

David Foot discusses career paths

Interview by Doreen Duchesne

Born in England and raised in Australia, David Foot is a Canadian economist and demographer with a Ph.D. in economics from Harvard University. He currently teaches economics at the University of Toronto. He has conducted research in a variety of areas, including education, youth unemployment, leisure and recreation, promotion opportunities, retirement, immigration, and government spending. His current research interests lie in the numerous relationships between economics and demographics, and their implications for both private and public policy, especially in a Canadian context. His research activities have resulted in findings that challenge widely held, but usually untested, views regarding the economic impact of demographic changes.



Professor Foot has published a number of books, most recently [The Over-Forty Society](#) (co-authored with Blossom T. Wigdor). He is also a consultant and social commentator and frequently provides submissions to commissions, task forces, and public and private study groups. He is a two-time recipient of the University of Toronto's undergraduate student teaching award and has received the national 3M Award for Teaching Excellence.

Q. *Many workers of middle-management age today have plateaued at lower levels because of population pressure and the gradual disappearance of jobs as corporate hierarchies flatten out. Since most people work for 40 to 45 years, and the baby boomer generation spans 20 years, career blockage will probably continue for a long time. Is there a solution to this problem?*

A. Until the early eighties, Canada always had more younger workers than older workers. In that kind of world, you structure your organizations to have fewer positions at the top and a lot more at the bottom. That's why we've built, over this century, tall, triangular corporate structures. Think of a government department: one deputy minister, two or three assistant deputy ministers, a number of directors, more managers, even more analysts ... It looks very much like a pyramid. The same is true in the private sector.

That is a very efficient way for an organization to respond to the age structure seen in this type of workforce. The expectation of employees is to have a linear career path, with a gradual move from the entry level to the top. The dominant culture of the organization focuses on promotion, and the higher you are on the structure, the more power you have over those beneath you. In that world, specialization works extremely well because you move up within your speciality. You'll have two occupations: a line-function occupation like an engineer, an accountant, or a corrections officer, followed by a managerial occupation.

Now, over the first half of the eighties, the tail-end of the baby boom started entering the labour force, and labour force growth began to decline dramatically. For the first time in our history, we had fewer younger workers than older workers. All of a sudden, the labour force population pyramid started to look more like a barrel ([Chart A](#)). Organizations that maintained a tall pyramidal structure found that it wasn't working. They had too many employees in their late thirties and forties, and not enough entry-level people. So what did they do? The dumb organizations started to fire employees in their forties, because there weren't enough middle and upper management positions to accommodate all these baby boomers - we've seen a lot of that over the last four or five years. And the jobs at the bottom of the pyramid still need to be done; so you get a 39 year-old to do a 19 year-old's job. This is not great for morale. This is not the way to manage the labour force. The only way you can fit a rectangle up a triangle is to flatten the triangle.



Chart A Baby boomers have significantly altered Canada's demographic makeup.

Source: Demography Division

Senior executives have gradually begun to understand that the old corporate structures aren't working and

that they had better flatten them. What does a flattened corporate structure mean? It means getting rid of all those levels, going from maybe 20 levels to 5. Each occupational level becomes much broader. You bring the peak closer to everybody and you give your employees much more opportunity to move around. This means that the career path has to change. You can no longer expect to be linearly promoted to the top; now you've got to have a spiral career path. You've got to mix lateral with promotional moves. This means that the age of the specialist is going, and the age of the generalist is re-emerging. The specialist can do only one occupation, whereas lateral moves often are associated with changes in occupation and in the sort of skills needed ([Table](#)).

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But flattening the corporate structure alone isn't good enough, because the moment you do that, your employees need constant re-education and retraining in order to facilitate the change in their occupations. Whether you're moving from nursing to computer programming, or sales to marketing, you need re-education and retraining. And unless senior executives are willing to take the responsibility for increasing their re-education and retraining budget, the flattened corporate structure will not work. What we've been seeing, especially in this time of recession, is that the smart organizations are flattening their corporate structures, but unfortunately, they're gutting their re-education and retraining budgets.



