

Applied Research Bulletin - Volume 1, Number 2 (Summer 1995)

Table of contents

[Social Outlook: Five Crucial Challenges for Canadians](#)
[A Growing Gap - Why Are Lone Mothers with Young Children Falling Behind in the Labour Market?](#)
[Workplace Change...What's Going On?](#)
[Earnings Supplements: Are They Effective?](#)
[Rising Structural Unemployment: A Few Stylized Facts](#)
[Jobless Recovery: Is it Really Happening?](#)
[Training and Technology: Lack of Knowledge, Suspicion and Resistance](#)
[Job Displacement Can Have Upside](#)
[Knowledge vs. Muscle: Structural Change in Canada](#)
[The Aging Workforce - Still Capable After All These Years](#)
[List of Studies Presented in this Bulletin](#)

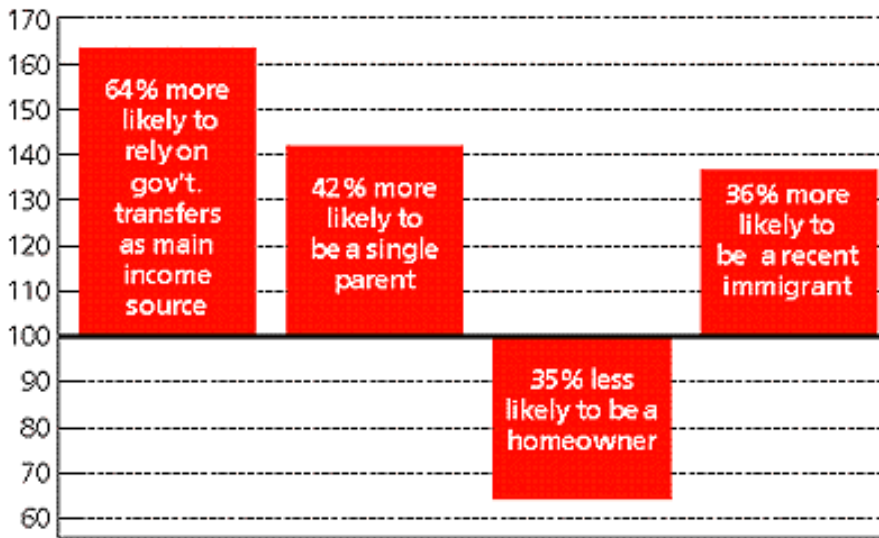
Social Outlook: Five Crucial Challenges for Canadians

Trends now point to the risk of a growing underclass among disadvantaged Canadians. This is just one of five significant and unsettling challenges identified in a social outlook prepared by the Applied Research Branch.

Canadians now face five crucial social challenges:

- **Under investment in human capital** - Much of Canada's labour force - its human capital - is inadequately prepared for today's economic reality. Too often, education and training systems in Canada are failing to adjust to the increasing demands of the new information economy.
- **The wasted productivity of 1.4 million unemployed Canadians** - Globalization and technological change are altering industrial structures but many individuals can't keep up with the changes. The result? Unemployment. Some major barriers for the unemployed? Low levels of education combined with a lack of access to learning opportunities, lack of jobs in certain regions and low levels of public spending on active programming to get people back to work.

The Changing Characteristics of the Poor from 1973 to 1992*

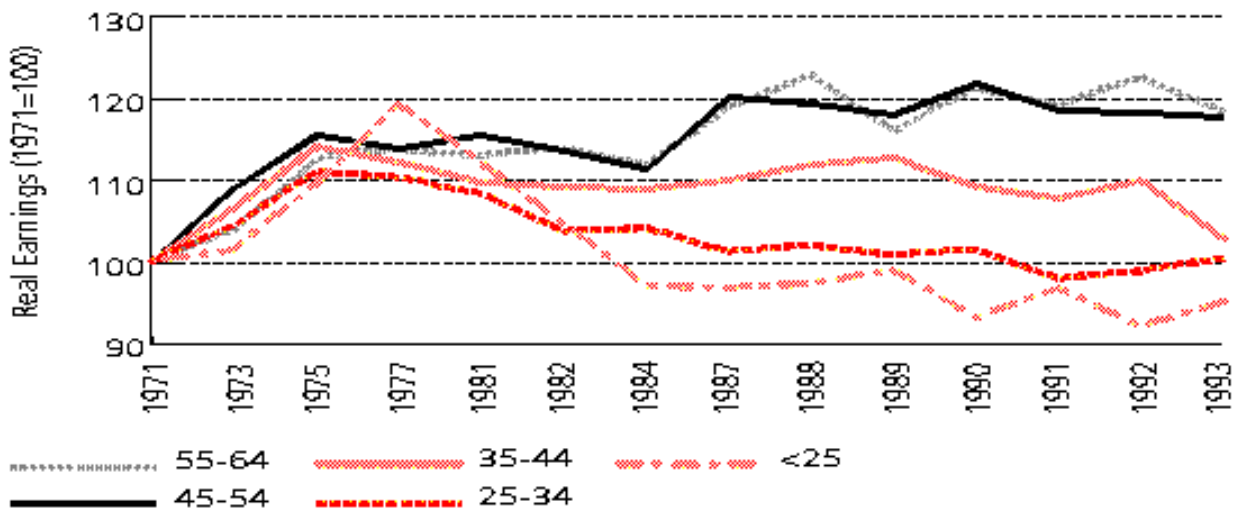


*These characteristics are based on 1992 data relative to 1973.

