

Riding the Age Wave: Designing People Strategies for an Aging Workforce

Workshop by Graham S. Lowe, Ph.D.
Sponsored by CPBI Edmonton
June 15, 2005



Copyright © 2005 Graham Lowe Group



TODAY'S AGENDA

- 8:00-8:15 Introductions, agenda review, expectations.
- 8:15-8:45 1. Alberta's workforce context.
 - » DISCUSSION: Workforce aging as a strategic business issue.
- 8:45-9:15 2. Workforce aging and innovative people practices.
 - » DISCUSSION: Your workforce renewal strategy.
- 9:15-9:45 3. Rethinking older workers' roles.
 - » DISCUSSION: How are you changing retirement behaviour?
- 9:45-10:00 **Break**
- 10:00-10:30 4. Flexible phased retirement.
 - » DISCUSSION: Advantages, disadvantages, HR implications for you?
- 10:30-11:00 5. Employees' values, expectations and needs.
 - » DISCUSSION: How are you responding to your older and younger workers?
- 11:00-11:30 6. Knowledge, succession and leadership.
 - » DISCUSSION: How are you managing this transition and what gets in the way?

www.grahamlowe.ca

Copyright © 2005 Graham Lowe Group

2

Integrated approach to workforce aging



1. → The Alberta Context

Key Workforce Trends

- High participation, low unemployment
- Rapid growth of 45+ age group
- Persistent labour and skill shortages in core sectors
- Specific sectors and occupations more vulnerable to aging than others:
 - management, skilled trades, agriculture, transportation, health, education, business and financial services

Oil patch labour woes a national problem

By DEBORAH YEDLIN
Friday, April 29, 2005, Page B2

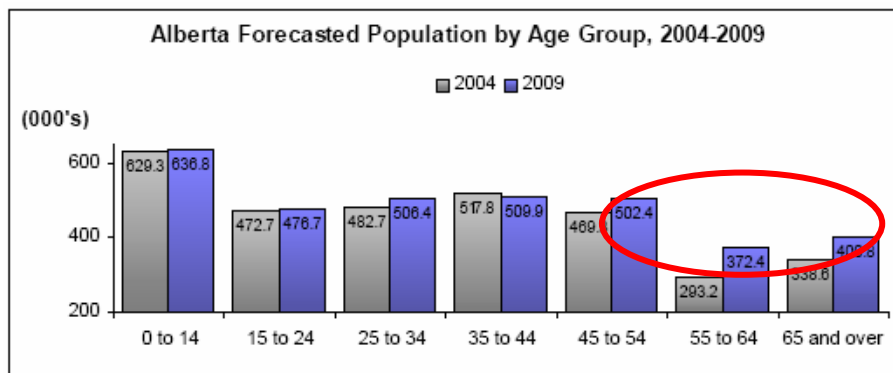
“The issue of looming labour shortages in the oil patch was front and centre again Wednesday night as the Alberta Union of Public employees organized a rally at the legislature in Edmonton to protest the hiring of foreign workers.”


GLOBEANDMAIL.COM

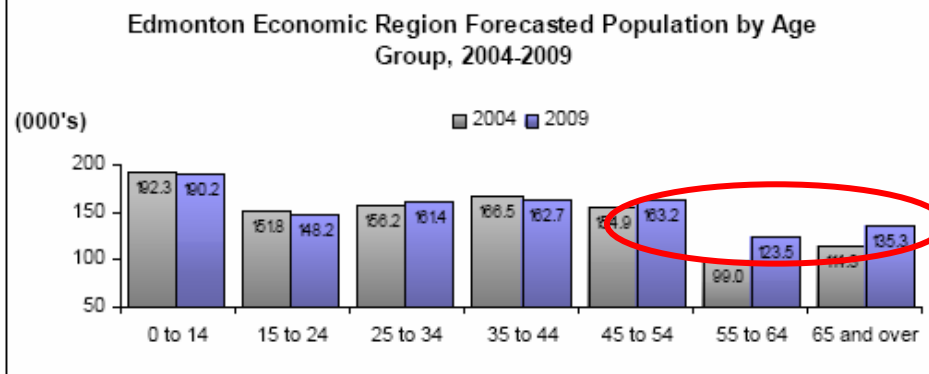


* Older workers defined as ages 45+

Source: Alberta HRE, *Alberta Profile: Older Workers in the Labour Market*, Sept. 2004.
www3.gov.ab.ca/hre/lmi/pdf/OlderWorkers_Profile1.pdf

