



Older Workers

Statement of

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Before the

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Forum on the Older Workforce
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Good afternoon, Chairman Craig, Ranking Member Breaux, and members of the Senate Special Committee on Aging. My name is Deb Cohen. I am the Vice President of Knowledge Development at the Society for Human Resource Management. Thank you for the opportunity to speak before you today.

The Society for Human Resource Management (SHRM) is the world's largest association devoted to human resource management. Representing more than 175,000 individual members, the Society's mission is to serve the needs of HR professionals by providing the most essential and comprehensive resources available. As an influential voice, the Society's mission is also to advance the human resource profession to ensure that HR is recognized as an essential partner in developing and executing organizational strategy. Founded in 1948, SHRM currently has more than 500 affiliated chapters within the United States and members in more than 120 countries.

Related to our mission to serve the professional and advance the profession, SHRM conducts research on important workforce issues on a regular basis. I would like to report today about our *Older Workers Survey* which we recently completed with two partners, the Committee for Economic Development (CED) and the national Older Worker Career Center (NOWCC). In addition, I will also mention research from our *2002 Workplace Demographic Trends Survey* as well as the *2002 SHRM/USATODAY.com Job Satisfaction Poll* which also has implications for a discussion about older workers.

Introduction

Individuals who are age 40 and above are protected by federal legislation in the Age Discrimination in Employment Act. From a legal perspective, this means that as workers age, they should be able to get, retain and advance in jobs. As a practical matter though, organizations are still in need of dealing with perceptions surrounding older workers and understanding any stereotypes that may exist. What then is the age at which someone is considered an older worker? Does it coincide with what federal law states? The chart below depicts the responses of HR professionals to the question: "at what age do you think most workers begin considering an employee to be an older worker?"

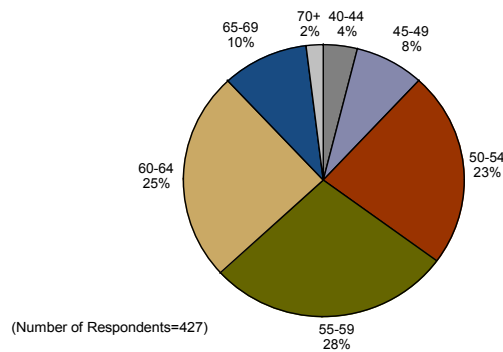
Methodology

The SHRM Survey Program, with assistance from NOWCC and CED, developed the survey instrument. An internal committee of SHRM staff with HR expertise and an external committee of volunteer leaders and experts in the HR field also provided valuable insight and recommendations for the instruments.

A sample of HR professionals was randomly selected from SHRM's membership database, which consists of more than 170,000 members. Only members who had not recently participated (approximately the last six months) in a SHRM survey or poll were included in the sampling frame. Members who are students, consultants, academics, located internationally and who have no e-mail address on file were excluded from the sampling frame. In November 2002, 2,500 randomly selected SHRM members received an e-mail invitation containing a link that directed them to the online survey. Of these, 2,143 e-mails were successfully delivered to respondents, and 428 HR professionals responded, yielding a response rate of 20%. The survey was fielded for a period of three weeks and three e-mail reminders were sent to sample members in an effort to increase response rates.

The largest percentage of respondents (28%) indicated they think workers begin considering employees between the ages of 55 and 59 as older workers, followed by workers between the ages of 60 and 64 (25%) and workers between the ages of 50 and 54 (23%). Just 12% report that employees consider workers who are between 40 and 49 to be older workers and another 12% who consider workers who are 65 and above to be older workers. This data indicates that HR professionals believe that workers have perceptions regarding older workers that vary widely, are not necessarily limited to what federal legislation protects and spans a relatively long period of time.