Source: Statistics Canada, Survey of Consumer Finances

- Growing economic insecurity among the middle class** - How is the middle class feeling? Stressed out and insecure. Real earnings for full-time, full-year earners have stagnated since the mid-1970s. Older workers (45+) are experiencing increasingly long spells of unemployment - up from 17 weeks in 1976 to 32 weeks in 1993. Those who find reemployment often suffer a decline in their wage rate. Middle-class families are finding ways to maintain their standard of living but they're paying a price. Those strategies - rising numbers of two-earner families, for example - lead to increased stress and time pressures, particularly for working mothers of young children.
- The potential for a lost generation of youth** - It's tough to be young. Even though they're much better educated than previous generations, today's full-time, full-year young workers have significantly lower real earnings than their counterparts in the mid 1970s (22.6% less for young men, 3.4% less for young women).

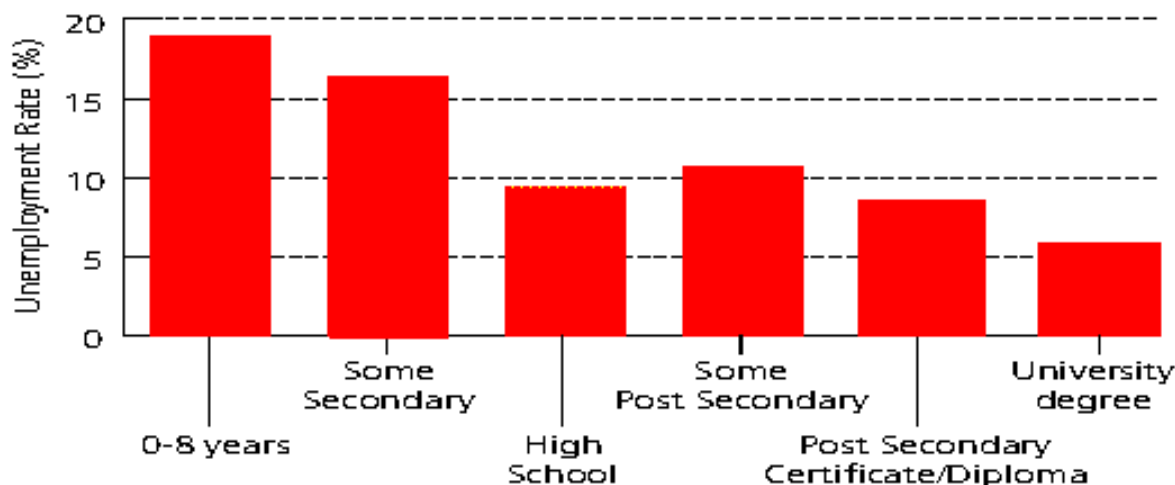
Real Earnings of Full-Time Full-Year Male Earners by Age (1971-1993)



Source: Survey of Consumer Finances

Combine this with increasing difficulty finding stable employment and the result is increased poverty rates for all types of young families. At the same time, poverty rates for middle-aged families are declining.

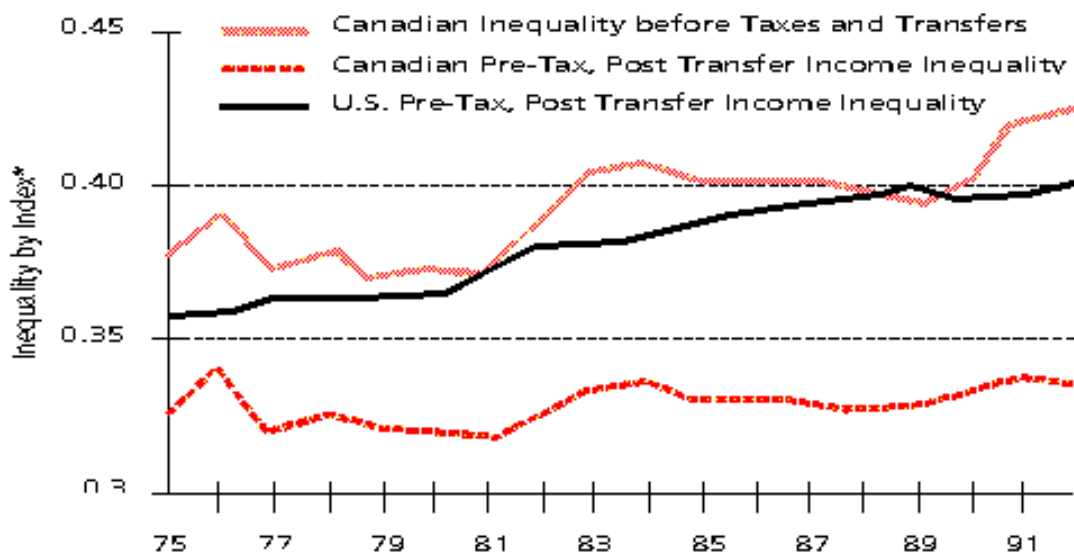
Unemployment Rate for 25-44 year old Population by Education Level (1994)



Source: Statistics Canada, Labour Force Survey

- The risk of a permanent underclass emerging among disadvantaged Canadians** - Poverty may become a persistent rather than a transitory condition for an increasing number of the poor. Among the poorest 20% of families, a rising proportion of income comes from government transfer payments and a growing proportion depends on welfare. Members of vulnerable groups, including single parents and recent immigrants, make up an increasing proportion of the poor. In contrast to mothers in two-parent families, the proportion of single mothers who are earners is declining.

Income Equality in Canada and the United States



* The Inequality Index is measured by the Gini Coefficient which can range in value from 0 to 1. An increasing index means increasing inequality. Comparing inequality before taxes and transfers to inequality on a pre-tax, post-transfer basis, isolates the effects of transfers alone on equality.

Sources: Statistics Canada, Survey of Consumer Finances, U.S. Department of Commerce, Series P60-184, 1993.

In arriving at its conclusions, ARB identified trends over the past twenty years, assessing their implications for the future. The analysis focused on income inequality and polarization in Canada, on trends in earnings and poverty, and drew on information from academic studies, public opinion polls, the General Social Survey, U.S. and OECD data on trends in labour markets, income distribution and government income transfer spending.

