



Labour Force Ageing and Skill Shortages: Myth or Reality

Presentation to Human Resources Professionals Association of Ontario

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Based on the CPRN Report, *Labour Force Ageing and Skill Shortages in Canada and Ontario*, by Julie McMullin and Martin Cooke

W O R K N E T W O R K

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Outline

- About CPRN
- Context
- Objectives and methodology
- What we mean by skill shortages
- The ageing labour force
- Age structure by occupation and industry
- Retirement patterns by industry
- Case studies
- Conclusions and implications



About CPRN

- An independent, non-profit, policy research think tank
- Mission: “to create knowledge and lead public debate on social and economic issues important to Canadians”
- Four Networks: Family, Health, Work, Public Involvement



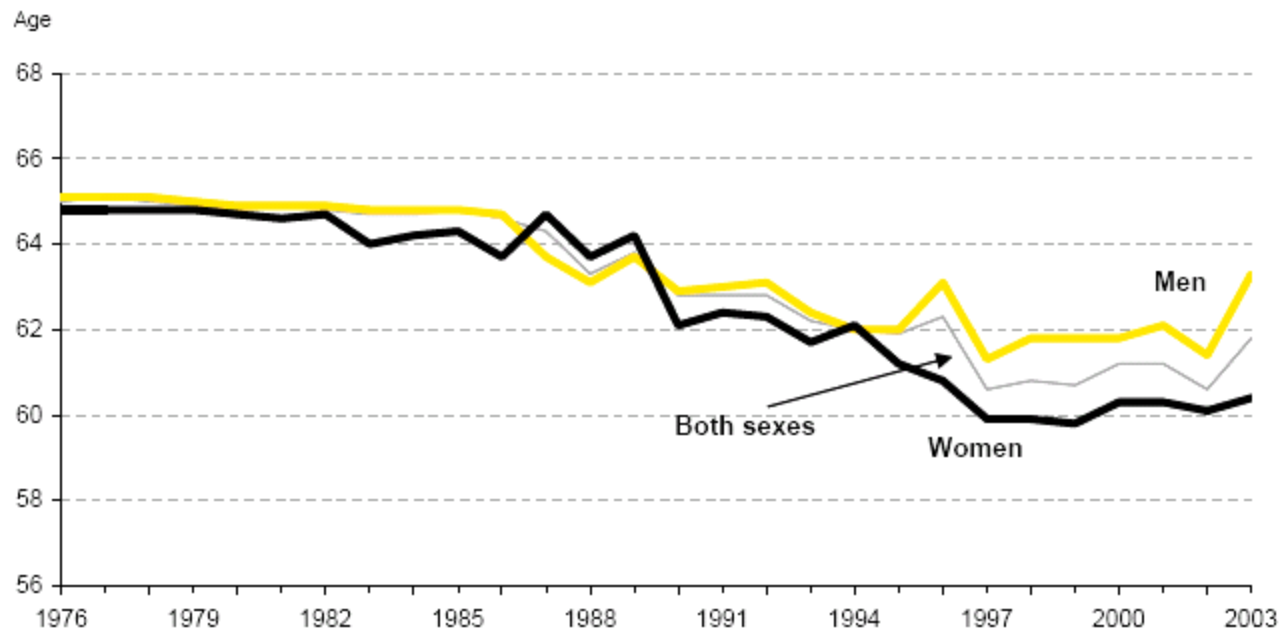
Context

- Ageing of the baby boom cohorts
- A trend towards early retirement
- Concerns about skill shortages
- A debate: will labour force ageing generate widespread skill shortages?



Trend towards earlier retirement ... but with a recent blip

Chart 70: Median age at retirement, by sex



Source: Statistics Canada, Labour Force Survey, CANSIM table 282-0051.



