



## The Alliance of Sector Councils (TASC)

### **OLDER WORKERS AS IMPORTANT LABOUR FORCE PARTICIPANTS** *A Discussion Paper*

This year, nearly all growth in the labour force will stem from immigration. And yet new Canadians themselves are an aging demographic, as they tend to be older and have fewer children than past cohorts of newcomers. The tale is not merely one of fewer available workers, but of fewer people with the high skills levels needed for Canada to compete and prosper in a globalized, knowledge-based economy of high-value-added goods and services.

**The Honourable Perrin Beatty, President and CEO, Canadian Chamber of Commerce,  
October, 2010, *Canada's Demographic Crunch***

*[The Special Senate Committee on Aging...] heard a call to recognize the place of seniors as active, engaged citizens in our society; a call to afford older Canadians the right to choose to age in the place of their choice; a call to place as much importance on adding life to years, as we do on adding years to life. Above all, we heard a call to recognize the aging population as an opportunity for Canada.*

**The Special Senate Committee on Aging, April 2009, Excerpt from *Canada's Aging Population: Seizing the Opportunity***

*"I do think that it won't be long after the recession is over that we're going to start to see the longer-term problem, which is labour shortage in our economy. That is the big challenge. We were having this in some sectors in some parts of the country before the recession and I think that will be upon us almost as soon as the recovery ends."*

**Prime Minister Stephen Harper, January 4, 2011, CBC's *The National***

September 2011

Funded by the Government of Canada's Sector Council Program 

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The opinions and interpretations expressed in this publication are those of the author and do not necessarily reflect those of the Government of Canada.

## **1. Introduction and overview**

The prospect of a shrinking workforce in Canada and in the wider developed world presents considerable challenges and opportunities for industries and employers. With retirement imminent for many aging baby boomers, along with declining birthrates, a shortage of skilled workers looms. Employers are looking to immigration to bridge labour gaps, but increasing competition for immigrant workers will force Canadian industries and employers to put in place effective global competitiveness strategies. The growth and sustainability issues related to worker shortages will be most pronounced in the developed world, but they will also impact emerging economies.

Untapped sources of new skilled workers are not abundant, and one of the more obvious strategic responses is to improve the rates of retention and re-engagement of older workers. Understanding how this might be accomplished, including what interventions would contribute to positive outcomes, will be important for sector councils as they continue to address labour force issues, challenges and strategies.

This discussion paper will summarize the Canadian situation as it relates to older workers and labour force planning issues, the benefits and opportunities related to better utilizing older workers, and current sector councils' responses and actions in this area.

## **2. Workforce aging and Canadian industry sectors**

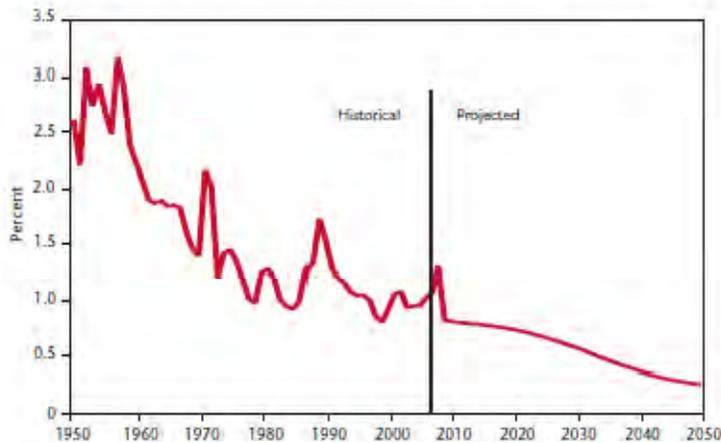
There are major structural changes occurring in the Canadian labour market that reflect domestic and international demographic trends. Canada's population growth rate, for instance, has been stagnant or decreasing for many years. Immediately after the Second World War the average fertility rate in Canada was 3.6 children per woman. By 2008 the fertility rate had decreased to 1.6 children per woman. This downward trend is continuing such that the fertility rate does not now, and will not in the future, offset the aging of Canada's population and labour force.

