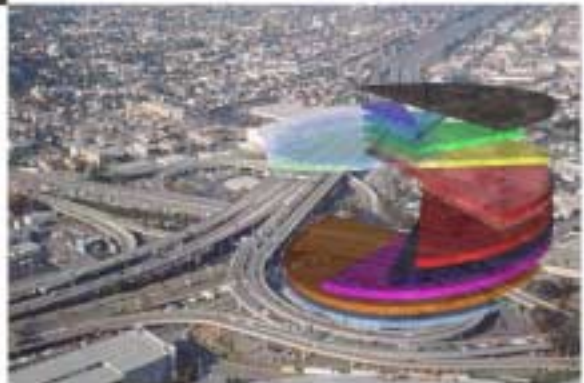




Demographic Profile of the Transportation Sector

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Canadian Labour
and Business Centre

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Profile Summary

This profile of the Transportation Sector is an update of an earlier report prepared by the Canadian Labour and Business Centre, but it differs in several ways:

- The updated profile gives a much more fulsome representation of the Transportation Sector. Whereas the original profile was based on analysis of the October 2001 Labour Force Survey, the updated profile is based on annual averages derived from all 12 monthly labour force surveys in 2002, thereby adjusting for seasonal variations in employment.
- The updated profile also provides a more detailed analysis of the implications of current workplace demographics. It lists a number of areas where action might be taken to address the critical issues of retention and recruitment.

Highlights

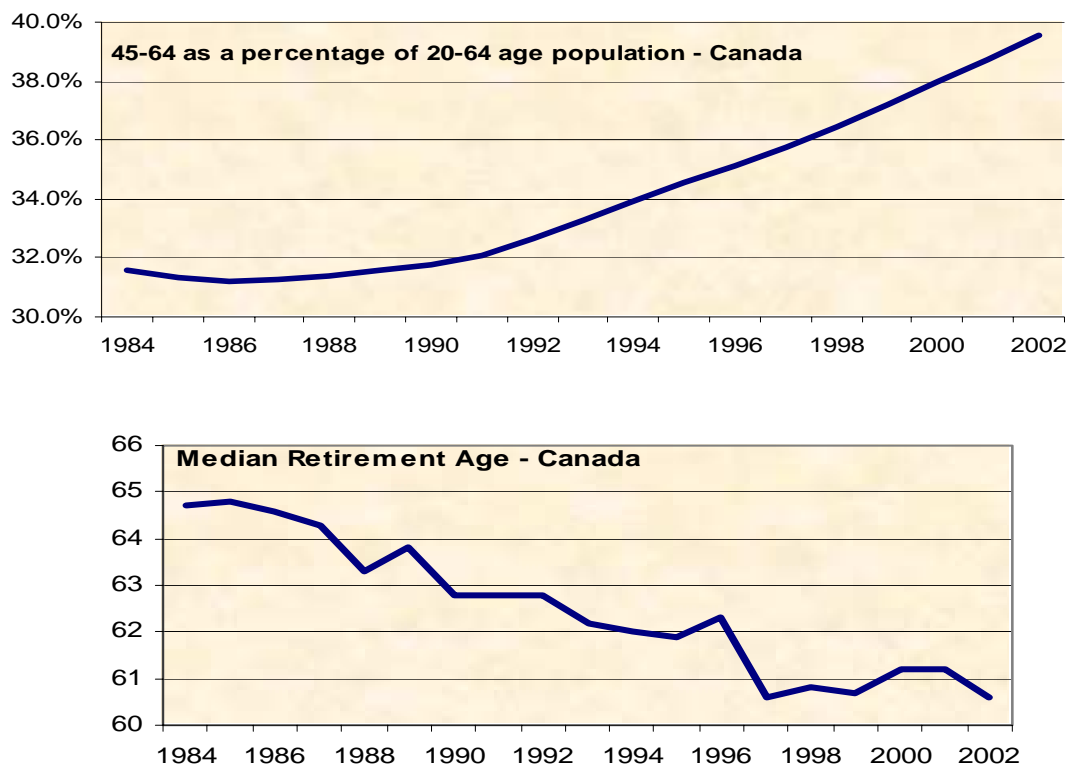
- The “ageing” of Canada’s total workforce continues, as seen in the rising percentage of older workers. The median age of retirement, however, appears to have stabilized in recent years. Since 1997, it has remained at roughly 61, but nonetheless well below what it was a decade ago.
- The percentage of older workers in the Transportation Sector continues to be well above the average for all industry sectors.
- Over the past five years, total employment in the sector increased by about 55,000 workers. However, this employment growth is not evident among all age groups. The number of workers aged less than 45 decreased by 26,000 while workers aged 45 and over increased by 81,000 during this period.
- Effective recruitment and retention strategies are a critical component in meeting the Transportation Sector’s current and future human resource requirements.

