Managing the Older Employee

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A high tech laboratory is conducting training sessions for managers on increasing the productivity of older workers (Kaminska-da Roza, 1984). A think tank prepares a special report on extending the work life of older employees (Rosow, 1980). Companies all over America are taking a hard look at the aging workforce and responding with innovative schedules, redesigned jobs and work sites, and lifelong career planning. The demographics trend in the labor markets in the years to come provides the basis for their human resources programing.

Current population trends indicate that the proportion of older persons in the United States is expected to increase in the years to come with the sharpest increment likely to come after the year 2000. Demographers trace the growth to those born immediately after World War II. As these baby boomers age, their impact on population statistics is dramatic. The data in Table 1. illustrate the trend by showing an increase of 42% in the number of people between the ages 45 to 54 in the decade 1990-2000 and a similar increase between 2000 and 2010 as the group continues to age.

Changes in population are usually mirrored by changes in the workforce if a fifteen year projection is made because potential members of the group are already born and sharp changes in mortality are unlikely.

Table 1. Decennial Percentage Changes in U.S. Population, 1960-2020

Age	1960-70	1970-80	1980-90	1990-2000	2000-10	2010-20
Under 18	+8%	-9%	+7%	+5%	-1%	-6%
18-24	+53	+18	-15	+ 5	+11	- 7
25-34	+10	+43	+13	-16	+11	+ 5
35-44	- 4	+11	+42	+13	-16	+11
45-54	+13	- 3	+11	+42	+13	-16
55-64	+19	+13	- 3	+12	+42	+13
65 +	+20	+22	+18	+ 6	+ 9	+29

Source: U.S. Bureau of the Census, Current Population Reports, Series P-25, No. 601, "Projections of the Population of the United States: 1975 to 2050." Washington, DC: Government Printing Office, 1975. Adapted from Table E (Series II) and Table II (Series II).

INTERPRETING RETIREMENT AGE DATA

Along with the aging of the population other factors must be considered in determining workforce demographics. For example, nineteen states have passed laws banning forced retirement. Further, there is some movement to enact a federal law ending mandatory retirement altogether. One could speculate that dramatic changes in retirement patterns will emerge and large numbers of employees will continue working in their sixties and seventies.

The evidence, however, that increasing the retirement age adds to the aging of the workforce is not clear. The long term trend towards early retirement has continued in spite of the state and federal laws permitting employees to work until at least age 70. The meaning of the trend, however, may not be as clear in the 1980's as it had been in the past. There are two important reasons. First the influence of the recession on people leaving the workforce and retiring is apparent. Many people could not find other work, some were discouraged, others were offered incentives to retire early. With the recovery well under way many of these people have not attempted to re-enter the workforce. Previously, during the era of double digit inflation many workers postponed retirement because they could not live on their pensions and/or social security.

A second factor has been the large number of window or buyout programs that have been available to older employees in recent years. An example of what one company has done illustrates the approach and the results.

DUPONT'S BUYOUT PROGRAM

Dupont Co., in a effort to cut cost, offered their employees a voluntary early retirement plan in January of 1985. This offer came on the heels of a similar plan in 1982 where 5000 employees opted for early retirement. This time the firm estimated that as many as 6500 would elect to retire early. They were caught off guard, however, when nearly 12,000 employees chose to leave. While this move reduced their workforce by 8% and made them leaner sooner than expected, they were forced to go into the labor market to hire new employees and to offer inducements to some retirees to return to work.

Voluntary early retirement programs illustrate the impact of corporate decisions and policies on early retirement and thus the age of the workforce. Government policy, on

the other hand, is more complex and broader in scope. Not only does government have the power to regulate mandatory retirement, but it can influence retirement decisions through other legislative and regulatory actions as well. Consider the impact of raising the age at which benefits for normal and early retirement under Social Security may begin. For many this policy change would force them to defer their retirement until they could afford it.

HUMAN RESOURCE PLANNING IMPLICATIONS

Corporate and government retirement policies and programs affect all workers but the primary impact is on employees over 55. Effective human resources planning, nevertheless, demands that accurate and comprehensive data be maintained on the characteristics and behaviors of all employee populations. These data must include turnover -- for whatever reason it might occur.

The objective of a human resources plan is to keep all positions staffed with the most effective employees and to assure that there is a stream of replacements for all positions especially those deemed "critical".

The question that must be addressed through a review of research findings on the subject of the older worker is "Does the data indicate that the older employee can be the most effective person for a particular job?"

ATTITUDES AND VALUES

Older employees have very positive work attitudes. There is a clear association between age and the Protestant work ethic (Cherrington, Condie, and England, 1979). Older workers placed less emphasis on the importance of money or friends over work. Other studies (Doering, Rhodes, and Schuster, 1983), show that older workers are less interested in self expression including the opportunity to learn and make independent decisions. However, no age difference was found in the perceived importance of pride in work.

MOTIVATION TO WORK

The relationship between age and work motivation is positive but weak (Doering, Rhodes, and Schuster, 1983). Older employees are motivated by work and tend to have internal work motivations; but they do not seem to be clearly better than younger workers in this respect. One failing, however, is that managers sometimes neglect

reinforcing the positive results produced by older workers. Supervisors or managers don't want to appear patronizing or to give recognition "for the hundredth time". Yet this lack of supervisory attention may be perceived as neglect or discrimination. Even those with strong intrinsic motivation need extrinsic reinforcement from time to time because there are many occasions when work is not rewarding, when failure and frustrations abound, and when projects and jobs are not progressing as expected.