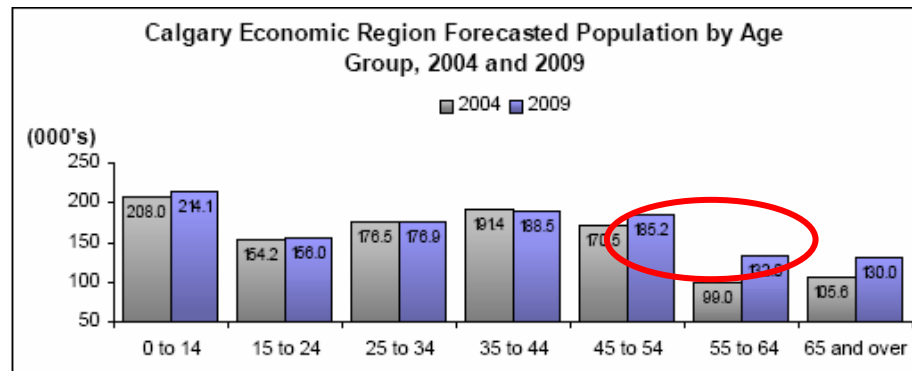


Source: Alberta HRE, *Alberta's Regional Population Outlook 2004-2009*, Aug. 2004
http://www3.gov.ab.ca/hre/lmi/pdf/2004-09_outlook.pdf



Data Source: Centre for Spatial Economics, AHRE's Regional Occupation Outlook

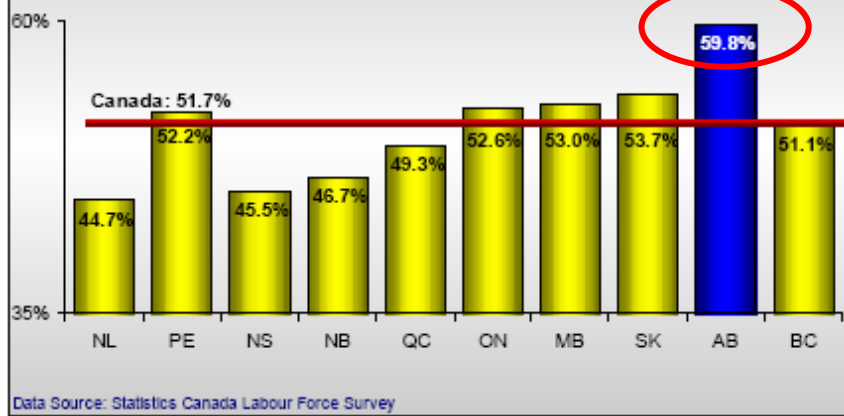
- Expect a disproportionate increase in the older population
- 65+ group will increase by 21,000, representing 42% of total population growth



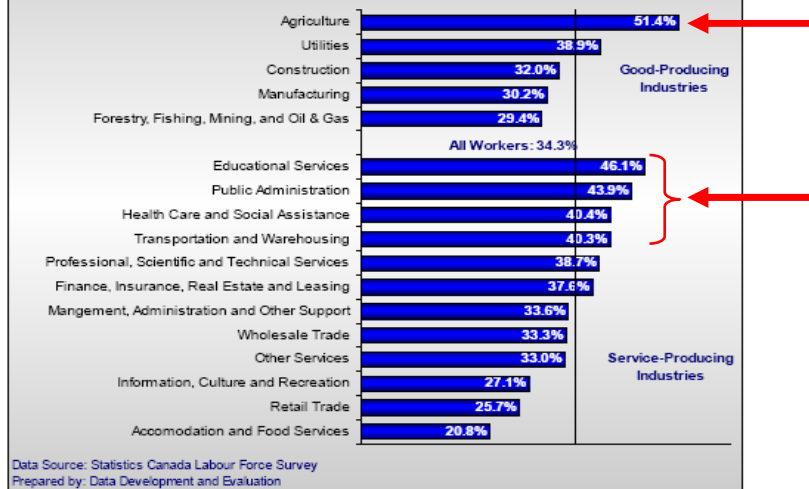
Data Source: Centre for Spatial Economics, AHRE's Regional Occupation Outlook

- Population 55+ expected to increase by 57,400
- Population under 25 expected to increase 7,900

