

# Boom, Bust and Echo in the Workplace

Reprinted from *Vital Aging*, Volume 11, Number 2-3, June-October 2005. p. 5

By David K. Foot

---

The numerically largest generation in the workplace today is the post war Baby Boom. Born between 1947 and 1966 in Canada, the Boomers are currently in their forties and fifties (aged 40 to 59 in 2006). The oldest Boomers are senior workers actively preparing for retirement. A few in selected occupations with onerous physical workplace demands or contracts with attractive pension provisions are currently retiring. The majority of Boomers are in mid career and still raising families. They are caught between the demands of work and the demands of home with children who do not yet have their driving licenses. Workplace demands on experienced mid-career workers who still aspire to the top positions are substantial. On average, they are more concerned with mortgage payments than retirement planning. In fact, the majority of the Boomer generation will not retire for at least another decade. Because life expectancy has been increasing (approximately two years each decade), it may well be two decades before many retire. In summary, Boomer retirement is not imminent and catastrophic. It is a future workplace trend that will occur gradually over the next two decades (2010s and 2020s).

Declining births over the 1960s and 1970s associated with the introduction of the birth control pill and the increased participation of women in the workplace has resulted in fewer workers in their late twenties and thirties. This Bust generation born between 1967 and 1979 (aged 26 to 39 in 2006) are the future leaders. However, because there are fewer of them this past birth dearth is leading to succession planning challenges in many organizations today. It is important for organizational planners to understand that

this is a generic problem and not one that is unique to their individual work place.

Over the 1980s and 1990s the Boomers had their children – the so called Echo Boom. Because they were having fewer children this boom is only an echo of the original post-war Baby Boom. The first Echo Boomer born in 1980 reached age 20 in 2000, so this generation started to enter the workplace around the beginning of the new millennium. The peak of the echo, born in 1991 is aged 15 in 2006. The Echo Boomers have been responsible for recent increasing college and university enrollments, a trend that will continue over the remainder of the decade. This means that recruiting new young talent over this period should not be difficult. It also means that it is unlikely that a general labour market shortage will emerge over the first decade of the new millennium.

In summary, demographic analysis indicates that over the first decade of the new millennium the massive Boomer generation is not yet retiring, succession planning challenges associated with the smaller Bust generation will persist, but the Echo Boom is entering the workplace. Under these conditions a general labour shortage seems unlikely. Shortages in individual occupations or regions remain a possibility, as always. The Boom, Bust and Echo demographic profile, which accounts for almost the entire Canadian workplace today, continues to provide opportunities and challenges for employees, organizations and society.

## Issues in the Workplace Today

When there are more younger workers than older workers, organizations are structured as hierarchies with each successive level having fewer positions than the preceding level. Both information flows

and career paths are linear, moving from one level to the next in the hierarchy. In this world employees tend to stay in one occupation gradually moving from an entry level position up to a managerial position in that occupation. This was the demography and hence the workplace of the past.

As the Boomers aged and the Bust generation entered the workplace over the 1980s more older and fewer younger workers became the norm. The Boomers found that there were not enough higher positions in the corporate hierarchy to accommodate them all. Their career paths were blocked and plateauing became common. Hierarchical structures came under attack and there were calls to reinvent the corporation. The resulting reorganizations, which often involved downsizing, resulted in flatter organizational structures as levels were removed or combined. Organizational silos were dismantled wherever possible. Matrix organizations and teams became the flavour du jour. Employees were presented with new work structures that offered fewer vertical and more lateral moves. The spiral career path had arrived. Education became a lifelong process. Emphasis on generic workplace skills (communication, analytical, interpersonal) that could be used in many occupations increased. The employee who could move from one area to another, which may involve retraining or another occupation, survived and ultimately prospered in this new world of work. Yet employees are seldom prepared for this new world of work.

The high stress years are usually when the pressures of work conflict with the demands of parenting. Overlaying this conflict are financial pressures associated with maintaining a household and raising children. For most people this situation describes their forties it may commence earlier and last longer, but for the average Canadian it is at a peak in one's forties. Leisure time evaporated as more and more

Boomers competed for an ever decreasing number of top positions. Downsizing and offshoring only intensified these pressures as jobs disappeared for midlevel employees. Stress management became a major issue in the workplace. Work life balance issues and programs that help employees deal with the associated responsibilities and stresses are a major issue in today's workplace.