Table Career paths and associated characteristics

Source: Adapted from Foot and Venne (1990)

Q. *How can an employer reward deserving employees or maintain the productivity and morale of ordinary workers in an environment where promotional opportunities are generally unavailable?*

A. Invest a lot in employee re-education and retraining and have a human resource planning profile that asks employees what other department they might like to work in some way down the road. If an employee has an engineering degree, it doesn't mean he or she can't work in a finance department. Give that person two or three courses to prepare for that move later on.

In my world, you should get extra pay for lateral moves if your productivity goes up. This means that salary has little relation to where you are in the hierarchy. Someone who has moved laterally a number of

times may be making more than the person who's just moved up one level. The link of salary to position goes out the window. That's what a flattened corporate structure is all about. But you don't automatically get a salary increase for lateral moves. Only if you deserve it.

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There is quite a bit of evidence out in the marketplace that this arrangement works extremely well. People who move laterally to another department don't carry any burdens or past history with them. All of a sudden, new ideas come rushing up to the top. They're already trained to be managers and they can objectively sort through new ideas. For example, I have heard of one particular experience where, for 40 years, trucks - loading and unloading - crossed one another through two gates. They put an MBA in charge of the engineering division who said, "I know nothing about engineering; I'm willing to take any advice." The lowest-paid guy directing the trucks in the loading yard said, "If you moved the position of one of these gates, those trucks wouldn't have to cross and we'd save minutes a day." Well they didn't - they saved hours a day! Productivity in that division went up tremendously. Just because they moved a gate. That's because the new person at the top had no commitment to the past policies of that division. And admitted not knowing anything.

Q. *What kind of career path can a typical university graduate today expect to follow in his or her lifetime?*

A. University students graduating today are part of the baby bust generation. They've had no difficulty getting part-time jobs at McDonalds or babysitting jobs on Saturday night. These people are used to earning money. There's 20-odd percent fewer of them around than there were baby boomers at that age. So, in some sense, the new graduate today is actually a scarce commodity. But it's not showing up yet, because we're still in this recession. [Editor's note: This interview took place in February 1994.]

What kind of career path can they typically expect to have? As the nineties unfold, the flattened corporate structure will become the common organizational structure in North America, forced by the baby boom. That means the spiral career path is going to dominate over the linear career path. So the new university graduate today had better learn a lot of good generic skills that can be used in a number of different occupations: good communications skills - both oral and written - good interpersonal skills, the ability to work with other people, good computer skills, good analytical skills, and the ability to think. These are skills that can be taken into any occupation. I don't think it really matters what occupation they

train for. They need to train for an occupation to gain entrance into the workforce, because it's very hard to get that entry-level position; but having got that entrance, they shouldn't expect to stay in that occupation for more than 5 to 10 years.

Q. *One way of dealing with high unemployment is to reduce the work week to enable more people to have jobs. But this approach reduces people's incomes as well as their pensions and other benefits. Is there a way around this problem?*

A. Certainly. For a number of years I've been saying we need a much more flexible workforce. I've thought for quite a long time how stupid it is that we go to school full time, and then we work full time and then we exit the labour force full time. Why shouldn't we gradually ease into the labour force by going to school and having a job part time, and gradually ease out of the labour force by working five days a week, then four days, and so on, down to zero?

As the nineties unfold, the flattened corporate structure will become the common organizational structure in North America, forced by the baby boom.

We have, over the seventies and eighties, talked about things like job sharing, which has never got off the ground. And my intuition is, the reason these things have never got off the ground is because senior management doesn't like its workers having flexibility; it leads to all sorts of "complications" in calculating UI contributions, pension contributions and all the rest of it. It's much easier if people work full time. Besides, if they don't work full time, the sinister implication is that they're not committed to a career.

There are a lot of overworked people now in mid-forties to their early fifties, who have their mortgages largely paid off, who might willingly work four days a week for 80% salary. Or three days a week for 60% salary. Or nine months a year for 75% salary. Management saves huge bucks by doing this, because it's the highest-paid workers who are most likely to take advantage of this opportunity. Furthermore, half of a senior manager's salary pays the full salary of a new, young labour market entrant.

Now, you don't want to deal with high unemployment by reducing the work week through legislation to enable more people to have jobs. This often forces those who can least afford to work reduced hours to share the burden of high unemployment. It should be a voluntary program so that those who can most

afford it or most desire it can participate. The employer may require you to sign, say, a three-year contract. It is not always easy to just flip in and out - one year on, one year off - because that can create management planning problems.