Canada & Provinces Older Worker Participation Rate, 2003



Older Workers Share of Total Employment by Industry, 2003



Older Workers Share of Total Employment by Occupation, 2003



Data Source: Statistics Canada Labour Force Survey
Prepared by: Data Development and Evaluation

Top 10 Alberta Occupational Shortages

#	Occupation	Estimated Job Vacancy Rate*	AB Avg Hourly Wage	AB Avg Annual Salary
1	Other Professional Occupations in Therapy and Assessments	12.2%	\$20.21	\$36,759
2	Food Service Supervisors	7.7%	\$10.33	\$19,530
3	Pharmacists	7.6%	\$34.54	\$64,166
4	Carpenters	7.1%	\$20.46	\$47,093
5	Plumbers	6.7%	\$23.93	\$51,440
6	Machinists	6.2%	\$21.89	\$47,039
7	Heavy-Duty Equipment Mechanics	6.1%	\$23.09	\$52,835
8	Cooks	5.9%	\$10.38	\$19,404
9	Licensed Practical Nurses	5.6%	\$17.51	\$31,307
10	Land Surveyors	5.5%	\$24.22	\$57,263

* # of Job Vacancies Unfilled for Four Months or Longer

(# Currently Employed + # of Job Vacancies Unfilled for Four Months or Longer)

Data Source: 2003 Wage and Salary Survey
(www.alis.gov.ab.ca/wageinfo)

Alberta Labour Market
Outlook 2005

DISCUSSION

Implications for your organization

- Does your organization's executive team consider these trends as strategic issues affecting the future of the business?
- How is this reflected in your business plan?



**Workforce aging
requires
innovative people
practices**



Flexibility



- Workforce aging is not just about retirement or succession
- You need innovative human resource management practices:
 - Rethink retirement policies and practices
 - Non-traditional recruitment
 - More team work
 - Knowledge transfer and learning
 - Redefined roles for supervisors and managers
- Innovation requires a comprehensive, long-range HR strategy

4 pillars of workplace renewal



RECRUITMENT

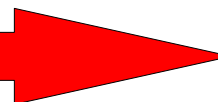
DEVELOPMENT

ENGAGEMENT

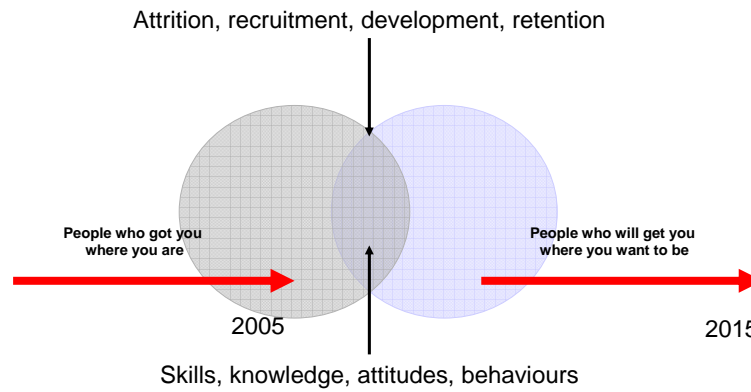
RETENTION



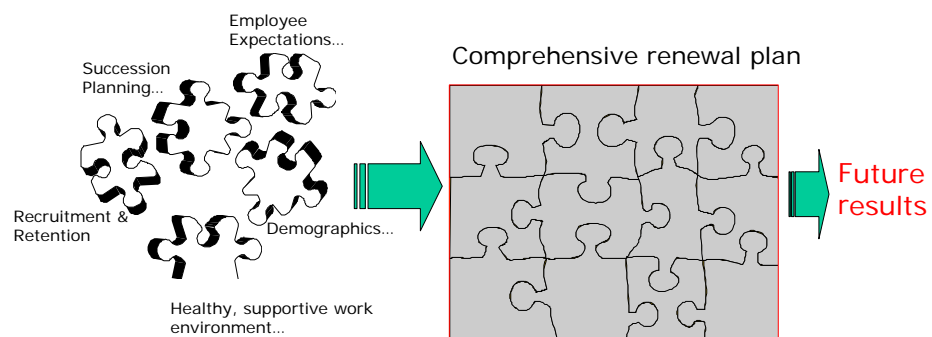
PERFORMANCE



Workforce renewal



An integrated strategy linked to results



DISCUSSION

Your workforce retention, attraction and development strategy

- Does your organization have a comprehensive, long-range workforce renewal strategy?
- What are the strengths of this strategy?



