

**THE TIME IS RIGHT: VOLUNTARY REDUCED WORKTIME  
AND WORKFORCE DEMOGRAPHICS**

**by**

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### **ABSTRACT**

This applied demography paper assembles diverse literature in demography, economics, sociology, and industrial relations to examine the emergence of intergenerational conflict within labour force groups. First the paper defines the generations based on demographic and economic considerations and reviews the existing literature on intergenerational conflict. Second, using Canadian labour market data, it examines the situation facing groups in the labour force. The paper then reviews potential workplace solutions. The conclusion outlines a practical workforce policy that can ameliorate many of the concerns of younger workers and address the trend toward intergenerational conflict while also taking into account current fiscal and workplace realities.

Key words: workforce demographics, reduced worktime, intergenerational conflict.

### **RÉSUMÉ**

Ce document sur la démographie appliquée assemble une littérature diverse en démographie, économie, sociologie et relations industrielles afin d'examiner la manifestation de conflit entre les générations à l'intérieur des groupes de population active. D'abord, les auteurs définissent les générations en se basant sur des considérations démographiques et économiques et revoient la littérature actuelle sur le conflit entre les générations. Ensuite, ils examinent la situation devant laquelle se trouvent certains groupes dans la population active en utilisant des données du marché canadien du travail. En dernier lieu, ils revoient quelques solutions potentielles en milieu de travail. Leur conclusion présente une politique pratique de population active pouvant améliorer plusieurs inquiétudes des jeunes travailleurs et pouvant aussi adresser cette tendance de conflit entre les générations. Et ceci, tout en tenant compte des réalités actuelles de fiscalisation et de milieu du travail.

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## Introduction

It has often been observed that each succeeding generation appears to find it necessary to distinguish itself from the preceding generation. The distinguishing features are many and varied but are often focused on unifying attitudes towards institutions, such as churches, colleges, marriage, the military, democracy, multinationals, governments and pensions. These distinguishing features are most obviously reflected in the similar music, dress and behaviour of many individuals within the generation.

This is not a new phenomenon. Jones (1980) refers to the "generation gap" in describing the impacts of the postwar Baby Boom generation on American society, while the "Roaring 20s" lives on as a descriptor that characterizes the generation of the Charleston era. A common thread that weaves through all of these groups is that it is predominantly the youth that defines the characteristics of a generation as they approach adulthood.

A recent contribution to this literature is Coupland's (1991) book entitled *Generation X*. This apparently non-descript identifier has been used to capture the recent generation of young people beset with a common array of problems if not a common array of solutions. Subsequent contributors, such as Howe and Strauss' (1993) *13th Gen*, have largely failed to modify the label, particularly in the popular press. Over the early 1990s, several high profile magazines dedicated major articles to the demographic cluster variously known as "Gen X", the "Twenty Somethings", the "Posties" (post-Boomers) or the "Whiny Generation". Numerous smaller (especially college) magazines have run similar pieces, and even magazines (electronic and otherwise) dedicated to "Xer" issues are in circulation.

One of the major unifying characteristics of the "Xers" is the attitude that history charged them "with the task of cleaning up after everybody else's mess" (Howe and Strauss, 1993: 228), but without providing them with the resources to accomplish this task. This perception appears to be gradually leading to the emergence and recognition of generational tension, resulting in the questioning of the appropriateness of existing policies concerning such issues as employment, taxes, health care, retirement and pensions. In many cases, this re-evaluation strikes at

"core" values in society such as universality, equity, seniors' rights and the welfare state itself.

Academic writings on intergenerational conflict and equity focus on the argument that the young are being deprived of opportunities for well-being because of the excessive allocation of societal resources to the elderly and that this is likely to intensify in an aging population (eg. Laslett and Fishkin, 1992; Marmor, Smeeding, and Green, 1994). While this argument is relevant to the Xers, it largely misses the point. Their complaints are primarily focused on the Boomers and senior bosses who are fellow members of the labour force. To the Xers, intergenerational conflict and equity issues occur largely *within* the labour force, not so much between members of the labour force and the senior (or young) age groups in society.

This paper attempts to remedy this academic void. First, it establishes an objective definition of Generation X based on demographic and economic considerations. Second, it briefly reviews the existing literature on intergenerational conflict and shows that, while it remains relevant to this debate, it largely misses the issue of intergenerational conflict within the labour force. Third, using Canadian labour force data, it examines the complaints and labour market claims of Generation X, including those focused on intergenerational issues. The paper then discusses potential solutions in the arena identified by Generation X, namely the labour force. It concludes by outlining a practical workforce policy that can ameliorate many of the concerns identified by Generation X and the subsequent generation of young labour market entrants. Moreover, the proposed policy is consistent with current fiscal, demographic and workforce realities including the aging of the workforce and the increasingly discussed trend towards a flexible, task-oriented labour force (Olmsted and Smith, 1994).

## **Generation X and Intergenerational Conflict**

The concept of a generation is inherently aggregative in nature. It comprises a collection or cluster of individuals usually from adjacent birth cohorts with shared social characteristics that are not shared by other birth cohorts (Marshall, 1983). The key element of this definition is that it is based on social reality - on observed behavioural patterning that is qualitatively different on some social or economic variable or group of variables<sup>1</sup>.

Of course, not every individual in such a cluster will exhibit identical responses on all variables. However, whenever sufficient numbers behave in similar patterns over a variety of variables a generation is recognized. It was within this context that Coupland (1991) introduced *Generation X*. His definition was implicit, revolving around three young adults in their late twenties whose observed behavioural patterns were dramatically different from their parents and the generation that immediately preceded them, vicariously identified as the Baby Boom generation.