JOB SATISFACTION

Age and job satisfaction in the broadest sense are positively related. Specifically, intrinsic work satisfaction seems to increase with age but declines just before retirement (Cohn 1979). Generally job satisfaction is associated with low turnover and absenteeism rates. This is an important variable. Having a reliable workforce not only helps planning and scheduling but controls costs as well.

MENTAL CAPACITY

Over the years psychologists have found that there is little evidence to support the notion that mental functioning declines with age. Most studies using tests and problems conclude that if people do not use certain skills they tend to lose them. Therefore, on some IQ and mental ability tests older people do less well because the "schoolishness" of the test is no longer a part of their world. While some changes may occur in memory or learning in those forty to sixty, they are likely to be associated with cautiousness rather than ability (Haberlandt, 1973). In other words, older workers seem to handle problems in a different way and estimates of their skill should be done in the context of the way they function rather than a universal model which is supposed to fit all developmental stages.

PHYSICAL CAPACITY

There is no evidence that, as an employee's age increases, his or her capacity to do a job with physical demands diminishes. This does not imply that an older worker has the same physical strength and stamina that he or she had during their younger years. It means that the physical demands of most jobs today are below worker capacity.

Regarding specific physical skills, older workers are usually more accurate and able to continue heavy work; but less able to keep up with the speed demands of a machine or a work team. There is some loss of auditory and visual acuity as well as fine muscular control (Clay, 1960).

ACCIDENTS

Although the results vary by occupational group, the frequency of workplace injury tends to fall as age increases but the severity of injury rises (Dillingham, 1981). Older workers tend to have more injuries resulting from falls, but fewer injuries from getting caught in or from starting a machine. In addition, they have fewer accidents which are preventable by judgment and more which could have been prevented by a quick evasive response to sudden danger.

The favorable safety record of older workers may result from tendency of workers to opt out of jobs in which they have accidents or close calls. Those who last over the years are those who are able to deal with the risks effectively.

JOB PERFORMANCE

The results of the studies comparing the performance of older and younger workers are mixed because of the complex nature of the issue. One investigator (Kaufman, 1974) concludes that differences in performance and capacity are less a function of age than intelligence, interests, needs and career goals. In some cases where older workers experience a deterioration in skill, the impact was partially offset by other variables such as experience and judgment. It is safe to conclude that compensatory mechanisms, such as attitude or motivation in addition to the above make the continued utilization of the older worker a safe management risk.

EMPLOYERS' PERCEPTIONS

In a survey of employers, The Conference Board studied negative and positive perceptions (Rhine, 1984). Among the commonly held negative perception of older workers, the one that was judged valid by at least half of the respondents is that older workers tend to be less flexible and more resistant to change. A large percentage of executives saw older blue collar workers as less productive, probably as a result of perceived loss

of physical stamina.

The positive perceptions deemed valid by at least two thirds of the respondents were that older workers had less turnover, were more loyal to the company, and were more conscientious.

The study concludes that an unfavorable comparison of older workers with the younger is likely to be made for occupations that require physical strength or exertion, are largely routine or tedious, require little or no training, have less educational requirements, and involve less responsibility.

COSTS

The older employee is likely to be at the high end of the wage or salary scale. This fact has moved companies squeezed by high wage costs to establish voluntary early retirement programs or buyouts and to form two tier wage structures. Furthermore, a study done by the Employee Benefits Research Institute for the U.S. Senate Special Committee on Aging (1984) points out that benefit costs increase with age. Depending on the configuration of the benefit plan, costs can be from 5 to 35 percent higher for older workers.

CONCLUSIONS

Most employers are loathe to be charged with age discrimination. As a result they continue to employ older workers without regard to cost considerations. Others would not consider discriminating against any class of workers because they deem such action as unethical. Finally, many others are convinced from a pragmatic point of view that the older worker is a good, loyal, productive employee who contributes to the overall success of the enterprise. Certainly all or combinations of the legal, ethical, and pragmatic motives exist in many organizations.

Whatever the motive there are some guidelines that should be stated briefly which help in managing the older worker.

First, there should be consideration of job redesign to take advantage of the older employees' experiences and personal strengths while minimizing weaknesses.

Second, career development should be continued throughout an employees tenure with the organization. Everyone should know it and everyone should be involved in continued career modifications.

Third, training and development efforts should include all employees. While it is true that training dollars invested in older employees have a shorter period of amortization, the increased asset value of the workforce is especially important during periods of intense competition and dynamic change.

Fourth, flexible compensation systems should be explored to assure that desired results are realized for every dollar spent. People have different financial needs throughout their lives and their careers. A Procrustean approach to compensation and benefits satisfies very few employees.

Fifth, work schedule options should be explored so that workers who, for instance, desire a gradual phase out through part time or other schemes may be able to do so.

Sixth, personnel research should broaden its perspective and begin studying the needs, characteristics, and behaviors of not just the older employees but all the special groups in the organization as well.

Management embodies the art of working with and through other people to accomplish defined results for the organization. Applying our knowledge and understanding of the older employees will be translated into the results we desire whether it is greater profits or increased innovation. Clearly the effort has paid off for those organizations which have taken the time and energy to have a productive workforce.

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