

Chapter

# 2

## AGING & EMPLOYMENT

---

### *Ejection vs. Retention*

*Weighing the Pros & Cons of Employing Elders*

By Laura Card and Mark O'Donnell

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### **Abstract**

Aging of the workforce is not only an inevitability, but an ever-growing issue for today's employer as employees are choosing to stay on the job longer than they have in the past, and there is an abundance of conflicting information on the costs to a firm of employing older workers.

Pension plans, healthcare, and wages are examples of potentially high-cost areas for firms to consider. Absenteeism may or may not be detrimental to workplace productivity – and the severity of the differences with respect to older and younger workers is questionable. Training will be costly for any worker, but return on training investment is not necessarily contingent upon age. Senior workers provide a great deal of stability to the employer, yet this same stability could be disruptive to an employer experiencing change. It is a foregone conclusion that age brings decline in physical ability, but how these declines will affect a workplace is debatable as all workers, young and old alike, can experience health issues. Senior workers bring with them habits from a lifetime of work experience, and these habits may be beneficial or detrimental to the workplace. Yet, at the same time, younger workers, while not having as much work experience, can certainly bring their own habits and attitudes, leading to the same workplace repercussions. The largest single factor influencing the decision to retain or eject older workers is no doubt the culture of the workplace itself. The various stereotypes that younger workers have of their older peers can greatly influence workplace dynamics.

This report stems from the analysis of prevalent literature on the issues of employing senior workers and is designed to ascertain and discuss several matters that we

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

believe are of most concern to today's employer that is deliberating over the issue. In presenting each issue, we attempt to provide an unbiased and fact-based discussion of each side. Following the presentation of the opposing arguments, we summarize our own findings that resulted from weighing the information found in the literature review and provide recommendations for employers facing this dilemma.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### **Introduction**

The issue of the aging employee is a timeless one. Since the dawn of mankind, workers have aged and reached a point in their careers where they must consider the next step, a step that is becoming more confusing in today's society. In the past, companies often employed mandatory retirement practices before legislation was enacted to crack down on age discrimination. This provided a simple and predictable turnover rate that opened up job positions and allowed for their younger counterparts to advance up the corporate ladder (Barth, McNaught and Rizzi, 1996).

In today's work world, however, demographics have clouded the issue. Mandatory retirement practices are prohibited by age discrimination legislation, and more senior employees are choosing to remain on the job and work well into their golden years. Can they continue to be as productive as they have in the past, or will inevitable age complications slow them down and place additional costs on the employer? The question becomes a matter of retention vs. ejection.

This paper will provide an argument for both retention and ejection via several matters that we believe are of most concern to today's employer. These matters include expenses, absences, work ethic, stability, training, physical issues, and workplace culture. It should be noted that employment law prevents employers from actually firing a worker simply on the basis of age. Law, however, does not prevent employers from encouraging retirement through various tactics. Therefore, ejection refers to the practice of employing such tactics as to make the workplace unpleasant for older workers.

***Ejection vs. Retention****Weighing the Pros & Cons of Employing Elders*

The body of the paper is not concerned with agreeing with any one particular side or issue. An exhaustive argument is provided for each side so as to supply important information for any employer struggling to make such decisions.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### **Expenses**

With any worker there are expenses. This is a normal part of business that the employer certainly recognizes. Training, health care, benefits, and vacation are but a few of the many expenses that represent the basic cost of doing business. Expenses for the senior worker, however, have the potential to be significantly higher than those for the junior worker. Organizations must carefully consider the unique structure of their own business model to determine the potential cost impact of employing older workers.

#### *Pensions*

##### **Eject**

A senior worker approaching retirement will hold significant equity in the form of a pension. While today's pension system incorporates more of a defined contribution plan (DCP), such as a 401K, the senior worker will most likely base retirement planning off of a pension plan that he/she has built up with the company for most of their lives, probably a defined benefit plan. With each passing year the pension payout grows remarkably, and it is often during the remaining three or four years of employment that this plan produces its' most significant gains (actual dollar amounts will vary for each employee contingent upon time served, company pension rules, etc.). Figure 1, below, illustrates how pensions grow remarkably with an employee's age by comparing various ages and their associated pension pay outs to that of a 47 year old worker.

**Figure 1**

<b>Age</b>	<b>25</b>	<b>47</b>	<b>55</b>	<b>65</b>
<b>Relative Cost</b>	<b>19.9%</b>	<b>100.0%</b>	<b>184.4%</b>	<b>417.1%</b>

*Barth, McNaught and Rizzi, 1996*

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

In addition, the senior worker is more likely to have had a job with the same employer for most, if not all, of their working career, thus further growing the pension size. Ejection of a senior employee at the earliest legally allowed time in their career would be a significant cost saver.

### **Retain**

Since the 1980's, companies have been changing their pension plans more and more over to defined contribution plans. In 2000, 60% of private-sector workers covered by retirement plans participated in defined contribution plans, up from 16% in 1980 (Rajnes, 2002). This change has reduced the cost differential of funding pensions for older workers. Where defined benefit plans cause significant increases in employer costs as an employee ages, with the company running the risk of having the funds set aside being insufficient to meet actual pension obligations to retirees, defined contribution plans ease this expense.

Defined contribution plans require the employee to contribute a percentage of their salary, matched in some part by their employer, to an untaxed fund specifically for the individual employee. The employee becomes vested in the employer contribution over time with the firm and is entitled to the money upon separation from the company. With a defined contribution plan, there is no risk to a firm of having insufficient funds to meet pension benefits to retirees, and there is no specific retirement entitlement; the risk of investment performance is borne entirely by the employee.

Though employer pension costs tend to be higher for older workers, as age generally brings higher wages, the difference from the costs with younger workers is diminished as the employer contributes only a fixed percentage of the employee's salary.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

Thus, as defined contribution plans continue to replace defined benefit plans, the cost differential of senior employees to employers may become insignificant (Barth, McNaught and Rizzi, 1996).

## ***Healthcare***

### **Eject**

The next issue that must be weighed is health care and its associated costs. While health care costs are a significant component of an employer's expenses for all age ranges, seniors will have a growing share of that burden. As people continue to lead longer lives and work longer careers, the health issues of aging will become a burden on the employer (Barth, McNaught and Rizzi, 1996). The largest cost will be the cost of prescription drugs. Being covered by their employer's health plan, seniors will require continued access to expensive prescription drugs as they encounter the inevitable maladies that aging brings, such as arthritis and osteoporosis. As more drugs come to market to treat these disease states, the employer can be expected to shoulder the additional cost. Prescription drug costs continue to outpace inflation. As of January 2004, inflation for prescription drugs was at 2.2%, compared to the Consumer Price Index, which was at 1.9% ("Prescription Drugs Inflation Down From 6.2% to 2.2% in Just Over 2 Years," 2004). With no signs of subsiding, employers having a large portion of senior workers will also be exposed to those escalating prices.