Objectives of the study

- To examine how labour force ageing will affect labour markets and skill shortages in Ontario and Canada.
- To identify implications for:
 - Governments
 - Employers



Methodology

- A synthesis study:
 - Literature review
 - Analysis of existing data
 - Examination of adjustment processes in four case examples



What are skill shortages?

- “The quantity of a given skill supplied by the workforce and the quantity demanded by employers diverge at the existing market conditions” (Roy, Henson, and Lavoie, 1996; emphasis added)
- Can arise from changes in technology, tastes, or other ‘shocks’.



How can markets adjust?

- Substitute other inputs for labour
- Increase wages (and/or improve conditions of work) in shortage occupations
- Move production elsewhere
- Attract workers from other locations
- Train the existing workforce

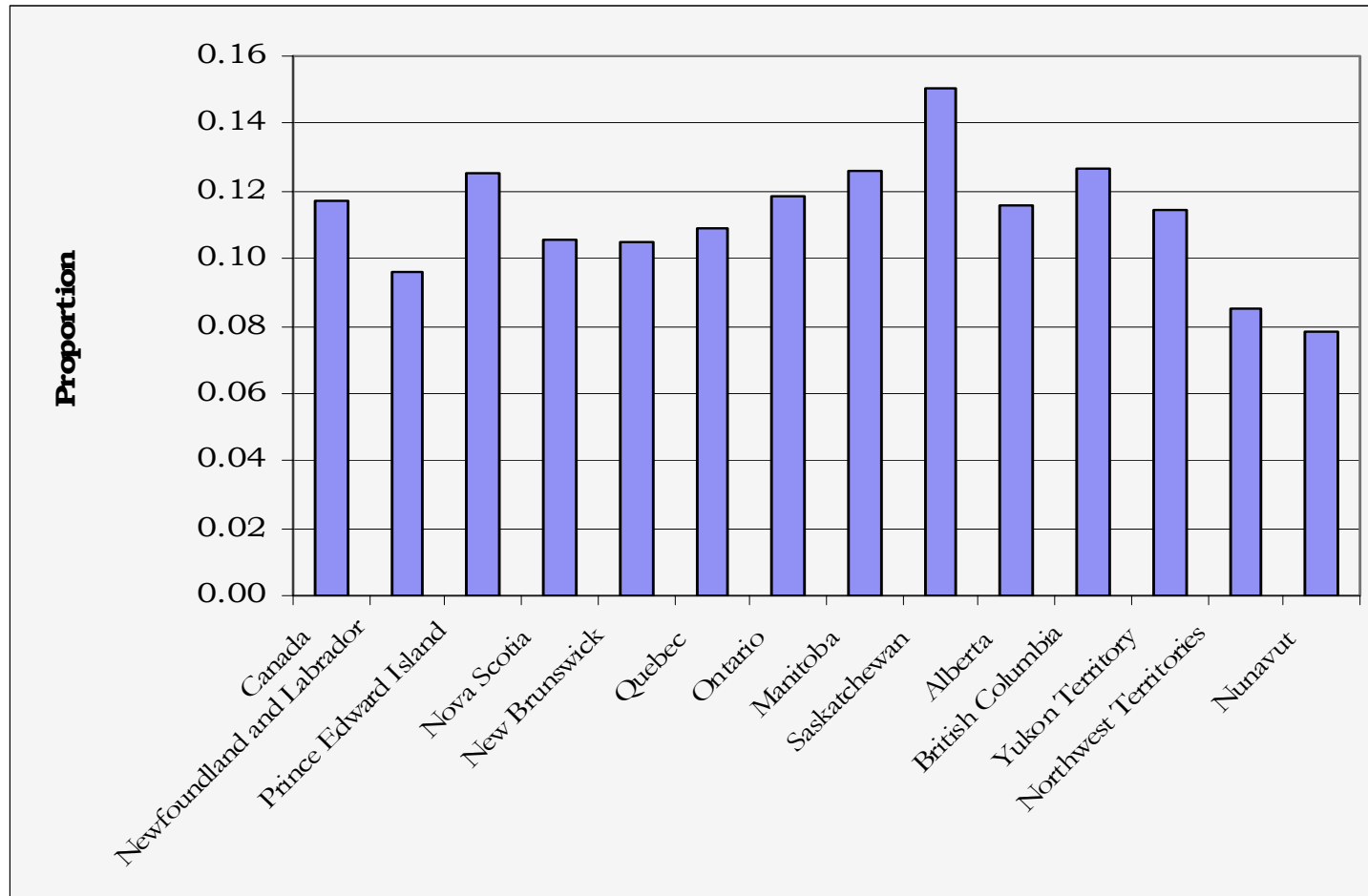
“Problematic shortages are those which become protracted as a result of ... institutional barriers to adjustment” (McMullin and Cooke, p. 2)