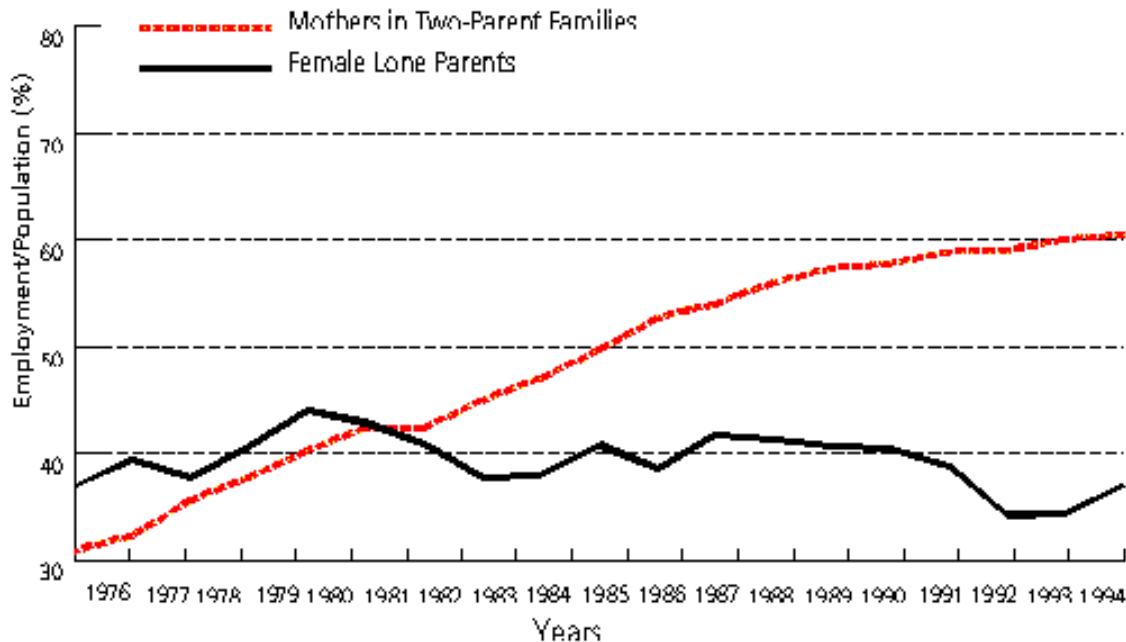
Despite growing inequality in the distribution of market incomes in Canada, there has been no clear trend towards increased inequality among Canadian families over the last 15 to 20 years. This situation is markedly different from that in the United States where family income inequality has grown sharply since 1980. In Canada, government

transfers have had a significant equalizing impact on family incomes. The percentage of the Gross Domestic Product spent on such transfers has been increasing over the past two decades. However, the continuation of this trend is in doubt in a fiscal climate dictating lower government transfer payments.

A Growing Gap - Why Are Lone Mothers with Young Children Falling Behind in the Labour Market?

Lone Mothers with preschool children are being left behind in the Canadian labour market. The disturbing irony? During the last two decades, the percentage of mothers with children under six who are earners has increased dramatically. But these gains have been made entirely by mothers in two-parent families.

Employment / Population Ratios: Mothers with at least one child <6



Difficulties finding and maintaining affordable child care arrangements were a major cause of the low percentage of earners among lone mothers of pre-school children.

The percentage of mothers in two-parent families with a preschool child who were earners shot up from 30.9% in 1976 to 60.5% in 1994. In contrast, among lone mothers with young children, the percentage of earners was no higher in 1994 than it was in 1976 (37.0%). Prior to 1982, lone mothers with preschool children were more likely than mothers of young children in two-parent families to have jobs. Now, they have a paid employment/population ratio 23.5 percentage points below mothers in two-parent families.

What accounts for this phenomenon? One possible explanation: it's difficult for lone parents to obtain child care for their young children. There's support for this explanation. The divergence in employment rates between mothers in two-parent and lone-parent families is not as large for mothers of older, school-age children.

To investigate this hypothesis and other related issues, the Applied Research Branch commissioned Professors Gordon Cleveland and Douglas Hyatt of the University of Toronto to analyze data from the Canadian National Child Care Survey (CNCCS). The CNCCS was first administered across Canada in September and October of 1988 to 24,155 families with at least one child under 13. It is by far the largest sample and most comprehensive body of information available on child care use, problems and attitudes of Canadian families, according to Cleveland and Hyatt. The study, *Child Care, Social Assistance and Work: Single Parents with Preschool Children* (1995), focused on the approximately 1,000 lone mothers in the survey who had pre-school children.

Difficulties finding and maintaining affordable child care arrangements were a major cause of the low percentage of earners among lone mothers of pre-school children, according to Cleveland and Hyatt. Not only did they have less income to pay for child care but they also had less access to informal care arrangements - by spouses and

grandparents - than mothers in two-parent families. In addition, they faced the problem of the limited availability of subsidized child care spaces. If the price of existing child care arrangements increased, lone mothers were less able to pay the higher costs or switch to lower cost or free child care by a relative. As a result, increases in the cost of child care were much more likely to push lone mothers out of the labour market than their counterparts in two-parent families.

Increases in the cost of child care were much more likely to push lone mothers out of the labour market than their counterparts in two-parent families.

Other factors, including levels of expected wages and social assistance benefits, also had strong impacts in the decision to enter and remain in the paid labour force. Social assistance benefits are a particularly important issue for lone mothers. They are much more likely to receive welfare than mothers in two-parent families. Over 45% of all lone parents in Quebec and Nova Scotia received welfare at some time between 1982 and 1986, according to the Economic Council of Canada's *The New Face of Poverty*. Consider only lone mothers of young children receiving welfare, and the percentage would probably be even higher. During the same period, only 7% of two-parent families with children received welfare.