Insurance also costs more for older workers than younger ones. As one ages, the chances of death and disability increase. As a result, the premiums that one must pay for coverage will increase substantially as well. Oftentimes it is the employer that must finance these charges. Removing the senior worker from the workplace will free a company from having to pay such sums.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### **Retain**

Prescription drug costs are rising, but there are things that employers can do to help mitigate the expense of providing prescription benefits. Generic drugs are available as a substitute for name-brand prescriptions in the treatment of ailments. Employers can structure their formularies to encourage the use of generic substitutes by making the generic medications the most affordable and requiring higher employee co-pays for the use of a name-brand medication when generic substitutes are available. In addition, Medicare becomes available when older Americans reach the age of sixty five and, beginning in 2006, will have much more generous prescription drug benefits than are currently available.

Misconceptions with regard to the true cost of healthcare for older workers abound. As cited from a study published by the Commonwealth Fund in 1993, “the average cost to employers for workers’ health care coverage generally increases with age, confirming managers’ perceptions that health care costs are indeed higher for older workers than for younger workers” (Barth, McNaught and Rizzi, 1996). However, though the increase is pronounced for men, particularly when considered as a percentage of earnings, women aged 25-54 actually generate more healthcare expense than women aged 55+. This is due in large part to maternity costs for young women as well as a more rapid decline in percentage with dependent coverage for aging women compared to the percentage of men with dependent coverage. As shown in Figure 2, as a percentage of earnings, healthcare costs for women actually are highest during the years when they are

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

most likely to experience maternity and have young dependents; ages 34-44, according to the aforementioned Commonwealth Fund study (Barth, McNaught and Rizzi, 1996).

**Figure 2**

Age	Men		Women	
	Cost	% of Earnings	Cost	% of Earnings
<b>18-24</b>	\$710	4.1%	\$900	6.7%
<b>25-34</b>	1,500	6.1%	1,780	8.5%
<b>35-44</b>	2,380	6.6%	2,410	9.0%
<b>45-54</b>	3,200	8.4%	2,580	8.5%
<b>55-64</b>	3,960	14.5%	2,300	7.7%

*Barth, McNaught and Rizzi, 1996*

Healthcare cost effects to employers of older workers also vary by the company's method of financing health care coverage. "Companies with community-rated coverage – meaning that the cost for coverage is based on the claims history of an entire community rather than only the company's workforce – would not incur additional costs by having an older workforce" (Barth, McNaught and Rizzi, 1996). In such a situation, the costs of their older workers are spread out over all of the companies and individuals within the considered community (Barth, McNaught and Rizzi, 1996).

## ***Turnover/Wages***

### **Eject**

Wages for the senior employee will also be much higher than those who are significantly younger and in the same position. For every year that such an individual is employed, that employer must continue to pay the high salary when oftentimes a younger worker can do much the same thing at a substantially reduced price. Furthermore, should an employer offer stock options to employees, senior workers will most likely have large

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

accumulations of shares to sell off upon retirement. Depending on the size of the firm, a large sell off not only removes cash from the company but also can have a detrimental effect on the company's stock price for a period of time. While stock selling is an inevitable consequence of these programs, wages are not and thus represent an area that the employer has significant control over when managing expenses. Removing these employees would remove these expenses.

### **Retain**

As the concepts of lifetime employment and corporate loyalty have evaporated, young workers typically are looking to move up the ladder and, as such, tend to stay with an employer for only a few years and then move on to a higher, better paying position with another firm. This moving around allows young workers to gain experience in a variety of situations, increasing their potential value in management positions. The younger workforce will likely be willing to move to a new city to pursue a good opportunity. This is not the description of the standard older worker.

Many older workers are established in their communities with their families and are not likely to relocate. A good base of experience has already been established and it is likely that personal goals of promotion up the corporate ladder have been achieved. Older workers are simply looking for a good firm that will show them the respect they deserve, give them opportunities to use and develop their skills and fit their lifestyle.

Turnover among aged workers is likely lower than that of younger workers, both because of their stability and workforce experience. Older workers are less likely to determine after accepting a position that the culture of the firm does not suit their

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

personal style. Additional experience will have taught them what to look for in considering a new job. The lower turnover expense of older workers reduces recruitment, hiring and training expenses associated with replacing an employee that resigns. “Older workers provide some relief to the challenge of wisely investing training dollars. For example, older workers tend to remain with the company until retirement, and CFOs may determine that they can actually maximize training investments when they target older employees” (Van Yoder, 2002).

## ***Accidents/Injury***

### **Eject**

While older workers may not have as many accidents resulting in injury as their younger counterparts, the nature of their injuries when they do happen tend to be more severe and require more time to heal. Thus, senior workers will require longer absences from work if injured, all of which will cost the company in dollars and manpower. These costs can further escalate should the employee suffer permanent injury as the employer would then be required to install specific handicap accessible accommodations as mandated by the Americans with Disabilities Act (ADA).

### **Retain**

A National Health Interview survey conducted in 1999 indicated that older workers are less likely to become injured on the job. Matthew Carey of the Rhode Island Department of Labor and Training attributes the fact to the idea that people working longer actually increases on-the-job safety, as “the older workers get,..., the safer they work” (Mavromatis, 2001). “It’s not only being seasoned, it’s younger people can have

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

that ‘I’m invincible’ attitude,” according to Frances Pisano of Pisano & Associates, LLC, a Providence, R.I. based ergonomic and OSHA compliance consultant agency (Mavromatis, 2001). Greater caution and care by older workers reduces the incidence of injuries on the job. It is held that the injuries that are experienced by older workers are more severe and require more healing time than is common for younger workers. In the end, it is probable that the offsets between frequency and duration balance out the costs between older and younger workers when it comes to workplace injury.

### **Absenteeism**

We discuss two kinds of absences in this section - planned, such as vacation, and unplanned, such as illness. Either type of absence is an issue to the employer for the simple reason that the employee is not at the workplace, resulting in lost productivity. Does absence justify or weaken the case for continued employment of older workers?

### ***Personal Time Off***

#### **Eject**

With seniority comes accumulated vacation time that must be used or banked each year. Life long employees can have six weeks or more vacation per annum in some circumstances, removing them from workplace productivity as they aim to use up those vacation days each year. Vacation days not used are often traded in for cash, also costing the company money. Ejecting these employees would certainly save the company significant costs as they would employ younger employees who have less vacation time.

## **Ejection vs. Retention**

### *Weighing the Pros & Cons of Employing Elders*

#### **Retain**

Personal time off occurs slightly more often for older workers than for younger workers on the whole, but when separated into avoidable versus unavoidable personal time off, a different trend emerges. Absenteeism for avoidable reasons, such as casual or voluntary time off, occurs at the same or at a lower rate for older workers when compared to younger workers, according to U.S. Department of Labor data (Barth, McNaught and Rizzi, 1996). Older workers are less likely than younger workers to have to leave work to care for a sick child or be available for school functions. The data supports the perception by managers that older workers have higher levels of loyalty and reliability as well as better work habits than younger workers.

U.S. Department of Labor data from 2003 continues to support this claim, as shown in Figure 3. The absence rate for reasons other than illness or injury, for those aged 55 or older, is less than for any other age group.