Demographic Profile of the Transportation Sector

Part 1 — Introduction

Everyone knows the Canadian population is “aging.” And so too is the labour force. In less than a decade, the first of the baby boom generation – born between 1946 and 1965 – will begin to reach retirement age. And with the median age of retirement currently at 61, what might mean “freedom” for the current generation of older workers could spell “trouble” for employers in the coming years.

Chart 1
Persons aged 45-64 years old make up an increasing share of the working age population while the median age of retirement has decreased



Consider the following:

- By 2030, natural population increase is expected to reach zero, meaning that from then on, immigration will be the sole source of population growth. Within ten years, immigration is expected to account for all net labour force growth;
- As shown in Chart 1, the proportion of persons aged 45-64 years old within the working age population has been increasing over the past fifteen years, from 31.6% in 1984 to 39.6% in 2002. During the same period, the median retirement age has followed a downward trend, going from 64.7 in 1984 to 60.6 in 2002;

- Issues central to the aging workforce include how to recruit new talent, retain the current workforce, and effectively transfer skills and knowledge from older, more experienced workers to the younger ones.

This report examines the age profile of various occupational groups within one industry sector. This current-day snapshot of the **transportation sector** contributes to our understanding of human resource issues that relate to our aging workforce. Most of the data used in this report is derived from Statistics Canada's *Labour Force Survey*.

Part 2 — Overview of Transportation in Relation to Other Sectors

A good measure of the impact of an aging workforce is provided by looking at the proportion of older workers in the workforce and comparing it to retirement age. Among the employed population in Canada, 5.4 million workers are currently 45 years of age and older, representing 35% of the workforce (Table 1). Given a median retirement age of 61 years, it means that one-half of this group – some 2.7 million workers – will likely be retiring over the next 15 years.

For the transportation and warehousing sector, the retirement picture is even more striking. In this sector, 42% of the workforce is currently 45 years and older, representing 314,600 workers. Within this group, 105,600 workers – 14% of the sector's workforce – are aged 55 and older. Given a median retirement age for the sector of 61.6 years, this age distribution implies that a large contingent of these 105,600 workers will leave the labour force over the next five years. Over the next 15-year period, employers may be looking at replacing 150,000 or more workers in the sector.

Table 1
The proportion of workers 45 years and older, as well as that of workers 55 years and older, is greater in transportation and warehousing than the average for all industries
 Labour Force Survey, 2002 annual averages. Median retirement based on persons retiring between 1996 and 2000.

Industry Sector	Proportion 45 and older (%)	Number 45 and older (000's)	Proportion 55 and older (%)	Number 55 and older (000's)	Median retirement age
Agriculture	47	153.4	25	82.7	68.8
Educational Services	45	454.4	13	127.8	57.4
Public administration	43	333.6	10	79.4	58.4
Utilities	43	56.2	10	13.0	56.6
Transportation and Warehousing	42	314.6	14	105.6	61.6
Health Care and Social Assistance	40	638.3	12	189.1	60.3
Forestry, Fishing, Mining, Oil and Gas	38	102.0	10	28.3	61.2
Finance, Insurance, Real Estate and Leasing	37	330.2	12	110.7	60.1
Other services	37	255.2	15	105.8	63.6
Construction	35	307.7	13	111.2	63.3
Manufacturing	35	812.1	11	246.6	61.6
All Industries	35	5,365.9	12	1,773.6	61.0
Professional, Scientific and Technical Services	34	332.8	12	121.1	64.8
Management, Administrative and Other Support	34	200.5	13	76.1	64.6
Trade	28	690.3	10	248.8	62.6
Information, culture and recreation	27	188.8	9	61.0	59.6
Accommodation and food services	20	195.7	7	66.6	64.0

Part 3 — Older Workers in the Transportation Sector

The transportation sector is comprised of establishments engaged in the transport of passengers and goods, and includes trucking, transit and ground passenger, rail, water, air and pipeline modes.

