Dealing with the Tsunami of demographic change: Will Employers Drown?

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I Study Change and Teach Change Management

In my experience

- Organizations do not like to change
- Organizations are not good at change
- The moral case for change is not effective
- Employers like to talk change but do not actually change

But .. Organizations are going to have to change to remain viable (organizations)

- Why? Shifts in external environment
- Challenge: success spiral
Why are you going to have to change?
You cannot run from demography

- Globally we are moving from a “buyers” labour market where there were more good employees than good jobs to a “sellers” market where those with the skills the market needs will be “in the drivers seat”
  - There will be winners and losers in this market
  - Both employers and employees will need to do things differently if they want to survive/remain relevant
Why a Labour Force Shortage?

- Birth Rates Declining Throughout the World
  - “Revolution in Fertility”
- Population is aging
- Many countries have inverted population pyramid
- Age at which people are taking retirement has fallen
- People are staying in school longer (or returning)
- Increasing skill-intensity of employment
- Greater international competition for labour
What is happening to the Canadian Workforce?

Canada - Now

Source: U.S. Census Bureau, International Data Base.
Canada: 2050

Source: U.S. Census Bureau, International Data Base.
Age Profile of Labour Force Will Change

Age Composition of the Working Age Population, Canada

Figure 6
Dramatic Increase in Immigration Will Be Needed

Population Growth by Component, Canada

Population Growth Will Increasingly Depend on Immigration

1976-2046

Figure 5
Where do the Immigrants Live Once They Come to Canada?

- Montreal, Toronto, Vancouver
- Small Town/Rural Area

% of immigrants settling here vs. % of Canada's Population Living here
The MTV problem

**CANADIAN IMMIGRATION IN 2011**

- In 2011, 51% of all immigrants settled in the Toronto area.
- Urban Area | # Of Immigrants 2011
  - TORONTO    | 77739   | 51%
  - MONTREAL  | 44857   | 30%
  - VANCOUVER | 26958   | 19%

**IMMIGRANTS BY GENDER**
- MALES: 137,000
- FEMALES: 143,681

Seven out of ten immigrants settle in either Toronto, Montreal, or Vancouver.
Ontario is getting fewer immigrants (Statistics Canada)
And Toronto getting a bigger share of what we get than before.
Shifting Demographics

<table>
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<th>Long-term impact</th>
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<td>Green</td>
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<td>growing population</td>
</tr>
<tr>
<td>Blue</td>
<td>4 or more</td>
<td>rapidly growing population</td>
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http://www.pregnantpause.org/numbers/fertility.htm
Shifting Demographics
2013 Revision by WHO

Total Fertility Rate
Children Born per Women

GIA World Factbook's 2013 data.
http://en.wikipedia.org/wiki/Total_fertility_rate
What is happening in the US?
Fewer Kids – US Today based on current census data
The Knowledge Economy

With the emergence of the knowledge economy the proportion of the workforce requiring some form of education or training post high school will increase dramatically

- US Department of Education shows that 60% of all new jobs in the 21st century will require skills that are possessed by only 20% of the current workforce
- Canadian data estimates that by 2031 Canada will need 77% of our workforce to have post secondary credentials
  - Significantly higher than the 60% we now enjoy

One of main issues with respect to education is access and the financial burden of higher education
Job Skills Mismatch:
People without jobs: Jobs without People  Rick Miner

- We face a future with:
  - large numbers of unskilled workers looking for jobs that require skills they do not possess, and
  - A large number of jobs that will go unfilled (i.e. Shortage in the midst of surplus)  Rick Miner

- Retirements will be highest in occupations requiring skills
  - But production of graduates from post secondary institutions is starting to shrink
Supply and Demand: A looming Imbalance

Figure 6. Ontario Labour Force Balance: Medium Population Growth
Jobs without people – people without jobs

“During the first eight months of 2015, Ontario added 45,600 jobs for people 25 and older, yet all of these jobs “were concentrated among those with post-secondary credentials.” 91,000 people with high schools education or less lost their jobs during the same period.”
Jobs without people, People without Jobs
Time magazine, August 26, 2012

Help Wanted

By 2020, the world will have a surplus of 93 million low-skilled workers

and a shortage of 85 million high- and medium-skilled workers

So to Recap: According to the Ministry of Finance (Feb., 2017)

Ontario will face a number of demographic challenges

- Aging and more slowly growing population
- Population growth concentrated in GTA and mostly due to immigration
- As boomers retire labour market growth will slow down
- Vastly different population growth projections across the different regions
So to Recap: According to the Ministry of Finance (Feb., 2017)

