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The Importance of Utilizing Older Workers as They Become a More Significant Factor in America's Work Force

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ABSTRACT

This thesis will focus on the study of how America's companies are beginning to realize what a valuable asset their older employees have become. These people bring years of experience, knowledge, skill and loyalty to the work place. Contrary to stereotypes of older workers being slow, inflexible, unproductive, costly, uncreative and not adaptable, organizations are discovering that these people in general do not fit this "mold."

Throughout history there has been a change in attitudes toward older individuals. During colonial America, age represented authority, power, arrogance and greed. Around the time of the American Revolution, equality among the classes emerged. Established status hierarchies, wealth structures and political authority were drastically altered. By the twentieth century, Americans began to view the older generation as a burden. Mandatory retirement laws were passed in order to make room for young workers.

Today, the work force in the United States is becoming older due to improved life expectancies and

declining birthrates. Companies are now considering ways to keep older workers employed by devising programs which are of interest to them.

Some of these programs include phased retirement, job-sharing, flexible working times and places, dependent care and personal growth leaves of absence, temporary or consulting assignments, retraining and upgrading of skills, part-time jobs, dependent and elder care insurance, comprehensive health care insurance, retirement and career planning, redesigned jobs, and, very importantly, recognition of older workers' accomplishments.

Specifically, it is hypothesized that the shift in the work force to larger numbers of older workers and the declining numbers of younger workers has resulted in a need to continue to utilize the knowledge and abilities of the older workers. This, in turn, is resulting in a variety of unique programs designed to meet this need.

This study of thirteen companies supports this hypothesis. Researchers find that it is essential and profitable to utilize older workers due to the predicted shrinking work force which will be countered by a continued increase in life expectancy.

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Dedication

To my husband, Steven M. Brown, who never gave up on my completing this project, and without whose encouragement I probably never would have come to this point.

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INTRODUCTION

America's Work Force

The composition of America's work force is changing rapidly. Once a youth-oriented labor culture, the nation is now witnessing a "graying" of America in the general population. These changing demographics are beginning to be reflected in the work place. The fact is that the proportion of older people within the population is increasing. Since 1900, the segment of people over 65 has grown three times faster than the overall population (Walker and Lazer 15).

Because of better medical care and healthier life styles, the average life expectancy has increased from 47 years in 1900 to 78 years for males in 1978. In 1900 the "over 65s" comprised 4% of the population. By 2050 it is predicted that this segment of the population will equal 16% (16).

Coupled with this situation is the fact that fewer younger people are entering the work force every year. The "baby boomers" are nearing middle age, and by the year 2000, the median age of the work force is projected to be 40, compared with 35 in 1990 (Schulz 56).

Another factor which contributes to the ratio of age in the work force is the declining birthrate in the United States. Between 1880 and 1930, the rate of birth in this country declined steadily. It remained fairly constant in the 1930s, rose slightly from 1940 to 1957, and has been dropping consistently ever since then (Walker and Lazer 16).

By 2000, only one out of two men aged 55-64 will be employed. By that same year, people aged 20-24 in the labor force will fall by nearly 2.5 million, and the 25-29 group will decline by almost three million (Scott and Brudney 163). The 45-54 group of workers will increase by almost 13 million between 1986 and 2000 (Lefkovich 64). America can expect to have five million additional adults over 65 by 2000 (Scott and Brudney 163).

Despite the current recessionary times, the demographics are such that forward-thinking companies are beginning to realize that they need to bring people back from retirement and keep good, competent employees working longer. Those companies which strive now to make use of this vast resource will be ahead of the game when the demand for workers is greater than the supply.

History of Attitudes Toward Age

Attitudes toward older adults have continued to change dramatically throughout American history. Today the generally-accepted stereotype of elderly people in the United States depicts them as either completely destitute or extremely wealthy. In actuality, the truth lies somewhere in between. "Today, (the elderly's) improved economic status - resulting from a combination of public and private efforts... -- is a major success of U.S. social welfare policy" (Meyer 23).

Workers were not always so well cared for by their government and employers. In Colonial America there were fewer older people than there are now. Only one in five individuals lived to age 70 compared to four out of five today. But in the 1700s this small segment of the population held most of the authority. People did not retire to make room for the young. Old age was generally resented, because it was associated with power, arrogance, cruelty and greed (Walker and Lazer 4).