Q. *How would this affect pensions?*

A. Both parties should make full pension contributions. The employer is already saving a huge amount of money. The organization is also getting young, innovative ideas from new entry-level people who are now being recruited, and having the older employees around to transfer their knowledge and skills to those people. Everybody wins.

And let's stop arguing about how to calculate fringe benefits. Given human ingenuity, there shouldn't be any difficulty in working this out. All we need to do is negotiate a contract: "You want to be on 80% salary, then let's sit down and talk about how we manage the other things." Maybe the employee still has to pay full Unemployment Insurance and so does the corporation. That's part of the agreement that gets worked out.

It's often a brilliant solution from the employer's point of view. When people work less time, they tend to be more productive in the time they do work. But if they are working, say, three days a week, you can't expect them to do five days' worth of work. There are many people now working five days a week who are being expected to do seven days a week of work. They would welcome this new voluntary program and it would create jobs for new labour market entrants and the unemployed - not to mention new opportunities for those already employed.

Q. *What types of private sector solutions would you endorse for easing the strain on the public pension system?*

A. If I can believe my actuarial friends, all the pension problems would be solved if the retirement age were raised from age 65 to 67. In the U.S. they've already legislated rises in the retirement age, starting in the year 2000, of one month for every year. So you have to be 65 and one month in 2001, 65 and two months in the year 2002, and so on. A similar scheme could be adopted for Canada.

Q. *Isn't this at odds with the trend toward early retirement?*

A. Yes. But not at odds with my view of the world, where I think that we ought to be encouraging people to work four days a week from age 55 to 60, three days a week from 60 to 65 and then continue to work, but two days a week from 65 to 70, and one day a week from 70 to 75. As for accessibility to the pension, they get one-fifth of their pension at 55, two-fifths at 60, three-fifths at 65, four-fifths at 70 and a full pension at 75. WE NEED SOME NEW THINKING HERE.

I'm much more in favour of more flexible work arrangements that allow people to ease gradually into retirement so they can create jobs for younger people, yet still be gainfully occupied into their late sixties and early seventies, if they so choose.

I'm in favour of maintaining mandatory retirement to create new jobs for our baby boomers, and gradually raising the mandatory retirement age from 65 to 67 to help alleviate our pension problems over the next 20 years. But I'm much more in favour of more flexible work arrangements that allow people to ease gradually into retirement so they can create jobs for younger people, yet still be gainfully occupied into their late sixties and early seventies, if they so choose.



Chart B Baby boomers will continue to dominate Canada's population structure well into the next century.

Source: Demography Division

Q. *You have talked extensively about consumer expenditures being dramatically affected by the changing needs and interests of aging baby boomers. What directions do you foresee the demand for personal goods and services taking in the next two decades?*

A. The big-growth industries are going to be for products and services consumed by people in their forties - like their need for eye glasses. They're much more likely to go walking than running - so walking shoes rather than running shoes. They're much more likely to go to museums than tennis clubs, or to buy skin care products than cosmetics.

People in their forties are much more likely to go on an up-market holiday. By up-market I don't

necessarily mean Club Med. I mean something that offers comfortable accommodation and good food at night, even though during the day they might climb the edge of a mountain. Most of the travel industry doesn't understand that. If these people go on package tours, they don't want to be with 30 other people. Maybe with 6 or 8 other people who have some of the same values and interests - yes, it will cost more but they will be ready to pay for this value-added service.

We're gradually maturing from a manufacturing economy to a service economy. People are much more likely to need services in their forties; you know, financial planning services, travel services, health-care services.

Also, most of us have bought our televisions and our refrigerators and all our manufactured goods. The demand now is a replacement demand. Growth in manufacturing is over. That's why we're gradually maturing from a manufacturing economy to a service economy. People are much more likely to need services in their forties; you know, financial planning services, travel services, health-care services. These are the sorts of trends emerging today.