It is important to recognize that Coupland's fictional characters are disenfranchised young adults who are at an age when, in their own opinion, they should be settling into established careers and building families, but who instead are trapped in low status, dead end "McJobs" and, as a result, in temporary, often long-distance personal relationships. Moreover, they understand the reason why. They refer to life as "a genetic lottery" and that they were "born at the wrong time in history" (Coupland, 1991:21), the unexpressed implication being that these facts are clearly beyond the comprehension of their parents who produced them. However, their resentments are directed at the older Boomers, the group that immediately preceded them into the workforce.

These expressions of economic and social alienation, pessimism, fear and disdain are the shared experiences that bind them into a generation. To outsiders the shared characteristics are often expressed in more negative terms - lazy, nihilistic, angry, cynical and whiny. But whatever the descriptions, there seems little doubt that they do constitute a "generation" in the standard definition of the term based on social reality.

The key to a more precise definition is to be found in demographic reality and its impacts on the labour market. A 29 year old in 1990 was born in 1961. He or she reached labour market age (15 years) in 1976 and likely graduated from college or university in the early 1980s. Their labour market search was characterized by increasing numbers of applications for a diminishing number of new positions. If they were fortunate enough to secure an entry-level job, they were almost immediately confronted by the recession of the early 1980s that permeated both the Canadian and US economies. "Last hired, first fired" became a motto that characterized their shared experiences. This inability to get established in a career had nothing to do with performance or work ethic - it was determined by seniority, generational crowding and the state of the economy.

Then as the 1980s unfolded, they found themselves bouncing from one short-term contract to another, often with periods of unemployment in between (see Krahn, 1991, 1995). Many found it economically necessary to move back in with their surprised parents, sometimes leading to the label of the "Boomerang Generation" (see Wister, Mitchell and Gee, 1997). During the recession-prone 1990s their younger siblings experienced the same "last hired, first fired" labour market behaviour and a mutual shared reality was created. This is why over the 1990s, the Xers have been increasingly described in the popular press as "twenty somethings".

Demographic reality would, however, suggest otherwise. The postwar Baby Boom, largely unique to North America, was born over 1947-66 in Canada and 1946-64 in the US, and with a peak in 1959 and 1958 respectively (Foot, 1996). The pre-peak Boomers were generally successful in their search for jobs and careers. However, the post-peak Boomers found themselves facing the deteriorating labour market of the late 1970s and early 1980s. Moreover, being in the tail-end of the massive Baby Boom, there was tremendous peer group competition. This is the genesis of the Xer

generation - numerous post-peak Boomers who were faced with very limited opportunities to establish careers.

Others (Owram, 1996; Ricard, 1994) also divide the Baby Boom generation roughly into two waves particularly in terms of labour market conditions. The favourable labour market conditions facing the early Boomers (eg., plentiful jobs with limited qualifications required and relatively easy upward mobility) is contrasted with the less buoyant job market marked by increasing demand for qualifications and more contract work with less upward mobility facing the second wave of mainly post-peak Boomers (Ricard, 1994). Ricard (1994) discusses how the younger wave's alienation and rebellion was specifically directed toward the older wave who had taken all the jobs. Owram (1996) also notes that at the extreme the accusations of Generation X (post-peak Boomers in his definition) towards the Boomers edges towards notions of intergenerational warfare.

The generation following the Boomers, commonly referred to as the Baby Bust generation born over the late 1960s and 1970s, initially fared better in the buoyant mid-to-late 1980s labour market, but the prolonged recession of the 1990s, especially in Canada, has provided them with some of the shared reality of the post-peak Boomers. There are, on average, approximately 20 per cent fewer of them in each age cohort so they do not suffer from the same peer group competition.

In summary, demographic reality provides a more precise definition of Generation X. They are post-peak Boomers born over 1960-66 in Canada and 1959-64 in the US. They have suffered from the dual realities of large cohort size resulting in tremendous peer group competition and two recessions in their career formation ages. They are no longer twenty somethings.

Academic writings on intergenerational conflict and equity have focused primarily on the "dependency" or extended family model of social contract. Under this approach, working age members of a society have an "obligation" to the current elderly because previously the elderly had supported them when they were too young to work. This overlapping generation or intergenerational approach has resulted in a number of recent anthologies of academic articles on intergenerational conflict and equity (Laslett and Fishkin, 1992; Bengtson and Achenbaum, 1993; Marmor, Smeeding and Green, 1994). As noted in Cook et al. (1994), the key aspect that differentiates this new literature from previous concerns about the economic costs of an aging population (eg. Walker, 1990) is that the economic costs of the aged are linked directly to those of the young. The young are being deprived of opportunities for their well-being because of the allocation of societal resources to the elderly.

Marshall, Cook and Marshall (1993) argue that while intergenerational equity emerged as a major issue in the United States over the 1980s, the debate over the relative provision of economic resources to the aged and the young did not emerge in Canada. After rejecting differences in relative poverty levels and in societal values as reasons, they attribute their finding to the greater use of universal programs in

Canada and to the Canadian political structure that contains less interest-group lobbying.

