

Benefits & Compensation[®]

Vol. 44, No. 7 July 2007

DIGEST



Retiring Retirement: Mastering the Workforce Generation Gap

by **Edward E. Gordon**

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A 2010 workforce talent deficit is now in sight for most of the industrialized world. In the United States 79 million baby boomers will retire between 2010 and 2020. According to 2005 U.S. Census Bureau data, only 40 million members of Generations X and Y are set to replace them. American business needs to rethink its attitudes about retirement. Our culture will better value the knowledge and skills of the baby boomers as it becomes more obvious that they will be needed in the workplace beyond 2010.

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Retiring Retirement

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During the next 15 years, catering to preferences of Generations X and Y will become a major business human resources (HR) strategy, but there is an important flip side to finding the skilled people businesses will need. From 2000 to 2020 the U.S. Census Bureau projects a tiny, at best, growth of the population ages 25 to 54, while the 35-55 age group actually shrinks by 10%. (See the figure on page 18.) On the other side of the age ledger, the baby boomer population will rise by 73% for those ages 55 to 64 and 54% for those aged 65 and older.

Some HR directors are strongly biased in favor of retiring workers over the age of 50, claiming that older workers are expensive to maintain, adapt poorly to change, are hard to mesh with younger workers and have a poor return on investment for training. Yet skilled baby boomer availability to fill ever-widening skill gaps over the next 15 years requires a major human capital rethink due to sheer numbers alone. Research conducted by a number of sources around the world shows how outdated typical HR views of older workers are.

“Planning and verbal abilities actually peak in people’s 50s and 60s,” according to Louise Rolland, a professor studying aging and work at Swinburne University in Australia (2005).

Workforce researcher Juhani Ilmarinen of the Finnish Institute of Occupational Health believes that “With age, social skills get better—getting on with people, understanding people, working together and accepting differences.”

An Institute of Electrical and Electronics Engineers survey reported that older U.S. workers were better problem solvers and equal in technical knowledge and teamwork skills. While younger people may be better at adopting the latest technologies, workers aged 45 and over were stronger as project managers.¹

The good news for U.S. employers facing key skilled worker shortages is that over one-third of all American workers say that they never plan to retire. More than 20% plan to work at least part time after retiring. This finding correlates most strongly to the degree to which people love their work. Unless a firm is highly un-

usual, probably a third of its workforce loves work and would prefer never to retire . . . but is headed out the door based on policies and practices.

However, for personal or financial reasons, many people are postponing retirement or going back to work. Look at the numbers: In 2002, 20.7 million people aged 55 and over were in the workforce. According to the U.S. Bureau of Labor Statistics, in 2004 that number had risen to 22.7 million (a 9.6% increase). This increase in older workers seems to indicate that a major culture shift in business attitudes toward senior workers is beginning. Basically, it seems that companies want people who are reliable, and baby boomers often fit this job description.²

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Many firms now understand that making the workplace more appealing to aging workers may be a critical key to averting the demographic challenge at the 2010 crossroad and beyond. Organizations are introducing flexible work schedules, retraining, health-and-wellness seminars, part-time positions, job sharing and other strategies in a bid to retain and recruit older workers.

International companies sometimes offer senior executives the choice of overseas office assignments. This can appeal to many senior executives nearing the end of their careers and helps retain valuable knowledge and skills for important global expansion.

Got/IT is a program of Green Thumb, Inc., a nonprofit training and employment organization in Arlington, Virginia, that creates alliances with companies and develops programs that prepare older workers to enter jobs at computer-related companies. These senior hires free up younger employees with more advanced informa-

tion technology (IT) skills to move up the career ladder to challenging new projects, thus increasing personal loyalty and motivation as well as reducing turnover of hard-to-find advanced technologists.³

According to *Re-Visioning Retirement*, a study published by the World Future Society (2005), about 80% of baby boomer retirees expect to be working at least part time in retirement. They intend to seek a balance between leisure and work.

“In the decades ahead, the boomers will complete America’s transformation into a gerontocracy, as they take control of the nation’s social and economic power,” said gerontologist and psychologist Ken Dychtwald, author of the 2005 study. He predicts the boomers will postpone old age by disposing of our current “linear life” culture in which people move lock-step through life, first through education, next a job, and then leisure and retirement. Instead, a new “cyclic life” baby boomer culture is taking shape. Education, work and leisure will be interspersed repeatedly throughout the life span. This parallels the increasingly rapid obsolescence of knowledge and the consequent growing importance of lifelong learning.