- Employment in the sector is male dominated (78%); it is thus not surprising to find that a large majority of older workers and near-retirees are men. One out of six male workers (16%) are aged 55 and older. Men make up 86% of near-retirees – persons aged 55 and over who are likely to retire within the decade;
- Among the provinces, Quebec has the highest proportion of older workers and near-retirees. Forty-six percent of Quebec's transportation workers are 45 and older, and 15% are aged 55 and over. Ontario accounts for the largest share of the sector's near retirement workforce (39%) in absolute terms.

Table 2
Who are they? Where are they?
Older workers and near-retirees in the transportation sector, by selected characteristics
 Labour Force Survey, 2002 annual averages.

		<i>Proportion 45 and older (%)</i>	<i>Number 45 and older (000's)</i>	<i>Proportion 55 and older (%)</i>	<i>Number 55 and older (000's)</i>	<i>Distribution 55 and older (%)</i>
Transportation Sector		42	305.2	14	103.0	100
Gender:	Male	44	248.6	16	88.4	86
	Female	35	56.5	9	14.6	14
Province/Region:	Atlantic	45	23.9	14	7.3	7
	Quebec	46	66.4	15	22.2	22
	Ontario	41	110.7	15	40.3	39
	Manitoba & Saskatchewan	41	23.4	13	7.2	7
	Alberta	38	35.5	14	12.6	12
	British Columbia	43	45.2	13	13.5	13
Occupation:	Transport & Equipment Operators	45	146.7	18	57.2	56
	Managers and Professionals	44	14.9	12	4.0	4
	Contractors & Supervisors	50	19.4	18	7.2	7
	Trades	38	14.4	13	4.9	5
	Clerical and Administrative	40	66.5	11	18.3	18
	Other	35	43.3	9	11.4	11
Union Status:*	Unionized	47	126.6	14	36.8	45
	Not unionized	36	117.7	13	41.5	55

* Excludes self-employed.

- The largest occupational group in the sector is transport and equipment operators, who make up 45% of all workers. This group also includes a large proportion of near-retirement workers: 57,200 are aged 55 and over, representing about one in six workers (18%) in this occupational group;

- Excluding the self-employed, 45% of the sector's workforce is unionized or covered by a collective agreement. Nearly one half of unionized workers (47%) are aged 45 and over, and 14% of unionized workers are near-retirement age (55 and over). Rates of unionization vary considerably by age: 22% of workers aged 15-24 and 38% of those 25 to 34 are unionized, compared to 52% of older workers aged 45 and over.

Part 4 – Implications of an Aging Workforce

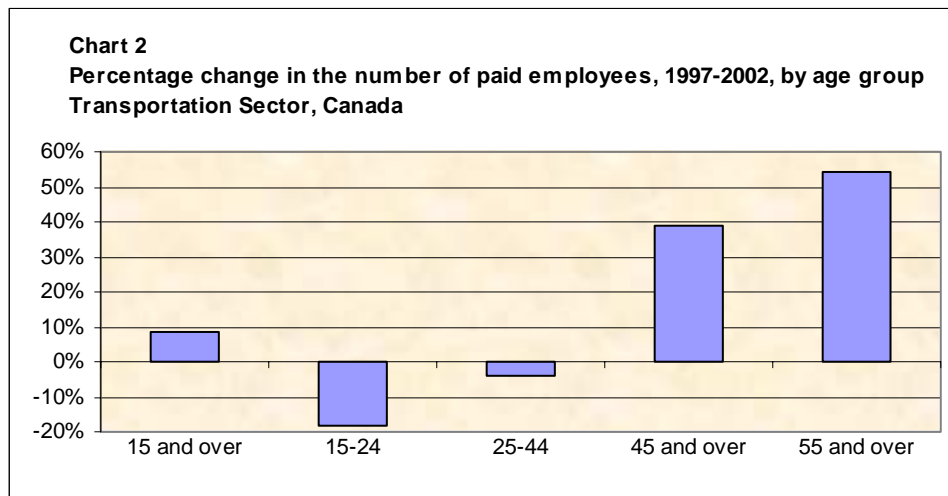
During the recession of the early 1990s, older workers – in particular, older men – lost a disproportionate share of employment, as employers attempted to trim payrolls through early retirements. However, demographic pressures arising from an aging workforce and a proportionately shrinking pool of younger workers will undoubtedly diminish the risk of older workers losing jobs involuntarily. As older workers reach retirement age, unprecedented pressures will be placed on employers to recruit new workers, particularly skilled workers.