While these conclusions may be relevant for the intergenerational equity debate between the young and aged members of society, it remains an open question as to their relevance for the emerging debate over intergenerational equity issues *within* the labour force; that is, on the distribution of work and, to a somewhat lesser extent, on the rewards from employment once it is secured. These are the dominant concerns raised by the members of Generation X and early Baby Busters. Their main complaints are directed at their fellow, but more senior, members of the labour force, especially the Boomers, who have not only “taken” all the jobs, but also blocked their promotions, slowed the rate of income growth and been responsible for creeping credentialism in the labour market (Foot and Venne, 1990; Ricard, 1994; Picot, 1998).

### **Workplace Realities**

Many of the Xers' concerns start with their focus on the lack of employment opportunities. Table 1 presents unemployment rates by age. Over the period when the Xers entered the labour market, the teenage unemployment rate was increasing, as was the 20 to 24 unemployment rate. An Xer born in 1963 for example reached age 18 in 1981 when the teenage unemployment rate was 16.2 per cent, one-half a percentage point higher than five years earlier. If they continued their education and entered the labour market five years later in 1986, they faced a lower overall unemployment rate of 14.1 per cent, but this was almost three percentage points higher than the comparable rate five years previously. Moreover, by the time they reached 28 in 1991, once again the unemployment rate for their age group had risen dramatically - over four percentage points in a decade. Job opportunities had not opened up for them as they had for their older siblings. For example, Table 1 also shows that a Boomer born in 1953 faced a group unemployment rate of 10.5 per cent in 1976 and 7.0 per cent in 1981, well below numbers subsequently experienced by the Xers. Case closed, they might claim!

The major flaw in this analysis is that over much of this period, unemployment was increasing for everyone, not just the Xers. To investigate the relative position of the Xers in the labour market, Table 2 presents relative unemployment rates over the same period. First, it is useful to note that at any point in time, both absolute and relative unemployment rates decline with age reflecting in large part the influences of work experience and seniority in the labour market. Nonetheless, the 18 year-old Xer born in 1963 faced an unemployment rate over twice as high as the national average in 1981 and almost 1 1/2 times the national average in 1986. The only trouble is that these figures were almost unchanged over a decade - their older siblings were at the same *relative* disadvantage. This was not as true, however, when the Xers entered their late twenties and early thirties, when the unemployment rate for the 25 to 34 age group had risen above the national average, unlike a decade earlier when it had been below the national average.

**Table 1**  
**Unemployment Rates by Age, Canada**  
**1976-96**

Age Group (years)	1976	1981	1986	1991	1996
15 to 19	15.7	16.2	16.8	16.7	20.1
20 to 24	10.5	11.2	14.1	15.9	13.6
25 to 34	6.3	7.0	9.9	11.1	9.9
35 to 44	4.8	5.1	7.2	8.3	8.5
45 to 64	4.2	4.7	6.8	7.7	7.4
65 plus	2.2	1.6	2.3	3.8	3.8
Total	7.1	7.5	9.5	10.3	9.7

Source: Statistics Canada - The Labour Force, Annual Averages.

**Table 2**  
**Relative Unemployment Rates by Age, Canada**  
**1976-96**

Age Group (years)	1976	1981	1986	1991	1996
15 to 19	2.20	2.14	1.75	1.62	2.07
20 to 24	1.46	1.46	1.46	1.52	1.40
25 to 34	0.89	0.92	1.03	1.07	1.02
35 to 44	0.67	0.68	0.75	0.80	0.87
45 to 64	0.59	0.60	0.71	0.74	0.77
65 plus	0.31	0.22	0.24	0.38	0.39

Source: Table 1.



These data suggest that the Xers faced an absolute disadvantage upon labour market entry (Table 1) and that as they became established in the labour market a relative disadvantage opened up (Table 2), further exacerbating their employment opportunities. However, it should be noted that they are not the only ones facing this situation. Both the absolute and relative unemployment rates for all older worker (25 years plus) categories, *including* the Boomers have been drifting upward over the period.

Table 3 reports the results of trend regressions on the annual relative unemployment rates over the period 1976-96. These results show that, in fact, on average the relative unemployment position of younger workers (15 to 24) has been improving over the period, while the relative unemployment positions of all older workers (25 years and over) have been deteriorating. Moreover all trends are significant at traditional significance levels.

**Table 3**  
**Trends in Relative Unemployment, Canada**  
**1976-96**

Age Group (years)	Constant	Trend Coefficient	R <sup>2</sup>
15 to 24	1.718 (61.7)	-0.0093 (-3.88)	0.443
25 to 34	0.893 (57.0)	0.0096 (7.18)	0.731
35 to 44	0.652 (104.9)	0.0109 (20.46)	0.957
45 to 64	0.601 (62.0)	0.0099 (11.93)	0.882
65 plus	0.173 (5.5)	0.1123 (4.22)	0.484

Note: The dependent variable is the relative unemployment rate (see Table 2); the independent variable is a time trend; results are based on 21 annual observations; number in parentheses are t-statistics.

Source: Table 2.

