

# Taking Action on the **AGING** of the Labour Force

Labour-Management  
Consensus in  
Quebec

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*The Conseil consultatif du travail et de la main-d'oeuvre [advisory council on labour and employment], a Quebec employer-labour organization, is interested in the issue of the impact of the aging of the labour force on the economy and on the living conditions of workers. Employers and unions have felt the need to work together to determine what realistic actions can be taken to adapt the workplace to the foreseeable consequences of this phenomenon. The joint approach undertaken by the Council has enabled the main employer associations and unions to reach a consensus on the strategy to adopt regarding the aging of the labour force. This strategy is described in a document entitled « Adapter les milieux de travail au vieillissement de la main-d'œuvre : Stratégie du Conseil consultatif du travail et de la main-d'œuvre » [Adapting the Workplace to the Aging of the Workforce : A Strategy of the Advisory Council on Labour and Employment] researched and written by Patrice Jalette and Daniel Villeneuve. After a short introduction, the following text reproduces, almost in its entirety, this strategy document.<sup>1</sup>*

Created in 1969, the Conseil consultatif du travail et de la main-d'œuvre (the Council) is an advisory, review and policy organization whose mission is to develop and maintain consensus building between employer and union organizations in order to channel and support public policy regarding employment and workforce in Quebec. Included are, in equal numbers, members from the most representative employer associations and unions in Quebec as well as the Deputy Minister for Labour. The employer association members of the Council are the Conseil du patronat du Québec, the Canadian Federation of Independent Business, and Quebec Manufacturers and Exporters. The union members are the Centrale des syndicats démocratiques (congress of democratic unions), the Centrale des syndicats du Québec, the Confederation of National Trade Unions (CSN) and the Quebec Federation of Labour.

In response to the growing concern of its member organizations, the Council undertook a joint review of the aging of the labour force issue. Discussions between employer organizations and unions led to several shared findings and to the proposal of solutions that may enable both parties to better adapt to the reality of aging in the workplace.

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<sup>1</sup> The official position of the Conseil consultatif du travail et de la main-d'oeuvre was submitted for comment to the Minister of Labour and then distributed to workplaces, is available in its entirety (in French only) at [www.cctm.gouv.qc.ca/](http://www.cctm.gouv.qc.ca/).

The results of this process are presented below. The first section briefly describes the joint findings of the employer organizations and unions regarding the aging of the labour force. The second section outlines the objectives of the strategy agreed upon by the parties as well as the guiding principles behind the strategy. Finally, the third section presents the tools agreed upon by the employers and unions to promote an adequate adaptation of workplaces to the aging manpower phenomenon.

### **The Aging Labour Force—An Inevitable Challenge for the Workplace**

The demographics of an aging population is a reality that affects all industrialized societies and is explained by the drop in the birth rate and the increase in life expectancy, among other factors (United Nations 2001).

Quebec is no exception to this general trend: Quebec society has more and more elderly and is slowly but surely heading towards a decrease in its population (ISQ 2000; Thibault and Gauthier 1999). The aging of the population is not without consequences for the profile

of the active population. It will inevitably lead to a decrease in the working-age population in the near future as well as an increase in the proportion of older workers in the workplace. Generally speaking, the aging of the population, associated with other factors such as longer schooling and the abolition of the mandatory retirement age, results in an increasingly older population in the workforce.

The pace and intensity of the aging of the workforce will vary according to each sector and organization. In teaching, public service, health care, public administration and transportation, the proportion of manpower over 45 years of age is already high (Schetagne 2001). The phenomenon of aging in employment does not affect women and men equally. Moreover, the significant number of workers who will be retiring over the next few years will not be entirely compensated by the hiring of young people, which will lead to a decline in the active working-age population (Sunter 2001). The downtrend in the age at which people are retiring also contributes to this decline.