**Figure 3**

<b>AGE</b>	<b>Absence Rate</b>					
	<b>All</b>		<b>Men</b>		<b>Women</b>	
	<b>Illness or Injury</b>	<b>Other Reasons</b>	<b>Illness or Injury</b>	<b>Other Reasons</b>	<b>Illness or Injury</b>	<b>Other Reasons</b>
<b>16-19</b>	<b>2.0</b>	<b>0.8</b>	<b>1.6</b>	<b>0.6</b>	<b>2.6</b>	<b>1.1</b>
<b>20-24</b>	<b>2.0</b>	<b>1.1</b>	<b>1.5</b>	<b>0.5</b>	<b>2.7</b>	<b>1.8</b>
<b>25-54</b>	<b>2.3</b>	<b>1.0</b>	<b>1.8</b>	<b>0.6</b>	<b>2.9</b>	<b>1.5</b>
<b>55+</b>	<b>2.9</b>	<b>0.6</b>	<b>2.4</b>	<b>0.5</b>	<b>3.5</b>	<b>0.8</b>

(employed, full-time wage earners, male and female)

Source: U.S. Department of Labor, <http://www.bls.gov/cps/cpsaat46.pdf>

Personal time off in the form of vacation of up to six weeks or more is one of the great benefits of growing older. Companies perceive employees' taking their vacation time as an expense because the wages are paid, and yet, no productive work is completed

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

during that period. What many companies fail to consider, however, is the rejuvenating effect that a vacation can have for an employee. When an employee returns from a vacation, their outlook is brightened, they have renewed energy and built up tension and stress has been released. The actual productivity lost to an employer is probably far less than the vacation time taken as the employee returns to work refreshed so as to work more effectively upon their return.

The other consideration is salaried employees. In their case, a vacation does not cost an employer severely as the employee will often put in the extra hours, at no cost to the company, prior to leaving, to be sure that all loose ends are tied-up and they will work extra upon their return to get caught up. Many employees who have reached a level such that they have six or more weeks of vacation a year do not even take off all of the time they are given. More and more commonly, vacation time is a use-it-or-lose-it benefit. In many companies, unused vacation time does not carry over to the next year and is not paid out in cash to employees. In companies where you can exchange vacation time for cash, employees are more likely to not take the vacation time off and instead trade it in for extra cash at the end of the year, thus increasing their productive contribution time at work.

### ***Injury-related***

#### **Eject**

Unplanned absences might include sickness, family issues, injury recovery, and medical care giving. While senior employees do tend to be more punctual and committed to their workplaces, they will certainly require periods of time off for unplanned events.

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

Absences due to injury tend to keep senior employees out for longer periods of time. Should the senior worker be earning a high salary, the company will be paying this salary while they are out and not be getting anything in return for it. Younger employees, while not immune to medical absences, will on average be out of work for shorter periods of time (with the exception of maternity leave), and, having a smaller salary, will not cost the company anywhere near as much as the senior absence.

### **Retain**

As covered previously, the injury rate for older workers is lower than that of younger workers. The changing work environment from positions involving physical labor and/or dangerous settings, such as manufacturing plants, to the service-based economy reduces the chance of workplace injury. Hence, though at this time, injury related absences tend to be of longer duration for older workers compared to those of younger workers, the evolution of the work world will continue to reduce the incidence and severity of workplace injury.

### **The Employee**

In this section we illustrate some examples of issues pertaining to a particular older individual. While some of these items will pertain to younger workers as well, the primary difference here is the cost to the company.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### **Eject**

Senior employees are getting close to their retirement options with each passing day. The decision of when to retire will hinge upon many factors, such as age, savings, physical ability, etc. (Sterns, 1998.) A major concern to any employer is the employee who is ‘coasting to retirement’; i.e.- the employee who knows that retirement is nearing, has tenure with the company, and can simply slack off until that day arrives knowing that there is nothing that the employer can do about it. This employee is essentially shielded by seniority. Such a worker will show decreased productivity, affecting not only their own performance but also the performance of those who must work with them. This will lower morale, delay projects, and create a negative working environment, all the while costing the company significant dollars in wages and benefits.

Senior employees are also seen as inflexible, and in many cases, they are. A basic human instinct is to resist change, and senior employees are no exception to this. This can be an unwanted trait in today’s fast paced work environment. By being inflexible, senior workers will be more likely to cling to the habits and techniques of yesterday which may not necessarily support the needs of the employer today. For example, a senior draftsman may insist on designing machine parts on traditional draft paper, while the younger workers around him are able to do the same thing on modern CAD/CAM software programs. This has the potential to delay projects as the paper designs must be transposed into the software because the senior engineer refuses to learn the software, arguing that paper has always worked in the past and that there is no reason to change what is already working. While he is correct in that designs made on paper are still applicable, he may be incorrect in his assumptions that his coworkers can work around him. Should this worker possess remarkable competence and skill, a team could make an

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

exception to his style and still benefit. However, should this same worker not bring much more to the team than a college graduate who is computer savvy, the company would benefit by removing this senior employee from the team and pocketing the savings.

A job that is routine and less challenging also poses a detrimental risk to an employer using senior labor. A senior worker may have held this position for a long period of time, possibly for an entire career, and is now making the high wages and benefits described above. However, jobs that fail to stimulate and engage an employee are most certain to be equated with boredom, burnout, and lax work ethic. Senior employees are no exception to this. Like their younger colleagues, senior workers desire autonomy, task significance, variety, and challenge to a position. Failure of a job to provide these items can adversely affect a senior worker in the same way that it would affect a junior worker, only with a greater expense to the company due to the elder's seniority and service record (Farr, Tesluk and Klein, 1998). It can be assumed that if these jobs are not providing the needed mental stimulation then they must not be that difficult to perform. Why pay a premium for lower performance when the same position could be filled with a younger employee at a substantial savings to the company?

### **Retain**

Older workers "have an upbringing where a strong work ethic was a significant family value, and they work hard to prove to employers the correctness of their decision to hire them in the first place" (Berger, 2000). They have lived through downsizing and continue to work hard as they fear job loss and hope to make the job last until they are ready to retire. Older workers are also likely to "be empty nesters who no longer have

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

the time commitment associated with raising children, and they are free to devote an extraordinary number of hours to work” (Berger, 2000).

A study conducted by Days Inn of their employees’ productivity revealed no difference in productivity between employees above and below age 40. According to Judy Henson, a head of Personnel Staffing with Challenger, Gray & Christmas, a national outplacement firm, “Older workers are more dependable. If they say they are going to do something, they do it. Their absentee rate is much lower. They come to work on time. More importantly, they take pride in what they do, and they really appreciate having a job (Berger, 2000). Similarly, a study of Human Resources managers conducted by AARP found that loyalty is the top quality of older employees and that older workers are perceived to have a commitment to doing quality work, can be counted on in a crisis, and have a solid performance record (Albrecht, 2001).

“Coasting” is a concern with any employee on their way out. With an end in sight, productivity declines are common as employees catch a case of “short-timer’s disease.” When an employee gives their notice, the duration of lower productivity is in the vicinity of two weeks. For an employee who sees retirement coming, the duration of a case of “short-timer’s” may be much longer, even two or three years. Most important for an employer is creating an atmosphere that fosters continued productivity. Employers must make it clear from the start that such “slacking-off” is not acceptable – if an older employee is no longer motivated to do their day-to-day job, then either the job needs to change, or the employee needs to change. In this day and age, employees cannot expect a free ride to retirement from any company, and as such, they must maintain satisfactory productivity whether they have one month or ten years remaining before they intend to

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

retire. A change in job design, such as flexible scheduling, phased retirement or project based work, can often help renew motivation in older employees, as is discussed in detail in the section on corporate culture.