Not only were employment opportunities perceived by the Xers to be limited but the returns to employment also declined over the 1980s when they entered the labour market. Rashid (1993) notes that the rate of growth in real wages slowed down dramatically over the 1980s with an increase of only 2 per cent, compared to increases of 8.5 per cent over the 1970s and 36.8 per cent over the 1960s. This decline in real wage growth since the late 1960s coincides with the entry of the Baby Boom generation into the labour force thus increasing the supply of labour and, hence, depressing its price. Not surprisingly, the most dramatic and devastating impacts are experienced by those at the tail end of this large increase in labour supply; namely the Xers. In fact, Morisette (1995) notes that over the 1980s real hourly wages of young workers (precisely post-peak Boomers) fell substantially. Also the relative decline of youth wages was widespread in that it was observed for all educational levels and in all occupational groups (Morisette, 1995). Statistics Canada notes that the earnings gap between younger and older workers is still rising. Between 1977 and 1995 real annual earnings among young men (age 18-24) who worked full-time full-year declined 20 per cent with lesser declines for men aged 25-34 (Picot, 1998). The situation was similar for young women although their decline in real annual earnings was smaller. In terms of employment conditions, Krahn (1991) pointed out that rates of non-standard work (eg. temporary or contract work) were more common among young workers in the late 1980s. This age pattern of non-standard work became more pronounced from 1989 to 1994 affecting the Busters as well as the post-peak Boomers (Krahn, 1995).

Some in this post-peak Boomer group feel as if the "gravy train" experienced by the pre-peak boomers ended before they had time to get on. An apparently logical response was to improve their levels of education. But as participation rates increased in postsecondary education (Sunter, 1994) and the supply of graduates rose, the labour market returns to education declined. Their degrees were not worth as much as those that proceeded them into the labour force (that is, the pre-peak Boomers). Moreover, this phenomenon occurred at a time of generally rising skill requirements in the labour force where more and more jobs required postsecondary education, or required a degree or certificate where none was required before (O'Hara, 1993). While some see rising skill requirements as resulting from technological change (Bennett, 1994), others (e.g. O'Hara, 1993) propose that much of the rising credentialism is attributable to increased competition in the labour force. Moreover, this trend to lifelong learning is accelerated as there is more frequent job mobility due to organizations restructuring to face a changing business climate including global competition (Naisbitt and Aburdene, 1985, Foot and Venne, 1990). Recent business trends towards delayering and re-engineering have further exacerbated the need for continued education and retraining.

There have also been social implications of these economic realities for the Xers. Burdened by education loans and temporary employment contracts, home-leaving age norms were the highest for the Xers, (who encountered the recession of the early 1980s at the start of their working lives), and then decreased only slightly for the early

Busters (Boyd and Norris, 1995). The Xers are marrying later than the early Boomers. The age of first marriage has been rising over the 1980s and 1990s after hitting a low point in the early 1970s (Statistics Canada, 1994).

With these lingering problems there are feelings among today's young workers that they missed the "gravy train". Expectations for improvements in the standard of living tend to be derived from the immediately preceding generation with each generation hoping for at least as much if not more than the group before them. A 1995 social survey indicated striking declines in optimism that were most pronounced among post-peak Boomers and Baby Busters, with few in these age groups believing that they would eventually be "better off" financially than their parents (Reid, 1996). Also recent concern with pension funding has raised fears of intergenerational conflict. The associated resentment is intensifying the prospects for intergenerational conflict within the labour force (e.g. see Statistics Canada, 1997).

If these problems are to be overcome, it is necessary to explore new ways to redistribute the work and the rewards from employment. In a search for a solution, the next section first reviews the various labour market initiatives that have been implemented over the past two decades. Based on the outcomes, a new workplace policy that could ameliorate the problems of the generation of younger workers, provide some flexibility to employers and employees alike, and offset the resulting trend to intergenerational conflict within the workforce is outlined.

## **Workplace Solutions**

This section reviews the efficacy of various workplace policies that have been implemented over the past few decades to deal with the problems of unemployment and possible intergenerational conflict within the workplace.

**Education and Training** Education and training have long been the cornerstones of a successful job strategy. Bennett (1994) points out that with the accelerating pace of technological change and shifting career patterns there is a need to develop a "lifelong learning culture". Indeed, Krahn et al. (1993: 171) assert that "compared to the 1960s and 1970s, the transition from school to work has become a more prolonged and complex process." In Canada over the postwar period, the education system was expanded especially at the postsecondary level, and unemployment rates have consistently declined for those with higher levels of education. Nonetheless, while providing a foundation for a successful labour market, education and training have not provided a panacea for labour market problems.

The creation of the Federal Advisory Group on Working Time and the Distribution of Work was prompted by the two key concerns of high unemployment and the lack of jobs in the early 1990s (Donner, 1994). These concerns are related. The criticism of government training programs is often voiced with the question: Why train people for jobs that do not exist? The point is that training and education alone will not solve the unemployment problem. The high unemployment rate is not solely due to skill

"mismatch" but mainly to not enough jobs (O'Hara, 1993). A recent analysis of youth unemployment (Blanchflower and Freeman, 1998) came to similar conclusions: that demand, not lack of education or skill, was the likely culprit of continued high youth unemployment. Moreover industries that traditionally offer the best careers (eg. manufacturing, education, health and government) have been cutting jobs in the 1990s.

While major organizations may be increasing firm-based training (Crompton, 1994) and while individuals are heading back to school in large numbers (Sunter, 1994), education and training must be part of a broader program to tackle the unemployment problem. By themselves, education and training will not significantly change the problems within the labour force.

**Work Sharing** The terms work sharing and job sharing are often confused and used interchangeably when in fact they represent quite different work schedules. Work sharing refers to a temporary reduction in working hours chosen by a group of workers during poor economic times, usually as an alternative to layoffs (Stone and Meltz, 1983). In Canada, work sharing has been largely a federal government initiative used to help avert temporary unemployment. In use since 1978, it uses unemployment insurance to supplement a percentage of the full pay for hours not worked. The aim is to spread the available work around by reducing hours worked for all employees. The incidence of this schedule seems to depend on the current economic health of industry. Its use in Canada swelled during the recessions of the early 1980s and the early 1990s. The results of a recent evaluation of the program agreed with earlier evaluations that the work sharing program does achieve its principal objective of averting layoffs and that it yields a positive overall return on public investment (Employment and Immigration Canada, 1994). As a broad solution to unemployment, work sharing has very limited appeal. It is at best a temporary solution applied in a limited fashion mainly in the manufacturing sector.