Graphs published in a paper<sup>1</sup> by McGill University Economist Christopher Ragan point to a population growth rate that will have fallen from 3.2% in the 1960s to a projected 0.5 % in 2050 (Figure 1). By contrast, seniors as a percentage of Canada's population will rise from 14% today to a projected 26% by 2040 (Figure 2).

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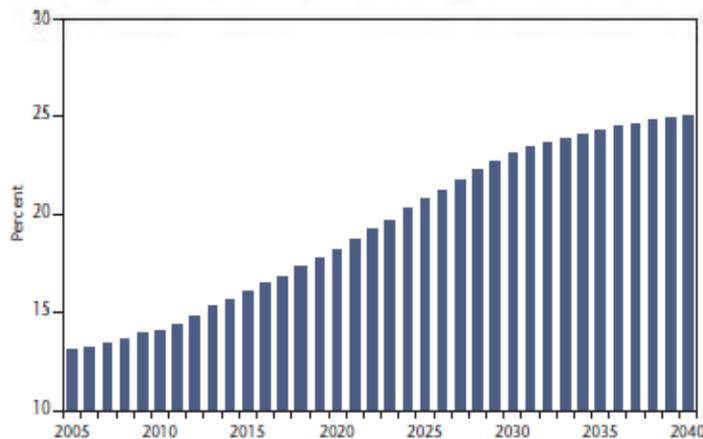
<sup>1</sup> *Two Policy Challenges Driven By Population Aging*, October 2010, *Policy Options*

FIGURE 1. CANADA'S DECLINING POPULATION GROWTH RATE, 1950-2050



Source: Author's calculations based on data from Statistics Canada and the Office of the Chief Actuary.

FIGURE 2. SENIORS AS A PERCENTAGE OF CANADA'S POPULATION, 2005-40



Source: Author's calculations based on data from Statistics Canada and Office of the Chief Actuary (23<sup>rd</sup> Actuarial Report on the Canada Pension Plan).

Canada's declining fertility rate, and the skilled labour shortage it feeds into, means that employers striving to maintain their global competitive skills advantage will have to find new labour sources. Older Canadians extending their stay in, or returning to, the workforce highlights one part of the solution.

Statistics Canada's 2010 Labour Force Survey<sup>2</sup> shows that the labour market participation rate of Canadians drops precipitously as they reach their senior years:

- The 2010 labour force included over 18, 500,000 individuals;
- 60.7% of men 45 years and older are active in the workforce, while only 16.2% of men over 65 years are active in the workforce;

<sup>2</sup> Statistics Canada, CANSIM, table [282-0002](#)

- 49.3% of women 45 years and older are active in the workforce, while only 7.5% of women over 65 years are active in the workforce.

Concurrent with the declining birth rate is an increase in life expectancy and improved health outcomes later in life. In 1950 life expectancy was 71 years. That number has steadily increased, and stands at 81 years today. This, combined with inadequate retirement savings, higher personal debt levels and many retirees discovering that freedom from work is not always a recipe for happiness, has prompted growth in the number of older workers staying in the workforce longer, or returning to the workforce after a period of absence. While these changes are more pronounced due to the global recession, they are not an anomaly.

Indeed, Statistics Canada research and data show that many seniors are returning to the labour force, with almost one third of returnees taking full time work. The rate is greater for men than for women. Statistics Canada produces regular updates on seniors' labour force attachment<sup>3</sup>.

In the 2003 TASC research paper, *The Aging Workforce and Human Resources Development Implications for Sector Councils*, along with other more recent reports, the following labour market trends and projections are noted:

1. The accelerating departure of baby boomers from the labour force is creating a skills shortage to varying degrees, and with a range of impacts, across sectors;
2. Technology is changing the nature of work and creating increased demand for skills upgrades;
3. A growing number of older adults are returning to the workforce after retirement, particularly those who retired early;
4. Older workers constitute an increasing percentage of the workforce in sectors such as tourism, agriculture, utilities, education services, public administration, transportation and warehousing, health care and social assistance, finance, insurance, real estate, and those sectors with concentrations of trades workers;
5. Canada's Aboriginal population is growing at a faster rate, and is younger, than the population as a whole, which should make Aboriginal youth a significant and relatively untapped labour force development priority;
6. Immigration rates have been increasing, and selection criteria have become more targeted, to more strategically respond to labour shortages.

