

Recruiting and retaining older workers

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Over the next ten years, U.S. employers will lose the expertise of millions of highly skilled and knowledgeable workers. Though some of us may want to deny we are aging, we cannot hide from reality — the first of the baby boomers hit their 60th birthday in 2006. As Tom Martin reported in this paper in early 2007, the number of Kentuckians who turn 60 in any given year is expected to double by 2030. In addition to the expected brain drain that will occur with the exodus of the boomers from the labor force, there will be fewer new workers to replace older workers. This is due to the significant drop in birthrates immediately following the baby boom. According to the Urban Institute, a policy think tank in Washington, D.C., "Labor force growth is expected to fall from 1.1 percent per year in the 1990s to 0.36 percent per year in the period 2010 to 2020."

Talent management, creative planning and workplace innovations will help employers through this seismic transition. The good news is that many older workers anticipate staying engaged in the workforce longer than once anticipated. Four out of every five boomers expect to work beyond the traditional retirement age, according to a report published by the Center on Aging and Work at Boston College. Personal and family finances, healthier lifestyles, and the importance of work in people's lives are factors causing many boomers to consider working into their 70s, 80s, and 90s.

Over the past half century, workers aimed to retire in the early to mid-sixties. Income from Social Security, pensions, savings and investments were expected to support them into their old age. However, a recent study by the Conference Board suggests that older workers plan to stay employed for at least at five more years beyond when they anticipated retiring due to financial reasons. It seems that a combination of macro and micro-economic forces are wreaking havoc with workers' retirement plans.

Uncertainty about Social Security policy leaves workers wondering whether the requirements for eligibility will change, whether the monthly pension will be enough or whether it will exist at all. Employer-sponsored pensions are becoming a relic of the 20th century workplace. Less than half of U.S. workers have an employer-sponsored pension. Older Americans on the whole have insufficient savings to supplement Social Security, and the rising cost of living makes older people wonder if they'll be able to afford to pay for prescriptions drugs, co-payments for medical care and housing.

Better health is another reason boomers are expected to stay in the labor force longer than their predecessors. Americans are living longer, healthier lives due to medical advances and pharmaceutical interventions. Fewer U.S. jobs are physically demanding, and therefore fewer employees are retiring because of lack of job-required physical stamina and strength.

Contrary to popular belief, many workers of retirement age want to stay engaged in the labor force. Work matters to people. A set age does not negate that work significantly contributes to self-worth. Almost two-thirds of workers 55 and older agree that their pride comes in part from their work and career. Similarly, studies demonstrate that involuntary retirement has negative effects on mental and physical health.

The last reason workers over 55 are opting to delay retirement is because they are caring for loved ones. Studies conducted by the Conference Board and the Employee Benefits Research Institute both found that nearly 25 percent of workers plan to work well into retirement years because of the expenses associated with caring for a parent, dependent spouse or children.

The demographics are very clear — the workforce is aging and there will be fewer younger workers to fill their positions. However, data also tell us that workers over 50 want to stay engaged in the labor force. This trend will require employers and employees to drop negative perceptions of older workers and start creating innovative ways to recruit, retain and engage them. Studies find that older workers are more loyal to their employer, more willing to go the extra mile, and have higher engagement scores than younger workers.

Engaging older workers will require workers to adopt 21st century practices — ones that integrate inclusive and flexible work solutions into routine operations. It seems that while older workers want to keep working, they may not want to work full-time. Older workers prefer to have some flexibility in their schedule and number of work hours, use of professional and personal leaves, and even the location of work. For instance, rather than lose their experienced pharmacists, CVS/pharmacy has developed opportunities for them to work less than full-time, work in different regions of the country (i.e. move to warmer climate in the winter), or to work only part of the year. Likewise, local employers are developing creative strategies to engage their older workers. Central Baptist Hospital has created part-time schedules for older nurses who want to keep working but prefer not to work a 12-hour shift. University of Kentucky removed an artifact of the 20th century workplace — a mandatory retirement age for senior executives.

Boomers have become notorious for breaking through many social barriers. It is expected that they will approach aging unlike previous generations. They are already asking for new ways to work as they approach traditional retirement age. Employers who strategically modify workplace practices to minimize the loss of knowledge as boomers retire will maintain a competitive edge.

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