**Job Sharing** Job sharing is defined as a work schedule where two employees share the work, salary and benefits of one full-time job (Olmsted and Smith, 1994). The workers are part-time while the job is full-time. The incidence of job sharing, which gained popularity during the 1970s, seems to be confined to certain jobs, mainly in non-managerial, low or middle level white collar jobs (Kahne, 1985). Job sharers are mainly women who often choose this work schedule to balance work and family responsibilities. The actual incidence of job sharing is thought to be less than two per cent of Canadian workers (Marshall, 1997). Solomon (1994) documents the many pitfalls associated with job sharing as the two workers need to be synchronized and compatible. Given the low incidence and specialized requirements of this part-time schedule it is doubtful that this work schedule will become a major trend. Both of these part-time schedules (Stone and Meltz, 1983, view work sharing as a form of "involuntary" part-time) have serious limitations and hence are not viewed as significant solutions to the unemployment problem.

**Early Retirement** The Report of the Advisory Group on Working Time and the Distribution of Work (Donner, 1994) asks the question: Could government initiatives to promote early retirement encourage the hiring of unemployed persons? Does encouraging retirement within one firm allow the hiring of younger (and cheaper) employees? Since many firms have used early retirement as one way to downsize it is instructive to ask if indeed early retirement creates job openings, particularly entry-level jobs.

Kahne (1985) examines "phased" or "transitional" retirement programs where employees nearing retirement age gradually reduce their hours of work and receive a prorated salary for a period of several years prior to normal retirement. This period of transition allows the organization to use the employees' expertise in roles such as mentors, consultants and in special assignments.

In North America these flexible early retirement programs are not widespread and seem to be initiated by individual firms as they need them. Yet there does seem to be interest in these programs on the part of employees. A survey in the province of Quebec documents public support for the concept of gradual or transitional retirement with interest greatest in those in mid age and nearing retirement (Gendron, 1997). Preference for working 3.5 days per week at age of 55 with gradual reduction in hours until they are working .5 days per week at age 70 was at 75 per cent for those aged 45-54 and 72 per cent for those aged 25-44 (Gendron, 1997).

The situation with these retirement programs in several European countries (such as France) differs from North America. Referred to as "progressive early retirement" two such programs operated under the National Employment Fund in France (EIRR, 1992). Both schemes aimed to transform full-time jobs into half-time jobs while guaranteeing the employees 80% of their salary. One of the programs involved an obligation on the part of the employer to recruit an equivalent number of new employees. Along with another program that uses semi-retired employees as "tutors", the government of France funds these progressive early retirement programs much as the government of Canada funds the work sharing program. In France these retirement programs however were deemed to be only partially successful (EIRR: 25, 1992). Donner (1994) also notes that the European experience of replacing early retired workers with young workers was an expensive approach to job creation with only modest effectiveness. It is highly unlikely that Canada would attempt such a solution. The trickling down of jobs from these retirement programs appears dubious as firms often use these programs to downsize.

**Periodic Leaves or Sabbaticals** The sabbatical solution is found mainly in academic occupations and may not be practical for all jobs. Yet non-academic workplace sabbaticals at a number of "high tech" firms have gathered attention since the 1970s. Bachler (1995) has documented corporate sabbatical leave programs at a number of large North American companies. They are used mainly with mid to upper level employees for reasons of stress reduction, job retention, creativity enhancement and as a reward. Bachler (1995) notes that some of these programs should more properly

be called leaves as they are not limited to a seven-year cycle, are much shorter than the traditional year-long sabbatical and may be on an unpaid basis. Despite recent attention in the Canadian press these sabbaticals are not very common according to workplace surveys (Romano, 1995).

A variation of the sabbatical is the Canadian self-funded leave plan, such as the "5 over 4 plan" whereby an employee works four years at 80 per cent of regular pay with the other 20 per cent of pay held in trust and used to fund the fifth year which the employee does not work. This solution is different from a typical sabbatical in that funding for the fifth year comes from foregone pay in each of the previous four years. Though not very common, this self-funded leave plan has been used with teachers, nurses, and a few private sector companies (see Murill and Wayne, 1986). The likely benefits of leave plans (eg. stress reduction) are similar to those of the sabbatical program discussed above. Of course, there is no guarantee that there will be any real job creation with sabbaticals or any leave program as the replaced employee's work may be covered by co-workers.

**Compulsory Reduced Worktime** A compulsory reduced workweek has been proposed as a solution to the unemployment problem. For example, O'Hara (1993) proposes a four-day workweek as a solution to the unemployment problem. While innovative, this is a somewhat rigid solution since it takes no account of individual employees' preferences or requirements. Both the Donner (1994) report's and O'Hara's (1993) proposed solutions to shorten worktime require extensive legislative changes and penalties to be effective (e.g. changes in the federal and provincial legislated standard workweeks and bans on overtime). In some ways a compulsory reduced workweek is similar to the work sharing concept but would likely involve a greater reduction in weekly pay.