Analysis by Cleveland and Hyatt implied that a 1% increase in social assistance income (national average of \$7,070 in 1978) would result in a 3% reduction in the probability of employment (38.7% at the time of the survey).

Another observation emerging from the analysis: lone mothers are less likely to have earnings from employment if they have never been married than if they are divorced, widowed or separated. This is particularly significant since among lone mothers with preschoolers, the proportion who had never been married grew from less than 25% in 1976 to more than 50% by 1993.

Workplace Change...What's Going On?

Buzzwords abound - the high performance workplace, the just-in-time worker, the flexible firm. Is it all just talk or are there fundamental changes happening in Canadian workplaces? The Workplace and Employee Survey (WES) will answer that important question and many others.

The Applied Research Branch has contracted with Statistics Canada to develop and conduct the survey. Beginning in the Fall of 1995, a pilot survey will involve up to 1000 employers and 5000 employees.

Here's a quick sampling of the issues WES will examine:

- How are firms changing their organizations to respond to competitive pressures? How do these changes impact on employees?
- Do firms that introduce greater amounts of technology also fund more employee training? Or do they simply hire more highly-trained workers?
- Do labour relations practices affect a firm's performance?
- Do multinational firms provide different kinds of workplaces than domestic organizations?
- Do workplace policies vary among industries?

WES is an exciting survey innovation for three reasons:

- It will allow researchers to examine an important "missing link" in our labour market knowledge. Until now, most research examining labour market outcomes such as unemployment has been focused on what is going on with the supply of labour. Now researchers will be able to assess how the behaviour of employers contributes to these outcomes.
- The survey will link data on employers and employees. For the first time in Canada, researchers will have the ability to examine how the characteristics, decisions and behaviour of employers and employees affect one another.
- On successful completion of a pilot survey, consideration will be given to implementing the survey longitudinally. That is, the same employers and employees will be surveyed over time to see how their situations evolve. This longitudinal survey will be a vital tool for tracking the changing nature of work and workplaces in Canada.

The pilot survey will consist of personal interviews with employers at their workplaces and telephone interviews of employees. Each party will be asked questions pertaining to their respective functions. Questions will focus on job organization and characteristics, workplace training and development, compensation, collective bargaining, business strategy - to name a few.

WES - and the tools it uses - will form an important Canadian contribution to the OECD project on the *Flexible Enterprise: Human Resource Implications* under the auspices of the OECD's *Technology, Productivity and Employment* study. This study, currently in progress, will contribute to a report to OECD Ministers in 1996.

...Stay tuned!

Earnings Supplements: Are They Effective?

Back to work - fast! That's the goal of earnings supplements provided to UI recipients. But do they work?

The Earnings Supplement Project is a new experiment launched by the Applied Research Branch. It will test the effectiveness of supplements in hastening the return to work of workers selected at nine Canada Employment Centres, including UI recipients who have been displaced from stable employment and those who are seasonal, repeat users of UI.

Subsidizing employment - rather than unemployment - is the goal of earnings supplements. "Earnings insurance" - providing not only insurance against employment interruptions but also some guarantee of reemployment earnings - might encourage workers to get back to work quickly.

Supplements make up 75% of losses in earnings if workers take a cut in order to go back to work. To calculate earnings losses, pre-UI earnings are capped at the level of maximum UI insurable earnings. Supplement payments themselves are capped at a maximum of \$250 per week.

Eligible participants must take full-time jobs. Eligibility also depends on early return to work, within a specified period of time (12 weeks for seasonal workers, 26 weeks for displaced workers). Workers are eligible for supplements for up to 24 months. Enrollment in the project began in March and will continue until mid-1996.

Why earnings supplements? The existing UI Program provides temporary income replacement for people who become unemployed. Consequently, it provides a form of subsidy to their job search. However, the design of the UI Program may not provide adequate incentives for people to go back to work quickly. In some cases, it may prolong their search for work in the form of a better job. Subsidizing employment - rather than unemployment - is the goal of earnings supplements. "Earnings insurance" - providing not only insurance against employment interruptions but also some guarantee of reemployment earnings - might encourage worker to get back to work quickly.

Workers displaced from long-tenure, well-paid jobs face particular challenges.

They are most likely to have relatively high UI benefit and duration entitlements. This can result in prolonged, but unsuccessful, job searches - eroding both motivation and skills, stigmatizing the workers in the eyes of potential employers.

It may be more effective for these workers to seek reemployment quickly, even at the cost of taking a lower-paying job. They would begin acquiring new skills and experiences, possibly achieving increased earnings through subsequent job changes. Plus, evidence shows that it's easier for a person to get a job when already employed.

Seasonal workers present different challenges to the project.

These workers draw disproportionately on UI because of repeated use. Jobs available during the off-season may not pay enough to provide an incentive to return to work. Earnings supplements might encourage workers to take these off-season jobs.