As noted above, because of demographic trends many organizations currently have the most number of employees in their forties and may even have more employees in their fifties than in their thirties. This has caused senior executives to be concerned about the future viability of the organization and the need for orderly succession planning. Keeping selective Boomer employees on longer might be one solution; shared responsibilities where employees are empowered with selected senior level responsibilities is another; recruiting the next generation of echo Boomers into the lower ranks in preparation for the future is an obvious third alternative. All initiatives must be supported by appropriate human resource policies.

### **Issues in the Workplace Tomorrow**

Many workers in their fifties and sixties may wish to continue working, but not full time. With parenting responsibilities largely over and financial pressures moving from debt management to asset (or wealth) management, the pressure for income is reduced. They are either at the top of the organization or realize that they are not going to get there, so the pressure to work to move to the top has all but vanished. They would like to spend more time with their grandchildren (if they have them). It is likely that they will find themselves with increased responsibilities for aging parents. Finally, the realization that life is not forever will lead these employees to invest in

themselves, through travelling, gardening, golfing, reading and other leisure pursuits.

Working four days a week for 80% salary suddenly looks attractive; perhaps followed by three days for 60% and so on down to one day for 20%. This is phased retirement. Some employees may prefer to work 9 months and have 3 months off for 75% salary, or half time for half salary, etc. The point is that this program can be tailored to individual needs and be a negotiated agreement with the employer.

But what about pensions? On days employees work they could contribute to the pension plan while on days they do not work they could withdraw from the pension plan. Pensions are not designed to facilitate such arrangements and while undoubtedly complicated, actuaries with computers should be able to devise a pension program to support phased retirement. This is a policy that organizations might wish to introduce sooner rather than later since phased retirement releases wages that can be used to recruit younger (Echo) workers. Moreover, half the salary of a senior employee will probably cover the full salary of a new hire so an organization can get workforce renewal without any increase in the wage bill. Governments also need to implement supportive policies by eliminating the caps on employee and employer contributions to public programs (employment insurance, workers' compensation, etc.) and redefining the rates relative to days (or hours) worked per employee.

Older employees have considerable knowledge while younger employees have the latest computer skills. Teaming up the 55 year old with the 25 year old can yield tremendous benefits for both employees and the employer. It also assists with succession planning and may extend the working life of the older employee. It also has the side benefit of contributing to inter generational understanding. This is not a workplace issue today but is likely to

become an issue as more Boomers start to retire. Again this is a policy that organizations may want to introduce sooner rather than later.

For many years labour market need has been one of the criteria used to select immigrants to Canada. For individual immigrants, their education and skills have been determining factors for selection, but the aggregate intake was also chosen with an eye on the overall unemployment rate. If unemployment rates declined annual immigration targets were raised. A general labour shortage reflected in a low overall unemployment rate would be a signal to increase immigration levels. The federal government has already indicated its intention to increase the annual immigrant intake. While this might be an appropriate policy for the 2010s, it is premature now just when the Echo Boom is entering the work force. Immigrants tend to be younger (25 to 35) and the two groups will be competing for entry-level positions over the remainder of this decade.

In a world where workers are in short supply the elimination of mandatory retirement makes economic sense. Ontario has announced its intention to eliminate mandatory retirement for its public employees, thereby joining a number of other provinces and sending a clear signal to the private sector. However, most discussion of this policy has centered on human rights with the labour market implications largely being an afterthought. Perhaps this is because there has been no announcement to increase the age of eligibility for workers' compensation. Employees who choose to work past age 65 will not be covered by workers' compensation, so will have to self insure which is either financially expensive or risky. To the extent that the elimination of mandatory retirement is used to induce workers to work longer it will be necessary to insure all workers in the workplace, not just those under 65.

The new world of work (see above) increasingly requires either inter-occupational mobility or the ability to draw on more than one occupation to be an effective employee. The construction and health care sectors are examples where multitasking are productive ways to organize the workforce. An employee with multiple skills (perhaps acquired through continued education and training) will be in increasing demand in the workplace of the future. The dismantling of narrowly defined occupational silos is likely to be an emerging workplace issue in the future.

### **Conclusions**

The aging of the Boom, Bust and Echo generations that now dominate the Canadian workforce raises many workplace issues for both organizations and governments. Some issues are more apparent and more imminent than others. Demographic analysis provides a powerful roadmap to understanding the past and anticipating the future. It provides an integrating framework showing the relationships between multiple workplace issues. It also provides guidance on timing the workplace of the future is related but not identical to the workplace today. Proactive organizations and governments with supportive workplace policies will reap the rewards both today and into the future. Perhaps, more importantly, so will the employees.

---

David K. Foot is a professor of economics at the University of Toronto, and co-author of the Boom, Bust & Echo books.