrat victory might be cause to accelerate planned expansion and hiring whereas retention of Republican control of both houses may lead to deferral or postponement.

2. HR & Payroll Budgets May Need Adjustment

Economic developments in the U.S. affect inflation, interest rates, and exchange rates in Canada, all of which has a downstream impact on HR and payroll budgets. Thus, for example, if inflation accelerates, expect employees to demand larger wage increases to maintain purchasing power.

Action Point: HR directors preparing compensation budgets should anticipate and allow for adjustments in response to changes to macroeconomic conditions. Incorporate flexibility into salary increase assumptions, incentive plans, bonuses, employment benefits, and retention strategies. Provide for periodic review after elections and other significant events impacting economic conditions rather than only during annual budgeting cycles.

3. Cross-Border Mobility Could Become More Complex

The elections may lead to changes in U.S. immigration enforcement, border administration, and/or employment authorization policies. These changes will likely impact Canadian companies that carry on employment-related activity across the U.S. border, including those that:

- Regularly send employees to the U.S. for meetings, training, customer support, project work, or other business purposes.
- Recruit American employees.
- Transfer personnel between Canadian and U.S. operations.
- Manage integrated North American workforces.

Action Point: HR directors should work with legal counsel and business leaders to identify employees whose responsibilities require travel or assignments in the U.S. and confirm that existing processes remain appropriate. In planning cross-border activities, HR should closely monitor U.S. immigration law changes—especially with regard to business visitors and employee transfers—and account for the possibility of longer processing times, additional documentation requirements, and/or revised enforcement policies.

4. Canadian Subsidiaries of U.S. Companies May Face New Corporate Directives

Canadian employers that operate as subsidiaries of U.S.-based corporations may face new corporate policies or revised business priorities based on the results of the mid-term elections. For example, U.S. headquarters may review initiatives involving diversity, equity and inclusion (DEI), environmental, social and governance (ESG) reporting, remote work, employee training, or workplace compliance programs.

Action Point: While being prepared to follow the orders of their U.S. parents, HR directors of Canadian subsidiaries must also recognize that policies developed for U.S. operations can’t simply be applied in Canada. Such policies should thus not be implemented unless and until qualified legal counsel reviews and confirms that they comply with applicable Canadian laws, which may involve revising some or all of the terms of the U.S. original.

5. Labour Market Conditions May Change

The outcome of the U.S. elections may have a downstream influence on Canadian employee behaviour. The resulting economic changes may encourage some employees to move to different companies or sectors and others to remain with their current employer.

Action Point: Recognize that recruiting and retention strategies that were effective six or 12 months ago may require adjustment after the election. Rather than relying solely on historical turnover data, HR directors should monitor labour market trends, vacancy rates, and recruiting performance throughout the year. Maintaining relationships with recruiters, educational institutions, and professional associations can also improve a company's capacity to respond quickly if hiring conditions change.

Takeaway

Although they don't affect Canadian laws, U.S. elections affect Canadian businesses. For HR directors of companies with a stake in the outcome, the key is preparedness rather than prediction. It's impossible to predict with certainty either the winner or the impact of the victory. Campaign promises fall by the wayside and political conditions change. And the new legislation and regulation that does get adopted typically take months or even years to implement.

So, resist the urge to make significant HR policy changes now based solely on campaign announcements or media speculation. Instead, use the U.S. election as an opportunity to revisit current policies and contingency plans. Key questions:

- Which parts of our business are most dependent on the U.S. economy?
- Can the company recruit the employees it needs if business grows unexpectedly?
- Can it defer hiring, downsizing, or otherwise adjust personnel plans quickly and compliantly if demand weakens?
- Are alternative staffing arrangements be made if cross-border travel becomes more complicated?
- Is there a process for pre-implementation vetting of new policies dictated by U.S. HQ for compliance with Canadian laws?