In 1993 the Government of Ontario, facing a mounting deficit, legislated a mandatory thirteen-day reduction in annual work load and pay for all public servants and encouraged the broader public sector (colleges and universities, hospitals, municipalities, etc.) to follow suit. These cuts became popularly known as "Rae days" after the premier of the government that initiated them. The program was of mixed popularity. While higher paid, often older employees generally appreciated long weekends especially in the summer months, lower-paid employees complained that they "could not afford" the reduced pay and unions filed a successful grievance on behalf of their nonmanagement members.

Though interest in the shorter workweek topic has continued on the part of organized labour in North America, the topic has generally been placed on the back burner except during periods of high unemployment. During the recession of the early 1990s, the topic emerged again with an emphasis on curbing overtime hours to reduce unemployment and create jobs. While shorter workweek public policy initiatives are not uncommon in Europe, no general public policy initiatives associated with the promotion of compulsory reduced workweek have yet been attempted in North America.

**Voluntary Reduced Worktime** In a major worktime analysis, the 1985 Conference Board survey (Benimadhu, 1987) found that 17 per cent of Canadians would reduce their worktime with a pay cut while 31 per cent would take a pay cut or trade some of their future pay increases for more time off. Interest in worktime reduction was highest among those having university education, higher incomes and those in middle age. Those desiring less worktime most often preferred the work reduction option of the shorter workweek over other options such as periodic leaves (Benimadhu, 1987). A more recent 1995 survey of work arrangements found less (6.4 per cent on average) Canadians expressing an interest in the tradeoff of fewer hours for less pay (Drolet and Morissette, 1997). Those workers who preferred shorter hours tended to be white-collar professionals, middle-aged, with high earnings, long job tenure and those already working long hours. Though it seems that interest in reduced worktime has decreased from 1985 to 1995, comparisons between the two surveys are difficult because of different assumptions and wording of questions. For example, the 1985 survey respondents were explicitly told to assume that hypothetical hours reduction would not affect their job security or job situation and that the purpose of the survey was to examine the possibility of reducing unemployment through voluntary worktime reduction (Drolet and Morissette, 1997). The 1995 survey contained no such explicit assumptions. Thus the 1985 survey defined interests in worktime reduction much more broadly compared to the 1995 survey's more narrow definition. These 1985 survey assumptions are key as those expressing interest in worktime reduction in 1995 are those who have seniority and who would not worry about losing their jobs if they took voluntary reduced worktime. Other more recent surveys of a large group of private and public sector Canadian employees indicate a strong preference for flexibility in terms of worktime issues (Duxbury et al., 1991; Higgins et al., 1992).

The Donner (1994) report highlighted the workforce paradox of the 1990s that some Canadians are working too much, some with forced overtime and others with unpaid overtime, and others are working too little due to unemployment or underemployment. O'Hara (1993) notes that this polarization did not occur recently, but has developed over the past two or more decades. However, the Donner report did not specifically suggest voluntary worktime reductions proposing instead a Canada-wide standard workweek of 40 hours, a 100-hour yearly cap on overtime and time off in lieu of pay for overtime in excess of the cap.

Voluntary worktime reductions can take many forms. A common characteristic of all, however, is reduced worktime accompanied by a (usually proportionate) reduction in pay. This time-income trade-off feature differs from many union demands for (usually compulsory) worktime reductions without accompanying income losses. However, voluntary worktime reductions permit even greater flexibility. A four-day workweek at 80 per cent of salary is only one example of a voluntary worktime reduction. It is often useful to note that this is equivalent to every weekend being a long weekend! Those requiring only every other weekend as a long weekend could go on 90 per cent salary. Those preferring to be released from work during a three-month period in the summer or winter, or those who wish to combine worktime with school time (say 9 a.m. to 3 p.m.) could opt for 75 per cent salary. Those preferring to work only on

mornings, or afternoons might opt for 50 per cent salary. Voluntary worktime reductions, therefore, permit considerable flexibility for responding to individual employee (and even employer) preferences. Indeed Olmsted and Smith (1994) point out that typical voluntary reduced worktime programs allow work reductions ranging from 2.5 per cent to 50 per cent, although such programs need not be limited to even this broad range.

Because of this flexibility, voluntary worktime reductions need to be individually negotiated, although general workplace guidelines for all employees can be established either within or outside the traditional negotiating processes. Actual negotiated schedules may be more complicated than indicated above since agreements with respect to pensions, other non-salary and fringe benefits and, perhaps, office space and other detailed workplace arrangements need to be understood and specified in the agreement. These are not insurmountable obstacles and, once again, general guidelines for participating employees can be established (Olmsted and Smith, 1994; 1997).

### **Voluntary Reduced Worktime - Why Now?**

There are many reasons why the time for voluntary worktime flexibility has arrived. First, as argued above, it is a viable response to unemployment that reflects a logical extension of previous workplace initiatives that were often oriented at this goal. Second, and perhaps most importantly, it integrates with the demographic realities of the current and future workplaces. Third, it is a proactive response to employee surveys that indicate that a proportion of current employees, especially middle-aged employees, would appreciate an option of more flexible worktime arrangements.