## ***Stability***

### **Eject**

Many, if not most, senior workers are emotionally and financially stable, having firm roots in their current geographies and work routines. This stability, however, could be detrimental to a firm that is experiencing rapid change, such as commonly seen in a start up organization. As mentioned earlier, by their very nature, human beings are resistant to change, especially those who are set and comfortable in their daily lives and routines. This becomes worrisome for the firm that is experiencing change, requiring the same of its employees, and facing the potential opposition to change by the senior employee. There are several examples of change that would interfere with a senior's stable lifestyle. A firm could be moving to a new location and require that all employees move with it. A senior employee who has been holding a house in the same community for years and has equity in that home would have trouble making such a move. Contrast this to a younger worker living out of a rental apartment and we can quickly see which of the two employees would be easiest to move to the new location.

Certain positions themselves may require relocation even if the company is remaining in its current area. A salesperson, for example, may find that his territory has been re-defined to new and larger geographies that might involve frequent overnight travel. Sometimes a territory might be completely closed out as a company consolidates to its more profitable areas, thus requiring the employee to relocate completely. Again,

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

the senior employee who has equity and stability in their current locations would have far more difficulty making such a move than the junior employee. Even if the senior employee were to agree to relocation, the cost of moving such an employee would be substantially higher than that of moving the younger. Moving fees, real estate closing costs, new housing for a family, and other basic moving costs escalate quickly with those employees who have more physical assets to their names; the more senior the employee, the more likely they are to have additional assets.

### **Retain**

Older workers bring loyalty, experience and wisdom (Albrecht, 2001). They are a stabilizing influence and good mentors for younger workers because they have been through many changes in business (Berger, 2000). Older workers are “the repository for much corporate memory and wisdom” (Economist, 2002). It is this experience and corporate knowledge that brings stability in a company. The stories of the past must be remembered in order to avoid repeating mistakes of the past.

As mentioned previously in relation to turnover expenses, older workers are less likely to be moving around the country as they have their roots set in their family and social arrangements. Many older workers have also achieved their desired status climb and thus are unlikely to be changing employers in search of a better position as much as younger workers do.

## ***Ejection vs. Retention***

*Weighing the Pros & Cons of Employing Elders*

### ***Responsiveness to Change***

#### **Eject**

A senior employee's devotion to stability can be further solidified by his or her recollection of past (and failed) change efforts. Those employees who have weathered fruitless change efforts throughout their working careers will tend to have a more cynical outlook on a current change effort, seeing that effort as not being worth the time of day. Indeed, past history will certainly shape one's view and opinion of current events. For the senior employee, this can lead to further resistance to a change initiative and make an already difficult matter more complicated for those in charge. A younger worker will, on average, be more flexible, mobile, and able to respond positively to necessary change than a senior counterpart.

#### **Retain**

Today's older workers have been through boom and bust. They are experienced with the lifetime employment ideal and the actuality of downsizing. In this manner, older workers are adaptable to changes in organizational strategy and structure. When it comes to changes in technologies and work practices, older workers may have more difficulty making the transition than younger workers. "Many employees in general and older workers in particular may see these changes as threatening their sense of control over the way they perform their work" (Farr, Tesluk and Klein, 1998). Employers can take steps to mitigate the threat perceived by all employees. Communication is the key to creating comfort with the idea of change. The communication must include information about the type of change being undertaken, the reasons for and benefits of the change and how employees will be prepared for the change. Training should be made readily available

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

and employees should be encouraged to take advantage of opportunities to learn more about the new technology or practice (Farr, Tesluk and Klein, 1998). The key to a successful business practice change with employees of any age is creating buy-in through clear and open communication.

## **Learning / Training**

Training and the ability to learn new skills are such a large part of any job that it merits significant attention in this report. Training, while necessary, is a costly proposition requiring significant investments in time and money. This cost escalates even further for every day an employee is away from their normal duties and not creating value for the firm. Clearly, training must be effective and cost efficient. The type of student and the way they learn will determine how well a training initiative fulfills such criteria.

### *Ability to Learn*

#### **Eject**

One element that contributes to the difficulty of training the senior worker is in how they learn. Senior workers do not learn via the traditional classroom route as well as their younger colleagues. As cognitive skills begin to slow with age, senior workers require a slower step by step training program that is administered in close contact with the trainer. They tend to approach new subjects with caution, thereby further increasing training time (Farr, Tesluk and Klein, 1998). Because of the added time and one-on-one instruction, training costs will be higher for seniors than they would be for younger employees.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### **Retain**

Training and adaptation to new technology for older workers need not be a concern for employers. Older workers are open to change, but learn differently than younger workers. They have been away from classrooms for much longer and have been using the older technology for a longer period. They may prefer to view, note, repeat and question a process rather than just listen to an explanation, but when finished with the training, older workers typically retain the knowledge better than younger workers, resulting in fewer mistakes and less need for retraining (McIntosh, 2004).

Training efforts must include learning strategies that can be used to train older workers most successfully. Structuring a program so that trainees experience success early-on promotes self-confidence in their ability to learn. Training must also demonstrate the transfer to their day-to-day job, as older workers may have more difficulty making the transition than younger workers. Older workers should also be engaged in continuous learning and skills updating, especially in developing their weaker areas. This can assist in mastering new, complex skills and improve the benefits of training (Farr, Tesluk and Klein, 1998).

The changing work environment also contributes to older workers' ability to learn new things. Over time, the average level of education of the workforce has increased. More formal education makes employees more adaptable to new learning (Economist 2002). In addition, job tenure has increased over the past 10-15 years and skills have a much shorter shelf life than in the past. Advances in technology are taking place quickly and often require retraining (Van Yoder, 2002). This change in the work-world is creating a set of older workers who are more used to changing technology and learning new skills than in past generations.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### ***Willingness to Learn***

##### **Eject**

The senior employee will sometimes be required to unlearn years of habit to successfully complete a training initiative (Farr, Tesluk and Klein, 1998). Oftentimes a senior worker will condemn themselves to a self-fulfilling prophecy with the seemingly harmless and familiar phrase of ‘You can’t teach an old dog new tricks’. Unfortunately, many senior workers subscribe to this outlook and as a result short circuit their ability to learn new tasks and procedures. This creates a substantial obstacle for the success of the training program as more time will be needed to effectively train this employee, time that is costly to the company.

##### **Retain**

A Conference Board survey revealed that “72% of workers over 50 feel capable of taking on more responsibility and 66% are interested in further training and development” (“Older Workers Treated Differently,” 2003) and a study by the National Council on Aging found that 85% of older workers are interested in learning new tasks (T&D, 2001). Mature workers can be pulled into the labor force by a desire to direct their experience and energy toward a new endeavor, a chance to learn a new skill set and pursue new goals and experiences (“Employers Failing to Encourage Older Workers to Remain,” 2003). However, these desires are not being met. U.S. Bureau of Labor Statistics data shows that workers 55+ received only 23 hours of total training in a six-month period compared to workers 45-54 receiving 57+ hours of training in the same period (Bolch, 2000). This evidence shows that younger workers tend to get greater

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

access to training compared to their senior counterparts, despite the interest in training shown by older workers.