Rethinking the roles of older workers

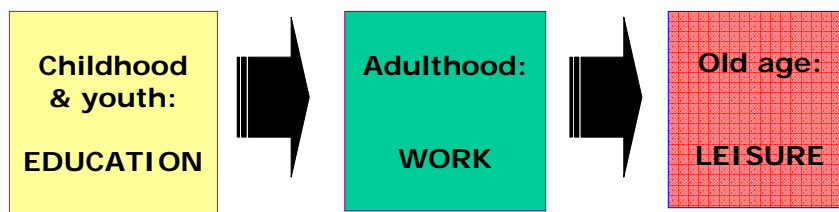
Managing Baby-Boom retirements

- Baby Boomers are reinventing retirement
- Average retirement age rose in 2003 (62)
- Employers and policy-makers need to be proactive



The de-standardized life-course

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



Early Retirement Trends

- Between 1987 and 1990, only 29% of people who recently retired did so before the age of 60.
- Between 1997 and 2000, that rate grew to 43%.
- 3 distinct retirement trends:
 - Public sector employees retire around 55.
 - Private sector workers retire around age 65.
 - Self-employed retire even later.
- Atlantic provinces have highest early retirement rates, while the western provinces have the lowest.

Source: Statistics Canada, *Perspective on Labour & Income*
On-line Edition, Sept. 2001. www.statcan.ca

PERSPECTIVES
ON LABOUR AND INCOME

Three big options for shifting retirement behaviour

- Post retirement return to work
- Flexible phased retirement
- Pre-retirement incentives to continue working

DISCUSSION

Which options have you considered or implemented?

- What are the current retirement trends in your organization?
- What steps have you taken to change these retirement behaviours?



Flexible phased retirement

THE GRAHAM LOWE GROUP

MANDATORY RETIREMENT DEBATE

At 86, a professor who is still going strong

If Popes, monarchs, judges and professors can do it, why can't we?

- Alternatives to retiring at 75, 80 or death:
 - gradual, or phased retirement is possible
 - paid work during retirement without financial penalty
- The UK's Employers' Forum on Age (EFA) favours the introduction of flexible retirement. A recent study by the EFA concluded:
 - "Flexible retirement could boost the economically active population by 3 million, which could raise (UK) GDP by £50 billion or more per year."

Source: www.flexibility.co.uk

www.grahamlowe.ca Copyright © 2005 Graham Lowe Group 29

THE GRAHAM LOWE GROUP

Mandatory Retirement?

AM • COMMENT *June 8-05*

THE GLOBE AND MAIL

A good worker at 64, a good worker at 66

Law ending retirement at 65 flawed, critics charge

36 • CANADIAN BUSINESS

EMPLOYMENT

Employers won't miss mandatory retirement

Move should help ease concerns of losing key staff members, executive survey shows

Retirement flexibility is a plus, not a minus

THE GLOBE AND MAIL

Retirement flexibility is a plus, not a minus

www.grahamlowe.ca 30

Calgary Police Service

- Can't take officers off street duty to recruit
- Short-term contracts for retired CPS officers to help with recruitment
- Application process
- Must understand police culture, have HR experience, interest in recruiting, understand human rights, ambassador attitude
- CPS benefits: Improves selection process and recruit quality
- Retiree benefits: No politics, no stress, camaraderie



Designer Retirement

- "The feds are looking into flexible work schedules."
- Predicts "180-degree shift in traditional benefits thinking."
- US employers will have to shift their focus from easing older workers out to finding ways to keep them.

Flexible Phased Retirement - Advantages

For employees:

- Flexible work arrangements
- Adapt to retirement gradually
- Opportunity to supplement retirement income or increase future retirement benefits by retirement income deferral

For employers:

- Retention of trained and skilled workers
- Reduced risk of knowledge loss
- Reduced salary and benefit expenses
- Meets needs of increasingly diverse workforce

Source: National Association of State Retirement Administrators. Phased Retirement Overview: Summary of Research and Practices. 2002. www.nasra.org

Disadvantages and barriers

- Incompatible with pensions rules
- Tax rules which penalize mixing work and not-work
- Effect on spousal benefits
- Perception of double dipping
- Difficulty of adapting a full-time job to part-time
- Organizational resistance to new ways of working
- Financial services products which treat retirement as a one-off event
- Loss of income before retirement

Source: www.flexibility.co.uk; www.nasra.org

McGill University Phased Retirement

- Quebec legislation (QPP) supports phased retirement.
- McGill applies it to academic staff and librarians only.
- Eligible full-time academic staff who have reached the age of 52 years may apply for a gradual reduction in academic workload with proportional reductions in salary (**phased retirement appointment**).
- These reductions, which should be as flexible as possible while allowing for the needs of the academic unit concerned, must be negotiated with the Chair of the department (or Director of school) and approved by the Dean of the administering faculty or the Director of Libraries and by the Provost. In all cases they lead to retirement after a maximum of three years.