Q. *Are Statistics Canada's surveys and other data sources comprehensive enough for your work, or are there some serious deficiencies you would like to see addressed?*

A. I think Stats Can is probably one of the best, certainly one of the top two or three statistical-gathering agencies in the entire world. The quality of the information coming out of Stats Can has been a joy to work with throughout the 20-odd years that I have been doing research in this country.

I am also conscious of the fact that over the last decade Statistics Canada has been downsized 20 to 25 percent without hugely cutting back on important data gathering, except perhaps the Job Vacancy Survey. There has been a rather dramatic increase in productivity, and that's impressive. So a big A+ to Statistics Canada for the quality of its information, the timeliness of its information and its ability to maintain much of it in a difficult economic environment.

My biggest complaint with Statistics Canada is its inaccessibility. In a world where quality and service matter, Statistics Canada gets a straight A on quality, but probably gets a D on service. If I want information, I don't have time to make five telephone calls to get to the right person who can explain the data to me. I don't have time to get busy signals. If the telephone is answered, the first thing I hear is, "We're on a cost-recovery basis now. Unless we can squeeze a hundred or, better, a thousand dollars out

of you, we're not interested in having you on the phone. Good bye!"

This is totally unacceptable. The university doesn't have enough money to buy the latest data for teaching and research purposes, and Statistics Canada would never give it away, not even for teaching. I'm not going to spend my time putting in applications for grant money to pay Statistics Canada for a database so I can do my job. Instead, I'll adapt. I don't even have my students look at Statistics Canada publications in their courses any more - I used to have them buy the books, but they're too expensive now. Access to raw data without access to related publications leads to uninformed users in my judgement. Is this what you want?

Q. *Doesn't the library have information?*

A. It's not quality and service to have somebody waste time going down to the library where the book may or may not be in stock and may or may not be on the bookshelf.

Q. *Aren't students supposed to use libraries?*

A. Students are supposed to use libraries but what happens when they're 35 year-olds and also maintaining a job and a family as well? More and more of our students are in that world. Time is important to them. And Statistics Canada does not value people's time. That is unacceptable in today's society.

Q. *What do you think we should do?*

A. I shouldn't have to deal with busy signals. There should be answering machines available all the time. I should be able to download any information I need instantly off the telephone, and if there's a charge it should be \$3.50, billed directly to my charge card. Not \$1,000 because you're on cost recovery and I have to pay for your time to answer the phone. Let me get into the system. Stop making me go through people. Just provide accessible user support when necessary.

In spite of these shortcomings, however, I will say that I was born in England, brought up in Australia, educated in the U.S., and have worked in Canada, and of those four countries, all of which are good countries, I'd much rather work with data here.

The Chief Statistician replies

First, I would like to thank Professor Foot for his complimentary remarks regarding the quality of data produced by Statistics Canada, and the stature it enjoys in the international statistical community. However, his remarks regarding accessibility and service are disappointing, since the agency prides itself on providing not only good quality data, but also good quality service to the public.

It is true that the agency operates certain aspects of its dissemination program on a cost-recovery basis. It is our policy that those who directly benefit from our products or services should bear their cost, rather than having them subsidized by the taxpayer at large. Thus, clients wishing to have a personal copy of a publication or those requesting special tabulations are asked to pay for those services. On the other hand, most of the agency's dissemination program is provided to the public free of charge through a variety of means. First, there are some 700 libraries which, under the Depository Services Program, receive Statistics Canada publications at no cost. Located throughout the country, they serve as an efficient means of ensuring that all Canadians have access to the agency's information. Second, the agency's Regional Reference Centres respond to over half a million inquiries annually, over three-quarters of which are answered at no charge. Third, but equally important, is the agency's policy of providing all of its information free of charge to the media, which in turn inform the public of national economic and social trends.

Professor Foot expresses some concern about the impact of Statistics Canada's policies on the education sector. I wish to emphasize that Statistics Canada values the education sector very highly: we want to contribute to the education of our citizenry and, frankly, students are the next generation of Statistics Canada clients. In fact, we have developed several programs directly for schools and universities. For example, we provide substantial discounts on all publications purchased by educational institutions - 30% off current publications and 70% off out-of-date publications. (Students don't always need the most recent data. As a learning tool, Labour Force Survey data for May 1994 are just as effective as data for June 1994; similarly, third-quarter gross domestic product data are just as good as fourth-quarter figures.) In addition, we offer a 50% discount on CD-ROM and diskette products.