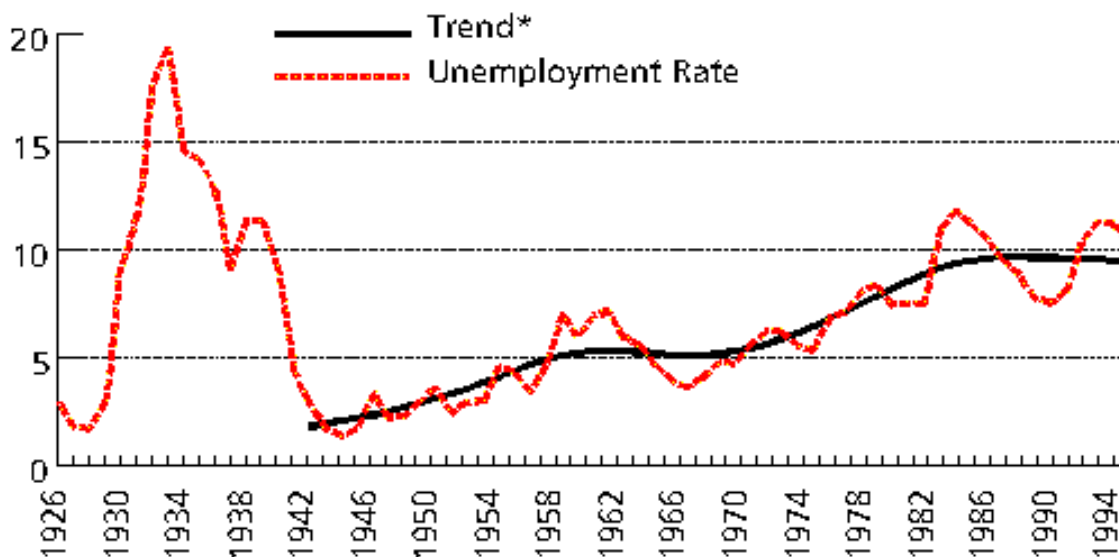
By combining jobs in a way that approximates year-round employment, workers increase both their total and earned incomes while reducing their dependence on UI.

Look for results from the project starting at the end of 1996.

Rising Structural Unemployment: A Few Stylized Facts

Over the past fifty years, unemployment has risen in Canada. The trend unemployment rate has steadily increased from under 2% in 1942 to over 9% since 1982.

The Unemployment Rate in Canada and its Trend (Annual 1926-1994)



* The Trend Unemployment Rate is measured using the Hodrick-Prescott filter.

Because these increases have been sustained over long periods of time, the rise is generally regarded as structural rather than cyclical in nature. In a recent paper, *Structural Unemployment in Canada: Some Stylized Facts*, Doug Hostland, an ARB researcher, details certain developments in the labour market associated with this rise in structural unemployment.

Unemployment Concentrated in Groups

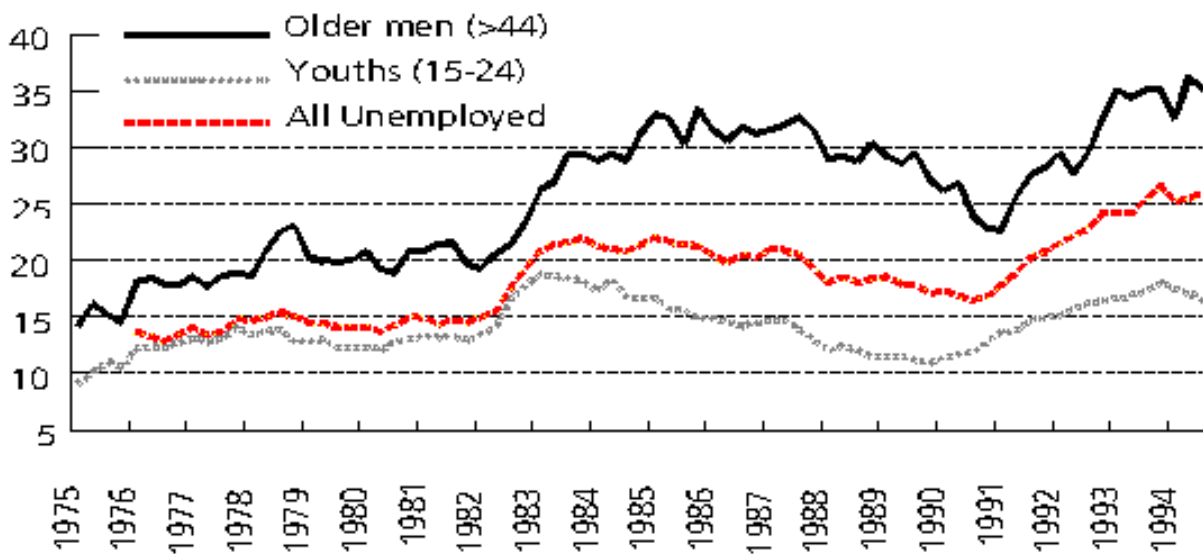
Unemployment in Canada has become increasingly concentrated in certain groups. According to the study, the differential between unemployment rates for youths (15 to 24) and adult workers (25 to 64) increased from 2 percentage points in 1953 to 7.5 percentage points in 1994. Unemployment has also become more highly concentrated in certain regions of the country - particularly the Atlantic region and, to a lesser extent, Quebec. The differential between unemployment rates in the Atlantic region and Ontario increased from 2.5 percentage points in 1966 to 5.3 percentage points in 1994.

Longer Spells of Unemployment

Workers, especially older men, are experiencing increasingly long spells of unemployment. This is contributing to the rise in total unemployment. The average duration of unemployment spells for men aged 45 to 64 increased from 16 weeks in 1975 to more than 34 weeks in 1994. The average duration among youths, though strongly affected by cyclical factors, has not increased significantly on a sustained basis over the last 20 years.