The aging of the workforce as well as the decrease in the available labour pool will have effects on the job market and in the workplace. These effects constitute a challenge for the key players in this field. The availability of labour, the transition/succession issues, the transfer of expertise, labour retention and skill development are concrete challenges that need to be addressed in order to adapt the workplace to an aging labour force. All the key players in labour—employers, unions, older workers and other workforce members—must work together to face the challenges related to the aging of the labour force. Employers and unions are increasingly aware of these high-stake issues within the framework of labour relations (Canadian Labour and Business Centre 2001).

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### **Employers and Unions at the Conseil consultatif du travail et de la main-d'œuvre Take Action**

At the Council, employers and unions both recognize that the potential impacts of the aging of the labour force must be taken seriously. This is why they have jointly stated that workplace adaptation to the aging of the labour force is now on the agenda and that they are committed to taking concrete action to face

this challenge together. Taking concrete action in each workplace is essential for the proper working of the Quebec economy as well as for the well-being of workers.

Until very recently, the trend was to consider the reality of the aging of the labour force mainly as a problem for individual workers to be solved by retirement mechanisms. Nowadays, it is clear that the

aging issue has also a collective dimension. We realize that aging can have an impact on the organization's

*The challenges have to do with work organization, human resource management, work relations and training.*

productivity and on the labour conditions not only of the aging workers, but also of all of the company's workforce. It is therefore imperative to develop effective human resource management planning mechanisms. The challenges have to do with work organization, human resource management, labour relations and training.

The workplace is not powerless when confronted with this reality. On the contrary, it has the capacity and the means to take action, especially when it comes to work organization and management practices. In some ways, the strategy put forward by the Council is only the beginning of the process. The next step needs to bring the debate into the workplace. Employers and unions must encourage this reflection among their own people, and their members must have the opportunity to discuss the issue. This reflection and these discussions will eventually help to clarify the Council's approach. Employer organizations and unions will also share the results of experiments carried out on site in order to find ways to adapt workplaces to an aging labour force. These innovations could be informative and inspire action in other work environments.

Finally, public policy in terms of employment, training and retirement plans can have a significant effect on business management practices as well as on the worker's individual choices. That is why the employers and unions on the Council recommend that public authorities take certain actions in this regard, particularly to facilitate access to phased retirement.

## Objectives

The strategy adopted by the Council in order to deal with the challenges brought about by the aging of the labour force pursues three objectives:

### **Enabling organizations to have access to qualified and experienced labour in sufficient numbers**

To ensure access to qualified and experienced labour in sufficient numbers, organizations must be able to count on workers from all generations among their staff, whether they are new hires (more or less young) or the experienced personnel already on the job. The transfer of expertise from experienced labour to new employees must be ensured. Moreover, investments must be made to maintain and develop the skills of the workers, regardless of their generation, as well as to find ways to attract and retain workers.

### **Improving the situation of the workers in keeping with the context of renewed management of the aging labour force**

Taking into account the increase in the numbers of older workers in the workplace and the objective of promoting job retention, workplaces will have to become more "user

friendly" for the aging labour force. Ways must be found to adapt various aspects of the work conditions to make life easier for those getting older in order to avoid making age a disadvantage: work organization, schedules, training, etc. Certain measures primarily designed for older employees may also meet the needs of other workers (e.g. safer work organization or more flexible work hours). If there are some differences between the older and the younger employees in terms of job expectations, their needs remain quite similar: equity, security, quality of life, training, etc.

### **Offering people the freedom to choose between remaining at work or leaving for retirement**

Faced with such an important decision, people should be able to make a real choice. In many cases, workers do not currently have a real choice. Among the factors that influence their decision, there are, for instance, pressures from colleagues in the workplace, retirement plan regulations, ad hoc early retirement programs and a lack of training in the course of employment. The decision to remain at work or to leave for retirement should be taken based on the needs and aspirations of the individual while taking into account the organization's specific context.