### ***Return on Training Investment***

#### **Eject**

Yet another argument that can be made against training the senior worker is their proximity to retirement. It is not a good investment to spend thousands of dollars training an employee only to see them leave the firm in a relatively short period of time. For example, a senior airline captain flying a Boeing 757 is required to retire at age 55. An older pilot may have an interest in training for a new aircraft, a Boeing 767 for example. Training for such a promotion, however, can easily cost over one hundred thousand dollars. If this pilot is due to retire within a few years, would it make sound economic sense to spend the money on the training, only to have to re-train another pilot once this one retires? In this example, and in many others like it, the answer is and often must be no.

Further complicating the issue are those employees whose retirement is not as definite as in the example above. Simply being senior often automatically stereotypes these workers as 'soon to retire', even if they are planning to remain employed for many years. As a result, access to training becomes difficult (Rix, 1996). This clearly is a no win situation, where either the employee is trained at the company's loss or the employee is not trained at the company's gain, the latter creating further troubles with understandable drops in moral.

There is no clear solution to the above dilemma, but what is clear is that companies would be more likely to recoup their training investment costs by focusing on

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

younger workers as, assuming a low turnover, these workers are in the position to remain with the firm for the longest period of time; the net result would be positive financial and investment gain for the firm providing the training.

### **Retain**

“Older workers provide some relief to the challenge of wisely investing training dollars (Van Yoder, 2002). As considered in relation to reduced turnover of older employees, training funds may reap the most returns when invested in older workers as they are less likely to leave the firm within a short time. In addition, “as the useful life of equipment and production methods shortens, the payback period for related training similarly shrinks, as should employers’ concern that the value of the training will be lost upon a worker’s retirement” (Barth, McNaught and Rizzi, 1996). Technological change is happening so rapidly that the training will likely be obsolete before the employee retires. The other concern raised is that older employees take longer to learn, and therefore, cost more to train. However, as Barth, McNaught and Rizzi explain in their work “The Costs and Benefits of Older Workers,” older workers are capable of learning as quickly and thoroughly as younger workers if equal access to training is given (1996). For this reason, combined with the short lifespan of new technology, the value of training lost with retiring employees is likely far less than it is perceived to be.

### **Physical Limitations**

With aging comes a normal decline in physical abilities. While slow and gradual, they can become bothersome and interfere with one’s daily life and tasks. As applied to

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

work, however, they may or may not interfere with productivity. The effect on employer responsibility will vary.

### ***Physiological Declines***

Certain jobs will almost be impossible for a senior worker to occupy. Factory assembly lines, jobs with exposure to extreme temperatures, jobs requiring physical strength (such as a firefighter), and other positions with a significant physical element will be out of reach for most senior employees. While most occupants of such positions voluntarily resign when such jobs become too difficult, those who choose to remain have the potential to create significant friction amongst their fellow employees as their continued physical declines make them more of a burden, if not a liability.

Physiological aging is a part of life, including deterioration of the five senses, memory loss and extended response time, but the age at which it occurs is much older than widely thought. In the 50's-60's, vision, hearing and physical strength begin their decline as muscle mass diminishes and the body shows signs of general wear and tear (McIntosh, 2004). Most aging individuals do not experience a functional decline that affects their activities of daily living until they reach the age of 80-85. This is also the time when functioning tissues, such as the heart, lungs and kidneys, experience more rapid decline. Short-term memory loss typically occurs with aging, but severe memory disorders affect only a minority of those above the age of 85. Response time may be slower, but generally becomes more accurate with age. Aging also brings increased emotional control. Cognitive and physical aging vary by person, thus decisions regarding

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

a person's ability to continue working as they become older must consider more than age (Schreiner, 2004).

Lifestyle changes also play a large role in improving health. Today's older workers are leading healthier lifestyles than they have in the past, due in part to increased access to education. A number of websites, such as: joyfulaging.com, infinite-health.com, infoaging.com, and many state-sponsored sites are available to provide information to people interested in maintaining and improving their health. The increase in the availability of print media and informational television programming also augment the greater research into healthy aging and communication of the findings.

## ***Workplace Design***

### **Eject**

The most common areas of decline are usually vision, hearing, reaction times, and strength (Stearns, Stearns and Hollis, 1996). An employee experiencing these issues will likely need some special accommodations made by his or her employer, more so if that employee is in a later stage of life (over seventy years old, for example). Examples of these accommodations might start with a basic workplace redesign. Improved lighting, glare reduction screens for monitors, larger font sizes on printed material, louder volumes on phones, and improved temperature control are some of the more easily implemented changes that an employer can make.

Some changes, though, may be more complicated. Employees requiring walkers and wheelchairs may require larger workplaces for accessibility (much like a handicap restroom). These changes may involve remodeling an office layout, thus disrupting current employees. They might even reduce the amount of available floor space,

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

decreasing the number of workstations that can exist. Such changes would be very costly and disruptive to current operations.

Another potentially significant cost element with high numbers of senior employees could be seen in the degree to which on site medical facilities are needed. Most large employers have a clinic that is staffed by a nurse who performs tasks ranging from company physicals to vaccinations to first aid. The medical demands of senior workers could put additional requirements on clinic personnel, further increasing costs back to the company. For example, senior employees having multiple and regimented medication schedules might require frequent contact with on site medical personnel, thus adding to the list of daily duties that these clinics must perform.

## **Retain**

Workplace design and ergonomic improvements to accommodate older workers can improve performance and lower workers' compensation claims and medical costs. This is illustrated by a study at Lockheed Martin Tactical Aircraft Systems Fort Worth, Texas facility, where within 6 months of implementing ergonomic improvements, the plant's lost workday rate dropped 25%. In addition, Lockheed saved more than \$3 million in injury claims and an additional \$11 million that had been reserved for expected claims (Van Yoder, 2002).

Ergonomic improvements include things such as adjustable chairs and examining the design of the workspace to facilitate easy reach of necessary equipment, such as keyboards. Adjustable light sources, additional lighting availability in workstations and the use of glare-reduction screens on computer monitors can all help older workers with

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

age-related visual decline. Having a tilt able computer screen can help workers with bifocal or trifocal eyeglasses. To compensate for losses in strength, employers can rearrange storage facilities and workspaces to reduce the need for bending, stooping and twisting. Lifting aids can be provided for heavier objects that must be moved (Stearns, Stearns and Hollis, 1996).

As for disabled workers, most office buildings have been modified to allow access by those in wheelchairs or using walkers. Handicap-accessible bathrooms are a standard feature in public restrooms. General accessibility accommodation has already been made, but specific workplace design issues such as wheelchair accessible cubicles are another issue. These situations are best dealt with on a case-by-case basis. Setting up a floorplan to allow the extra space required for a worker who relies upon a wheelchair does take up a little more room than a traditional workspace, but, as the instances where this is required are often few and far between, the overall impact on space and cost effectiveness is negligible. Often times, the workers who require such accommodation do not require such because they are older, but because they have been disabled for some time. Older workers who have come to rely upon wheelchairs and walkers are less likely to continue working as their health is more likely deteriorating, making working difficult due to health reasons.

