

Strategies for an aging workforce: innovative responses to labour and skill shortages

Graham S. Lowe, Ph.D.

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UNIVERSITY OF ALBERTA



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Current demographic trends point to future human resource challenges

- ✓ Average age of the labour force is rising
 - Rose from 36.5 to 38.4 between 1991-2001 in Alberta
 - 11.6% of the Alberta workforce is 55 and older
- ✓ Relatively fewer youth entering labour market
 - In Alberta, ratio of 20-34 yr olds to 55 + workers declined from 4.2:1 to 2.8:1 between 1991 and 2001
- ✓ Workforce aging already creating labour shortages in health, education, construction trades
- ✓ Recent immigrants accounted for 70% of labour force growth in the 1990s
- ✓ New jobs require higher skills and education

Source: Statistics Canada, *The changing profile of Canada's labour force*. 2001 Census: analysis series. February 2003. www.statcan.ca

Four strategies...

1. Tap underutilized labour
2. Rethink retirement
3. Leverage existing talent
4. Create partnerships

1) Tapping into underutilized supply

- Labour force participation may have plateaued for women
- Room to increase among youth and 60+
- Better utilize immigrants
- Growing Aboriginal population
- Make fuller use of underemployed workers (e.g., involuntary part-timers, contingent workers, solo self-employed) and the trainable unemployed

Implications of this strategy

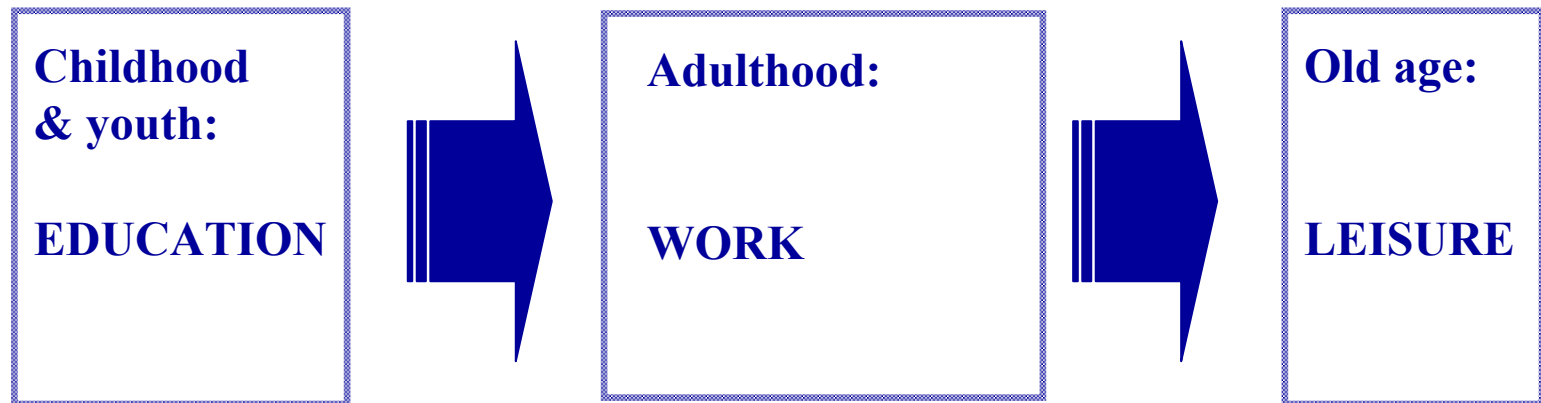
- Risks of using student workers
- Need family-friendly workplaces
- Recognition of foreign credentials
- Support cultural diversity in workplaces
- Make long-term investments in Aboriginal education
- Rethink retirement policies and practices

2) Rethink retirement

- New models of retirement are already emerging, especially among knowledge workers
 - 65 is no longer the magic retirement age
 - Baby-boomers will reinvent retirement
 - So employers and policy-makers need to be proactive
- Learn from the 1990s
 - Downsizing and restructuring affected retirement behaviour and imposed costs on organizations

Retirement policies don't fit life-course realities

- *Growing numbers of workers do not fit the 3-stage 'normal' life course*
- *But this model is the basis for institutions of education, work and retirement*



Need innovative approaches to human resource management

- Workforce aging is not just a “retirement” or “succession” issue
- Know your workforce
 - How do retirement plans and behaviour vary by individual circumstances?
- Innovative approaches to human resource management:
 - Flexible retirement policies
 - Non-traditional sources of recruitment (middle-aged; related fields)
 - Succession planning requires knowledge transfer
 - More emphasis on ‘life-long learning’ to meet future skill need and prepare younger workers for greater responsibilities
- This requires a comprehensive HR strategy that addresses culture, careers, learning, job structures, management and leadership

3) Leveraging existing talent

- **Looking beyond skill shortages, there also are shortages of opportunities for high-skilled work**
 - How effectively is your organization utilizing its existing human capital?
- **Need to focus on the enabling conditions for the continuous *use and development* of skills**
 - All workers can be ‘knowledge workers’ in the right work environment
- ***Use and development* of skills and knowledge depend on:**
 - human resource management practices
 - work organization and job design
 - workplace culture and leadership
 - overall business strategy

Learning and working converge

- Tapscott states: “Because the digital economy is based on knowledge work and innovation, there is a convergence between work and learning. While you perform knowledge work, you learn. And you must learn minute by minute to perform knowledge work effectively....In the new economy, the **learning component of work becomes huge.**”
- Tapscott, D. (1996). *The Digital Economy: Promise and Peril in the Age of Networked Intelligence*. San Francisco, CA: McGraw-Hill.
- Drucker argues that knowledge workers must be treated as assets, not costs. Two key features of their work and responsibilities must be: 1) **continuing innovation**, mainly around quality of what they do; 2) **continuous learning and continuous teaching**.
- Drucker, P. (1999). “Knowledge-worker productivity: the biggest challenge.” *California Management Review*, 41(2): 79-94.

