



American Business

and Older Employees



**A SUMMARY
OF FINDINGS**



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AARP Work Link Team Program Development and Services



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AARP is the nation's leading organization for people age 50 and older. It serves their needs and interests through information and education, advocacy, and community services which are provided by a network of local chapters and experienced volunteers throughout the country. The organization also offers members a wide range of special benefits and services, including *Modern Maturity* magazine and the monthly *Bulletin*.

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INTRODUCTION

In 1985, AARP initiated a research effort to identify, document, and track American businesses' perceptions, policies, and practices that affect older employees. This report presents the results of the fourth study in this ongoing series.

The 1998 Older Employees and American Business Survey sought to measure the relative importance of certain employee qualities and the degree to which older employees possess these qualities. In addition, the study sought to gauge companies' approaches to using older employees and the extent to which these approaches are being implemented; to understand general employment issues considered important, given today's workforce; and to address other human resource decisions and policies as they relate to the older workforce.

In 1994, when this survey was last conducted, the American economy had just begun to emerge from a serious recession and an accompanying reexamination of many assumptions in the business world. At that time, common concerns in the workplace included such matters as cost cutting, downsizing, contingent work arrangements, higher standards for employees, and doing more with less.

The current business climate is markedly different. In contrast to the job insecurity felt by so many workers in 1994, employers today find it difficult to recruit and hire skilled labor, causing an increase in salaries and incentives, as well as opening opportunities for older persons who want to stay in the workforce or perhaps reenter the job market after retirement.

Concurrent with optimistic predictions about the American economy, demographers predict slowed growth in labor force participation, and an aging workforce. In the next five years, the percentage of the population in the labor force will grow annually by only 0.1 percent. In this same time period, the highest growth rate will be among workers aged 55 to 64 years old—the number of 55- to 64-year-old working women will increase by 63 percent, while the number of working men of this same age group will increase by 43 percent. In 2005, the median age of all workers will be the same as it was in 1962, before the influx of the baby boom: 41 years.¹

¹ U.S. Bureau of Labor Statistics.

The aging of the American workforce stems from the aging of the baby boom generation. The 76 million people born between 1946 and 1964 are well into their careers. Consequently, many characteristics of the workforce are influenced by its large proportion of baby boomers.

An AARP survey of baby boomers' expectations of retirement found that most believe that they will continue to work during their retirement years. Fully eight in ten baby boomers say they plan to work at least part time during their retirement, while just 16 percent say they will not work at all. Although over a third of the boomers say they will work part time mainly for the sake of interest and enjoyment, a significant proportion of them expect to remain in the workforce to meet income needs.²

METHODOLOGY

The nationwide telephone survey was conducted among senior-level human resources (HR) executives at companies with a minimum of 50 employees. A random sample of 400 organizations, from Dun and Bradstreet's national business list, contained the same number of organizations in each of four strata, which were based on the total number of employees per company (50–99, 100–499, 500–999, 1000+). Roughly 100 respondents were interviewed in each company size category. The sample was weighted to represent the general business population in the United States of businesses with 50 or more employees.

KEY FINDINGS

Perceptions of Older Employees

In the survey, older employees are defined as 50 years old or older. Older employees are recognized for having a good work ethic and for providing experience, knowledge, and stability in the workplace. They are also, however, characterized as inflexible, averse to change, and resistant to learning and understanding new technologies.

² AARP. *Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis*. Washington, DC: AARP, 1998.