Chart 1: Age Employees Considered to be Older Workers



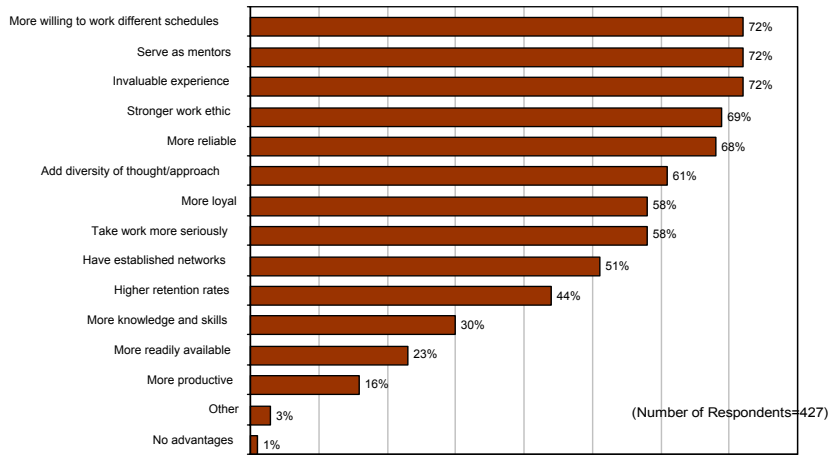
Source: SHRM/NOWCC/CED Older Workers Survey.

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Advantages and Disadvantages of Hiring Older Workers

In two separate questions, HR professionals were asked their opinion about the advantages and disadvantages of hiring older workers as compared to other workers. Respondents were provided with a list of 10 disadvantages and 13 advantages and asked to check all that applied. Charts 2 and 3 clearly indicate that opinions about factors that were considered advantages were far stronger than factors considered as disadvantages.

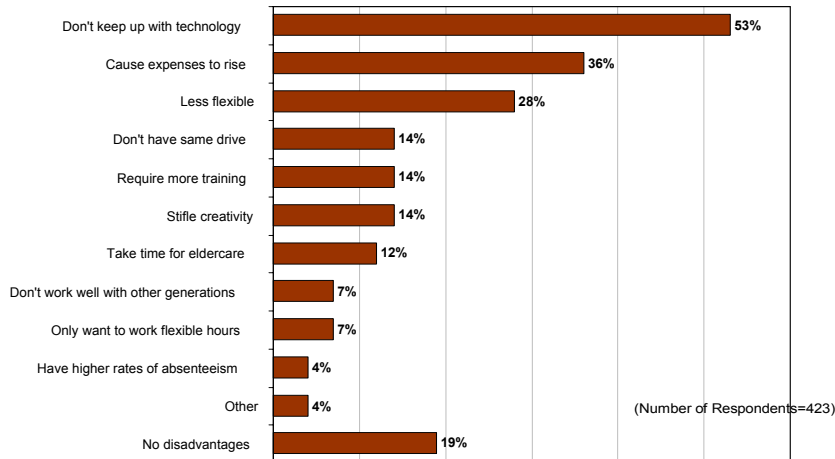
Chart 2: Advantages of Hiring Older Workers



Source: SHRM/NOWCC/CED Older Workers Survey. Percentages will not add to 100% as multiple responses were allowed.

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Chart 3: Disadvantages of Hiring Older Workers



Source: SHRM/NOWCC/CED Older Workers Survey. Percentages will not add to 100% as multiple responses were allowed.

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Organizations may wish to capitalize on the factors that are seen as advantages and address the factors that are seen as disadvantages. For example, the top three factors identified as advantages provide some potential suggestions for HR professionals and their organizations. Creating and allowing flexible schedules has become a necessity in today's work environment. If older workers are indeed more willing to work different schedules, then

organizations that work with this flexibility may be able to have a positive impact on schedules overall. Using older workers as mentors may also be a way for organizations to retain and develop institutional memory and knowledge while at the same time, capitalizing on the invaluable experience that these workers bring to their jobs and organizations. Programs that capture and use these advantages will need to be molded to an organization, but the concept is a good starting point.

In terms of the identified disadvantages, the only factor to receive a majority percentage response referred to the concept that older workers do not keep up with technology. This fact may vary from organization to organization, but is an issue easily dealt with by providing training and education for all workers (including older workers) and to communicate to all employees in the organization that expectations for keeping up with technology (as it relates to one's job) are part of an employee's reviewed performance.