Source: www.academic.mcgill.ca/guides/gheass/retirements



DISCUSSION

Would flexible phased retirement (FPR) work in your organization?

- What are the advantages of FPR for your organization?
- What are the disadvantages?
- What are the implications of FPR for HR policies and practices (e.g., performance management, training and development, job descriptions)?



Employees' values, expectations, and needs

What's important in a job?

This is what workers of all ages value in a job:

- a workplace free from harassment and discrimination
- a healthy and safe workplace
- senior management they can trust
- work-life balance
- a sense of pride and accomplishment
- obtaining the training needed to do their job
- pay and job security

Source: *Rethinking Work*, Ekos Research Associates – Graham Lowe Group national survey, fall 2004. (n=2002)

Age differences in work values

Older workers highly value:

- Trust in senior management
- Pride in their work
- Freedom to decide how to do their job

Younger workers highly value:

- Job security
- Opportunities for advancement
- Opportunities for extended leave

Source: *Rethinking Work*.

Retirement plans vs. expectations

- Big gap between retirement expectations and plans
- Plans do not show a culture of early retirement
- Plans of near-retirees (45-59) in 2002 looked like those near-retirees in 1991
 - One-third are concerned about the adequacy of their financial preparations to retire
 - 18% have no plans to retire
- RPP coverage has fallen to 41%

Source: recent Statistics Canada reports.

Assessing retirement prospects

- Canadians are both optimistic and pessimistic about their retirement prospects.
- 19% of Canadians surveyed who haven't yet retired are "very confident" in their ability to save for retirement.
- 40% doubt they can save enough money to retire comfortably or that the government or even their employer will be able to pay them an annuity or a pension when the time comes.
- Progressive retirement: 2 in 3 plan on remaining in the work force at least part time and will only retire partially, half as self-employed.

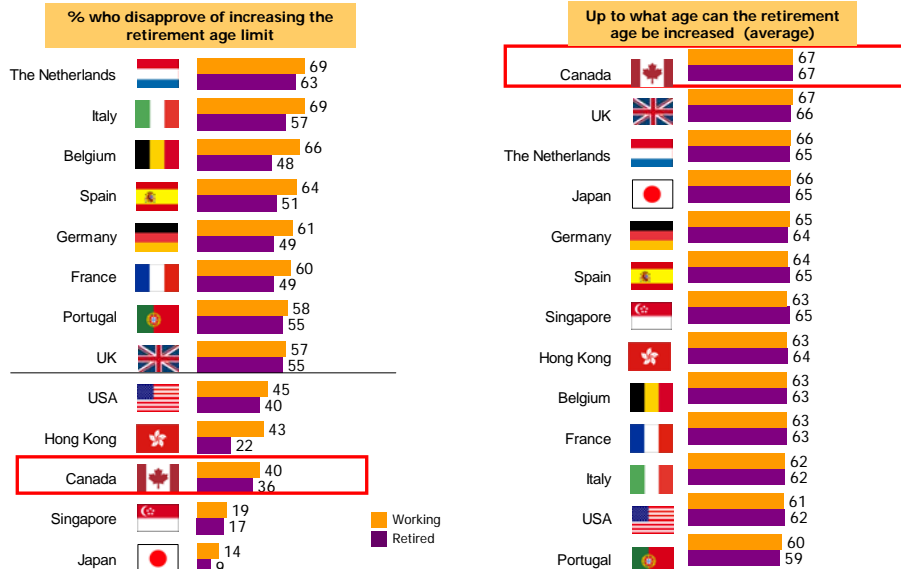
Source: *Desjardins Financial 2004 Retirement Survey*, reported in *Benefits Canada*, February 4, 2005. www.benefitscanada.com



Retirement Programs and Employee Behaviour

- Design and features of a retirement program affect workers' behaviour
- Higher pension plan satisfaction is related to retention
- Retirement plans are more effective at retaining workers than at recruiting them