Our electronic products have long been available to the education sector; for years, students have been using the University/CANSIM Time Series Database, an on-line service provided to universities for \$995 per year. We recently developed the highly successful E-STAT product for schools. E-STAT combines easy-to-use mapping and charting software with census and time series data. The product was developed to promote students' use of Canadian data as well as their knowledge of Canadian socio-economic trends. To this end, E-STAT's price is subsidized. The agency has also collaborated with the education faculties of several universities to develop related curriculum material that teachers may easily use in their classrooms. The E-STAT project has proven very popular. Indeed, we have negotiated licences with five

provinces; now all schools in those jurisdictions have access to the package. Licences will be pursued in the other provinces as well.

Professor Foot wonders why he does not have direct on-line access to our statistical databases. I am pleased to inform *Perspectives* readers that beginning this autumn, we are introducing the STATSCAN ON-LINE direct data retrieval system. Participants in the recent pilot test considered the system state-of-the-art and described the retrieval software as very user-friendly. Given this encouraging feedback, we are confident it will meet the requirements of users like Professor Foot. ON-LINE now carries *The Daily* and international trade data; we will soon add CANSIM and census data. Eventually, all agency data will be available ON-LINE.

The agency is very sensitive to the importance of providing quality service to its clientele. Indeed, this is why, several years ago, we instituted an annual survey of the quality of service offered by our Regional Reference Centres. This survey focuses on the reliability of the information provided, courtesy of the staff, promptness of service, and whether clients were served in the language of their choice. While the results of these surveys have been consistently very positive, we are always seeking to improve the way we serve the public.

In summary, I am proud that the general public has a high opinion of the relevance and reliability of Statistics Canada's information. Likewise, we pride ourselves on the quality of service provided to Canadians, a principle that will continue to guide our actions as we fulfil our mandate as Canada's national statistical agency.

Ivan P. Fellegi
Chief Statistician of Canada

References

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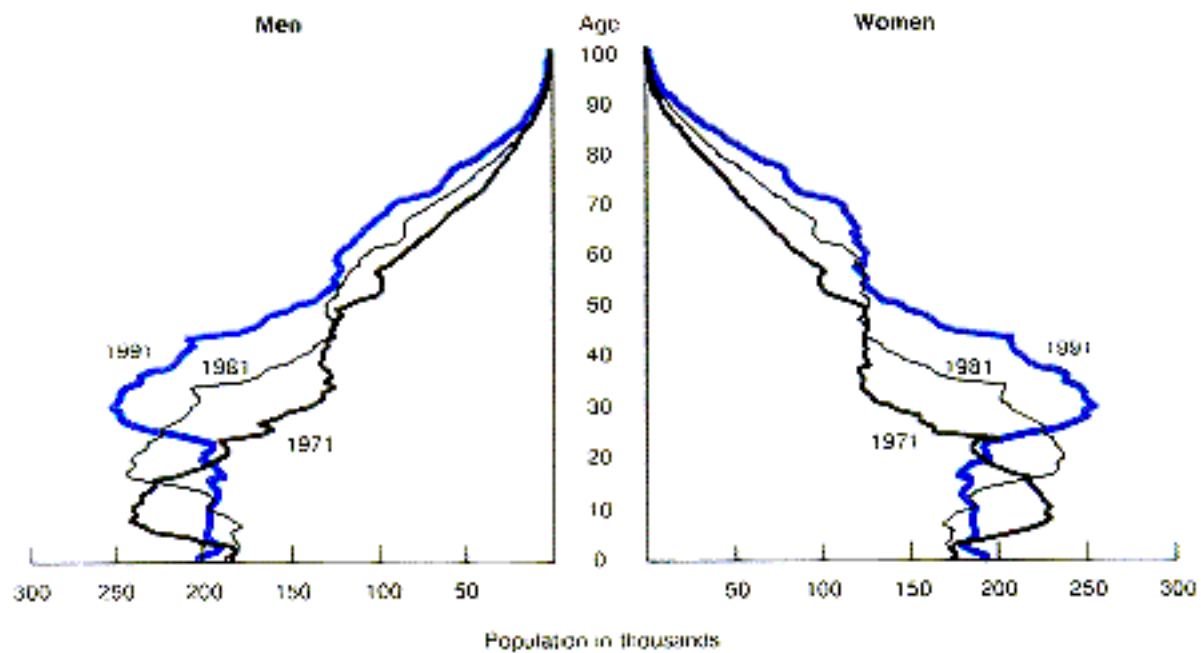
Source

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Chart A

Baby boomers have significantly altered Canada's demographic makeup.