## **Guiding Principles**

The employers and the unions on the Council agree on certain principles that should guide action relative to the management of the aging labour force. These principles mostly stem from previously established considerations:

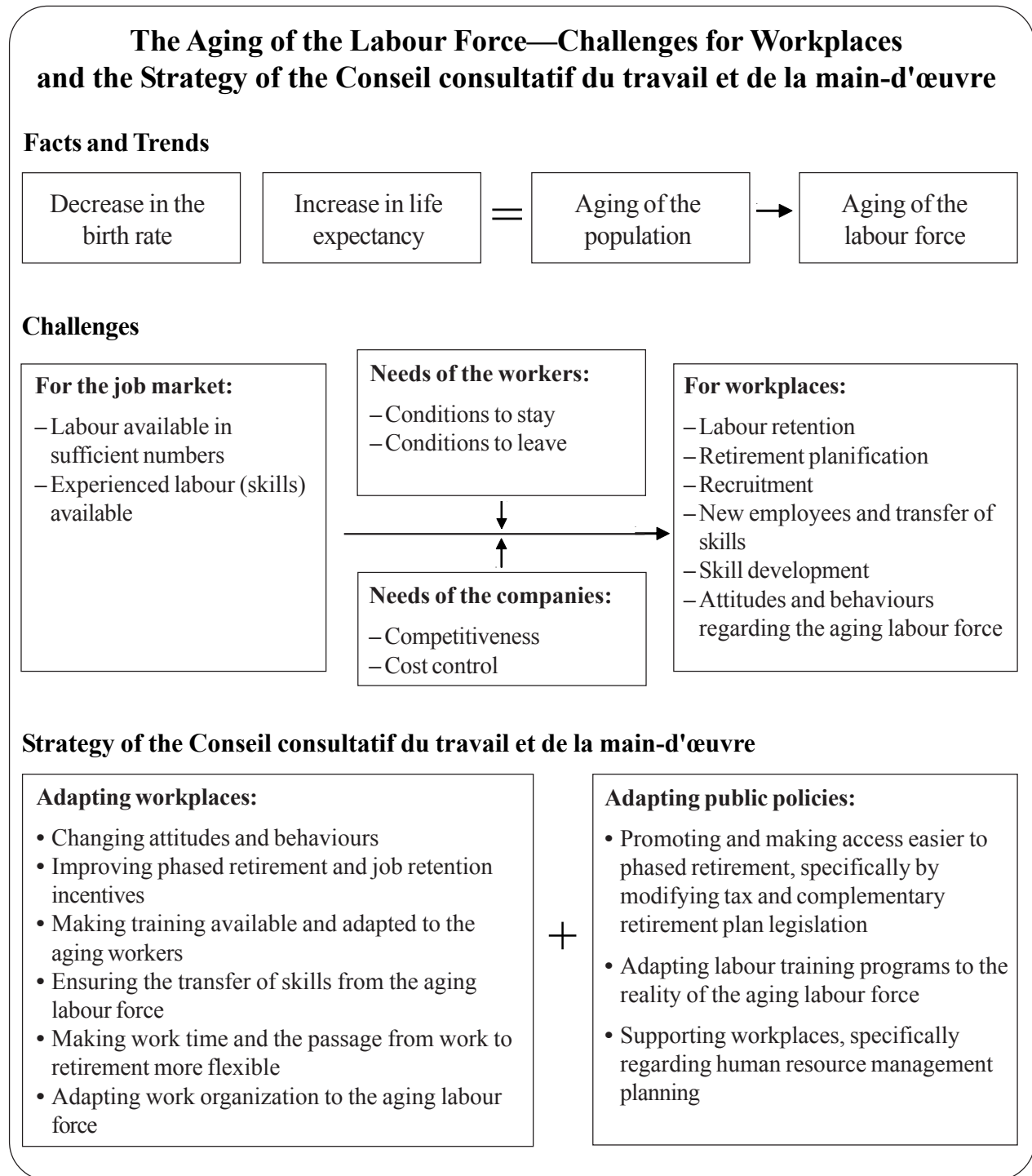
- The aging of the labour force is a process already underway that, instead of being seen as a constraint, must be viewed as an opportunity for workplaces to renew some of their human resource management and work relation practices.
- Considering the current situation in some sectors and the impacts expected over the mid-term, it is necessary that we ask ourselves now how we are going to face the challenges inherent to adapting workplaces to the aging labour force, even if the long-term effects of the aging of the labour force on the job market (shortages, balance, etc.) remain uncertain.
- All the key players in the workplace—employers, unions, aging personnel and other employees—are called upon to deal with the challenges related to the aging of the labour force.
- Because the reality is different in every workplace, it is up to local key players (employers, unions, employees) to discuss and agree on an action plan with measures specific to the adaptation of their workplace to the aging of the labour force.
- Although these measures will be aimed at aging personnel, some are likely to also meet the needs of other workers. These other workers must not be left out in the process of renewing certain human resource and work relation practices, a necessary step designed to adapt workplaces to the aging of the labour force.