Additional workplace design considerations include phones with adjustable receiver volume to accommodate age-related hearing decline. Consideration in the level of illumination of stairways, hallways and elevators should be made to assist older workers whose eyesight is deteriorating with respect to ability to adjust quickly to lighter and darker environments. Finally, text material must be developed with the older worker

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

in mind. Font sizes should be at least 8 point and lettering on signs is recommended to be at least 15 millimeters or larger (Stearns, Stearns, and Hollis, 1996). The changes can generally be made at a very low cost to the firm and the benefits in terms of employee productivity and reduced medical expenses can far exceed the cost.

## **Culture of Firm**

There is much to be said about the culture of an employer and its impact on the senior worker. A company's culture is a very abstract and intangible phenomenon, and yet at the same time an underlying force that can propel an ordinary company to great heights or keep it performing at sub-par levels. Culture is determined by people and only people. Investments in expensive software, machinery, and facilities will do little to change a culture that is already set within the confines of the company's walls. As it is people that define culture, it is critical to examine the potential effects of the senior worker on such culture.

## **Eject**

As discussed earlier, there exists a perception among society in general that senior workers are outdated, are out of touch with current affairs, and are overall 'has beens'. This outlook is brought into the workplace by a firm's employees, and there is little that any employer can do about it. The reality of today's workplace is that, unfortunately, younger workers have false perceptions of their senior colleagues and that these perceptions, wrong as they may be, will affect how employees get along with each other. Perception is indeed reality.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

A workplace that is filled with internal strife is unproductive and a burden to work in. A management that is made up of very competent individuals might have the potential to change what goes on in the workplace and induce a culture of tolerance. However, with today's managers increasingly asked to do more with less, the issue of immeasurable workplace culture is not likely to be placed as a priority on the 'to do' list.

A company's management can create rules and enforce them with words and action, but no manager can control what an employee thinks, let alone undo his or her philosophies that have been ingrained over the course of decades. An employee that has in their mindset the perception that a senior employee is out of date will most likely retain that perception, no matter what a manager has to say about it.

In business, we aim to change the things we have control over and accept the things we don't. Harsh as it may sound; today's worker has a prejudice against the senior employee that is not left behind at home. Seeing that this is a situation we cannot change, seeing how this is the reality of our workforce, the employer would be wise to take the path of least resistance and embrace, rather than fight, this workplace reality. By requiring mandatory retirement and managing a workforce of younger workers (example, ages 25-60), the workplace would contain significantly less strife, conflict, and differences, allowing for a more productive work environment. Detrimental to the firm would be the departure of the accumulated knowledge and competence instilled within these departing employees, but knowledge without action is of no value whatsoever. It would be more efficient to train the next generation of workers and have them build up this same knowledge base through on the job experience.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

#### **Retain**

##### ***Older Worker Disengagement***

The feeling of having little or no value, of not being worked to their full potential, thus being less committed, less involved, less concerned, and even cynical is familiar to many older workers. Reasons cited for this feeling include lack of respect from management, management that values education over experience and lack of recognition for their work. The broad theme in this situation is a feeling by older workers of not getting the respect that they feel they deserve, from managers and co-workers, or a sense that the education/experience trade-off is weighted in favor of education and thus devalues the experience that older workers have accumulated over the years (McEvoy, 2001).

Motivating older workers is not difficult, but it may require consideration by firms of job-function design. Older workers want the opportunity to work on and complete important projects and tasks. They desire to see the results of their work and to be recognized for their contribution. Additionally, older workers can feel fulfilled by having their employer recognize the value of their experiences, establishing mentoring relationships between older and younger workers, allowing the older workers to pass on acquired knowledge and wisdom (McEvoy, 2001).

Flexible work arrangements can also enhance older workers' commitment. Options include part-time work, flexible work hours, job sharing and telecommuting. These accommodating measures allow older workers to participate in hobbies, spend time with grandchildren or parents, possibly in sharing care duties, or even develop their own businesses. This is not a benefit sought after by only older workers though. Younger workers are part of a generation that loathes micro-management (Flynn, 1996). Any

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

company that is willing to allow people to work in a manner that is most conducive to their productivity and creativity will appeal to workers of all ages. Thus, the evolution to flexible work environments will allow firms to attract and retain talented workers of all ages.

Redefined roles can also be beneficial in creating a culture that is supportive to older workers. Beyond flexibility in scheduling, older workers may desire to escape the pressure-cooker positions of their earlier work-lives. Older workers generally are not looking to move up the corporate ladder and as such, are not interested in being part of a company's succession planning. Project-based work or acting as a consultant to management or departments, these are meaningful ways that older workers can contribute without getting in the way of up-and-coming younger workers. Implicit in this sort of capacity is a level of autonomy and responsibility that older workers, who still feel that they have value to add, desire (McEvoy, 2001). In addition, project-based work lends itself to flexibility in work schedule as leaves can be taken between projects and many projects require only part-time commitment from their leaders. The commitment of a firm to working effectively with elders is the most important factor in the continuing productivity of older workers.

### ***Intergenerational Conflict***

Intergenerational conflict may be a problem as younger workers might see older workers as holding the positions that they wish to advance to and thus, hindering their promotion. Older workers might see younger workers as a threat with their fresh education and youth being desirable to management. Much of the intergenerational

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

conflict can be handled through organizational culture. If the company is aware of these potential problems, addresses them if they arise and works to create an atmosphere of working toward the common goal, intergenerational issues can be minimized. Generational issues are simply another issue of diversity. As such, a firm's leaders must talk about the issue and air out any concerns, thus halting the development of festering grudges (Flynn, 1996).

Younger generations are perceived to be brash and self-confident by older workers. Successful organizations should seek to instill in young workers skills that will assist them in working with an older generation. Showing respect for and humility with an older worker will go a long way towards improving the intergenerational relationship (Fandray, 2000). Older workers, in turn, must be reminded that Generation X workers entered the working world in a different era than they themselves did. Generation X came into the "post-job-security, post-pension-security era, in the wake of downsizing... That means the traditional notions of loyalty and dues aren't really applicable" (Flynn, 1996). It is not a case of disloyalty, just a new kind of loyalty, more of a short-term mutual benefit relationship, that is desired by younger workers.

The intergenerational atmosphere can be mutually beneficial to both age groups. Mentoring relationships foster community within an organization. Managers must be sensitive to issues of intergenerational conflict when establishing such relationships. If older workers feel threatened by younger colleagues or if younger workers sense that they are being patronized, trouble can ensue. Employers must create a culture of partnership - a sense that everyone is on the same team. This partnership creates an atmosphere of valuing all employees, regardless of age. The culture must convey that

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

everyone has a role, the team has objectives that it must meet and working together will get the work done (Fandray, 2000).

Younger workers crave mentors, but there just are not enough to go around and not enough time in the day to fulfill the role in many cases. Older workers are ideal contact people for any questions that newer workers may have about the company, its processes or working in general. More than just the corporate memory, older workers can develop into supplemental “parents” for younger workers. Older workers tend to be the ones that younger workers go to when they are having problems or need advice, either with assignments or work relationships (Flynn, 1996). Older workers can fulfill a personal need for emotional fulfillment through work by engaging in mentoring and training positions. The opportunity to pass on their knowledge, and be rewarded for the knowledge that they have spent years accumulating, fulfills an older worker’s need to feel useful and valued as a contributing member of the team (McEvoy, 2001).