Source: Demography Division

Table

Career paths and associated characteristics

Career path	Direction of job movement	Number of occupations	Duration in occupation	Organizational structure	Reward systems
Steady state ¹	none	one	life	rectangular	tenure/fringe benefits
Linear ²	upward	two	10+ years	tall pyramid	promotion/power
Spiral ³	lateral and upward	five(?)	5-10 years	flat pyramid	re-education/retraining
Transitory	lateral	many	2-4 years	temporary teams	variety/time off

Source: Adapted from Foot and Venne (1990)

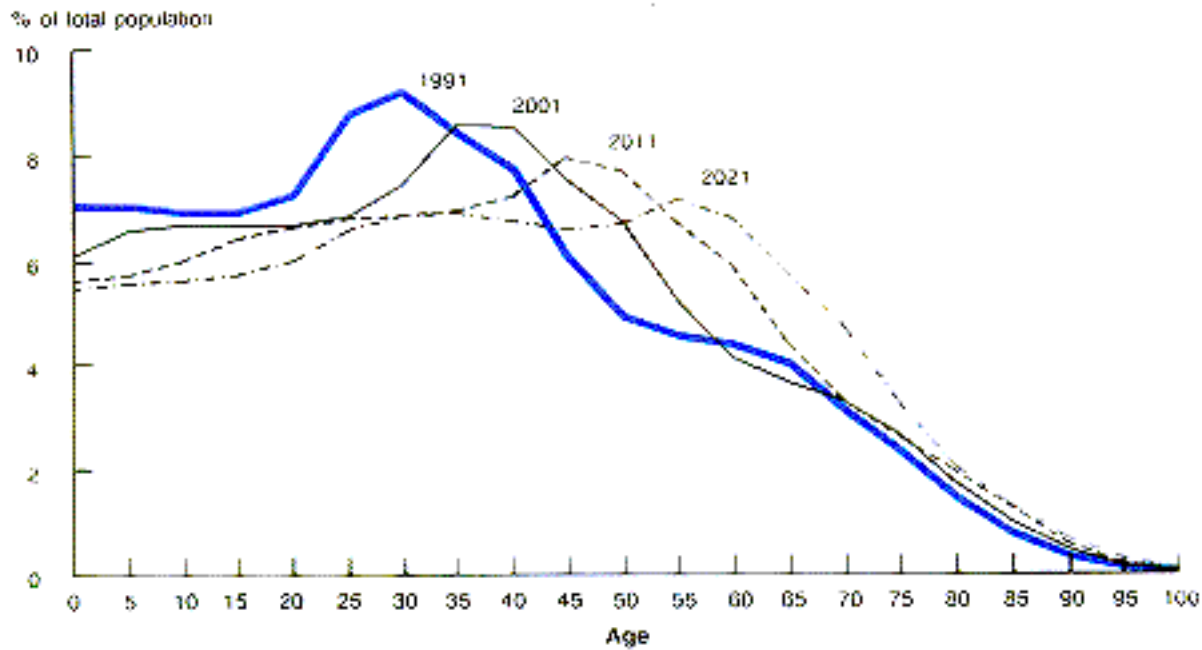
¹ *Having the same occupation for life (e.g., minister, doctor, lawyer)*

² *The most common career path in North America*

³ *Associated with occupational flexibility and lifelong learning*

Chart B

Baby boomers will continue to dominate Canada's population structure well into the next century.



Source: Demography Division

Note: Age is shown in five-year increments: 0 indicates the proportion of people aged 0-4; 5 is the proportion aged 5-9, etc. The projections for the years 2001, 2011 and 2021 assume immigration levels of 250,000 a year and the fertility rate remaining at the 1991 level.