

Aging Workers, Changing Value

Employers that want to benefit from aging workers' changing value will need to show they are committed to their ongoing development and respectful of their unique needs.

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The shrinking of the developed world's workforce is a frightening concept—and one that is quickly becoming a reality. As millions of aging baby boomers approach retirement and birth rates in North America, Europe, and other parts of the developed world decrease, the implications for work organizations in countries around the world are grim.

In the United States, for example, estimates indicate labor shortfalls of 5-10 million workers in the next ten years.¹ To the north, a shortage of nearly one million workers in Canada is predicted over the next 20 years.² In the European Union, populations are decreasing in one of every four countries; in fact, it would take an influx of 1 million immigrants a year into EU countries to make up the shortfall.³ In Asia, meanwhile, Japan's birth rate continues to fall, and researchers estimate that by 2020 there will only be two workers for each retiree.⁴

As a result of these looming demographic changes, global competition for skilled workers is increasing, and many countries are beginning to recognize the changing value of their aging workers. In the United Kingdom, the British government is looking at abolishing mandatory retirement ages, while in Asia the government of Singapore is considering extending the retirement age. Some Japanese employers are offering short-term contracts to former employees,

enabling them to meet specific needs without assuming the burden of a long-term commitment to new employees. Regulations proposed by the Treasury Department and the Internal Revenue Service in the United States would allow for voluntary phased retirements, if approved.

SENSE OF SELF WORTH

Clearly, the perception of older workers is changing, and fast. Keeping older workers on the job longer is increasingly being viewed as beneficial to business productivity, employee retention, and corporate citizenship. Just as clearly, many of today's older workers want an opportunity to continue in their current careers or commit to another one. According to a 2003 study⁵ by the American Association of Retired Persons, the majority of workers between the ages of 50 and 70 say they intend to work during their "retirement" years or never retire at all. Highly educated workers, the study found, are far more likely than those with less schooling to want to remain in or return to the workplace.

One reason many "mature" employees want to continue working is that their sense of self worth is linked strongly to having a career. Many workers approaching retirement feel they still have much to offer and may be considering launching second careers, starting small businesses, or turning hobbies into contract jobs. They may feel they want to work on their own terms, or just slow down a bit.

Financial worries also are a consideration for many mature workers. Some aging workers still have dependents to support, and increasingly they are likely

to be caregivers for elderly parents. According to a recent survey, 20 percent of recently retired workers are struggling financially, while 41 percent are very concerned they'll outlive their assets.⁶

But simply because many aging employees are motivated to remain in the workplace does not mean that employers can take their skills, judgment, and institutional memory—not to mention loyalty—for granted. The value of the older worker goes beyond maturity and experience and includes the following:

- Experience and knowledge of an organization;
- Less need for supervision;
- A high level of commitment, dedication and energy, all of which make a huge impact on productivity;
- Organizational savvy and an understanding of workplace culture;
- The ability to mentor junior employees, which often results in higher retention and job satisfaction for all concerned; and
- Increased flexibility to meet business needs, including part-time and contract work.

Companies with a strategic plan for continued growth will create workplaces that integrate and nurture this key demographic. Critical to such a plan are training, flexibility, and accommodation. Older workers need to perceive that their employer is committed to their ongoing professional development. As long as their job continues to be interesting and they feel they are making a valued contribution, mature employees will be likely to stay in the workplace.

To effectively manage the demographic changes to come and capitalize

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on the potential of an aging workforce, employers need to provide a work environment that recognizes and accommodates the unique needs of mature employees. Following are some practical recommendations for achieving these objectives:

- Provide flexible work arrangements or telework opportunities to assist those with caregiving responsibilities and those who need to arrange post-retirement responsibilities.
- Create career development and training opportunities for mature workers.
- Provide opportunities for mature workers to become mentors in the workplace to facilitate the transfer of knowledge and skills.
- Offer work-life services that help older workers proactively manage concerns via one-stop access to information and consultation.
- Develop a retiree relations program to create a pool of trained and motivated workers.
- Encourage a corporate culture that demonstrably values older workers. This could include offering training on older-worker issues for younger supervisors and managers.

INVESTING A LITTLE EXTRA

Companies that follow these and similar recommendations have been more successful in creating opportunities for aging workers and retirees. For example, Monsanto Co., a multinational chemical company based in St. Louis, Missouri, brings back retirees as temporary workers or part-timers to fill gaps and reduce costs. Monsanto's Retiree Resource Corps has more than 800 participating retirees who can work up to 999 hours per year—less than half-time. Monsanto estimates that it saves 12-15 percent by using retirees instead of traditional temps. The program also helps Monsanto transfer both corporate culture and technical knowledge to younger employees.⁷

Home Depot, the hardware store chain, hires many employees over the age of 50 because of their skills, work ethic, motivation, and maturity. This strategy has proven tremendously successful. Home Depot is very pleased

with the benefits that older workers bring to the workplace and continues to proactively recruit older employees.

In Canada, the "Best Employers for 50-Plus Canadians" award recognizes employers that value their mature workers. The common denominator among the winners is that they genuinely value older workers for their workplace attitudes, experience, and skills. They are creative and flexible in the way they

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deal with older workers and are willing to invest a little extra in their mature employees, knowing they stand to reap huge dividends. The winning companies all describe it as a win-win situation—their mature workers bring qualities to their work that both they and their customers value.⁸

One award winner, Avis Rent-a-Car, noticed that its retired part-time car shuttlers received fewer tickets for traffic violations and were much less likely to scrape, scratch, or bang up its rental cars. Avis began actively recruiting retired people by using some rather unorthodox and imaginative techniques, including handing out information about employment opportunities in the early mornings at shopping malls. The result was an increase in the number of older employees hired and a corresponding decrease in expenses, as traffic violations and accident rates tumbled.

Another award winner, the customer service center of a major national bank, keeps track of employees who are about to retire from other parts of the organization and then proactively recruits them, offering part-time, flexible hours. The bank benefits by "hiring" a knowledgeable employee who is already familiar with the corporate culture and by cutting down on recruiting costs. The employee, meanwhile, benefits from

being able to work hours that suit his/her lifestyle. The proof of the pudding is in the taste—in this case, an independent survey that showed the bank's customers appreciate the quality of service and information they get from the service center.

FOLLOWING GOLDEN RULES

One of the common characteristics of the winning companies in the Best Employers for 50-Plus Canadians competition is buy-in and support from senior management. Savvy corporate leaders recognize the potential advantages offered by mature workers and adjust their policies and procedures accordingly.

In the near future, many of their competitors will need to follow suit. A growing number of companies will face a shortage of skilled workers that will put their business operations at risk. Organizations should be asking older workers today what it will take to keep them in the workplace tomorrow and what will motivate them.

Ensuring an organizational understanding of the benefits and needs of older workers will lead to business success. Finding and keeping "mature" talent should be a simple matter of following some golden rules: focus on ability rather than age, offer phased or flexible retirement options where possible, invest in skills training, downsize responsibilities, and above all—be creative. ■

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