Average Duration of Unemployment Spells

(Weeks of Unemployment)



Source: Statistics Canada Labour Force Survey

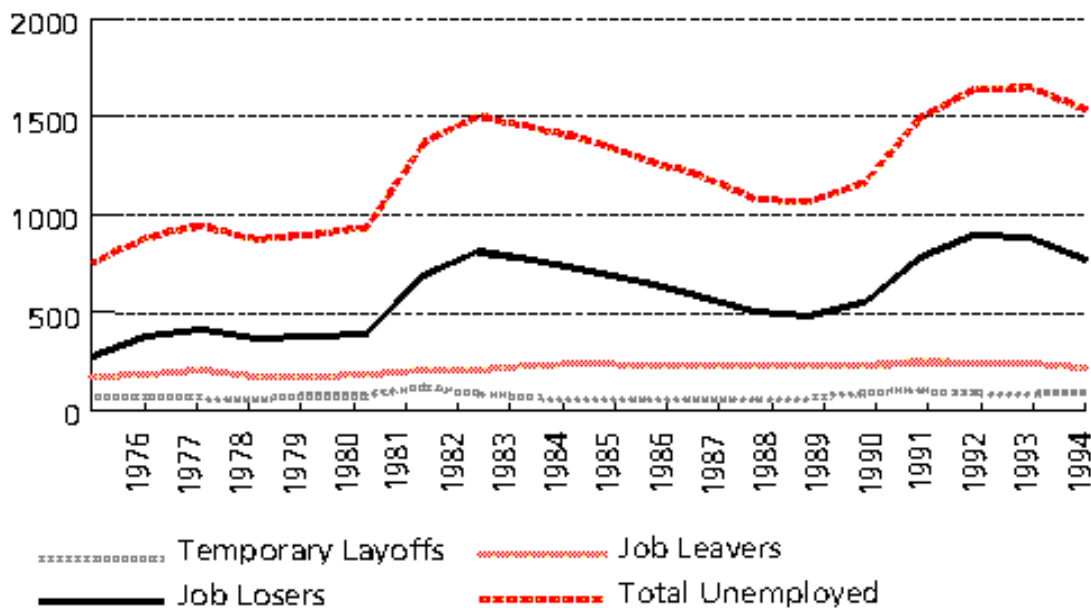
Older men and youths tend to have substantially different unemployment experiences - older men have difficulties finding work after losing their jobs, youths have difficulties keeping their jobs.

More Permanent Layoffs

Permanent layoffs account for an increasing proportion of job separations resulting in unemployment. According to the study, the number of job losers has risen in step with the number of unemployed since 1976 while the number of job leavers and temporary layoffs has stayed relatively stable. In 1994, job losers accounted for over half of the unemployed, while job leavers and temporary layoffs accounted for less than 20% and 10% respectively.

Unemployment by Cause of Separation

(thousands of persons)



Source: Statistics Canada Labour Force Survey

While there are many theories, there is no satisfactory explanation for the structural factors behind the rise in the unemployment rate, despite numerous studies on the topic. These developments warrant further study to deepen our understanding of structural unemployment in this country.

Jobless Recovery: Is it Really Happening?

Will this economic recovery be a "jobless recovery"? Based on the weak growth of employment following the 1990-91 recession, several observers have predicted that this recovery will be "jobless". In a recent research paper, Philippe Massé, an ARB researcher, has examined this prediction in light of the latest developments in employment and production.

Employment growth was much weaker over the eleven quarters of the 1991-93 recovery than in preceding recoveries. In addition, the relationship between employment growth and growth in Gross Domestic Product (GDP) was also much weaker than in earlier recoveries. In preceding recoveries, a 1% increase in GDP led, on average, to a 0.5% rise in employment. By contrast, during the 1991-93 recovery, employment grew, on average, only 0.17% for each percentage point increase in GDP.

What explains this weakness? Industrial restructuring, falling cost of capital, rising labour costs, and technological change are some of the factors thought to explain the phenomenon. According to econometric estimates by Massé, rising labour costs (associated with increases in payroll taxes) over the 1991-93 period may explain some of the weakness in job growth. However, the weak nature of the economic recovery itself may also be partly to blame. Massé speculates that employment growth is only triggered by output growth that exceeds some minimum level - a level not achieved during much of the 1991-93 recovery period.

Support for the notion of a "jobless recovery" is less in evidence as the labour market evolves. In fact, 1994 was a year of particularly vigorous employment growth. Employment growth between the fourth quarter of 1993 and the fourth quarter of 1994 was three times higher than that seen over the first 11 quarters of the recovery period. It is true that, since that time, employment has stagnated, increasing by only 0.1% between November, 1994 and May, 1995.

Massé speculates that employment growth is only triggered by output growth that exceeds some minimum level - a level not achieved during much of the 1991-93 recovery period.

But this does not necessarily mean that we are in the throes of a jobless recovery. Looking at recent GDP estimates, the growth of the Canadian economy has slowed markedly during the first quarter of 1995, increasing only 0.2% compared to 1.1% the previous quarter. Massé concludes that a slow-down in economic activity - not a jobless recovery - is a much more likely explanation for this recent weakness in employment growth.

Training and Technology: Lack of Knowledge, Suspicion and Resistance

How can new technologies be used to improve training? What do employers know about using new technologies to improve training in their workplaces? How have firms gone about selecting and implementing training technologies? What problems have they encountered? What has been successful?

These are some of the questions dealt with in a new set of studies.

The Delta Centre for Learning Technologies, a non-profit organization in Guelph, has recently produced a series of five reports on the subject of applying new technologies to training.

Here are some of the findings:

- Lack of knowledge - Even among those delivering workplace training, the level of knowledge about technology and training is surprisingly low.
- Applying technology - Identifying specific opportunities for the application of technology to training is not an easy or automatic process, even when there is an awareness of the new technologies.
- Responding to crises - It's often a crisis that motivates a firm to develop a strategic approach to human resources development that employs technology.
- Suspicion of technology suppliers - Firms are wary of technology suppliers also acting as information

sources - suspicious of being sold inappropriate solutions. Impartial advice and support may be useful, helping firms identify and implement training technologies.