With the coming of the American Revolution, the social status of age began to change. In 1777, New York State enacted a law setting age limits for judges. In 1780 and 1820, the social revolutions in America and in France generally propounded the idea of equality for all. Communal government appeared which destroyed established status hierarchies, wealth structures and political authorities (4).

During the 1800s, the youth cult was well established in America and elsewhere. Far from being sources of information and advice, older people were regarded as nuisances. Writing in Walden, John David Thoreau went so far as to say, "I have yet to hear the first syllable of valuable or even earnest advice from my seniors. They have told me nothing, and probably cannot teach me anything" (5).

In 1875, the American Express Company established the first employer-provided pension plan. It applied only to disabled elderly employees. Workers were eligible to receive benefits from the company when they completed 20 years of service and reached age 60. In addition, the company's general manager had to recommend retirement for the individual, subject to approval by the executive committee of the board of directors. The annual benefit was 50% of the worker's annual average pay during the 10 years preceding retirement with a maximum payment of $500 annually. This plan lasted virtually unchanged for 40 years (Seburn 16).

By 1900, aging had become a serious social problem. In 1909, the first Commission on Aging was formed in Massachusetts. Federal programs were proposed, and private pension plans began to develop. The first state pension was created in 1915 in Arizona. The study of geriatrics and gerontology emerged as true sciences in the early 1900s. (Walker and Lazer 5).

The Social Security Act of 1935 set age 65 as the minimum age for a retired individual to receive benefits. One of the ideas behind the Act was to make room for younger workers (Scott and Brudney 20). This idea that old age began at 65 was an arbitrary definition, based on the German pension system -- not on any scientific knowledge about aging (Lifelong Learning 6).

The Social Security System also offered workers who had survived to age 65 the possibility of retiring with a modest guaranteed income. Most older workers at that time were employed as manual laborers either in factories or on farms. There was very little motivation for them to continue working, and they looked forward to having a few work-free years ahead of them. Low inflation rates and rising productivity encouraged the pro-retirement thinking of this period (Kieffer 11).

Since 1935, more people are living to 65, and more are retiring at or before that age. More workers are employed by government and private employers than ever before. Fewer people now live on family farms. Employers have become less tolerant of age-related disabilities (Walker and Lazer 4).

In order to combat that attitude, the Age Discrimination in Employment Act (ADEA) was enacted in 1967. Even though the Act prohibited discrimination against individuals over 40, it was still legal to observe the terms of a bona fide retirement benefit plan which specified a retirement age. The ADEA was amended in 1978 with the provision that while pension plans could continue to specify a normal retirement age, the decision to retire must be voluntary before 70 years old (7).

On October 16, 1990, President George Bush signed the Older Workers Benefit Protection Act. This act reversed the Supreme Court's 1989 ruling in *Public Employees Retirement System of Ohio v. Betts* which generally exempted employee benefit programs from the protection of the ADEA. It also established minimum standards for the waiver of employee rights under the ADEA.

Specifically, the Act says that covered employers must provide older workers with benefits at least equal to those provided to younger workers, unless the employer can prove the cost of providing an equal benefit is greater for an older worker than for a younger one (Murphy, Barlow and Hatch 13).

<u>Ageism -- Stereotypes and Rebuttals</u>

There are many myths about older workers which business has helped to perpetuate over the years. Even though these assumptions are not factually valid, they continue to permeate the workplace and lead to misunderstanding of what older adults are capable of accomplishing and contributing. Some of the more prevalent cliches and the actual facts rebutting them follows:

1. *Work performance declines as age increases.* In reality, in most job situations older employees

perform as well as, or better than, their younger counterparts. They have been found to meet company productivity expectations. Productivity can, and should, be thought of in the broader sense as encompassing not only units produced per standard time interval, but also as contributions made to work morale and efficiency within the organization (Coberly and Newquist 24).

2. *Older workers are slow and need longer and more frequent rest periods* (Levine 126). Studies by Georgia Tech psychology professor Anderson Smith have shown that some abilities do deteriorate with age, such as reaction time, organizational skills in learning complex materials, and working memory. But this deterioration actually begins around age 25. Most people learn to compensate for this decline by taking better notes, for example, to aid in memory (Kiechel 183).