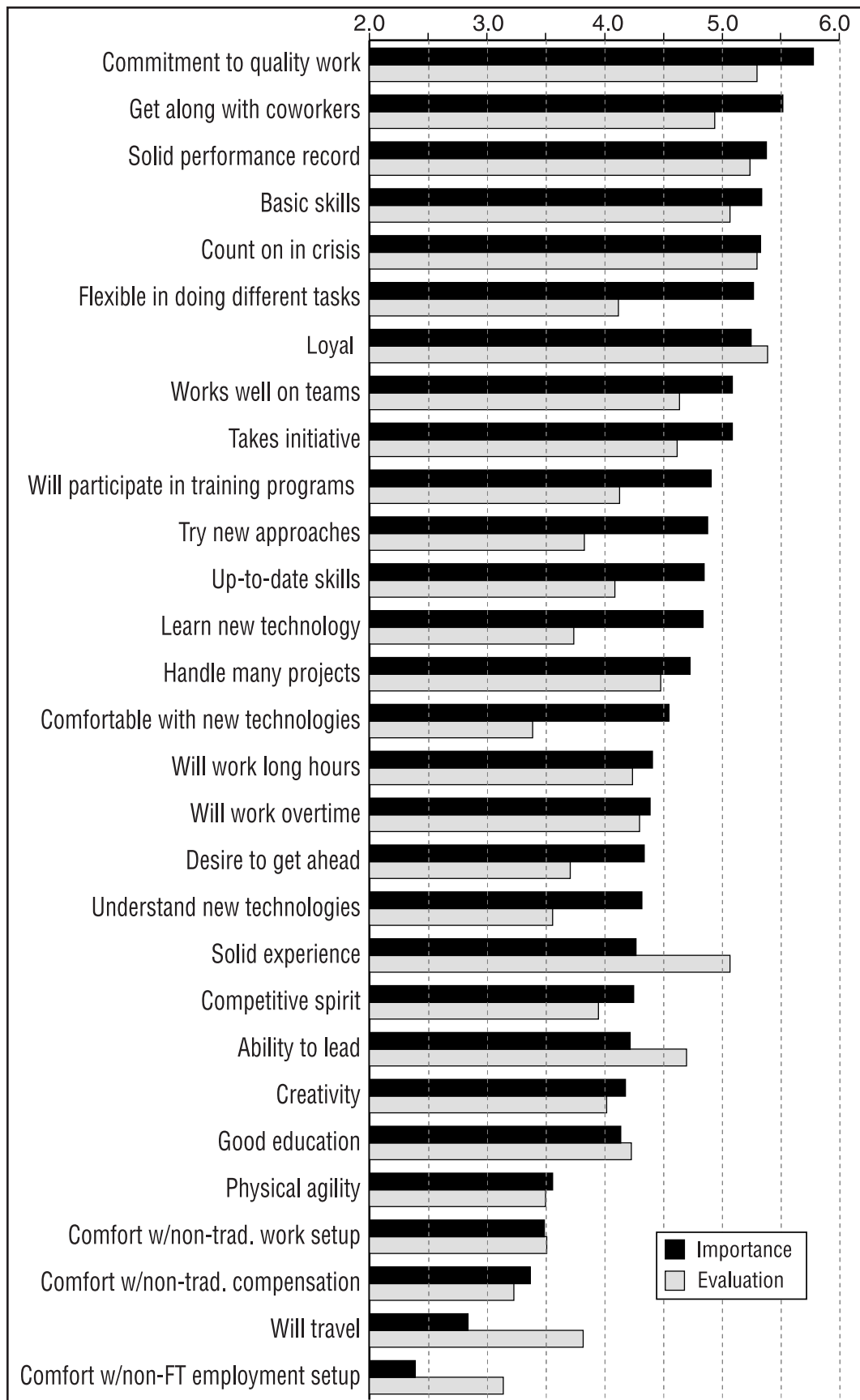
Among the 29 employee qualities included in the survey, older employees are believed to possess all but one of the top seven qualities that companies consider most desirable in *any* employee. Older employees fall short only on one quality regarded as highly desirable: *willing to be flexible about doing different tasks*. The table below lists, by average rating, the top seven qualities that companies desire in *any* employee, compared with the top seven qualities perceived in *older* employees.

Employee Qualities Most Desired Overall (According to HR Managers)		Top Qualities of Older Employees (According to HR Managers)	
Rank	Quality	Rank	Quality
1	Commitment to doing quality work	1	Loyalty and dedication to the company
2	Get along with coworkers	2	Commitment to doing quality work
3	Solid performance record	2	Someone you can count on in a crisis
4	Basic skills in reading, writing, arithmetic	4	Solid performance record
5	Someone you can count on in a crisis	5	Basic skills in reading, writing, arithmetic
6	Willing to be flexible about doing different tasks	5	Solid experience in job and/or industry
7	Loyalty and dedication to the company	7	Get along with coworker

Older employees were rated lower for skill-related qualities, such as trying new approaches, learning new technologies, and having up-to-date job skills. Information from focus groups, conducted to add a qualitative dimension to these survey findings, suggests that low unemployment rates have rendered specific job skills less important than finding employees who fit the work environment. According to HR managers who participated in the focus groups, it is easier to teach a worker a skill than it is to instill dependability, loyalty, and other aspects of a good work ethic. It was conceded, however, that job candidates with both job skills and a strong work ethic have a much greater chance of being hired or retained.

The chart on page 6 illustrates HR managers’ ratings for all 29 employee qualities.