A recent report by Statistics Canada shows that the job vacancy rate in 1999 – the proportion of total jobs that are unfilled – in the transportation, warehousing and wholesale trade sector stood at 2.4%, which is somewhat below the overall average of 2.6%. In addition, 28% of job vacancies in the sector were long-term, i.e. lasting for four months or longer. This too is below the overall average of 45%. These data suggest that current labour shortages in the transportation sector are no more pronounced than in other sectors of the economy.

Recent changes in the age structure of the transportation workforce

As seen earlier, the demographics of the transportation sector workforce make it clear that labour shortages are likely to become more prevalent in the coming years. As baby boomers move inexorably into the older age category, they will leave the labour force in greater numbers. Effective strategies to replace the skills and experience of retiring workers should consider this longer-term trend.

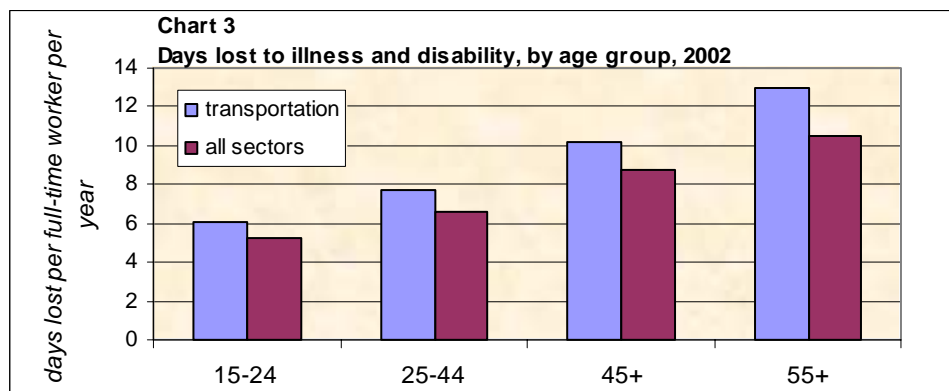
This trend becomes obvious when one considers changes in employment for the sector (Chart 2). Between 1997 and 2002, overall employment in the transportation sector grew by 8.4 percent or 46,100 workers (Chart 2). Throughout this period, the number of younger workers under 25 years of age has fluctuated each year, with the most recent labour force data showing 9,200 fewer younger workers compared to 1997 levels (an 18% decrease). Over this time span, the number of workers aged 25 to 44 also decreased by 4% or 13,300, while older workers (45 and over) increased by 68,700 (a 39% increase) and near-retirees grew by 27,500 (54%).



Given possible shortages of skilled workers, it will become increasingly important to find ways to retain existing workers and to attract new talent to the transportation field. To many current and prospective employees, the level and the quality of training available in a workplace become a critical component. In programs that focus on skills upgrading of the current workforce, for instance, consideration will have to be given to how the older worker learns. In an environment of greater competition for young workers, the sector and its employers must showcase the career opportunities available in the industry.

Illness and disability

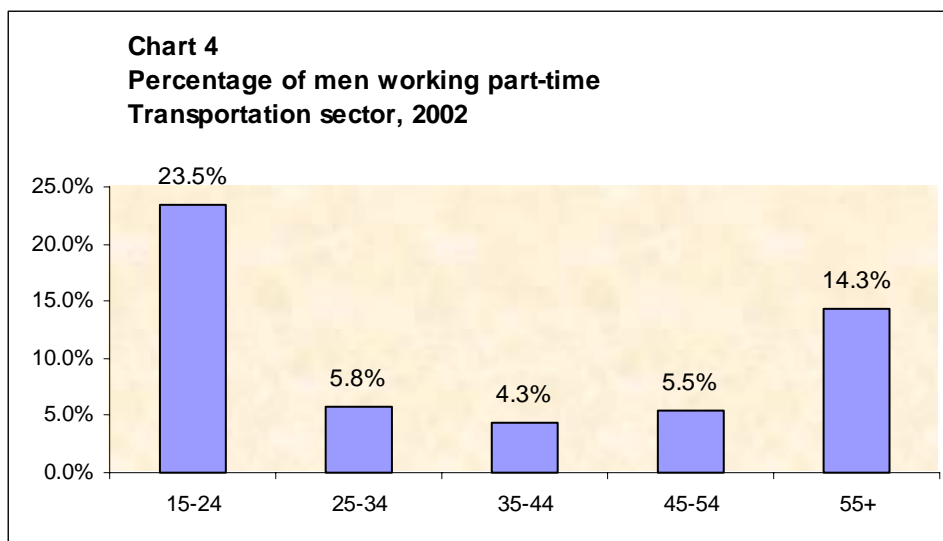
As the workforce ages, the sector can expect greater numbers of days lost to illness and disability. Indeed, Chart 3 shows that days lost in transportation exceed that of other sectors, and increase in relation to age. In 2002, transportation sector workers aged 55 and over lost an average of 13.0 days per year compared to 7.7 days among workers aged 25 to 44.