Older workers can provide a tremendous example of work ethic and customer service orientation to younger workers. In kind, the energy level of younger workers can help to revitalize older workers and give them enthusiasm for work (Mullich, 2003). Younger workers have technical savvy that they can share with older workers, thus gaining some credibility with older workers and at the same time, giving much needed knowledge to the older workers. A strong mix of younger and older employees can be a blessing as each group brings something valuable to a firm. The key for a company is to demonstrate to each group that they value them for what they bring and what they can accomplish together.

## **Ejection vs. Retention**

### *Weighing the Pros & Cons of Employing Elders*

#### **Demographics**

Cultural change is often brought on by necessity. To subscribe to the idea that employers must accept the fact that there is a prejudice against older workers and take the path of least resistance by maintaining a younger workforce is to ignore the demographic trends facing the nation. The fact is that companies will need older workers to fill positions because older workers will dominate the workforce. As the trend in Figure 4 shows, the U.S. labor force composition is shifting towards older workers. The percentage of workers in the labor force over the age of fifty-five has increased from 11.8% in 1992 to 14.3% in 2002 and is projected to be 19.1% by 2012. Managers will

**Figure 4: Civilian Labor Force by Age**

	<b>Percent Distribution</b>		
	<b>1992</b>	<b>2002</b>	<b>2012</b>
<b>16-24</b>	<b>16.9</b>	<b>15.4</b>	<b>15</b>
<b>25-54</b>	<b>71.4</b>	<b>70.2</b>	<b>65.9</b>
<b>55+</b>	<b>11.8</b>	<b>14.3</b>	<b>19.1</b>

*Source: U.S. Department of Labor,*

be forced to accept older workers and learn to work with an age diverse workforce in order to adapt to the changing employee demographics.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

## **Conclusions**

Today's workforce is a changing one. Whereas in the past a workplace was made up primarily of people between the ages of twenty-five and fifty-five, today we are seeing an extension of that age range. Demographic trends of the population in general are rapidly changing. Biologically, people are living longer and having fewer children. Culturally, these same people, who previously would have retired, are now continuing to work to a later age than prior generations. Therefore, a completely new situation is developing in the United States where the number of younger workers will not be sufficient to fulfill the labor needs of the country. The trend is clear – companies will need to look to older workers more than ever before to fill the jobs of tomorrow.

What is not as clear is how tomorrow's employer will be able to manage the age diverse workforce. By not having mandatory retirement at their disposal (in most occupations) and facing the greater power of the senior workforce from their increasing numbers, the employer must adapt and implement new management techniques.

Analysis shows that many of the concerns held by employers regarding older workers are based on misconceptions about the costs of employing them. As discussed previously, the progression away from traditional, defined benefit pension programs to defined contribution structures nearly eliminates the cost differential between younger and older workers. The cost of healthcare for a senior employee tends not to run as high as the cost for a younger employee with dependents. In general, senior employees who are able to work are apt to be healthy as a direct result of their active lifestyle and continuing interest in employment. On the job accidents occur at a lower rate for older workers when compared to younger workers as they are more experienced and careful in

### ***Ejection vs. Retention***

#### *Weighing the Pros & Cons of Employing Elders*

their actions. While there is concern about losing older workers to retirement, the data shows a company is more likely to lose younger employees in pursuit of advancement and higher wages, thus turnover is often low and training funds can be well invested in developing older employees' skill sets.

Additionally, aged workers have lower rates of absence for non-injury or illness related reasons. They demonstrate a model work ethic as a result of their positive work values and years of workforce experience. Contrary to popular belief, they are not all just cynical about work and waiting to retire. Many older workers have a desire to pursue new goals and experiences and to share their years of experience and knowledge with others. Employers will find older workers to be stable, reliable and loyal workers with a desire to contribute to a firm and continue to learn.

Concerns over physical and mental ability are also found to be unsubstantiated. Many simple, inexpensive accommodations can be made to ease most physical challenges that aging workers face. As for mental ability, debilitating declines in memory and cognitive ability are rare prior to the age of 85, well beyond the age when, even in a changing society, many elders will continue to work.

It has been said that "you can't teach an old dog new tricks," but this just is not the case. Older workers may learn differently, but studies have found that they are every bit as capable of learning new things as younger workers. And, as for the claim that older workers are set in their ways and unwilling to change, this is also not true. As with workers of all ages, communication and training create comfort with new technology and process changes.

***Ejection vs. Retention******Weighing the Pros & Cons of Employing Elders***

Abandoning the misconceptions about older workers will be a cultural challenge for firms, but, a necessary one as the demographic composition of the labor force causes older workers to be needed workers. Breaking down stereotypes and integrating a new level of diversity into the workforce is not a new challenge to the United States. Over the past several decades, firms have experienced tremendous increases in race and gender diversity. These changes in workforce composition were not easy adjustments, and integrating a greater number of elder workers likely will not be either. History has shown, however, that such changes can be made, acceptance of the new group grows every day and time does ease the struggle against cultural entrenchment.

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

## **Recommendations**

We end this discussion with our final recommendations to the employer that we believe will be in their firm's best interest for the inevitable demographic shift that is about to come.

### 1) Retention, not Ejection.

Throughout this paper we have dispelled the myths of the senior worker and shed light on their true capabilities. Senior workers are just as capable and successful as their younger counterparts in the workplace. To remove these minds from the company simply because of a false perception would do more harm than good. Keeping the senior worker not only preserves the invaluable knowledge base but also creates a wide and beneficial diversity in the workplace. Thus, employers should retain their senior workers.

### 2) Change the Culture

Much of culture is formed off of stereotypes from preconceived notions, and a culture that allows for age discrimination will prevent senior workers from reaching their full potential. Successful companies will make it a priority to create a workplace culture that embraces and encourages diversity. It has been successfully done for race, sex, and sexual preference. Now age must be added to that list. Communication and strong leadership will be the key ingredients to making this happen. Employees who support this culture will be rewarded with a gratifying work environment that they look forward to returning to on Monday morning. Employees who resist this push will need to be let

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

go as they will prevent this goal from being reached. Senior employees who frequently devalue themselves by commenting on their 'old age' should not be exempt from this last point.

### 3) Create Flexible Working Conditions

On the issue of working hours, one particular phrase from the Microsoft Corporation summarizes the issue best: "When you require your employees to work from 9 to 5, that's exactly what you get. Employees who start work exactly at 9:00AM, and end exactly at 5:00PM". ("The Twelve Secrets of Microsoft Management. Audiotech Business Book Summaries). This quote comes from a company that discovered the powerful boost in productivity and morale by letting employees determine their own working hours, so long as the work gets done. Their lesson is one that should be applied to all workers, especially the seniors.

Senior employees want to work different hours and have different goals than those who are younger. Many, if not most, senior employees no longer want to work the 40 hour per week grind; rather, they desire flexible working hours, part time positions, and the ability to choose what part of the day they work. Employers should grant this request. By planning a schedule that benefits both parties, senior workers will thrive and bring in greater results than they would have by being required to work the 'standard hours'. With the advent of telecommuting technology, this task is made easier than ever before.