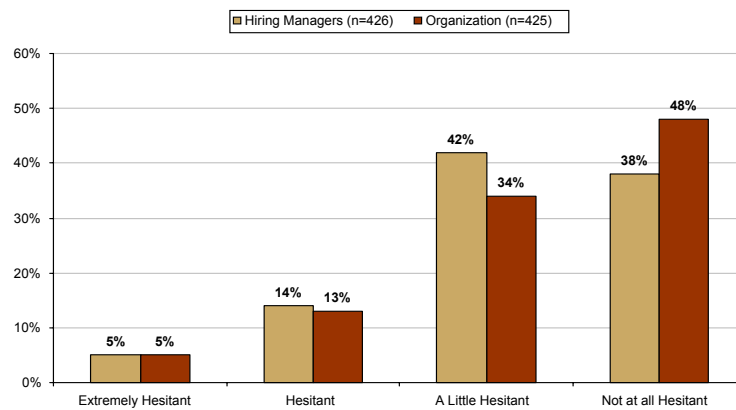
Every organization may have its own unique issues. This survey, however, clearly indicates that many of the factors identified in organizations as relating to the advantages and disadvantages can be addressed through regular employment interventions and activities.

Hesitancy to Hire Older Workers

HR professionals were asked their opinion about how hesitant they thought their organization is to hire older workers and how hesitant hiring managers are in hiring older workers. One question reflects what the culture of the organization might be relative to hiring older workers and the other question reflects how the individuals who are typically the ones tasked with interviewing and actually deciding which candidates to select, might think. Overall, the results show that 48% of HR professionals believe that their organizations are not at all hesitant while they think only 38% of hiring managers is not at all hesitant. This indicates that the culture of an organization may be more open (not at all hesitant) than individual hiring managers. Although this question reflects what HR professionals believe hiring managers are thinking, they are in a good position to understand how hiring managers think and react to candidates.

The opinions flip when looking at a "little hesitancy" on the five-point scale. The overall result is that hiring managers are reported to be a little more hesitant (mean 3.13) compared to organizations (3.24). Thus, there may be room here for organizations to convey to hiring managers the willingness and importance of hiring older workers. It may be that individual stereotypes are influencing perceptions or at least HR professionals' opinions of manager perceptions relative to hiring older workers. Chart 4 shows the comparison.

Chart 4: Hesitance of Organizations and Hiring Managers to Hire Older Workers



Source: SHRM[®]/NOWCC/CEA Older Workers Survey. Percentages may not add to 100% due to rounding error. Respondents gave hiring managers a mean rating of 3.13 with a standard deviation of .85 on a scale where 1=extremely hesitant and 4=not at all hesitant. Respondents gave their organizations a mean rating of 3.24 with a standard deviation of .87 on a scale where 1=extremely hesitant and 4=not at all hesitant.

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Impact of the Aging Workforce

SHRM has been interested in the impact that an aging workforce will have on HR policies and practices. The reason for this interest has been manifold. We know from statistics tracked and published by the Bureau of Labor Statistics that the workforce is aging and that there is going to be a shortage of workers over the next 10 years – particularly in certain skilled jobs. Our concern has been that while we know an aging population will spark greater retirement and fewer births will result in less replenishment of retired workers, that organizations are more concerned with current employment issues and have less of a focus on the implications of demographic changes. A focus on current issues is not surprising, but a lack of focus on pending changes and issues would be of concern.

In the *2002 Workplace Demographic Trends Survey* we asked HR professionals their opinion about to what extent the aging population impacted their workplace in the past year, the next two years and over the next five years. Chart 5 shows that while HR professionals believe there will be a greater impact from the aging population than in the year preceding the survey, the reported impact is still not particularly great. These results also indicated that HR professionals and their organizations are probably not likely to address the issues of an aging population and the impact on the workforce in the near future due to their lack of immediate concern over the issue.

Chart 5: Extent to Which Aging Population Impacts Workplace

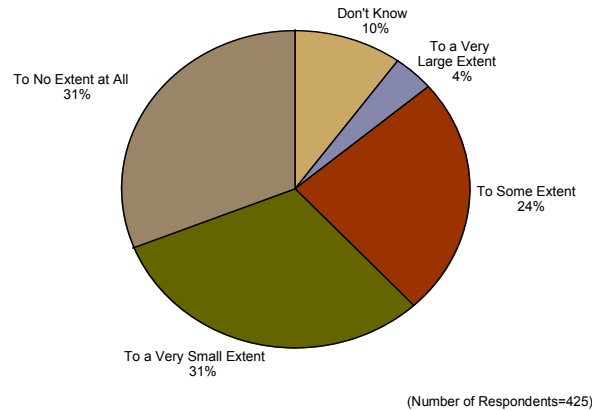
	Number of Respondents	No Impact At All	Little Impact	Some Impact	Great Impact	Very Great Impact
Past Year	445	33%	32%	29%	5%	1%
Next 2 Years	438	15%	30%	38%	16%	2%
Next 5 Years	441	6%	21%	36%	26%	11%