## **Action Plan**

The following action plan has been agreed upon between the employers and unions on the Council. The parties considered the elements of this plan to be the most likely to promote the adaptation of workplaces to the aging of the labour force, in keeping with conditions that respect the interests of both the companies and the workers. The parties also agreed that these measures are within the scope of all workplaces which can take immediate action. Finally, the measures are likely to promote the attainment of the aforementioned objectives. Six measures

are proposed pertaining to the following fields: attitudes and behaviours; phased retirement and job retention; training; the transfer of expertise; work time; and work organization (Saba, Guérin and Wils 1997; Walker 1997). The following figure

summarizes the action plan adopted by the Council in order for workplaces to face the challenges of the aging labour force.



## Changing Attitudes and Behaviours

A renewed management of the aging labour force must begin by adapting perceptions and attitudes of:

- work colleagues;
- management and executives;
- union stakeholders;
- retirement plan and government program planners;
- the aging personnel itself.

In order to do this, basic questions must be addressed at all levels in a straightforward manner.

**Q's** **I**s there discrimination or segregation based on age in the workplace, as seen in the behaviours or decisions with regard to an aging personnel? **W**hat is the impact of a dream or an objective such as "Freedom 55" on career and retirement planning? **W**hat place are we making and what place would we really like to make for the aging labour force in our organizations? **A**re collective agreements and human resource management practices accommodating the aging labour force? **C**an laws and government programs promote measures other than early retirement?

The increased presence of the aging labour force will undoubtedly bring about a change in values and behaviours, but active measures will probably be necessary since prejudices towards older people, like all prejudices, are persistent. In order to break down the barriers likely to keep older workers from fully realizing their potential (Walker 1997), specific interventions must be planned, such as establishing anti-discrimination and anti-harassment policies and increasing awareness among management, those in charge of recruitment and staffing as well as younger personnel. Although older workers have always been part of organizations, some policy changes are necessary, similar to those which were implemented in policies on women and visible minorities in order to prevent discrimination.

## Improving Incentives for Phased Retirement and Employment Retention

Over the last few years, a heavy trend in human resources planning was aiming at promoting voluntary severance and early retirement. In fact, many of these departures have not been really voluntary, insofar as the workers were facing the risk of losing significant sums of money if they continued working. The short amount of time granted to take advantage of early retirement incentives can also put pressure on workers when the time comes to make critical choices.

Furthermore, various options, generally financed by the retirement plan, have been introduced to urge workers into early retirement: transitional temporary life annuities, absence of actuarial reduction, the lowering of the retirement age in the plans, etc. These incentive measures are not necessarily bad. On the contrary, they meet the needs of certain individuals today and probably will continue to do so tomorrow. It seems, however, that this orientation towards early retirement is often at the expense of other options such as phased retirement or job retention. At this time, these options are most often not even considered.

Having early retirement as the one and only option may be detrimental to the workplace over time. Among the potential impacts, to name a few, are the loss of experienced and qualified personnel; difficulties in transmitting knowledge and company culture; the harmful effect on companies who want to adopt competitive strategies based on innovation, strategies that generally require stability and employee mobilization; a possible increased workload and loss of motivation for the remaining staff (D'Amours and Lesemann 1991).