### 4) Create New Reward Systems

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

For many, the reward of work is the opportunity to command a higher salary or position within the company. Such goals serve as the motivational force behind many workers, especially those who are younger. Seniors, however, have different aspirations that often do not involve career advancement. This is especially true for those individuals who have come out of retirement and prefer to work at levels far below where they were at the height of their previous career. But while they may have different expectations of their jobs, they still require motivation to arrive at work and perform each day.

A firm's management will need to create new reward systems that reach out to a senior employee's interest. Management will most likely need to put some research into this by asking this age group what kinds of rewards they would like to receive, and then go out and create such a program.

#### 5) Avoid Special Treatment

A perception exists that seniors want to be treated according to their biological age; that is, if they are 85 then they should be treated according to the perceptions society holds of an 85 year old. For many seniors though, this is not the case at all. Advances in medicine find many seniors healthier than ever before, denying their age and living their lives as they always have (if not better), almost rebelling against the 'elderly' stereotype. Most seniors are more active and live to be older than their parents did. They do not want to be treated as a 'senior citizen'.

Employers should react accordingly, and treat these individuals as they wish to be treated and viewed. This will not only improve the morale of the senior, but will also

## ***Ejection vs. Retention***

### *Weighing the Pros & Cons of Employing Elders*

help to eliminate the age stereotype held by younger employees that leads to age discrimination.

#### 6) Adopt New Management Styles

The workforce of today is not used to working alongside senior workers in their seventies and eighties, and managers are not used to managing such employees either. As this is unexplored territory for many, a company must discard its management practices from yesterday (many of which are still based off of principles from the mandatory retirement era) and adopt new styles and techniques that focus on an age diverse workforce. These practices can be learned from seminars, consultants, and most importantly, trial and error. These newly acquired techniques should be reviewed frequently to ensure that they are having a positive effect overall.

#### 8) Realize the Economic Benefit

While legislation prohibits mandatory retirement, many practices still continue to encourage a senior worker to leave. These include 'golden handshakes', relocation, demotion, and a number of other sneaky tactics, all costing a great deal of money. What many do not realize, however, is that the senior employee is poised to deliver superior results compared to their younger counterparts, particularly those who are just entering the workforce. These experienced workers may come at a higher cost, but the value that they bring to the firm far exceeds the price tag.

The eight recommendations are all geared towards not only helping the senior worker, but helping the entire organization. When a work atmosphere is designed so that

***Ejection vs. Retention****Weighing the Pros & Cons of Employing Elders*

it brings out the best that each and every worker has to offer, an organization will find that it achieves significantly greater results with a minimal investment. It would behoove employers to start this cultural transition immediately in order to guarantee readiness and competitive advantage for the inevitable age diverse organization.

## **Ejection vs. Retention**

### *Weighing the Pros & Cons of Employing Elders*

#### **References**

- \_\_\_\_\_, 2004. "Prescription Drugs Inflation Down From 6.2% to 2.2% in Just Over 2 Years." *Health Care Economics* (March 29).
- \_\_\_\_\_, 2004. "Early Retirement? Don't Even Think About It: Older Workers Clock On Again." *The Economist* (March 23).
- \_\_\_\_\_, 2004. Economic Forecast for an Aging World. Watson Wyatt (February).
- \_\_\_\_\_, 2003. "Older Workers Treated Differently: Findings of a Conference Board Survey of HR Executives." *Work & Family Newsbrief*, (May): 6.
- \_\_\_\_\_, 2003. "Employers Failing to Encourage Older Workers to Remain." *The Journal of Employee Assistance*, 33 (April): 36-7.
- Albrecht, Donna G. 2001. "Getting Ready For Older Workers: Issues When Hiring the Aged." *Workforce*, 80 (February): 56.
- Barth, Michael C., McNaught, William and Rizzi, Philip. 1996. "The Costs and Benefits of Older Workers." *In Handbook on Employment and the Elderly*, ed. William Crown, Westport, CT: Greenwood Press.
- Berger, James T. 2000. "Turning Gray to Gold." *OfficeSolutions*, 17(5):15.
- Bolch, Matt. 2000. "The Changing Face of the Workforce." *Training*, 37 (December): 72.
- Emerman, Ed. 2004. Older Workers Would Delay Retirement if Employers Offered Phasing. Watson Wyatt (March).
- Fandray, Dayton. 2000. "A New Generation Redefines Retirement." From Workforce Management Website at [http://www.workforce.com/archive/feature/22/23/46/index\\_printer.php](http://www.workforce.com/archive/feature/22/23/46/index_printer.php) (accessed March 19, 2004).
- Farr, James L., Tesluk, Paul E. and Klein, Stephanie R. 1998. "Organizational Structure of the Workplace and the Older Worker." In *Impact of Work on Older Adults*, ed. K. Warner Schaie and Carmi Schooler, New York, NY: Springer Publishing Company, Inc.
- Faulder, Liane. 2004. "Retire at 65? Never!." *Calgary Herald* (February).
- Flynn, Gillian. 1996. "Xers vs. Boomers: Teamwork or Trouble?" *Personnel Journal*, 75 (November): 86-9.
- Gardner, Johathan & Orszag, Mike. 2002. Retire Another Day? Watson Wyatt.
- Kaplan-Leiserson, Eva. 2001. "Aged to Perfection." *T&D*, 55 (October): 16.
- Koss-Feder, Laura. 2003. "Employees And Employers Alike Find Themselves Confronting Ageism." *Newsday* (November).
- Mavromatis, K. Alexa. 2001. "Older Workers to Thank for Fewer Job Injuries." *Providence Business News* (August 6): 3B.
- McEvoy, Glenn M. and Blahna, Mary Jo. 2001. "Engagement or Disengagement? Older Workers and the Looming Labor Shortage." *Business Horizons*, 44 (September): 46.
- McIntosh, Barbara. 2004. Course Lecture. *BSAD 395A: Aging and the Workforce*: Spring 2004, University of Vermont.
- Mullich, Joe. 2003. "They Don't Retire Them, They Hire Them." *Workforce Management*, (December): 49-54.
- Newman, Julie. 2002. One In Seven Employers Offers "Flex". Watson Wyatt.

## **Ejection vs. Retention**

### *Weighing the Pros & Cons of Employing Elders*

- Rajnes, David. 2002. *An Evolving Pension System: Trends in Defined Benefit and Defined Contribution Plans*. Employee Benefit Research Institute Issue Brief 249.
- Rix, Sara E. 1996. "Investing in the Future: What Role for Older Worker Training?" *In Handbook on Employment and the Elderly*, ed. William Crown, Westport, CT: Greenwood Press.
- Schreiner, Andrea. 2004. Course Lecture. *BSAD 395A: Aging and the Workforce*: January 26, 2004. University of Vermont.
- Stearns, Anthony A., Stearns, Harvey L. and Hollis, Lisa A. 1996. "The Productivity and Functional Limitations of Older Adult Workers." *In Handbook on Employment and the Elderly*, ed. William Crown. Westport, CT: Greenwood Press.
- Thielen, David. 1999. The 12 Simple Secrets of Microsoft Management. McGraw-Hill, Inc.
- Van Yoder, Steven and Goldberg, Beverly. 2002. "Coping With The Graying Workforce." *Financial Executive*, 18 (January – February): 26-9.
- Woolnough, Roisin. 2004. "The New Space Age; Pleasant, Designed Workplaces Can Bring Many Benefits." *Personnel Today* (January).