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AGING WORKFORCE STUDY PROGRAM – THIRD PROGRESS REPORT

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated July 29, 2010 from the Commissioner of Planning and Development Services.

1. RECOMMENDATION

It is recommended that:

1. Regional Council approve the release of the draft guide and final report of the Aging Workforce Study Program for comment to York Region employers in Q4-2010.

2. PURPOSE

This report provides a progress update on the Aging Workforce Study Program, including an overview of the Employer Survey conducted with York Region residents.

3. BACKGROUND

Over the next 10 years, an estimated 100,000 to 150,000 baby boomers in the York Region workforce will retire. The aging workforce will challenge recruitment plans of medium to large York Region employers and succession planning at small entrepreneurial firms that comprise over 70 per cent of firms in the Region.

The 2005 Economic Strategy identified the complex interplay of demographic changes, economic trends and changing business conditions causing difficulty to forecast supply and demand for workers. The Aging Workforce Study (AWS) Program will provide a better understanding of York Region's aging workforce demographic impact on the economy and initiate actions to improve efforts to maintain effective and adequate skilled labour supply to meet the needs of the future workforce.

The 18 month Aging Workforce Study Program is funded by the Ministry of Training, Colleges and Universities

The Aging Workforce Study Program, approved by Regional Council in October 2008, is an 18 month employer focused project funded by Employment Ontario, through the Ministry of Training, Colleges and Universities. The project is managed by the Economic Strategy Branch and is assisted by an Advisory Committee of stakeholders from academic, private business and public sectors. The Aging Workforce Study Program concludes on December 31, 2010.

The Aging Workforce Study Program includes custom research to assess the unique economic impact of the aging workforce effects on York Region stakeholders. Three surveys engaging 1,000 youth, 1,000 older residents and 200 employers provided information to forecast workforce gaps, trends in retirement, second career plans of older workers, and employer workforce planning practices.

Based on the results of jurisdictional and custom research, a series of employer workshops and a stakeholder conference will be delivered. Economic Strategy staff will produce and distribute a guide, employer tools and resources, and a final report to 3,000 York Region employers, local municipalities, Chambers of Commerce, Board of Trade and interested stakeholders.

4. ANALYSIS AND OPTIONS

The Aging Workforce Study Program consists of five phases beginning April 2009 and ending December 2010. Work activities occur concurrently in multiple phases with different completion target dates.

- Phase 1, jurisdictional research and analysis concluded May 2010.
- Phase 2, custom research and reports were completed July 2010.
- Phase 3, employer workshops are targeted for October to November 2010.
- Phase 4, employer tools development and pilot program testing will conclude in November 2010.
- Phase 5, includes the guide and final draft report to be presented to Regional Council in January 2011.

Progress reports on the results of each phase include highlights of aging workforce trends, jurisdictional impacts, and best practices in workforce planning.

Phase 2 – Custom research indicates employers lack awareness of labour shortages and workforce planning practices

Employers are experiencing technical and skilled labour shortages and anticipate critical skills shortages but most are not making workforce plans to deal with it. Eight in 10 businesses do not engage in workforce or succession planning or have human resource practices to assess planned employee retirements. Our research indicates that employers are not planning for labour shortages or the impacts of an aging workforce because they do not envision it affecting them.

Over the next five years, it is estimated that one in five workers will be retiring in Canada. Two-thirds of businesses declared upcoming retirements would have no or little

impact on their workforce. Further, almost two-thirds expect that their company's retirement rate will be lower than expected over the next five years.

Employers indicated that labour supply is not an issue despite having current vacancies and boomer-held positions in their companies. Two-thirds of surveyed employers said their own employee turnover rate was lower than the industry average. Yet, almost one-half of businesses have typical or predominant occupations or positions currently filled by older workers. Of those boomer-held positions, almost half are skilled or technical jobs and two-fifths are management jobs.

Employers are not encouraging older worker retention

Employers do not recognize the need to implement best practices to encourage older worker recruitment and retention. When asked if their business had policies or procedures which may encourage older workers to leave the workplace, four-fifths of employers stated there were none. The survey revealed that few employers offered retention incentives and benefits such as phased-in retirement options (18%) and just over a quarter (27%) offer on-call, or temporary positions to retired workers as incentives.

Employers may benefit from tools to address age discrimination workplace practices

Employers cited important benefits to older workers which were most often based on return from sickness leaves and health benefits. Less than one in five (18%) companies engaged in age awareness training, and fewer (9%) provided training to address pervasive myths about older workers' capabilities and age awareness or anti-ageism work practices (8%). The targeted benefits and lack of training suggest that employers may benefit from tools and resources to address age discrimination workplace practices.

Boomers prefer flexible work schedules

Over four-fifths of boomers questioned in the first survey, "Boomer Retirement Survey", indicated that flexible schedules would have an impact on their decision to work past retirement age. Flexibility was mentioned by only two-fifths of employers as an important benefit.

Employers recognize possible future skilled labour shortages

Twenty-four per cent of employers surveyed had no key challenges to workforce planning for future business needs. The top concern for twenty-three per cent of employers surveyed was to find skilled or qualified workers.

Employers may not understand the impact of the aging demographic on labour supply and the looming labour shortage. Employers have identified labour shortages and critical

skills needed in the future. However, the majority of employers have not taken steps to initiate workforce plans and human resource best practices and tools to address labour shortages (*Table 1*).