Besides being revealed in past surveys as being the choice of many middle-aged employees, there are sound demographic reasons to believe that now would be an excellent time to introduce such a policy in Canada. The first Boomers born in 1947 had their fiftieth birthdays in 1997. Moreover, the aging of the Boomer generation will ensure substantial increases in middle-aged labour force participants into the new millennium (Foot, 1996). Also many middle-aged parents of the Generation Xers are beginning to realize what their children have known all along - that Xers suffer as a result of their birth year, not because of their intelligence, education or effort. In addition, many Boomers in their thirties and forties are currently in the ages where they are running "99 lives" (Popcorn, 1991) - at the peak of their careers with associated workplace responsibilities, attempting to be good parents to their pre-teen and teenage children, attempting to be good children to their aging parents, starting to manage their financial nest eggs for retirement and so on. Finally as Canada enters the new millennium the children of the Boomers - known as the Echo generation - will be entering the workforce and place additional demands on employment generation for new young workers (Foot, 1996). A voluntary reduced worktime policy for middle-aged workers would provide a proactive approach to job creation for the Xers, Busters as well as these new workers.



With the massive Boomer generation in middle age there is increased potential for a significant part of the workforce in middle age to voluntarily assume a reduced workload for a proportionate or similar reduction in pay. Not only could those employees who opted for such workplace flexibility improve their quality of life, but perhaps even more importantly, they could contribute to creating jobs for a new generation of younger workers. Both groups could be made better off by this arrangement. Moreover, it is not a one-for-one trade, since, for example, a half salary of a senior employee can often cover a full salary of an entry-level employee. Three mid-career employees voluntarily working four days a week could create a full-time position for a younger employee, who needs the work experience and the income to "begin" his/her adult life. The experience of the higher level employees is not lost, as it is with early retirement policies or periodic leave arrangements - they are available to mentor the new younger employees who arrive with more up-to-date computer and other technology skills. There is no need for "cloning", as required by job sharing, since there can be a normal cascading of tasks through the workforce, thus providing all with new opportunities and challenges. The policy is flexible - it can be adapted to each employee (and employer) needs. But the most important feature for wide-spread acceptance is the non-compulsory nature. Mandatory arrangements, such as work sharing and compulsory workweek reductions, usually require legislative intervention and do not recognize the different needs of workers or employers. Legislative intervention is likely to face significant employer opposition. Indeed, business groups wasted no time in criticizing the proposals for a standard 40-hour workweek and a cap on overtime in the Donner (1994) report. In terms of workers, the burden of mandatory arrangements is relatively greater on lower paid than on more highly paid employees. This is why unions who represent the lower paid workers often resist such arrangements, such as the four-day workweek for all employees. It is also a relatively greater burden on younger employees who usually also have lower pay and higher mortgages and other expenses. Why not let some employees who can afford it take a reduced workweek, while others continue to work at a full-time pace?

Moreover, there are many additional reasons to suggest that this policy could be successfully implemented for the new millennium. It is no coincidence that issues of work and family that are discussed in the Donner report have achieved prominence during the past decade. One reason relates to the large demographic group of Boomers who are mainly in their thirties and forties, decades of their lives when family issues are of paramount importance. Another reason is due to the very real increase in hours of work that has occurred in the past decade. Cohen (1992) notes that the number of persons working fifty or more hours per week has risen dramatically since the mid 1970s. Other related factors include the rise in dual-income families, and increasing commuting distances in most major urban centres in Canada. The time crunch decades of mid-life have been made even busier by the changes in female participation rates, and increases in the workweek, especially for white collar workers who often have unpaid overtime.

With voluntary shorter workweeks it is important to remember that only those who can afford to take the cut in income will likely volunteer for this program, but these are

precisely the groups who when surveyed say they desire time off with a corresponding cut in pay (Benimadhu, 1987, Drolet and Morissette, 1997) and it is the employees with the highest salaries who contribute the most to the program of voluntary reduced worktime.

One obstacle to a shorter workweek is the nature of fixed costs per employee which have been rising. Human resource costs such as recruiting, selection, and training, as well as fringe or indirect benefits are referred to as fixed or quasi-fixed costs since they are fixed on an employee basis independent of hours worked (Venne, 1998). For example, when the Kellogg Company ended their six-hour day in the mid 1980s after over 50 years, management made mention of the fixed costs per employee making the shorter workday too expensive to maintain (Swift, 1995). During the 1930s when they began their "experiment" in decreased worktime scheduling, 25 per cent more jobs had been created (Swift, 1995). Shorter workweeks in effect do not allow firms to further spread out these high fixed costs. During periods of expansion these high fixed costs make it relatively cheaper to use overtime rather than hire new workers (Gunderson and Ridell, 1988). This may be one reason that the economic performance in North America since the 1990s recession has often been referred to as a "jobless recovery" as these high fixed costs have made firms reluctant to hire new workers. Alterations in government policies that would change unemployment insurance, workers' compensation and other similar employee-based contributions to hourly (or workweek) based contributions would reduce these disincentives<sup>2</sup>.

Increases in productivity associated with the shorter workweek are one way to offset these fixed costs. The evidence shows that there are work performance losses as hours become long and gains in performance as hours are shortened (White, 1987). Yet White (1987) notes that there is resistance in industry to assimilating the lessons about the relationship between working time and performance. Cullivier (1984) and White (1987) both point to the strong evidence of productivity increases as hours are shortened, but caution that these results need to be established on a case-by-case basis and may not be observed to the same extent at all firms due to the complexity of factors observed in estimating productivity. Also the reduction in wages associated with the reduced worktime releases monies that cannot only be used to rejuvenate the workforce with younger employees but can also be used to cover any additional expenses associated with carrying more employees on the payroll.

Finally, this voluntarily reduced worktime proposal ties nicely into two recent workplace issues: the issue of balancing work and family and current fiscal realities such as downsizing.