Source: SHRM® 2002 Workplace Demographic Trends Survey

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The data from the Older Workers survey (Chart 6) conducted a little more than a year later indicate a similar approach. That is, the majority of HR professionals indicated that they did not believe that changes in workforce age were forcing changes in recruiting, retention and management policy/practices. Only four percent indicated that changes were occurring to a very large extent and about one quarter “to some extent”. This may indicate a short-sightedness with regard to addressing the impact of an aging population. For example, if recruitment or retention or management practices are adjusted to account for the aging workforce in ones organization, by capitalizing on the advantages or addressing the disadvantages noted earlier, an organization may be better prepared to deal with labor shortages and better able to accommodate an older workforce.

Chart 6: Workforce Age Forcing Changes in Recruiting, Retention and Management Policy/Practice



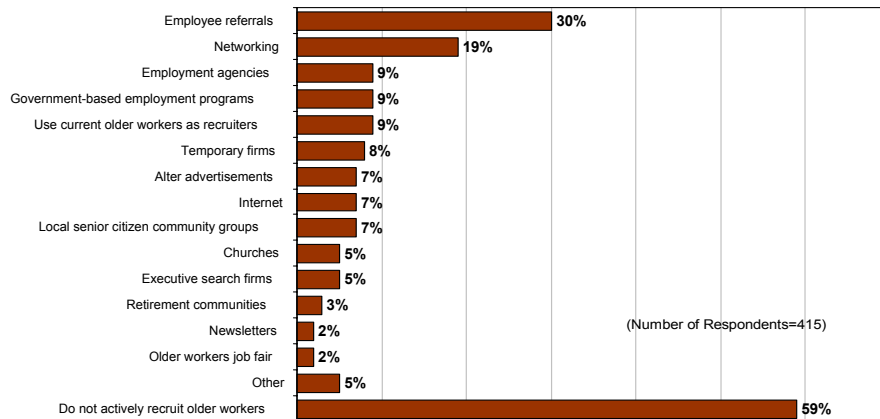
Source: SHRM/NOWCC/CED Older Workers Survey.
The 381 respondents who did not indicate don't know, indicated a mean extent rating of 3.00 with a standard deviation of .88 on a scale where 1=to a very large extent and 4=to no extent at all.

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Recruitment, Retention and Reasons for Working

Although it appears that not many HR professionals or their organizations have made changes in their recruiting, retention and management practices, we felt that it would be important to know how they actually do recruit and attract older workers. Thus, we asked what methods were used to directly target older workers in recruitment efforts. A variety of methods are indeed used to recruit older workers, but the more telling result was that 59% reported that they do not actively recruit older workers. One would expect this number to decrease over time as it becomes increasingly clear that one way to deal with the pending labor shortage is to tap into existing skills and capabilities in the workforce or in the retired workforce. In addition, the array of recruiting methods shown in Chart 7 may provide some insight as to how organizations might search for older talent as well as how older talent might make their qualifications and availability known.

Chart 7: Recruiting Methods Used to Directly Target Older Workers

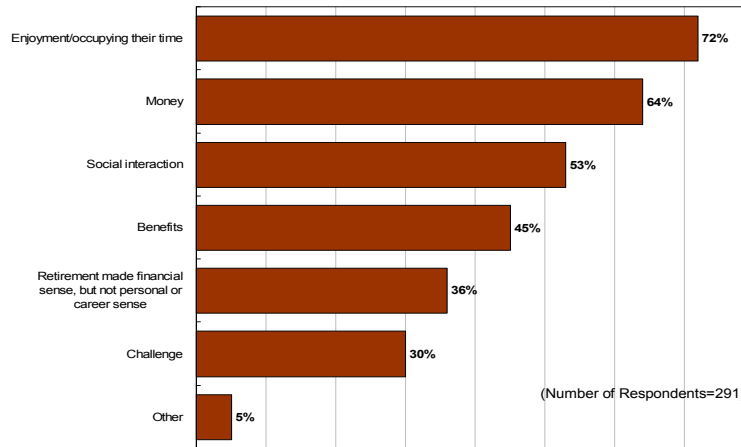


Source: SHRM/NOWCC/CED Older Workers Survey. Percentages will not add to 100% as multiple responses were allowed.