To adapt workplaces to the reality of the aging labour force, the Conseil consultatif du travail et de la main-d'oeuvre considers that phased retirement should be promoted. Phased retirement is defined as an option allowing workers to gradually cut back their work time in anticipation of full retirement. This reduction could take the form of a decrease in the daily, monthly or annual work time and can take place over several years. Moreover, phased retirement can include partial or total, measures, immediate or deferred compensation for the incurred loss of income. Phased retirement, according to the members of the Council, has advantages for both employers and workers. The following table summarizes these advantages.

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### Potential Advantages of Phased Retirement<sup>1</sup>

for the employer	for the worker
<ul style="list-style-type: none"> <li>– Avoids the premature loss of employees due to the popularity of early retirement</li> <li>– Allows for better labour restructuring, taking into account the aging of its own personnel</li> <li>– Decreases absenteeism</li> <li>– Increases productivity</li> <li>– Ensures knowledge transfer</li> </ul>	<ul style="list-style-type: none"> <li>– Allows for a harmonious transition between professional life and retirement</li> <li>– Allows for an adequate income, which would include both the salary from the part-time employment and the total or partial retirement pension acquired under the retirement plan</li> <li>– Prolongs work life by taking into account the constraints caused by aging</li> <li>– Allows for the accumulation of an adequate retirement pension while decreasing time at work</li> </ul>

<sup>1</sup> Table from the *Rapport du comité technique du Conseil consultatif du travail et de la main-d'œuvre (C.C.T.M.) sur la retraite progressive*, April 24, 1996, p. 10. The information it contains is based on Bellemare et al. 1995. « Vieillesse, emploi préretraite. Les facteurs socio-économiques influant sur la gestion de la main-d'œuvre vieillissante », *Relations industrielles/Industrial Relations*, vol. 50, no. 3, 483–515.

However, phased retirement still remains difficult to apply and is much less advantageous than early retirement, mainly because of tax laws and private pension plan legislation. The Council advocates for more flexible laws, both at the provincial and federal levels, in order to make phased retirement more accessible.

The Council believes that we need to stop thinking in terms of early retirement alone, and that we must develop flexible formulas, such as phased retirement, by immediately modifying the regulations that could impede their use.

All the other strategies for adapting to aging will be useless if people are still coerced into leaving. In time, if labour becomes rare, the parties in the workplace will have no other choice but to introduce more flexible measures for the transition from work to retirement.

Finally, the Council believes that we must avoid raising the age of eligibility for retirement in both private and public pension plans. There are ways of retaining the aging labour force at work other than toying with retirement plans.

### **Making Training Available and Adapted to Aging Personnel**

Training for workers more than ever takes on a strategic importance in the context of the aging of the labour force. It is imperative that training be available and adapted to aging personnel. The Council believes that this is one of the most

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important measures which needs to be implemented in order to facilitate the workplace adaptation to its aging manpower. By training, the Council means activities aimed

at maintaining the workers' skills in their current job and developing new skills, as well as the further training involving the acquisition of new skills in order for the worker to work on a different job. Integrating new employees and transferring expertise are also training aspects that take on a greater importance in the context of the aging labour force.

Without up-to-date skills, aging people who lose their jobs become the long-term unemployed. In this sense, it is more economical for society as a whole to invest in training rather than exclude older workers from the job market. Regular access to training and learning possibilities throughout the worker's professional life is just as beneficial to the organization, insofar as the training increases the effectiveness and versatility of workers of all ages.

Training, regardless of its specific objectives (development of new skills, re-training, career reorientation), must be adapted to the learning style and experience of the learner. Older workers can learn as much as younger employees as long as training methods are adapted.