- Internal champions - Look to the internal champion to play a key role in promoting the adoption of technologies in a firm. But beware! Acceptance of technology can be a fragile thing that quickly erodes if the champion disappears.
- "Institutionalizing" training - Formal and ongoing evaluation of the effectiveness of technology and its contribution to a firm's strategic goals can "institutionalize" training within an organization.
- Building on technology - A firm that is already "automated" has an advantage. Not only will it be predisposed to adopting technologies, but its cost of developing and implementing training technologies will be relatively lower.
- Cost concerns - Training technologies are often seen as expensive and quickly outdated.
- Employee acceptance - To be most effective, training programs cannot be imposed on workers, particularly those who are inexperienced or skeptical of training technologies.
- Internal conflicts - Conflict and resistance within a firm can be two of the negative outcomes of implementing training technologies. The blurring of the lines of corporate responsibilities can cause that upset (e.g. between automated systems managers and training providers; or between trainers and operations staff).
- Implementation strategy - It may be best to begin with modest pilot projects, expanding technology applications as experience is gained and opportunities identified.
- Rethinking business - A positive outcome - the introduction of technologies for training purposes may stimulate a fundamental rethinking of the way a company conducts its business.

The Delta Centre, led by a private sector Board of Directors, is examining whether the availability of independent, objective information on the use of technologies for training can influence employers' training decisions.

These initial reports are based on case studies of three firms applying learning technologies, and on a survey and focus groups with representatives of companies in the Guelph-Kitchener-Waterloo area.

Job Displacement Can Have Upside

Many displaced workers get back to work - quickly and smoothly. According to a recent review by Darren Lauzon, over half of displaced men and women found jobs relatively quickly over the 1988-90 period. Nearly half of those starting new jobs experienced an earnings gain. Still, a sizeable portion of both Canadian and U.S. displaced workers experience long jobless spells and persistent earnings losses.

Nearly half of those starting new jobs experienced an earnings gain. Still, a sizeable portion of both Canadian and U.S. displaced workers experience long jobless spells and persistent earnings losses.

In the review, displacement is defined simply as the loss of a job through permanent layoff or plant closure. In the past, the notion of displacement has been associated with a shift from stable employment, defining displaced workers on the basis of expected outcomes, particularly low reemployment chances. However, there is some evidence that the job turnover rate has been increasing. And much of the job changing which takes place occurs within an industry. It is becoming more difficult to decide what should be considered as stable employment and when to decide when an involuntary separation from employment should be classed as displacement. In addition simplifying the definition of displacement gives policy makers an understanding of the whole adjustment process - its successes as well as its failures.

Young, non-unionized, low wage, poorly educated workers in volatile sectors, such as trade and construction, tend to experience disproportionately higher rates of displacement relative to the proportion of jobs they hold in the economy. The majority of displaced workers had held the jobs they lost for less than a year. A large proportion lost jobs in very small firms. At the end of the 1980s, permanent layoffs were less of a problem in Ontario relative to other provinces, especially the Atlantic provinces and B.C. During this period, however, plant closures were increasingly concentrated in Quebec and Ontario.

The experience of displaced workers varies considerably:

- Half of men displaced between 1988-90 started new jobs within 12 weeks; half of women displaced in the same period began new jobs within 25 weeks. Women may experience longer spells between jobs because they have a higher likelihood of withdrawing from the labour market when they lose a job.
- A considerable proportion of men (5%) and women (10%) took more than a year to start new jobs.
- Workers tend to return to sectors from which they were displaced, particularly in sectors where there is a high rate of displacement (construction and trade, for example).
- Women who change sectors following displacement tend to move into service and trade sector jobs, from which there is a high probability of displacement.
- For some workers, repeat layoffs following displacement are a problem. One-quarter to one-third of workers laid off in 1988 and 1991 experienced two or less layoffs in the previous ten years. However, the same proportion of workers experienced six or more layoffs during the same period.

The review raises a critical question. Do public policies need to distinguish between displaced workers and the unemployed in general?

Numerous programs, especially in the United States, have been initiated to help smooth the adjustment process for displaced workers. Results, have been mixed. Although classroom training appears to raise the earnings of participants when reemployed, the increases may not justify the costs involved. Results for on-the-job training are more promising. Job search assistance proved to be a cheap and effective program.

In Canada, certain parts of the former Skills Investment Program had positive impacts on the earnings and employability of displaced workers. However, the results were not as positive for the Canadian Industrial Adjustment Service (IAS). The Program for Older Worker Adjustment has yet to be evaluated.

The review raises a critical question. A considerable number of displaced workers experience smooth adjustments back to work. Do public policies need to distinguish between displaced workers and the unemployed in general?

Knowledge vs. Muscle: Structural Change in Canada

The new economy may not be that new after all. An ongoing study of structural change in the Canadian economy challenges our conventional wisdom.

Evidence for the shift to the new economy can be traced back to at least 15 years, argue Surendra Gera of Industry Canada and Kurt Mang of Finance Canada. They recently completed *Changing Canadian Industrial Structure, Shifts in Output Growth*, the first portion of a joint study conducted by Human Resources Development Canada, Finance Canada and Industry Canada examining shifts in production and employment in Canadian industrial sectors between 1971 and 1991.

Contrary to popular belief, the pace of structural change does not appear to have accelerated in recent years.

The Canadian economy, like that of other industrialized economies, has experienced steady change in output structure. Traditional sectors - primary resources, manufacturing and construction - are losing out to the services sector. But contrary to popular belief, the pace of that structural change does not appear to have accelerated in recent years.

According to the study, structural change accelerated in the first half of the 1980s. However, in the second half of the 1980s, structural change had decelerated, returning to a level no greater than that experienced in the 1970s.

The authors also look at industrial restructuring from the "new economy" perspective. In the new economy, innovation through the use of people (skills), capital (technology) and ideas (knowledge) is the key to competitive advantage. P. Drucker in *Post-Capitalist Society* and N. Beck in *Shifting Gears: Thriving in the New Economy* argued that the major industries that have traditionally driven the North American economy have given way to industries for which success is based on knowledge and innovation, rather than larger-scale manufacturing muscle. However, the authors take exception with Beck who sees the new economy as a recent phenomenon. The orientation of the Canadian industrial structure towards the use of more knowledge started as early as the 1970s.