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<sup>3</sup> Statistics Canada, *Retirement, health and employment among those 55 plus*, (<http://www.statcan.gc.ca/pub/75-001-x/2011001/article/11402-eng.htm>)

### 3. Labour force challenges and opportunities for Canadian employers

Canadian employers are finding it increasingly difficult to hire enough appropriately skilled workers to remain competitive. While the solutions rest on more than the recruitment and retention of older workers- for example essential skills training for young people with barriers to employment; more emphasis on skills training and upgrading, particularly as technology changes significantly alter the competency requirements of key occupations; and immigration policies and procedures that target the needs of industries and regions with acute labour shortages- older workers should be a labour force development priority.

Measures that can be undertaken to better utilize the labour potential of older workers are numerous. This was recognized by Human Resources and Skills Development Canada, in partnership with the provinces and territories, with the establishment of the Targeted Initiative for Older Workers program. It was established to assist unemployed older workers, living in communities with high unemployment rates, trying to re-enter the labour force.

Several substantial research and consultation initiatives have focused on the role of older workers in Canada's workforce, including a 2008 Conference Board of Canada report written for TASC titled *Rethinking the Canadian Workforce: Implications of an Aging Population*. It argues that increasing international competition for immigrants, and the limited effectiveness of policies that encourage families to have more babies, makes it imperative to encourage older workers to remain in the labour force longer. The report points out that jurisdictions, primarily Europe and Japan, that have met this challenge head on have based their success on an integrated approach that simultaneously changes employees' attitudes toward work and retirement to make work more appealing, have implemented incentive policies aimed at delaying retirement, and have undertaken a fundamental review of human resource policies and practices with a clear goal of encouraging extended labour force attachment.

The recent Public Policy Forum summary report, *Canada's Aging Workforce: A National Conference on Maximizing Employment Opportunities for Mature Workers*<sup>4</sup>, picks up on many of the themes explored in TASC's paper, focusing on measures to more effectively accommodate older workers and to facilitate their extended workforce participation.

Drawing on recommendations that have been put forward in these and other reports in recent years, here are some of the reasons most often cited for retaining and recruiting older workers:

- The benefit of retaining experience and corporate memory;
- The costs of training new and younger employees;

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<sup>4</sup> Published in 2011

- The impressive work ethic, reliability and loyalty;
- Good customer relations skills, and maintenance of relationships with long-standing customers;
- The increasing shortage of skilled workers with the necessary skills and experience.

Employers that do decide to make employing older workers a priority may consider the following practical recommendations. They are divided here into two categories- **retaining** older workers and **recruiting** older workers:

**A. Retaining older workers:**

*Accommodation*

1. Make a point of encouraging, and recognizing the contributions of, older workers;
2. Offer flexibilities, including flexible work hours, part-time work, compressed work weeks;
3. Develop off-site work and tele-working arrangements;
4. Facilitate gradual transitions to retirement;
5. Promote the health and well-being of older workers in the workplace with ergonomic work stations, equipment and furniture adjustments, adequate lighting, accommodation of mobility restrictions, and promotion of a healthy work/life balance;
6. Ensure that work assignments are age-appropriate, considering such factors as physical demands and travel requirements;

*Training*

7. Provide training opportunities for older workers to upgrade skills, including those pertaining to new technologies;

*Inclusion*

8. Create more age-friendly work places, in part by ensuring that hiring and promotion do not discriminate on the basis of age;
9. Foster a workplace culture that emphasizes interaction among all workers and embraces diversity;

10. Ensure that team-building or off-site activities are appropriate for people of all ages;

#### *Succession Planning*

11. Implement succession planning activities that take appropriate advantage of the experience and skills of older workers;

12. Facilitate mentorships between older and younger workers to pass on skills and corporate knowledge;

#### **B. Recruiting older workers:**

##### *Marketing*

1. Increase employer awareness that older workers are a valuable resource, particularly when facing worker shortages;
2. Target a portion of recruitment efforts to older workers with experience and skills;
3. Use a flexible approach to attracting older workers, recognizing their diverse interests and needs;