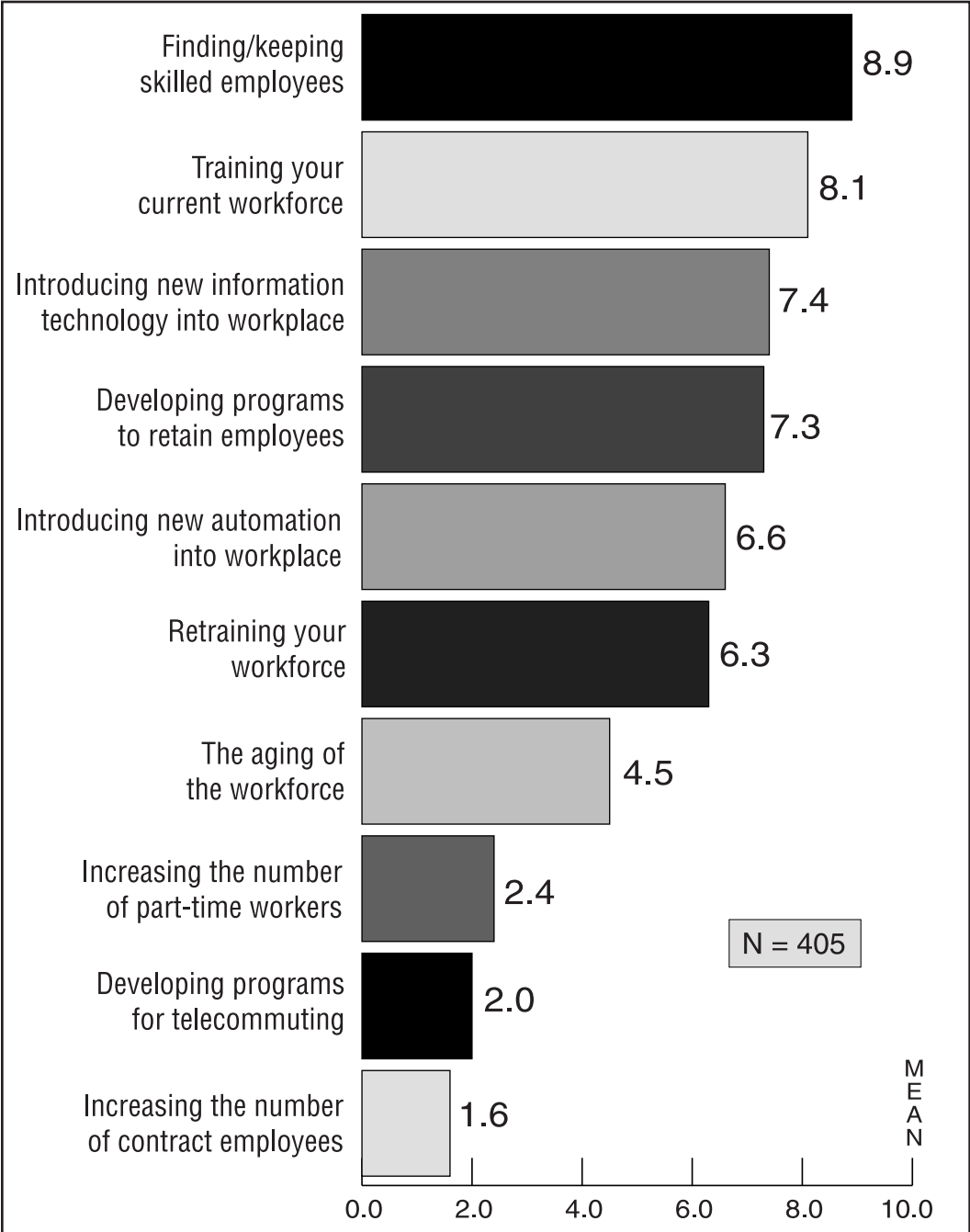
Human Resource Managers Ratings for Employee Qualities



Important Employment Issues

HR managers consider *finding or keeping skilled employees* the most important issue facing employers today. HR managers rated this issue an average of 8.9 on a 10-point scale.³ *Training current workers* is viewed as the second most important issue, with a rating of 8.1, followed by *introducing new information technologies into the workplace* (7.4), and *developing programs to retain employees* (7.3).

Employment Issues by Rank of Importance³



³In the chart above, mean (average) rating was calculated from a scale of 0 to 10; a rating of 0 means the issue is not at all important, while a rating of 10 means an issue is extremely important.