Given these findings, the current organization of work may require careful attention, with consideration given to innovative approaches and practices in the areas of occupational health, safety and wellness. Overall, the work environment and human resource practices may need to be adjusted to accommodate the needs and concerns of an older workforce as well as potential new entrants to the transportation sector.

Retention issues

Currently, part-time employment is more common among older male workers (Chart 4). Of the 88,400 male transportation sector workers aged 55 and over, 12,600 work part-time. Most of these are part-timers by choice (62%) citing 'personal preference' as their reason for working less than 30 hours per week.



Consideration may need to be given to ways of creating more flexibility in how older workers exit the workforce. One option would be to provide more opportunity for reduced work hours as a phased-in retirement strategy. A slower transition to retirement through a gradual reduction in work hours could be of benefit to workers and employers. By doing so, employers would be able to retain the benefit of an individual's experience and skills, all of which could be passed onto younger colleagues in an orderly fashion. Gradual retirement can thus allow for an orderly succession of both corporate memory and necessary skills in the workplace. Such strategies do raise important pension issues, but should be considered.

Overall implications

A recent survey by the CLBC¹ finds that Canadian business and labour leaders have significantly increased their level of concern about skill shortages as a problem facing the Canadian economy. There is little doubt that within the transportation sector, as in other sectors of the economy, the ability of business to succeed and thrive will depend in large part on its efforts in addressing the skills challenge.

Profitability, innovation, growth, and the ability to operate at capacity all depend on an adequate supply of skilled workers. The current demographic picture of the transportation

¹ Canadian Labour and Business Centre, Viewpoints 2002: Skills and Skill Shortages, 2002. Available on the CLBC website: www.clbc.ca

sector – in which 42% of the workforce is 45 years of age or older, and where the number of workers under 45 has decreased over the past five years – simply underscores the importance and urgency of addressing the sector’s skill requirements.

Industry stakeholders within the transportation sector must act now to put in place the programs, policies and practices that will attract new talent as well as retain the knowledge and skills of its experienced workforce. For many, if not most stakeholders, there is no single “magic bullet” that will resolve all skills issues. However, there are a number of insights gained from research and existing innovative practices that could form the starting point for initiatives in addressing the critical issues of retention and recruitment. Among these are:

- Phased-in retirement provisions, mentoring, and more effective formal and informal training have been identified as measures that could help ease the demographic crunch.
- Utilizing of new sources of labour, combined with renewed training and education efforts, will undoubtedly become more prominent in the years to come. Skilled immigrants and the Aboriginal workforce will, in this regard, play an increasingly important and strategic role.
- Providing skills development and career advancement opportunities
- A growing body of evidence indicates that innovative workplace health practices which enhance physical as well as psycho-social dimensions of health can improve retention and recruitment, and reduce absenteeism.
- Increasing awareness of career opportunities in transportation and improving the image of the sector
- Specific human resource retention practices such as recognition and rewards systems, and employee communication and participation measures
- Connecting with colleges and universities that help students get practical job skills
- Celebrating, promoting and emulating best practices in recruitment and retention -becoming an “employer of choice”

About the CLBC

The Canadian Labour and Business Centre is an independent national labour-business organization whose mission is to contribute to economic growth and social well-being by improving business and labour practices in Canada, and by providing joint advice on public policy. Since 1984, we have been the recognized centre for business-labour dialogue and consensus building in the country.