

# Human Resource Professional

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## Tapping the assets of Experience

*Is your organization ready for the flood of older workers on the horizon?*

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There's a tempest brewing in the American workplace.

The graying of the vast baby boomer generation, cultural misconceptions about aging and an impoverished sense of how to improve the situation have created the prospect of a head-on collision between a group of people who want to work and organizations that have no satisfying place for them. But unless we act wisely now, these conditions will do serious damage to productivity and organizational effectiveness.

Most businesses are unprepared for the flood of baby boomers who have entered their 40s and 50s and, equally important, for the shortage of skilled workers and managers that will follow them.

According to the U.S. Census, the 76 million children born between 1946 and 1964 now comprise 52 percent of the working population. That means the workforce could lose substantial numbers of experienced workers as boomers start to retire. Since there were only 43 million births from 1965 to 1976, the exiting boomers will likely create a shortage of skilled people in the workforce.

Yet, in a 1998 AARP study of American corporations, 82 percent of respondents said they had taken no steps to prepare for a worker shortage.

### When Will Boomers Retire?

Most boomers have neither the inclination nor, in their minds, the financial means to retire early. According to a recent study, 80 percent of those born between 1948 and 1965 expect to work past age 65. Compare that with the 10 percent of the over65 generation who held jobs last year.

Furthermore, the U.S. Social Security Administration estimates that only two percent of the population will be financially self-sufficient at retirement age, making work a necessity for most. Employment for many will be necessary if Social Security, as some believe, will be

out of money by 2030 because it will be paying out more than it brings in.

But business is not prepared to handle older workers. Over the last couple of decades, many have marginalized older workers in an apparent effort to counter high salaries, medical costs, declining productivity, clogging of career pipelines and morale problems.

In spite of legal efforts to the contrary (culminating in the Age Discrimination and Employment Act), businesses are inclined to let as many older workers go as possible. Even if older workers remain on the job, according to a study by Hall and Mirvis (1993), resources for things like training are targeted for young workers.

But this workplace crisis also presents exciting opportunities, not only for older but for all workers. For example, older workers want more flexibility in how and when they work and believe they are both skilled and mature enough to make flexible work arrangements productive for corporations.

Indeed, assumptions about what constitutes effective work are being rethought, and flexible work arrangements for older workers can help define and lead this movement.

But first, some myths must be dispelled.

### Dispelling the Myths

**Myth 1:** As people age, they grow less capable.

**Reality:** More is gained than lost.

Research is beginning to demonstrate that mature workers are much more capable of all sorts of exertion than is commonly believed. The U.S. Department of Health and Human Services reports that 84 percent of Americans over 45 (including 78 percent of those between 69 and 74) say their activities are not limited at all because of health reasons. Those who work are the healthiest of all.

Another study shows that workers between 55 and 65 are as healthy as those between 45 and 55. They don't get sick more often than younger workers, they report to work as reliably and perform virtually all tasks with comparable ability.

As for mental ability, longitudinal studies show that, unless a person has suffered a serious health problem such as a stroke or head injury, most sustain intellectual functioning well into their 70s and beyond.

In addition, advances in medical and genetic technology have increased longevity and enhanced the quality of life of the elderly.

And comparisons with younger people are pointless; measuring older workers against youth inevitably favors youth.

What is needed is a way to measure older people's distinctive qualities, such as experience, personal and political savvy, wisdom and the ability to take the long view.

**Myth 2:** Corporations save money by getting rid of older workers.

**Reality:** Much is lost this way. In fact, much can be gained by retaining, redeploying, retraining and revitalizing workers.

In many, if not most, organizations at least 10 years old, older workers are the people who have learned how to get the job done. They know the customers. They know the suppliers. They know the internal operating systems. They know the influence networks. They know the strengths and weaknesses of the product line. They know the strategy. In short, they are repositories of "system knowledge." In an era when knowledge management is a buzzword in every MBA program, the older worker is a knowledge holder and a wisdom maker.

Letting go of older workers can be like through out your seed corn.

According to executives at the *New York Times*, *Wall Street Journal* and *Boston Globe*, the news business is a case in point. Editors routinely favor younger reporters; older reporters are said to "lose their legs at 40." The more editors refer stories to younger reporters, the more older reporters become unproductive and angry. This further confirms the editors' belief that the older reporters are over the hill. It becomes a self-fulfilling prophecy.

Thus the picture of angry, ineffectual older reporters and arrogant, misguided young editors grows. Editors have even been known to refer stories to young reporters when older reporters who have covered the

field for years and may even have won a Pulitzer Prize are available.

What a waste of knowledge and talent. Wouldn't it be wiser to take action that would keep the older worker, and all of his or her insight and skill, involved in the organization in some way?

**Myth 3:** Older people don't want to work.

**Reality:** They want to work differently, and all indications are that this not only is possible but advantageous to corporations.

A 992 Harris Poll found that 5.4 million retired people were willing and able to work but unable to find an appropriate job. Findings found that older people may actually have higher motivation and job

satisfaction than younger workers. Nevertheless, a 1995 AARP study of managers tended to rate older workers as "weak on flexibility, acceptance of new technology and the ability to learn new skills."