The term "family-friendly" workplace has been a popular one in the 1990s. The changing demographic nature of the workforce over the past few decades includes increases in female labour force participation as well as increases in dual-income and single-parent families. Though the term family-friendly workplace usually refers to the needs of employees as caretakers of children, increasing life expectancy means that the middle generation of workers may also be providing some level of care to

their elderly parents. Two extensive surveys in the early 1990s (Duxbury, et al., 1991; Higgins, et al., 1992) confirmed that a significant percentage of Canadian employees experienced work-family conflict with the result that employees professed lower organizational commitment and felt overloaded resulting in increased levels of stress and absenteeism. Also these surveys established that employees wanted more worktime flexibility at their workplaces.

One very important finding from these surveys is the importance of the roles of the immediate supervisor and organizational culture. It is not enough for organizations to "offer" flexible worktime arrangements and other family-friendly policies. Organizations need to show that they take these policies and the employees who choose them seriously. Suffice it to say that employees who are worried about job security, possible downsizing and career mobility are not likely to volunteer for a reduced workweek or job sharing arrangement. As Duxbury et al. (1991) and Higgins et al. (1992) pointed out, management attitudes are crucial to employee acceptance of these programs. Setting up voluntary reduced worktime programs and having an organizational culture that allows employees to take advantage of these programs without hurting their job security or career prospects is a major challenge to organizations in North America. Another conclusion that Duxbury et al. (1991) and Higgins et al. (1992) offer is that organizations that offer the most flexibility for their employees will be able to attract the best workforce in terms of productivity and commitment.

The second issue reflects the enormous workplace changes over the 1980s and 1990s. Betcherman et al. (1994) note that trends in workplaces such as short job tenure and high turnover (both influenced by downsizing) and the increase in employer-driven non-standard employment (contract work) have created an unstable workplace environment. While Wagar (1994) questions the utility of downsizing, workforce reduction nonetheless remained a popular strategy in the economic climate of the 1990s. Indeed, in response to continuing deficits and increasing debt levels, the Canadian federal government engaged in a significant downsizing program. How does a voluntary reduced worktime option tie into the fiscal reality of downsizing and an unstable work environment? Olmsted and Smith (1994) point out that voluntary reduced worktime can provide some fiscal flexibility for management. The money saved through worktime reduction programs can be applied to hire entry-level wage earners or it can be used as a strategy during economic downturns to contribute to the bottom line. They view it as a proactive mechanism whereby during economic downturns a number of employees will volunteer for the time-pay tradeoff. As noted above, management encouragement for these programs needs to be coupled with policies that protect these employees in terms of job security. Finally, Olmsted and Smith (1994) note that the flexibility of the programs can also allow reduction in labour costs in a way that accommodates employees' needs and reinforces their commitment to the organization.

## Conclusion

It is in everyone's interest to have as many people gainfully employed as wish to be employed. Unemployment is a massive waste, both for the individual and for society that loses the associated production, work experience and tax revenues. A flexible, voluntary reduced worktime policy could help to redistribute the work providing employees, including new employees, with an improved quality of life and employers with a more flexible, productive and committed workforce. Moreover, it is a proactive and practical policy that could help to create employment opportunities for entry-level employees, including the post-peak Boomers and Baby Busters and help to ameliorate any tendencies towards intergenerational conflict within the labour force groups. It is a win-win policy that attempts to effect the distribution of work in a manner that will suit all demographic groups, especially mid-aged boomers, those approaching retirement and younger employees.

There are many reasons to believe that this is an opportune time to introduce such a policy. Demographic realities in North America, including the aging of the massive Baby Boom generation, mean that ever more workers are in middle age when they can afford to and may wish to avail themselves of these opportunities. Even limited participation would be a success, but it is likely that a widespread introduction would meet with general acceptance on the part of the workforce providing they are accompanied by favourable employer attitudes and perhaps supportive government legislation. Voluntary worktime reductions build on earlier programs but are more flexible and therefore can be tailored to suit a greater number of employees and employers. Voluntary reduced worktime is a proactive workplace policy that suits the demographic and economic environments. With the Echo generation poised to enter the workforce, job creation for young workers will assume even greater importance. The time *is* right. Voluntary reduced worktime is a creative and proactive policy that responds to changing workforce demographics into the new millennium.

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## Endnotes

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<sup>1</sup>Note that this definition is substantially different from, but not inconsistent with, the often-used "twenty year-rule". For example Howe and Strauss (1993: 13) note that "history shows that, on average, modern generations stretch across a little over 20 birth years". This is the basis for their title, the "13th generation" since the founding of the US republic. They do, however subsequently adopt definitions that more closely follow behavioural patterning (see Howe and Strauss, 1993: 42).

<sup>2</sup>High fixed costs may be the unintended byproduct of government imposed payroll taxes that are used to finance such social programs as workers' compensation, unemployment insurance or public pensions (Ontario Task Force, 1987: 78). These latter social programs certainly have elements of variable costs (i.e. costs that vary with the total hours of labour employed such that employers' contributions are a certain percentage of earnings), yet the ceilings on earnings actually convert these variable costs to fixed ones and thus create an incentive for employers to spread these fixed costs over longer hours rather than incur more costs by hiring more employees (Ontario Task Force, 1987:78). The point is that these government programs may be driving up the fixed costs of new hires and making employers less likely to hire even during upturns in business. Provincial premiers continue to demand that the recent UI surplus be used to slash premiums as a job-creation measure though there seems to be little public support for lowering these fixed costs (Greenspon, 1998).