Source: Watson Wyatt, *How Do Retirement Plans Affect Employee Behaviour?* April, 2005 (www.watsonwyatt.com).



www.grahamlowe.ca Source: AXA Financial, *AXA Retirement Scope, 2005* www.axa-financial.com 43

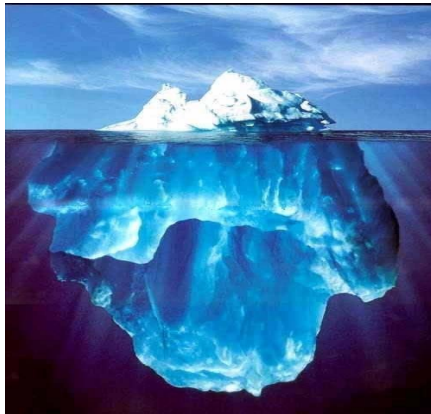
Phased retirement: worker preferences and employer programs mis-aligned

- Phased retirement programs encourage delayed retirement
- Gap between what workers want and employer practices
- Diverse employee motivations
- Majority of full-time workers >50 want to work fewer and/or more flexible hours
- Employers face competitive risks if they do not support phased retirement
- Legislative and regulatory barriers discourage formal programs

Source: Watson Wyatt Worldwide, *Phased Retirement, 2004 Survey Report*. www.watsonwyatt.com



WILLINGNESS TO 'RE-ENGAGE' DEPENDS ON:
family, spouse, finances, location, health, skills and
education, gender, age, ethnicity, AND...



Retirement
planning and
decisions

Work
environment
and career
experiences

DISCUSSION

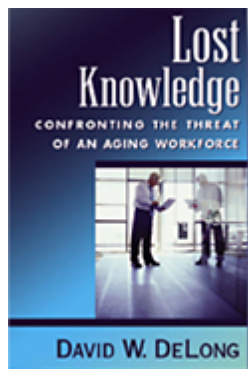
Knowing your employees

- Do you know the values, expectations and needs of:
 - Your older workers?
 - Your younger workers?
- How should your organization respond to the needs of older and younger workers?



Knowledge, succession and leadership

The risks of experience loss



“Losing valuable employees with hard-to-replace knowledge and skills has always been a problem. But the unprecedented retirement of millions of baby boomers is presenting major new challenges for many organizations.”

— Horace B. Deets, former Executive Director of AARP

www.lostknowledge.com

Learning organizations

- Knowledge and intellectual capital as core assets
- Need to create enabling conditions for the use and development of skills, learning, innovation
- HR practices and work environments must support learning
- This requires changes in the roles of managers and experienced workers

- Thomas Stewart (*Intellectual Capital, 1997*): knowledge management is about connection, not collection.
- Being too busy at work is the greatest barrier to job-related training (Statistics Canada, *Perspectives on Labour and Income*, Summer 2002).

HR strategies for knowledge retention



1. Systems for evaluating skill bases and future needs
2. Succession planning / career development processes
3. Building a 'retention culture'
4. Policies to retain older workers

Actions to retain older workers



1. Align organization's pension calculations with its employee retention goals
2. Educate older workers about retirement planning
3. Publicize phased retirement as a formal or informal option
4. Diagnose organization's attitude toward older workers

FORTUNE

50 AND FIRED

...is bad enough.
But now out-of-work
execs are facing a
permanent vacation.
How to tell if your
career is at risk.

NOV 16, 2005 \$4.99



Avoiding ageist assumptions

- Older workers tend to have fewer accidents.
- Their injuries are often more severe and may take longer to get better.
- Different types of injuries.
- Older workers exhibit lower turnover, more dedication to the workplace, and have more positive work values.
- Absenteeism is lower, although it is longer when it does happen.
- No evidence of consistent relationship between aging and performance at work.
- A well-designed and managed workplace benefits everyone.



www.ccohs.ca

DISCUSSION

Managing the transition

- How is your organization managing the potential loss of:
 - Experience?
 - Knowledge?
 - Leadership?
- Do attitudes about older workers in your organization get in the way of involving them as coaches and mentors?

Your role in change

1. What is the most useful thing you **learned** in this workshop?
2. What **action** will you take as a result of this workshop?



For information on The Graham Lowe Group Inc. and Great Place to Work® Institute Canada:

Email: glowe@grahamlowe.ca

Toll-free phone: 1-866-712-0630



*Nominations are open for the new
Best Workplaces in Canada list on
www.greatplacetowork.ca*