For baby boomers, it is becoming normal for 50-year-olds to go back to school and for 70-year-olds to reinvent themselves through new careers.

“Phased retirement, part-time and flex-time work, and ‘reirements’ will become common options for elder boomers who’ll either need or want to continue working,” Dychtwald said.

Life Work vs. Work Life

Another factor for employers to consider is that Generations X and Y are less focused on advancing in the workplace than were their predecessors. A 2004 study commissioned by the American Business Collaboration found that the next generation of workers is less interested in putting work above all else. The survey reported that both men and women who are university educated are less focused on career advancement as well as less interested in increased work responsibilities than their predecessors a decade earlier.

These younger employees consider work “as secondary to their lives outside the office.”⁴ How employers address these generational differences will be crucial for

recruiting younger workers and holding on to them.

Flexible Scheduling

All the research clearly shows that younger workers view life differently than their parents. Business must learn to cope with their employees' "blended" lives—mixing work with additional time for children, education, athletics or other leisure pursuits.

Some of the strategies developed by companies to make time for more flexible hours include:

- Allowing all employees to apply for flexible schedules
- Requiring proposals that outline how the plan will work
- Evaluating flexible setups regularly
- Making scheduling a team responsibility
- Training people to back up co-workers.

At one Minneapolis, Minnesota company, 65% of employees have no starting times, no quitting times and no rules about when or how much they work. How can this be possible?⁵

Communication technology and innovation have redefined the way we work. People can now achieve the same results at home or on the road as working in an office. Surveys often conclude that U.S. workers now spend far too much time in the office.

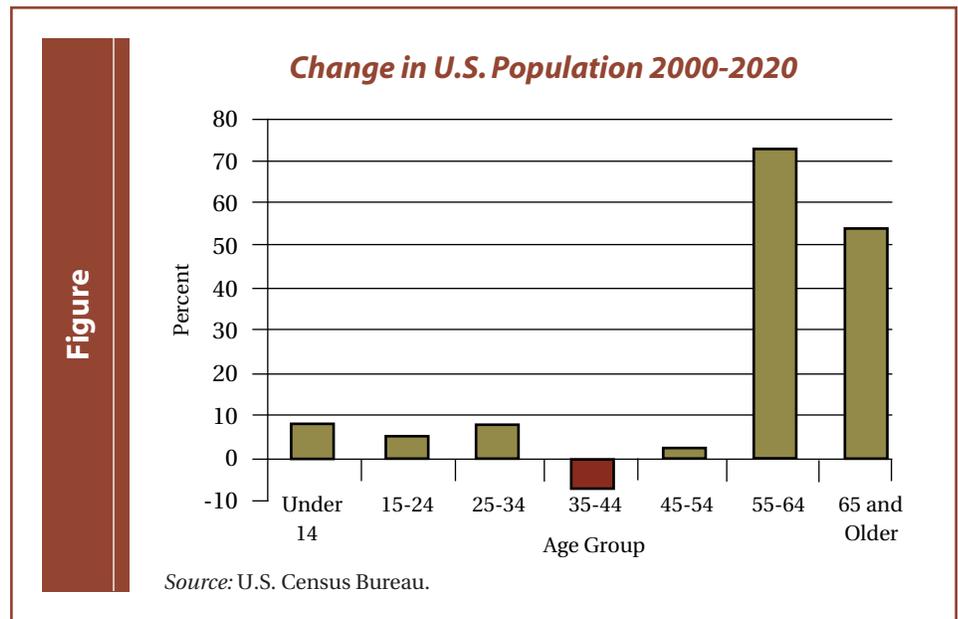
At the Minneapolis company, an average of 4,000 out of 4,500 people still swipe their badges every day at headquarters, though not everybody works between 8:00 a.m. and 5:00 p.m.⁶

By combining flexible work schedules and telework, some employers gain a great deal in productivity. They achieve better results faster in more varied ways, such as structuring work as projects in which people work "asynchronously" rather than the standard 9-to-5 shift.⁷

New Recruitment Options

About 37% of all professional women will leave the U.S. workforce. Employers will need them back, but only a fraction want full-time employment. Welcome to the new world of *sequencing mothers*.⁸

Savvy companies know that impending skilled labor shortages make it important to reach out to the large, mostly untapped pool of so-called sequencing mothers who



want to return to the labor market. Such women temporarily leave the workforce or scale back to raise their children. Later, when the children are older, these women return to their careers.