##### *Training and Accommodation*

4. Provide training programs and subsidies to facilitate the move from retirement back to the workforce;
5. When appropriate, pair older workers re-entering the workplace with existing workers to facilitate the employment transition;
6. Use current skills assessment and job search assistance tools and techniques as a critical part of the recruitment process;
7. Recognise that some older workers may have single employer experience, outdated job search techniques, financial pressures and a lack of formal or advanced education- factors that need to be incorporated into training and accommodation processes;
8. Recognize the transferability of experience, competencies, and skills.

#### 4. Sector council responses and approaches

Most sector councils have current labour market information on their sectors and are aware of the implications of an aging population for their particular work force. Some have implemented programs and services of particular relevance to older workers. Examples of these include:

1. **Canadian Tourism Human Resource Council**- With a focus on engagement with older workers, the Council has undertaken the following:
  - a. Placement of resources on attracting, training and retaining older workers on its *Discover Tourism* web site.
  - b. Articles published by the Council itself, and in sector trade journals:
    - i. *"Generation Gap"*, managing with different age demographics on staff
    - ii. *"Reaching Out To Recent Retirees"*, ways to attract and retain older workers through phased retirements or returning to the work force
    - iii. Selected ready-to-work program offerings for older workers.
  - c. Presentations at Council's annual HR Forum:
    - i. *"You, Me and Them: Dealing with Generational Differences in the Workforce"*, by Dr. Linda Duxbury of Carleton University
    - ii. *"Utilizing Generational Labour Pools"*, by Konstantin Bernaschek of CARP
    - iii. *"Four Generations, One Workplace . . . How to Thrive in the Future"* by Olivia McIvor.
  - d. Attending CARP's Zoomer tradeshow, fall 2011, with tailored materials for this audience.
2. **The Canadian Auto Repair and Service Council (CARS)**- The online training programs offered through "CARS OnDemand" have made ongoing skills development more accessible and flexible.

The online skills assessment tool, "CARSability", helps workers identify skills deficiencies that need to be strengthened in order to excel in their current occupations, or to move into new occupations as they advance in their careers.

The workplace mentorship program provides new entrants with practical on-the-job

learning that cannot be achieved in the classroom. This gives older workers the opportunity to keep up with changing technology and pass their knowledge and experience onto a new generation of technicians.

3. **HR Council for the Non-Profit Sector**- Publishes research elaborating on the potential for late career and post-retirement recruitment from the private and public sectors to the nonprofit sector:
  - a. **Boomer Bridging: Tapping into the talents of late career employees**  
Many baby boomers see retirement as a change-point in their working lives.
  - b. **The Boomer Boon: Generating ideas about engaging baby boomers in the nonprofit sector**  
High skills baby boomers represent a potential supply of labour, both paid and unpaid, for the nonprofit sector.
4. **Construction Sector Council**- As a result of its aging work force and the need to replace retiring workers, the Council has undertaken the following projects:
  - a. Published a report on older workers in the Canadian construction industry, with comparisons to other countries' construction workforces.
  - b. Held consultations with the Canadian construction industry on older workers, seeking ways to assist their continuing in, or returning to, the labour market.
  - c. Undertook the development of sample policies and procedures that industry could adopt to promote retention, and make the most effective use, of older workers.
5. **Apparel Human Resource Council**- In response to sector growth, expanding labour requirements, and an aging work force, the Council is currently forming plans to address the industry's general lack of succession planning.

## **5. Conclusion: Older Workers, A Key to Economic Recovery, Stability and Growth**

The Canadian economy appears to be emerging from the recent recession in a better position than many G8 countries. This places Canadian employers and businesses in a strong position to prosper and grow, with relatively little disruption.

Still, demographic changes, particularly an aging population eyeing retirement, pose significant labour market challenges. A shortage of workers with the appropriate skills for high-demand occupations is a challenge for many employers and industries. The effectiveness with which employers are able to address these evolving labour force challenges will, in large part, determine how competitive their industries remain.