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While it is important to know why older workers want to work or return to work, from an HR perspective it is important to know why organizations and HR professionals think older workers want to return to work or have returned to work. It is this insight that will drive the types of jobs, benefits, and general approach to older workers that is used by organizations. It appears that HR perceptions of the reasons vary but the majority cites a combination of enjoyment and occupying their time, money and social interaction. The need or desire for benefits is also cited as important. Only 30%, however, indicate that the reason is for “challenge”. It will be important to conduct research that investigates the opinions of older workers along with the perceptions of HR professionals to determine if there is a disconnect between their beliefs. For example, if challenge is cited by older workers as a more prominent issue than money, then organizations that recruit or design jobs with a philosophy that money is more important than challenge, may have difficulty in attracting and retaining older workers. Chart 8 presents the reasons why retirees have returned to work as a function of the beliefs of HR professionals.

Chart 8: Reasons Retirees Have Returned to Work

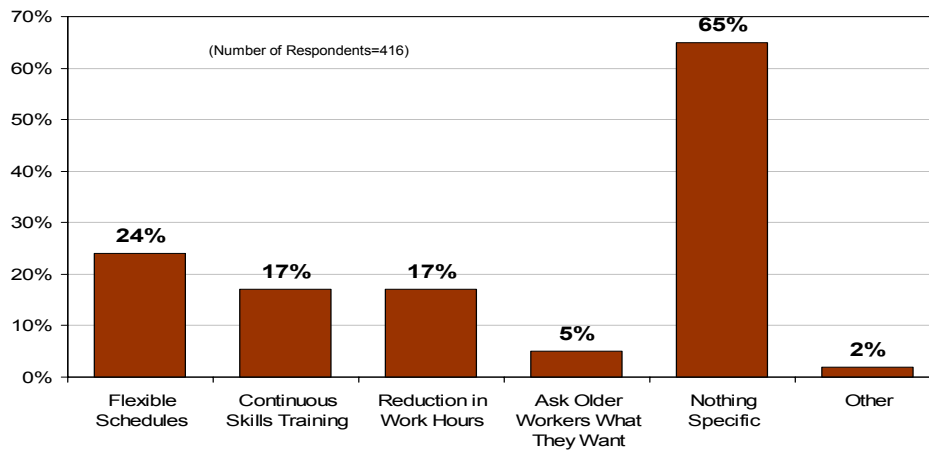


Source: SHRM[®]/NOWCC/CED Older Workers Survey. Percentages will not add to 100% as multiple responses were allowed.

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Given that HR professionals cited many advantages to hiring older workers, and that there is a pending labor shortage, it is important to understand what organizations are doing to retain older workers. Retention among all employees is an important goal for most organizations. Although not all turnover is bad, it is generally known that turnover can be expensive and dysfunctional. As a result most organizations make a conscious attempt to consider retention in the mix of their HR practices. Our survey, however, revealed that 65% of HR professionals report that they do nothing specific to retain older workers. Relying on traditional retention methods may or may not have a positive impact on older workers. There were, however, a few strategies that were reported, such as flexible schedules, continuous training and reduction in work hours that have been used in an attempt to retain older workers. Chart 9 identifies these retention practices.