- These demographic challenges will result in a number of economic issues:
  - Slower labour market growth will negatively impact economic growth
  - Competition for skilled labour will intensify
  - To get and keep people employers will need to change how they manage
    - Economic security and balance key
So to Recap: According to the Ministry of Finance (Feb., 2017)

- All of which will increase pressure on the public service
  - Higher demands for service – especially in health care
  - Need to rebalance workforce – education versus health
  - Need to balance getting and keeping talent with fiscal pressures to reduce costs
Looking at the Issue Through a Generational Cohort Lens

- What is a generation? And why do they arise?
  - Not defined by time
  - Rather, people are defined by the “watershed” events and conditions that they were exposed to as they grew up
  - These common influences shape their attitudes which in turn influences what motivates them

- We are in an unusual circumstances right now because we have three very different generations in the workforce at the same time
  - And they all have different expectations around work-life issue
Demographics 101

- The war, return of the veterans
- The Veterans (born just before or during WWII – 59 +)
- The Baby Boom (1947 to 1964)
- The Baby Bust (Generation X) (1961 to 1980)
- The Echo Boomers (Nexus) (1981 to 1990)
  - 42% the size of the boomer cohort

Challenges
- The concept of “cuspers”
- Impact of country of origin
- Cohorts are retrospective
Key Differences in Values by Generational Cohort

- Our research shows that generational cohort is a key predictor of:
  - What employees want from a job
  - What employees want from their boss
  - What they will do if their organization or their boss “does not deliver”
Summary: The Generations

anatomy of generations

**Boomers**
- pre 1960
- 1960-1969
- 1970-2005
- 2006-2015

- not the 60s
- the 60s!!!!!!
- not like it was in the 60s
- in their 60s

**Gen Xers**
- pre 1990
- 1991-1995
- 1996-2015

- whined about Boomers
- wore plaid
- whined about Millennials

**Millennials**
- pre 2007
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015

- no new new new new new new new new new new new new
- iPhone iPhone iPhone iPhone iPhone iPhone iPhone iPhone iPhone iPhone
Impact on Organizations:
Means that sound management of human capital will become critical success factor

- Organizations in all sectors have to display competencies in following areas:
  - Recruitment
  - Retention of employees of all ages
  - Succession planning and succession management
  - Work-life balance
  - Career Development
  - Knowledge transfer
  - Change management

How are you doing?
Gen X are Key!!!
NOT Gen Y .. Though they are important as well
Talent Shortage Looms Due to:
(HBR, July, 2, 2014)

- **Globalization**: "going global" increases need for talent
  - the competition will be heated.
- **Shortage of Gen X**: The number of potential leaders between 35 and 44 — the sweet-spot for finding up-and-coming talent — is set to decrease by 30%.
- **Poor Succession Planning**: Companies not doing a good job of developing their own talent pipelines ahead of the impending drought.
Implications for employers

- The competition for talent will be global
  - Are you competitive with respect to people management practices?

- The talent you want cannot be bought
  - Caution: Talent that can be enticed by money – can be offered more by competitors to leave

- You are only as good in this market as your employees say you are (what do they say?)

- To compete you need to change strategic focus
  - From short term to longer term
  - From finances and ROI to human capital and $$$
What do you need to do?

- Focus on workloads!
- Focus on policies
  - They should not be designed to help you manage the non-performers
- Focus on your culture
Work by Psychotherapist Douglas LaBier whose practice is devoted to treatment of individuals who work for large organizations

- He found that those considered “sick” by their organizations were from a psychotherapeutic standpoint “normal”
- Those who were considered “normal” and pointed to as role models had serious psychological problems
“Modern Madness”

- these problems included lust for power, feelings of grandiosity, desire to micro-manage, high need for control and to dominate others
- many organizations have institutionalized “sickness”
- not only a fundamental part of culture but also exercises tremendous pressure on “normal” people to become “sick” to fit in
To move forward MUST focus on the Organizational Culture

Problematic Cultures:

- Boiled frogs
- Emperor has no clothes
- Reactive/urgent (not proactive/important)
- Work or family
- Talk people but value $$$ (people are a cost)
- Cynical
- Teflon
- Fish bowl (outward focus)
- Over lead and under managed
- Whack a mole
- “Connected”
The Connected Culture
How do you change the culture?

- Change organizational structure, performance management, and reward system
- Strong leadership (this is you!)
- Involve of middle managers
  - The good middle managers are totally overloaded and do not have time for change
- Build trust
  - Many employees “survivors of the 1990s”
  - Many are Gen Xers who need to be convinced you are serious
“More than anytime in history mankind faces a crossroads. One path leads to despair and utter hopelessness, the other to extinction. Let us pray that we have the wisdom to choose correctly.”

Woody Allen