More companies are starting new programs to hire sequencing mothers or are seeking to retain them because of a seismic shift in women's cultural attitudes toward motherhood and work.⁹

The first national study of this group, done by the Bureau of Labor Statistics in 2006, showed that women at every income level want a break to raise their infants. The report shows that a new mother's hiatus tends to be from one to three years. Besides nurturing babies, there were many other compelling reasons why mothers "drop out":

- Poor quality of available child care
- High cost of acceptable child care
- Lack of extended maternity leave
- Lack of flexible return-to-work options
- Decision to switch to a more family friendly career.

An earlier work, *The Motherhood Study*, by Enola G. Aird and Martha Farrell Erickson, found that only 16% of those surveyed preferred full-time employment, while 33% would prefer part-time work and about 30% would like to work for pay from home. Most of these mothers wanted to spend more time with their children and families.¹⁰

As the "mommy drain" has become more serious, companies are beginning to respond with some real innovations.

Leading employers known for their family friendly benefits have developed a repertoire of strategies to lure these women back:

- Offering paid, at-home work projects
- Providing training and career planning
- Assigning mentors to stay in touch
- Issuing invitations to office parties and meetings
- Sponsoring mothers networks for current and former employees
- Assigning internal recruiters to match skills with openings.¹¹

A 2005 survey of 488 HR professionals indicated that 33% have a formal policy allowing part-time work for professionals. Another 39% consider part-time employment on a case-by-case basis.¹²

Now companies are reaching out to these women, giving them a year or longer for maternity leave. A 2004 study by Chicago-based Corporate Project Resources reported that over 90% of Fortune 500 companies are trying to recruit sequencing mothers on a contract or short-term basis. Many of these women are older, with more career experience and proven skills. Flexible work schedules, part-time positions, telecommuting and job sharing help these employees move in and out of the workplace for personal reasons without being lost as human capital to an organization.

Employers are also attracting women back from maternity leave by

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Americans' Retirement Plans Based on 2004 Survey

- 46% wanted to move between work and leisure
- 21% wanted to work part time
- 11% wanted to work full time
- 19% never wanted to work for pay again

Source: Sharon Lindt, "Our Dreams for Retirement Often Include Another Job," www.retirement-retirement.com.

- Increasing maternity leave pay
- Communicating benefits and support proactively
- Keeping in touch throughout maternity leave
- Offering meaningful jobs with reduced travel and hours
- Giving mothers fair access to bonuses and incentives
- Facilitating longer leaves
- Offering company-sponsored or subsidized day care on work premises or near the office.¹³

Another way to keep career women in the workforce is to end the mommy stigma by recasting this issue as a quality-of-life concern shared equally by men and women of Generations X and Y. This approach is spreading in the financial services sector where employers have long sought out ways to attract, retain and promote women. Other techniques that companies are now testing to end the mommy stigma include:

- Using men in promotional materials for a flexible work option
- Making a business case for telecommuting, such as planning for a disaster
- Customizing career paths for all workers and encouraging alternative paths
- Offering concierge services that simplify life, such as emergency day care.¹⁴

Sweeten the Pot

According to a 2007 survey of 1,000 top executives by the Economist Intelligence Unit, businesses are now placing greater emphasis on performance-related

pay to retain and motivate staff. A separate JobKite.com study (2006) showed that as the labor market for talent tightened, 56% of respondents made significant benefit enhancements. In addition to 88% offering supplemental medical benefits, 69% provided enhanced compensation, including:

- Stock vesting
- 401(k) funds
- Salary related to market averages
- Sign-on bonuses
- Quarterly bonus plans
- Relocation packages.¹⁵

The message is clear. The next generation of workers wants fewer hours. That will mean finding other people to make up the difference.¹⁶

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