The ageing labour force



Proportion of the Labour Force aged 55 and Over in 2001, Canada and Provinces



Source: Statistics Canada (2003a), 2001 Census data..



Labour Force Projections

- Unless age-specific participation rates grow, Canada's labour force will begin to contract in 2016.
- The Ontario labour force will continue to grow, but the growth rate will fall below 1% by 2026.

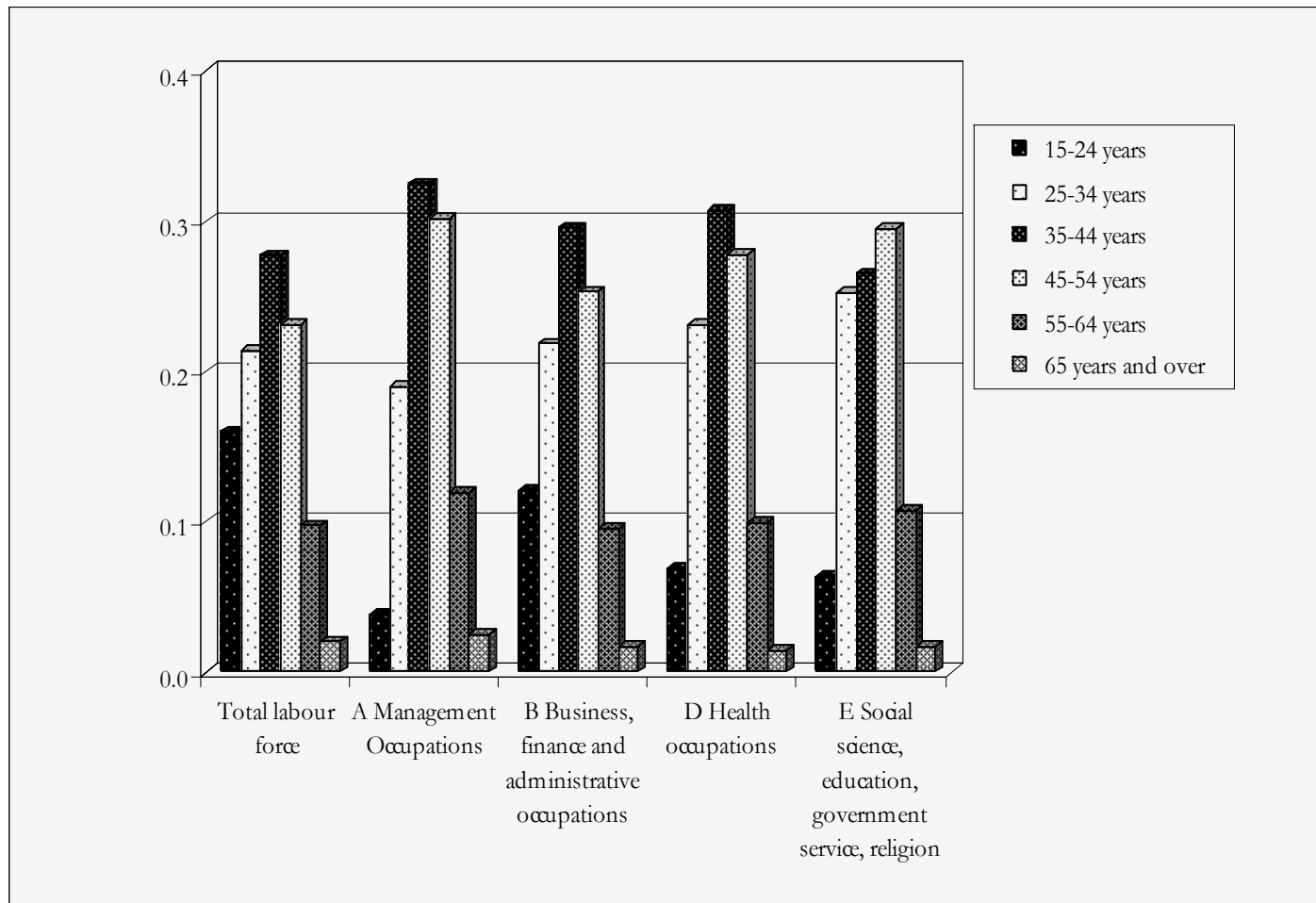


Occupational Age Structure

- Older occupations (Ontario and Canada) include:
farmers, university professors, legislators, transit operators, physicians
- Older broad occupational groupings include:
management; business and finance; health; social science, education, & government



Age Structure of Selected Older SOC 91 Occupational Groups, Canada, 2001



Source: Statistics Canada (2003a), 2001 Census data..