While not all workers in the post-50 age bracket want to keep the jobs they have or work as many hours, there are many roles they would like to take on.

Students of the life cycle, such as Dan Levinson, an authority in adult psychological development, report that the

20s, 30s and 40s are focused on such needs as acting with autonomy, pursuing ambitions and demonstrating competence. The 50s, 60s and 70s reflect a different set of needs including the desire to appreciate one's achievements, accept one's limitations and leave one's mark.

To get the best out of mature workers, organizations need a human resource strategy that responds to their developmental conditions and needs.

**Myth 4:** Older workers cost a company more because of higher absenteeism and accidents.

**Reality:** Research has shown that the accident and attendance records of older workers are better than those of younger workers. Older workers have proven themselves to be more dependable and responsible, and tend to shift from job to job far less than their younger counterparts.

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## A New Concept of Corporate Structure

Within the traditional corporate structure, it is hard to think of what to do with older workers. Within its pyramidal form, each employee climbs a ladder, peaks, plateaus, then declines. At whatever point employees are thought to decline, they present problems.

Management theorist Charles Handy's conception of the new corporation opens the way to rethinking the place of older workers. Handy's framework identifies three types of organizational workers:

- A core group of managers and skilled workers, who lead the organization and provide its stability and continuity. Without them the organization has no strategy or productive capability. Here one tends to find the very ambitious, the people whose whole life is wrapped up in the organization and the very well paid.
- Key external resources – individuals and organizations who relate to the organization on a contractual or outsourcing basis.
- A project-based employee pool – people loosely connected to the organization on a job-by-job basis, allowing the organization to expand, contract and change shape in other ways, according to the demands of the market and technology.

Both the second and third types afford corporations increased flexibility and cost savings, while providing opportunities for workers as well as, young parents, children of aging parents and others.

It is easy to imagine some older workers in each of these three groups. The traditional core is generally filled with the most skilled, powerful older managers. Many of those who "retire" often return to their long-time employers as regular consultants and contractors, which represent the second category, and which provides older workers with greater control over their time.

The project-based employee pool provides even greater control for both employees, who, later in their career, wish to work intensely, then take vacations, or to work from their home offices.

## The Lessons of Best Practices

Flexibility is one of the keys to helping older workers stay motivated and productive. According to Kathy Fyock and Anne Dorton, authors of *UnRetirement*, for example, sabbaticals are gaining in popularity.

Organizations are realizing that people need time to recharge, retool or revitalize their skills. Some are encouraging interspersed periods of education and leisure throughout their employees' work lives.

Some companies are looking to their own retirees as a source of temporary help. Through its Retiree Job Bank, for example, Travelers Group, a large insurance

company, allows retired employees to work up to 960 hours each year without adversely affecting their pensions.

The program saves the company about \$1.5 million each year in agency fees and Travelers finds that its retirees are reliable and experienced workers.

IBM has followed suit by re-hiring many of the highly skilled and knowledgeable people who were eliminated in the restructuring efforts of the early 1990s. The re-hired retirees are considered an elite corps of managers, operating a supplemental workforce to address specific business problems.

IBM is also in the process of designing a mentoring system in which savvy retirees are paired with newly hired college graduates. The mentors provide a general orientation for the young workers including an awareness of IBM's history and culture as well as tips about how to succeed.

Polaroid has developed a flexible work alternative to help senior employees make decisions about retirement and to help them ease into the process. One option is the rehearsal retirement that allows employees to take a leave of absence for three to six months and then come back to the same job if they want to, according to Mike Muther, a former senior human resource administrator at the company. Another option is "tapering off," which permits employees to reduce their work hours to as little as 20 hours a week.

The programs are more than just altruistic. Morale and productivity have risen, says Muther.

A recent study of 500 companies of all sizes by Watson Wyatt found 8 percent offering phased retirement.

In that arrangement, retirement-age employees continue in their old jobs but with scaled down hours, typically 20 to 29 hours per week. A variation on phased retirement is the so-called boomerang job, in which an employee retires for a few months or a year, then bounces back to the company with limited hours.

Monsanto Company's Retiree Resource Corps is typical. Participants have no set schedule, but are called as needed, with a central database tracking their skills and hours. Monsanto figures boomerangers cost 12 to 15 percent less than temporary workers and the primary benefit is their Monsanto experience, says John Brugger, the program's business leader.

Finally, some organizations, such as Honeywell, American Express and 3M, have developed internal task forces that listen to diverse employee groups to ascertain their needs and concerns. Honeywell's Older Worker league (OWL) furnishes a perspective for management that is valuable in redesigning programs, policies and procedures with all employee groups in mind.

## What HR Can Do

These examples indicate the range of corporate initiatives designed to enhance the contribution of older workers to organizational productivity. But, there is much more that could be done to integrate a focus on older workers with some of the most insightful human resource policies.

For example, research from the Saratoga Institute lays out eight fundamental areas where an organization should focus to achieve long-term health. They are:

- values,
- commitment,
- culture,
- communication,
- partnering,
- collaboration,
- innovation and risk, and
- competitive passion.