Table 1
Employer Workforce Planning - Survey Results

Key Issues	Facts
Current labour shortages	Just under half (42%) of businesses reported they had regular or typical job openings. Labour shortages were reported in all categories, but were highest in the skilled or technical and unskilled or non-technical jobs: • Skilled or technical (68%) • Unskilled or non-technical (55%) • Clerical or administrative (37%) • Professional (32%) • Managerial (22%) • Other (4%)
Critical skills anticipated in the future	The majority of York Region businesses (81%) anticipate critical skilled or technical labour shortages in the next five years. Employers predict shortages in the following skilled jobs: • Computer skills/computer literacy (14%) • Engineers (11%) • IT/computer programmers/software developers/web designers (8%) • Machine operators/machine technicians/machinists/millwrights (7%) • Management/leadership (6%) About three quarters of York Region businesses (72%) anticipate shortages in unskilled or non-technical skills. Employers most frequently anticipated the following non-technical positions in short supply: • Sales (14%) • General help (10%) • Manual labour (7%)
Difficulty estimating retirement impact and few use workforce planning	Almost one-half (45%) of companies do not become aware of their employees' intention to retire until three months to a year before they retire. Four-fifths (79%) of employers indicated that their companies did not have any HR practices in place to assess planned employee retirement, while only 16% did have this type of practice in place.

Key Issues	Facts
Older worker retention practices and targeted benefits could be improved	York Region boomers value flexible work schedules and phased-in retirement options, however a minority of employers are offering phased in and post-retirement opportunities. Few employers (18%) offer phased-in retirement, but when offered, reduced hours or days was prevalent (73%) followed by post-retirement hours (41%). A quarter of companies (27%) offered on-call, contract or ongoing temporary employment to retired workers and it was most often offered for skilled or technical positions (57%). Employers cited the following benefits as successful or important to recruiting and retaining older workers: • Ability to return after extended sick leave (63%) • Ability to return after compassionate care leave (60%) • Access to health benefits (50%) • Flexible schedules (40%) • On-call, temporary or seasonal work (33%) • Job redesign to modify work stress and/or physical demands (31%) • Sabbaticals or extended leaves (30%)
Workforce planning targeted at senior managers	Almost half (45%) of companies are using succession planning for critical organizational positions, such as senior managers. Other workforce tools used include: • Strategic plans, such as HR forecasts (36%) • Talent gap analysis based on future needs (26%) • Informal planning methods (24%) • Recruitment data assessment tools or database flags (19%)
Small employers lack dedicated HR expertise to do workforce planning	Human resource expertise may impact a company's ability to take a proactive, strategic approach to workforce planning and integrate non-traditional work arrangements and workforce planning best practices. Industry standards are one dedicated HR staff for every 100 employees. In York Region, • Small businesses (10 employees or less) owners or line managers fulfil HR functions • Under half of medium to large businesses (11 or more employees) do not have dedicated HR staff (43%)

Key Issues	Facts
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Phase 3 – Employer workshops will increase employers’ understanding of the economic impacts of the aging workforce

The “Guide to the Aging Workforce” includes Aging Workforce Study Program research findings, draft tools and resources. The guide will be presented at a series of four geographically dispersed, business-clustered, employer workshops planned for October - November 2010. The workshops will provide a forum for employers to discuss best practices, access tools and resources, promote employer action plans to respond to the aging workforce trends.

The Chambers of Commerce and Board of Trade will host the employer workshops and along with the local municipal economic development offices and the York Region Economic Strategy Branch, they will market the events and send employer invitations to the workshops.

The Aging Workforce Study Advisory Committee has approved the Guide’s Table of Contents (*Attachment 1*). The Economic Strategy Director will review and release a draft of the employer survey results and labour market research findings to York Region employers at the October-November 2010 workshops.

Phase 4 – Employer pilot program will validate employer tools

A pilot program for employer testing of workforce planning tools and best practices will commence in October 2010. Employer tools and resources will be finalized and released as part of the final report at the December 2010 stakeholder conference.

Five medium to large size employers are interested in participating in pilot program. More employers may be recruited at employer workshops to participate in the pilot program.

Phase 5 – Final report and employer guide will provide employers with information and tools for workforce planning actions

The final report will be released at a Stakeholder Conference in December 2010. Employers will be provided with a Guide to the Aging Workforce, finalized employer tools and resources, case studies and pilot program results which will enable them to develop workforce action plans.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications for York Region. Employment Ontario approved \$518,000 funding for the Aging Workforce Study Program. Direct costs covered include two dedicated project staff, research, employer guide and tools development, pilot program coordination, delivery of workshops and stakeholder conference, and production and distribution of a final report. Employment Ontario approved a project timetable extension to December 2010.

6. LOCAL MUNICIPAL IMPACT

Addressing the aging workforce trend will have an economic impact on all nine municipalities by uncovering strategies that can be acted on to support workforce development to the year 2025. Municipal economic development offices are provided with detailed presentations of the research results and employer resources.

7. CONCLUSION

Employers will benefit from using workforce planning resources and tools

Despite identifying current and future labour shortages, employers indicated that the aging workforce and boomers' retirements will not impact their business and that workforce planning tools are not needed. Employers will be urged to participate in workshops and review aging workforce program resources and to initiate actions for labour force growth and sustainability. York Region partners will be critical to the success of promoting employer participation at workshops and the conference and accessing employer workforce planning tools.

The Aging Workforce Study Program is on schedule to be completed by the revised timeline of December 2010. Custom and jurisdictional research has generated meaningful insights and the project includes opportunities for ongoing Regional stakeholder input.

For more information on this report, please contact Sharon Vegh, Program Manager Economic Intelligence & Innovation at (905) 830-4444 Ext. 1509 or Susan Bergman, Aging Workforce Study Program Coordinator at Ext. 1492.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

EMPLOYERS' GUIDE TO YORK REGION'S AGING WORKFORCE

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