Employers are not as concerned about *the aging of the workforce*, and very few believe that *increasing the number of part-time or contingent workers* or *developing programs for telecommuting* is important.

The aging of the workforce received a fairly low average rating of 4.5 out of 10, indicating that HR managers are not yet thinking about this issue. Among HR managers included in the focus groups, the aging of the workforce does not seem to be an issue; few could name preparations their companies are making to address the issue.

Preparing for an Aging Workforce

As the list of important employment issues indicates, American businesses do not yet regard the aging of the workforce as a compelling business issue. This lack of concern is further indicated by the small number of companies that have implemented programs or policies that could help employers fully utilize older employees.

As is evident in the table above, most HR managers think that some approaches could promote greater utilization of older employees, but most are not implementing the programs they believe to be effective. The table below shows this discrepancy.

Top Five Approaches for More Fully Utilizing Older Employees

Approaches to More Fully Utilizing Older Employees	Approaches Considered Very or Moderately Effective (%)	Business Has Implemented the Approach (%)
Benefit packages targeted toward older employees	68	18
Part-time work arrangements with continuation of benefits	64	30
Educating managers about ways to utilize older employees	60	25
Increased availability of part-time work for older employees (regardless of benefits)	55	36
Skill training for older employees	55	44

IMPLICATIONS

Data from the 1998 version of the Older Employees and American Business Survey, along with findings from other AARP surveys and demographic analyses, suggest two challenges for businesses and workers in the new millennium.

First, the slow growth rate of the American workforce means that better use of current workers will be necessary to maintain high productivity. Use of current workers depends on American businesses recognizing the aging of the workforce and planning accordingly.

Second, negative impressions of the flexibility and technical savvy of older employees mean that as workers age, they will need to be mindful of how they can continue to develop professionally. The economy of the next millennium will not reward tenure as much as it will value the ability of workers to use information in innovative ways.

Addressing the Challenge: Ten Things Employers Can Do to Prepare for an Aging Workforce

- One cannot assume anything about the older workforce; they have diverse backgrounds and needs.
- Not all older workers wish to retire at the normal retirement age.
- Older workers may not cost more to hire into the workforce than younger workers.
- Use your older workforce to add diversity in brainstorming, creating, and planning.
- Older workers have a wealth of workplace experience.
- Eighty percent of baby boomers believe they will continue to work during retirement.
- Older workers are willing and able to learn new things.
- Older workers are important to both the current and future economic health of the nation.
- Review your employment policies to ensure they are age-neutral.
- Management staff require education about aging workforce issues.

Addressing the Challenge: Ten Things Employees Can Do to Keep Themselves Marketable as They Age

- Keep your skills current (especially computer and other technical skills).
- Keep your resumé current.
- Stay informed about today's changing workplace.
- Sell yourself in your interview; stress your strengths and how you are a good fit for the company.
- Know your rights under the Age Discrimination in Employment Act.
- Network, network, network!
- Make sure everyone knows that you know how to use a computer.
- In an interview, focus on the job, not on the benefits.
- Be willing to be flexible.
- Be a little humble in your interview; don't act as if you know all the answers.

RESOURCES

Publications

Listed below are resources available to help managers prepare for an aging workforce.

Preparing for an Aging Workforce (D16834)

American businesses face tough decisions. They must compete against companies not just in the same state or nation, but all over the world. Fierce competition demands ever-higher levels of employee productivity and creativity. This AARP publication offers some tools to help the employer manage an age-diverse workforce.

America's Changing Workforce: Statistics in Brief (D16858)

This AARP publication provides an at-a-glance profile, using tables and graphs, of workers age 45 and older, and of likely changes in the workforce of the future.

Working Age

Working Age is a bimonthly newsletter published by AARP and sent without charge to businesses and organizations interested in employment issues that affect middle-aged and older persons.

Research

Boomers Approaching Midlife: How Secure a Future? (D16687)

The arrival of the baby boom generation at midlife has generated new concerns about the nation's ability to pay for the costs of an aging population. We are only a decade away from the retirement of the leading edge of the boomer generation. This publication examines the impact baby boomers will have on major national issues such as retirement, Social Security, Medicare, and pensions.

Baby Boomers Envision Their Retirement: An AARP Segmentation Analysis

Written by Roper Starch Worldwide, Inc. for AARP, this 110-page study illustrates the diversity of baby boomers in terms of their attitudes, expectations, and behaviors with respect to their retirement.

To receive a copy of any of these publications, please send your request to:

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Be sure to include the order number, listed on the right.