Research reported in *Built to Last, In Search of Excellence* and other key management literature confirm the Saratoga findings. They all agree it is important to thoughtfully examine the core beliefs, functions and operations at the heart of a business first. Any redirection should be made to these key areas before launching new programs. When the time is right to initiate new actions and policies, they should fit into the organization's culture and complement positive management practices embedded in the company's operation.

Following are some selected best practices used by companies chose as *Fortune Magazine's* 100 Best Companies to Work For in American (Branch, 1999). We have refashioned these policies slightly to show how they could be focused on the needs and wants of older workers to combat the barriers they are facing. The additional case studies in this section illustrate the difference these policy revisions can make.

### **Practice I: Training and Development**

For many years, it has been well documented that companies that achieve long-term success take training and development very seriously. GE, for example, spends \$1 billion per year in leadership training programs.

In dealing with older workers, training and development means"

- Making sure training opportunities are consistently available to older workers.
- Resisting any stereotypes about what older workers can and can't learn, especially regarding new technology such as computer literacy.
- Management training to make use of experience and know-how built over a long career.

### **Practice II: Career Development**

As the population ages and there are fewer high-level jobs to compete for, there has been an increased interest in giving employees alternative ways to refresh their careers.

In dealing with older workers, Career Development means:

- Offering paid and unpaid sabbaticals to give employees the opportunity to learn new skills, to translate home-based skills into business-based skills or simply to refresh and retool.
- Encouraging older workers to share their wisdom as mentors.
- Making sample retirements available where individuals can try out retirement for a few months and return to their job with no questions asked if they want to.
- Redesigning jobs to focus on particular areas of interest, passion or expertise as a person gets older.

### **Practice III: 9 to 5 No more**

Of all the options suggested for older workers, the interest and need for flexible working arrangements is probably the most popular. Eighty-four percent of the older workers interviewed in a Harris Poll said they would take a part-time job for two to three days a week throughout the year. Another 68 percent mentioned that they would do seasonal work while 37 percent said they would be willing to work weekends. Such responses challenge the attitude that older people are less flexible.

In dealing with older workers, 9 to 5 no longer means:

- Offering reduced employment, whether it is seasonally or a few days a week.
- Accommodating non-traditional hours. Older workers often do not have the scheduling constraints of younger people. Why not make use of this advantage?
- Encouraging employees to find arrangements to share jobs if an acceptable match can be found.
- Facilitating telecommuting as an option

### **Practice IV: No Layoffs**

Some literature has questioned the wisdom of recent downsizing efforts, blaming it for the exodus of so many experienced workers from the workforce. Although only three of the 100 Bests have a no downsizing strategies, another 37 have informal policies on this subject and 74 have never had significant layoffs.

In dealing with the older worker, No Layoffs means creating an atmosphere of commitment

## Practice V: Creative Staffing

Although this practice is not mentioned in the *Fortune* article, having innovative ways to recruit and maintain the workforce is mentioned in other management literature that tracks successful businesses.

In dealing with older workers, Creative Staffing means:

- Using innovative methods to track and keep older workers, such as job banks.
- Hiring back retired workers for short-term or temporary time periods.
- Targeting older workers as a specific market and designing programs that match their lifestyle and interests.

Three examples of successes illustrate the wisdom of employing older workers:

- Travelers Group set up a job bank for its retirees at its Connecticut headquarters in 1981. The bank of over 700 employees matches 250 retirees and 150 other workers to vacancies on a weekly basis, including positions from unskilled data entry to professional. Cost comparisons found that the TravTemp program saved \$871,000 in 1989 in agency fees and sales taxes. This flexible, temporary workforce provides employees familiar with the company and with proven skills.
- Facing difficulties in recruiting employees, the Home Shopping Network office in St. Petersburg, Fla., targeted older workers to work part-time and take telephone orders. A 1994 program evaluation showed that the retention rate for senior employees was three times higher than the younger employees over a two-year period. Employees also successfully completed the necessary computer program, and a number moved into customer service positions needing more advanced software skills.
- Faced with an annual turnover rate of almost 100 percent for their reservationists, Days Inn decided to target older workers as potential employees in 1986. They found that the employees easily completed the computer training in the same time period as other workers. Days Inn saved \$1,124 on training and recruitment costs for each older worker because older workers stayed three years while younger workers stayed one.

## Aging Boomers Worth the Effort

There is little question that older workers, like anyone else, are more or less productive in different environments. The very same people who look bored, uncommitted or incompetent in contexts not geared to bring out the best in them can look excited, committed and extraordinarily competent in contexts that expect, require and facilitate the best.

There is a well-known research project conducted by Robert Rosenthal, which was published as *Pygmalion in the Classroom*. Two class groups of equal ability were presented to two teachers. One was told her class was very special, very intelligent and talented. The other teacher was told that her class was mediocre at best. The result: The group from whom much was expected did wonderfully; the other did badly.

So it is with older workers. Raise expectations, manage them according to their experience, skills, inclinations – and wisdom—and they will produce far more than many might imagine.

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