

EXECUTIVE SUMMARY

Powerful demographic and business trends are converging in ways that focus new attention on the training and development function in U.S. companies.

First, the aging of the baby boomer generation, combined with declining birthrates and increasing life expectancies, is sparking profound shifts within the U.S. labor force. While no one can say for sure whether baby boomer retirements will trigger the massive skilled-labor shortages that some have predicted, slowing labor force growth means that 50+ workers will likely figure more prominently in the workplace than ever before.

Second, faced with tightening labor pools, the ever-quicken pace of business change, the maturation of the knowledge economy, rapid technological advancement, and the increased competitiveness accompanying globalization, today's organizations face unrelenting pressure to continuously build and sustain workforce knowledge and expertise through rigorous training initiatives.

Data from the American Society for Training and Development (ASTD) 2005 State of the Industry Report indicate that the overall investment in employee learning has grown from \$645 per employee per year in 1995 to \$955 in 2004, which represents more than an inflation-adjusted increase.¹ Perhaps more noteworthy is that training today has earned a place on the executive agenda: IBM's 2004 Global CEO study found that 75% of CEOs believe that employee education is critical for future enterprise success.²

Yet, as companies invest more than ever in strategic new learning initiatives, prior research suggests that few are taking shifting demographics into account. As expressed in a 2006 study jointly conducted by IBM and ASTD, "Many learning functions have yet to develop

a comprehensive plan for addressing the needs of their organizations with respect to changing workforce demographics."³ In fact, that study found that only 16 percent of learning executives surveyed viewed changing workforce demographics as a priority area. Furthermore, as noted in AARP's 2005 study, *American Business and Older Employees: A Focus on Midwest Employers*, most employers in the Midwest have not implemented training programs in an effort to attract and retain mature workers. According to that survey, less than half (48% of the 679 respondents) said they had training programs targeting older employees.⁴

Given the attention both workforce demographics and training imperatives have received from the media and business communities, the relative lack of training targeting the increasingly important 50+ segment of the workforce is puzzling.

Might this dearth of programs reflect a systematic belief among employers that training people age 50+ is an unjustified use of scarce resources and that younger workers presumably have a longer time horizon over which to produce a return on companies' training investments? Do negative perceptions regarding the 50+ population's desire and ability to learn persist, even today? Are workers ages 50+ interested in receiving training? Do they value learning opportunities?

To answer some of these questions, AARP contracted with Towers Perrin and Knowledge Networks to explore the perceptions and experiences of 50+ workers themselves, as well as the perceptions of a select group of employers recognized for their progressive training programs. The study relied on two key data sources:

- An online survey administered to a nationally representative segment of workers ages 50+. The survey sample was drawn from individuals who worked full- or part-time at companies with at least 10 employees. The survey provided extensive data on

¹ Sugrue, B. & Rivera, R. (2005). State of the Industry Report. Alexandria, VA: ASTD

² IBM Business Consulting Services. "Your Turn: The Global CEO Study 2004," p. 36. The study was based on interviews of 456 CEOs worldwide.

³ IBM Business Consulting Services, in association with the American Society of Training and Development. "Closing the Generational Divide: Shifting Workforce Demographics and the Learning Function," p. 1. 2006. The study was an online survey of 239 learning executives.

⁴ AARP. "American Business and Older Employees: A Focus on Midwest Employers," p. 12. 2005.

worker views of, and satisfaction with, the training opportunities they receive. The worker survey was fielded by Knowledge Networks in December 2006 and garnered 1,048 qualified responses.

- Interviews with 20 human resource and training executives at companies identified by AARP and Towers Perrin as likely to have strong training and development programs that might serve as models for other companies. The goal was to gain further insight into how these organizations view training broadly as well as their assessment of the advantages and disadvantages of training workers ages 50+ specifically.

This research produced some important insights:

- 50+ workers are highly receptive to training opportunities, particularly those aimed at improving specific business and technical skills. The strong appetite that many 50+ workers demonstrate for work-related training suggests that employers should make sure to consider the needs and interests of these workers when developing training programs.
- Many 50+ workers report that they actively and regularly attend training programs, and participate in a wide variety of ways, which suggests that their employers take an age-neutral approach to training.
- While these findings indicate that many 50+ workers believe that their employers do provide sufficient training options, opportunities for improvement exist. For example, more than half of respondents who have taken work-related training say that the training offered to them is not always appropriate for their needs or that participation is not always possible due to busy schedules. Additionally, more than one-third of respondents do not feel that their company offers all of the training opportunities that they need to keep their skills up-to-date, and more than one in four do not think that all workers at their company have equal access to training.

- Workers age 50+, as well as the select group of training leaders who were interviewed, indicate that training 50+ workers produces tangible benefits both for the workers and the organization. Workers say training improves their productivity and career prospects, while the interviewed organizations point to retention as an important outcome.

The findings from the study should dispel many of the doubts employers may still harbor about the value of making training investments in the 50+ workforce, as well as concerns about how mature workers view such training. The majority of respondents not only demonstrated enthusiasm for learning in general, but also expressed interest in various kinds of ongoing, job-specific skill development opportunities that build both organizational competitiveness and individual expertise. Significantly, 50+ workers also reported that their participation in training translates into organizational value as expressed by improved productivity, promotability, and retention.

If the study findings reveal a call to action, it is for organizations to more closely match their training investments to both enterprise strategy and employee needs to ensure that their organizations remain competitive in today's challenging business environment. Given the growing complexity of technology, and the relationships and processes needed to do business in a more global marketplace, offering effective training programs and opportunities across the demographic spectrum is fast becoming a business imperative in many companies and industries.

Following is a closer look at the key findings of this important research.