Chart 9: Retention Practices to Directly Target Older Workers



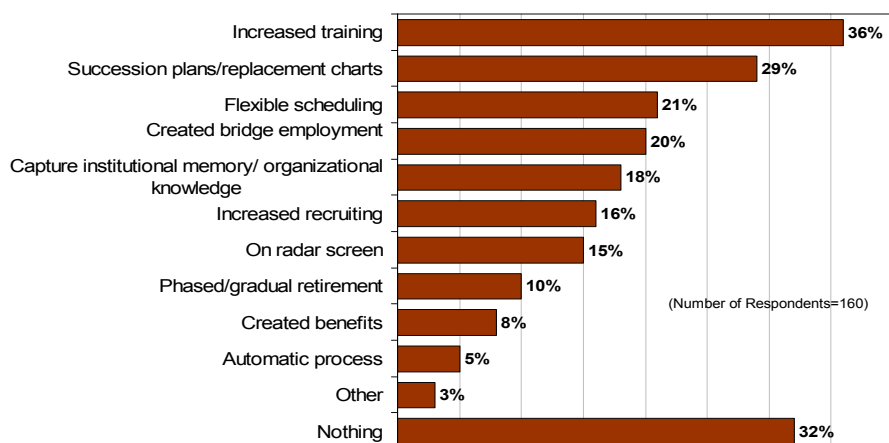
Source: SHRM[®]/NOWCC/CED Older Workers Survey. Percentages will not add to 100% as multiple responses were allowed.

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Preparing for Labor Shortage

One theme that has been fairly constant in the past 5 to 10 years is the prediction that as the Baby Boom generation retires, there will be a shortage of workers to replace them. As a result, it is important to understand the strategies that organizations and HR professionals are using to prepare for this shortage. About one-third of the respondents said that they were doing nothing in preparation. However, the other two-thirds reported using a variety of strategies, though most were used by less than 20%. Increased training was cited by 36% and succession plans or replacement charts were cited by 29%. Chart 10 shows the array of strategies currently being undertaken by the respondents.

Chart 10: How Organizations are Preparing for Possibility of a Shortage of Workers Due to the Retiring Baby Boom Generation



Source: SHRM/NOWCC/CED Older Workers Survey. Percentages will not add to 100% as multiple responses were allowed.

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Older Workers and Job Satisfaction

Job satisfaction is an issue that is important to both organizations and the employees who work in organizations. Historically, there has been a correlation between satisfaction and turnover such that if individuals are dissatisfied, they are more likely to leave or consider leaving an organization. Satisfaction is also believed to be related to other workplace behaviors. As a result, most organizations tend to be interested in understanding the satisfaction levels of their employees. Many years of research have shown that there are a number of facets of satisfaction to which individuals are attuned. In late 2002, SHRM conducted a job satisfaction poll in conjunction with USATODAY.com. For this poll, we collected data from a random sample of HR professionals and from random employees/job seekers who visited the careers section of USATODAY.com.

The perceptions of HR professionals and employees varied in their assessment of how important certain aspects of satisfaction are to overall employee satisfaction. HR professionals perceived communication between employees and management as the number one aspect that employees deemed as “very important” to their overall job satisfaction. Employees on the other hand, viewed job security as the top aspect that was “very important” when assessing their job satisfaction. An analysis by employee age and gender though produced notable differences based on these variables in terms of what employees considered to be very important.

Employees 35 and under rated communication between employees and management as the facet of greatest importance, contributing to overall job satisfaction. Job security was rated as the top aspect by employees in the 36-55 age range, while benefits was most valued by employees 56 and above. A look at chart 11 shows that job satisfaction factors are very

different for older workers than they are for the other two age categories analyzed by this study. The implication is that organizations must consider the needs of different groups of employees if they are to retain them and maintain their satisfaction levels. Treating workers generically may not produce the results that organizations need or want relative to attracting, retaining and motivating their workforce.

Chart 11: Job Satisfaction Factors by Age

Age	1st	2nd	3rd	4th	5th
35 and Under	Communication (66%)	Work/Life Balance (66%)	Career Advancement (64%)	Job Security (59%)	Career Development (58%)
36-55	Job Security (71%)	Benefits (67%)	Work/Life Balance (62%)	Communication (61%)	Compensation/Pay (61%)
56 +	Benefits (74%)	Job Security (56%)	Communication (56%)	Compensation/Pay (56%)	Recognition by Management (50%)

Source: SHRM®/USATODAY.com Job Satisfaction Poll

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Conclusions

Examples exist to that show successful older workers and successful older worker plans by organizations. [Note: See the two articles submitted along with this testimony that have appeared in HR Magazine.] One point is clear from the surveys and data collected by SHRM. The issue is perhaps not getting as much attention as it should given the demographic changes that are in store for the workforce. Older workers will be a major part of the workforce in years to come. Programs and activities must be developed to address the ability to hire and retain these individuals as well as addressing the needs of these individuals in the workplace.