### **Ensuring the Transfer of Expertise from the Aging Labour Force**

Even in the context of an aging labour force, workplaces will continue to recruit younger or less experienced individuals who need to be trained. Before they leave for retirement, it is essential to allow experienced people to transfer their expertise to new employees to avoid disrupting the work flow of the organization. Meeting this challenge

is currently perceived as being more pressing in some sectors, but this might become true on a much larger scale as more and more baby boomers leave for retirement. The transfer of expertise must be allowed to take place without jeopardizing the employment status of older workers. Naturally, another requirement in order to reach this objective is to make sure that the aging workers do not leave the organization before new employees are hired. A sufficient amount of time should also be provided to allow for the transfer of expertise. Transferring expertise from one generation to another within the organization requires time, planification and the implementation of more or less formal transfer activities. Less experienced people must be able to work alongside experienced workers in order to benefit from their know-how. In organizations, this often occurs on a daily basis but more structured opportunities must be created, including, for instance, job sharing between long-time and newly hired employees, the buddy system, supervised internships, matching or mentoring.

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The sharing of expertise must be part of individual career development and part of the organization's culture. For experienced workers, the professional challenge and the task enhancement provided by the training of new employees could encourage some of them to remain for a longer period in the workplace. This possibility should not be neglected when selecting methods aimed at improving labour retention.

The Council believes that the expertise of the aging labour force must be recognized. Workers, regardless of their professional profile, have a transferable expertise. In a way, skills acquired in the workplace are, in many respects, as important as those acquired in school.

### **Increasing Flexibility in Work Time and in the Transition from Work to Retirement**

Work time flexibility is an effective tool to help the workplace adapting to aging, whether it is for the purpose of retaining labour, extending the worker's professional life or recruitment. Different formulas can be applied where the organizational context allows it: reduction in daily, weekly or annual work hours, part-time work, teleworking, job sharing, right to refuse overtime, access to additional leave with or without pay, etc.

The Council believes that implementing these measures can promote phased departure, a solution that has advantages for both workers who are not yet ready to leave and companies which are not ready to lose them. Certain forms of work time flexibility complement each other and will reach their true potential with the development of the phased retirement strategy mentioned earlier. Other arrangements that facilitate the transition from work to retirement include self-employment or occasional call-back to work. In order for these strategies to be effective, the Council considers that they must remain an option and must not serve as a pretext to trivialize employment.

## Adapting the Organization of Work to the Aging of the Labour Force

The organization of work is another aspect to consider in order for the workplace to adapt to the aging of the labour force. In this field, interventions must promote the implementation of a safer and more user-friendly work environment, a condition likely to encourage older workers to prolong their careers.

The physical demands of the work can be modified by taking into account ergonomic factors, or factors related to health and safety in general, in order to compensate for a reduction in certain physical capabilities. In addition to the physical demands of the job, it is possible to adapt the mental workload as well by adjusting the work pace and schedules. Inconsiderate or incessant increases in workload are not likely to encourage people to remain on the job for any amount of time after they become eligible to their old age pension. It should also be mentioned that inadequate training will inevitably reduce the capacity of older people to meet the physical and mental requirements of their jobs.

Other measures that apply to the organization of work have been previously mentioned in this paper, including work hours, training and the transfer of

expertise. With regards to phased retirement, the work reorganization it requires is often seen as an obstacle to its implementation. However, the Council members believe that this obstacle can be surmounted and that solutions exist. For example, experience has shown that the constraints related to work organization are lessened when phased retirement is applied on an annual basis (e.g. six months of work, six months of retirement) rather than on a weekly or daily basis.

### Conclusion

Reflection on the impacts of the aging of the labour force in the workplace has already begun. The employer and union organizations who are members of the Conseil consultatif du travail et de

la main-d'oeuvre agree on the importance of the issues at stake and the necessity to prepare for the aging of the labour force, a challenge that is already affecting certain sectors of activity. These employers and unions have taken up the challenge, and together they are committed to addressing it. They also agree on the importance of taking immediate action by determining common approaches and solutions. The debate must now move into the workplace.

For their part, public authorities are also called upon to meeting the challenge of the aging of the labour force. Union and employer organizations represented at the Council want to actively collaborate with them in the implementation of the necessary action plans. In this respect, Council members put a special emphasis on the objective aiming at promoting a better access to phased retirement, which has the potential to yield key advantages for both businesses and workers.

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