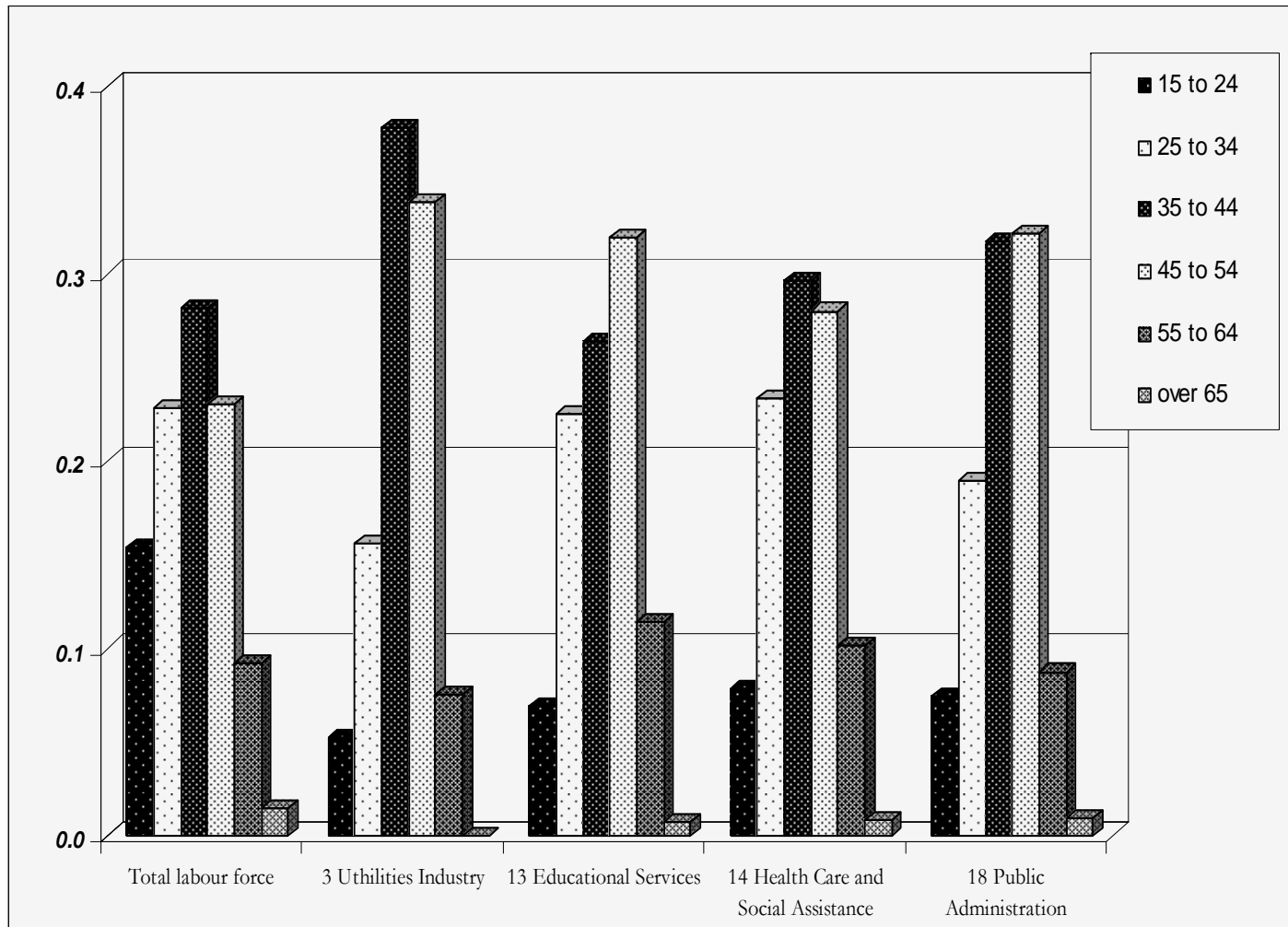


Industrial Age Structure

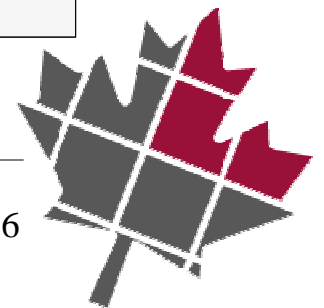
- Older industrial groupings (Canada) include:
 - Utilities
 - Education
 - Health Care and Social Assistance
 - Public Administration



Age Structure of Selected Older NAICS Industrial Groups, Canada, 2001



Source: Statistics Canada (2003c), 2001 Labour Force Survey Data.



Retirement Patterns

- Industries characterized by early retirement:
 - Utilities (2001 median retirement age: 56.6)
 - Education (57.1)
 - Public Administration (58.2)
 - Finance, Insurance, Real Estate (60.0)
 - Health Care and Social Assistance (60.3)



Case Studies

- McMullin and Cooke look at four cases to study the institutional processes affecting skill shortages
 - Nursing
 - Skilled trades in manufacturing
 - Information technology
 - Biotechnology



Lessons from the Case Studies

- Ageing labour force is only one factor affecting likelihood of skill shortages.
- Others include:
 - Length of time required to train
 - Geographic mobility of workers
 - Working conditions
 - Growth of the industry



Conclusions

- Labour force ageing unlikely to lead to widespread shortages of crisis proportions: there is time for markets (and policies) to adjust.
- Ageing and other factors do point to “hot spots” (e.g., nurses, teachers, public administration, some skilled trades).
- Need to identify policies and practices that help markets adjust.



Policy Options

(to Increase Ability of Labour Markets to Meet Demand for Skills)

For governments:

- Recruit immigrants with specific skills.
- Encourage participation of under-represented groups (e.g. Aboriginals; lone mothers).
- Improve access to training programs.
- Eliminate barriers to phased retirement.



Policy Options (cont'd)

For employers:

- Phased retirement
- Flexible workplace arrangements for older workers
- Improve job quality: Good jobs/Bad jobs.



Policy Options (cont'd)

For employers:

- Provide regular learning opportunities for workers of all ages.
- Seek an age-balanced workforce.





For additional information:

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