Workplace learning challenges that affect innovation and productivity

- Difficult to predict future skill needs
 - different than predicting 'labour' shortages
- Overqualification
 - Many surveys show that about 25% of workers feel over-qualified for their job, based on their skills, knowledge and abilities
- Most job growth is in SMEs
 - SMEs face barriers to skill development, but also have advantages: flexibility, informality, may have more satisfied and committed workers
- Compared to other leading economies, Canadian employers under-invest in training

Learning and innovation in a high quality work environment

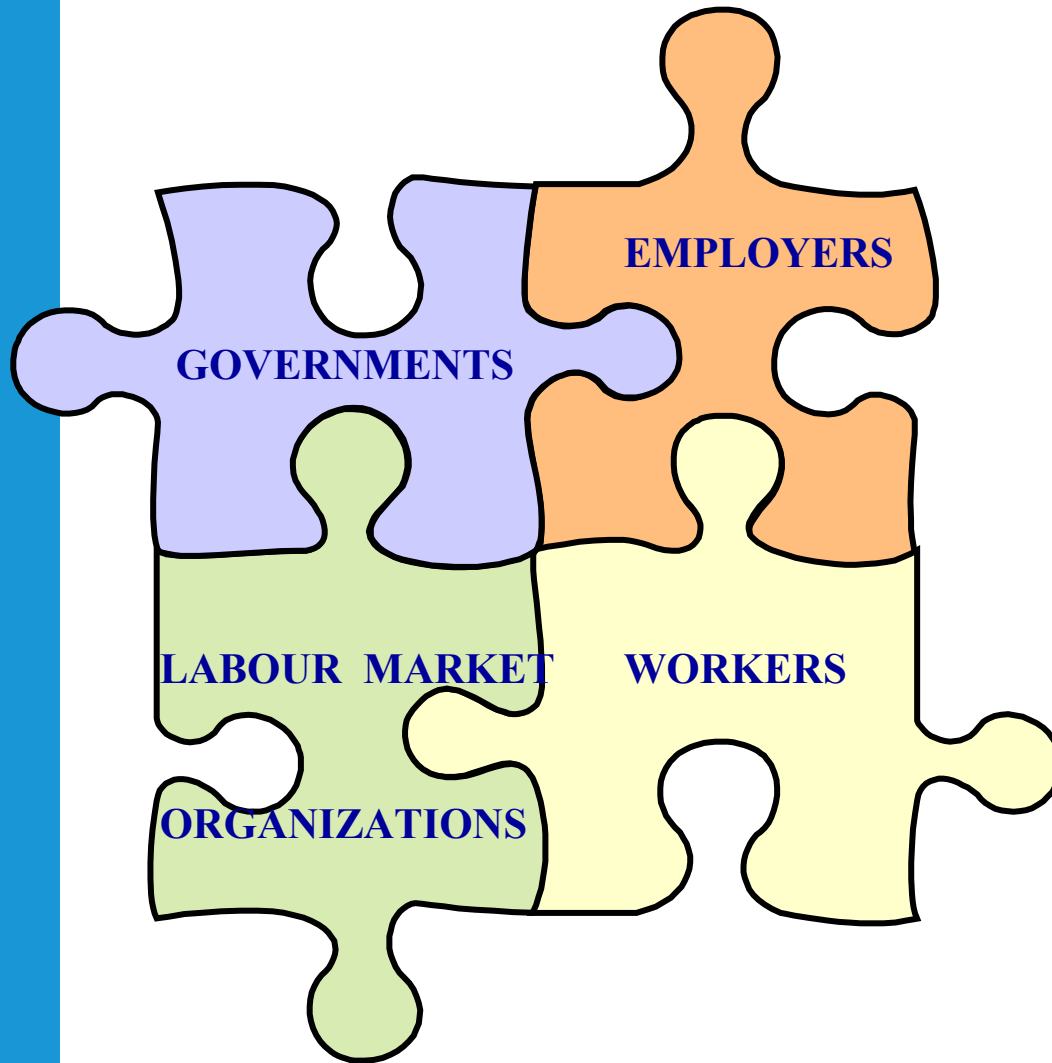


Adapted from: G. Betcherman, K. McMullen & K. Davidman, TRAINING FOR THE NEW ECONOMY. CPRN, 1998, p. 68.

4) Partnerships to meet common goals

- Many regions, sectors and employers face employee recruitment, development and retention challenges
- Create solutions that fit your circumstances and meet your specific needs
- Think 'guiding principles' rather than 'best practices'
- Important to learn from others

A multi-partner approach to workforce development



Examples:

- Canada: Sector Councils
- Alberta: Northern Alberta Development Council
- UK: Investors in People
- Singapore: Integrated Workforce Development Plan
- Europe: European Employment Strategy

Shared responsibilities for leading change

	Individual firms	Public policy	Partnerships
<i>Strategy</i>			
Tap underutilized labour	✓	✓	✓
Rethink retirement	✓	✓	
Leverage existing talent	✓		✓

This presentation and related information
is available on my website:

www.grahamlowe.ca

E-mail: glowe@grahamlowe.ca