In their analysis, the authors used an indicator of knowledge intensity - the proportion of total weeks worked in an industry by those with university degrees - to classify industries as high, medium or low knowledge. Those industrial sectors that are most knowledge intensive have experienced the the strongest growth in production since the beginning of the 1970s. Output of the high-knowledge sector grew 1.84 percentage points faster than output of the whole economy during 1971-81; 1.58 percentage points faster during 1986-91.

The study also found that industries of the new economy rely increasingly on foreign rather than domestic markets. In the 1970s, domestic demand was the most important growth factor for 11 out of 13 industries in the high-knowledge sector. By 1986-91, exports were the driving growth factor for six of these 13 industries, domestic demand was the most important growth factor for only five of them.

High-knowledge industries in the trade-oriented sectors appear to have benefited the most from export performance. Import competition has hastened the relative decline of industries in the low-knowledge sectors. During 1986-91, import competition was the leading cause of poor growth for seven out of 15 industries in the low-knowledge sector.

The Aging Workforce - Still Capable After All These Years

Our perceptions of the aging worker do not always reflect reality. Contrary to popular belief, there's no difference between the way older and younger workers adapt to new technologies. At least, that's the case at Sun Life Assurance Company of Canada, site of a recent study on the aging workforce.

The Canadian population is getting older. What impact is that having on Canadian workplaces? And how does this demographic trend interact with company policies concerning recruitment, training, promotion and benefits related to health and pension plans? These were just two of the questions examined in *Issues of an Aging Workforce: A Case Study of the Sun Life Assurance Company of Canada*.

This new study is the first of seven planned case studies dealing with workforce aging. It was conducted for the Applied Research Branch at CARNET: The Canadian Aging Research Network at the Centre for Studies of Aging, University of Toronto.

A leader in the Canadian insurance industry, Sun Life is a large company, successful and relatively technologically advanced. Its employees are critical to its success and its policies reflect this reliance. The Sun Life workforce is aging: hiring rates have declined, the average age of new employees has increased. The effects of this change, however, are only beginning to be felt in the company.

There appears to be no difference between the ability of old and young workers to adapt to new technologies. Both groups viewed adoption of new technology in a positive light.

The case study looked at several key issues related to the aging workforce at Sun Life:

- **New Technologies** - The big surprise? There appears to be no difference between the ability of old and young workers to adapt to new technologies. Both groups viewed adoption of new technology in a positive light. Despite these findings, there were concerns about the ability of older workers to adjust to these changes. And older workers do feel more apprehensive about the impact technologies might have on them.
- **Retirement** - Sun Life has a policy of mandatory retirement at age 65. Limited early retirement packages are available. Half of Sun Life employees indicated they would prefer to retire before 65. Desire to retire increased among employees with higher incomes, those who had experienced the most technological change, and those anticipating poor health.
- **Career Mobility** - While Sun Life's training and promotion policies are not linked to age, career mobility has become restricted. The explanation? The large group of baby boomers has plateaued in the company. Younger workers were most optimistic about their promotion prospects. But reduced career mobility was not hastening worker retirement plans.
- **Health Concerns** - Sun Life offers a complete package of health-related benefits and a health promotion program. The relation between health and age was not a major concern. However, concerns about worsening

health discouraged the recruitment of older workers.

- The "Sandwich Generation" - Here's another surprise. There was no evidence to support the "sandwich generation" notion that people are burdened with caring for both dependent children and parents. Sun Life has supportive family policies. Obligations to children had some impact on employees' work arrangements. Elder care did not appear to impact work arrangements. As for the "sandwich generation", where people did have parental care obligations, they tended to occur after significant obligations to children had ended.

List of Studies Presented in this Bulletin

CARNET (Canadian Aging Research Network). *Issues of an Aging Workforce: Case Study of the Sun Life Assurance Company of Canada*. 1995.

Cleveland, Gordon, and Douglas Hyatt. *Child Care, Social Assistance and Work: Single Parents with Preschool Children*. Applied Research Branch. Draft Working Paper, 1995.

Delta Centre for Learning Technologies. *Technology-Assisted Learning Systems, Interest and Decision-Making: The Depth Interview Study*. Guelph, Ontario, 1995.

Delta Centre for Learning Technologies. *Technology-Assisted Learning Systems, Interest and Decision-Making: The Focus Group Study*. Guelph, Ontario, 1995.

Delta Centre for Learning Technologies. *Wescast Industries Inc. Case Study*. Guelph, Ontario, 1995.

Delta Centre for Learning Technologies. The Co-operators. *The Strategic Role of Human Resource Development Case Study*. Guelph, Ontario, 1995.

Delta Centre for Learning Technologies. *Celestica Manufacturing Learning Centre Case Study*. Guelph, Ontario, 1995.

Gera, Surendra, and Kurt Mang. *Changing Canadian Industrial Structure: Shifts in Output Growth*. Industry Canada. Draft analytical paper, 1995.

Hostland, Doug. *Structural Unemployment in Canada: Some Stylized Facts*. Applied Research Branch. Draft Research Paper. 1995.

Lauzon, Darren. *Worker Displacement: Trends, Characteristics and Policy Responses*. Applied Research Branch, Draft Research Paper, 1995.

Massé, Philippe. *La reprise sans emploi: qu'en est-il?* Applied Research Branch. Draft Research Paper, 1995

Social Outlook/ La perspective sociale. Applied Research Branch. 1995.

Workplace and Employee Survey. Statistics Canada Business and Labour Market Analysis Group, Draft survey. 1995.