3. *It costs more to hire older employees.* It is true that the costs of some employee benefits, such as indemnity plan health insurance, long-term disability insurance and life insurance, tend to increase with age. But that is not the whole picture. As Sally Coberly and Deborah Newquist state, these costs can be

offset by other fringe benefits, such as vacation time and pensions which are tied to length of service and salary level.

Older workers also may generate an immeasurable benefit to the company through the positive influence they have on the work habits and productivity of younger workers. Coberly and Newquist go on to say, "While difficult to quantify, these less tangible, hidden benefits should be included in any cost/benefit accounting" (24).

4. *Older workers are absent more and have more one-the job accidents.* A survey conducted by the Cornell Hotel and Restaurant Administration gave older workers above average scores for dependability, attitude, emotional maturity, guest relations and work quality. A 1985 American Association of Retired Persons (AARP) survey of 400 firms found that more than 75 percent of them said their older employees showed better-than-average attendance as well as punctuality, commitment to quality and practical knowledge (Scott and Brudney 164).

Older workers also display significantly lower levels of absenteeism, because they are less likely than younger workers to overindulge in drink or take the day off to go surfing (Kiechel 183). Another study found that in reviewing one million workers' compensation records in 30 states, older workers had fewer occupational injuries than younger workers (164). According to the Bureau of Labor Statistics, workers over age 55 account for under ten percent of all workplace injuries even though they comprise almost 14 percent of the total labor force (Coberly and Newquist 24).

According to a paper published by the United States Senate Special Committee on Aging, falls are the most common forms of injuries to older adults. Good safety habits, including proper lighting, nonskid carpets, and keeping work areas free of unnecessary obstacles, can help prevent injuries (111).

5. *Older workers are inflexible.* This is the "you can't teach an old dog new tricks" theory. Older people are individuals, and each one must be judged separately. Perhaps they can no longer learn the same way younger people learn, but they **can** and **do** learn.

For instance, older workers can be trained to handle new technologies as quickly as younger workers ("Older Workers are Good Workers" 88). Sometimes it is necessary to revise training procedures, and let the individuals learn at their own pace. First, they have to unlearn old skills. They can proceed at their own pace as long as they are given examples and experts to consult with when they have questions (Kiechel 184).

6. *Older workers want to retire and are not interested in working.* While this may be true of those older workers who are financially secure, many of this nation's older population live at or below the poverty level. Those who are healthy enough and eager to work are faced with the loss of pension benefits and a reduction in Social Security money if they continue full-time employment (Herz and Rones 15).

Employers have encouraged employees in their 50s to voluntarily retire by not offering further training and development. This assures that the skill level of such employees do decline. Those who do choose to stay after age 65 find that their pensions no longer gain in value with more years of service, and their life insurance stops or declines. "In these circumstances, even older workers who want or need to work longer have found that they are often considered a liability...and an outdated relic..." (Kieffer 13).

A 1981 Harris Poll found that nearly four out of five people aged 55 to 64 who were still working would prefer to continue working. Some older persons are not interested in the types of jobs that are commonly available to them, such as low paying jobs with few, if any, fringe benefits. Many are unsure of their job-seeking skills, so they choose retirement rather than risk rejection (Coberly and Newquist 25).

7. *Older workers deprive young people of jobs.* Basically, this is untrue, since the two groups of people are not usually competing for the same type or level of job (25).

8. *Older workers are not creative.* John Snodgrass, president of the Days Inn hotel chain, says that brainstorming groups in their senior people's section of the company's telephone reservation center devised an improved system for tracking operator performance. Days Inns' highest-performing telemarketer in 1990 was Harold Blum, age 77 (Kiechel 184).

9. *Older workers are not adaptable and are unwilling to adopt new ways.* Research by Professor Siegfried Streufert, a psychologist at the Pennsylvania State University Medical School, found that people in the 65 to 75 age group did have a diminished capacity for extensive planning. Part of the reason for this is

their tendency to ignore incoming information under normal circumstances. They become more interested in comparing ideas with their peers instead of listening for "drumbeats" from the outside world. Dr. Streufert says that this defect can be corrected easily if the individual simply is made aware of the problem (184).

In some instances, older workers are interested in modifying their job schedules. Part-time work may be very attractive to many older people who no longer want or need the stress associated with some upper level, full-time positions. Many would like to keep their same jobs, but change to a flexible work schedule. Some would prefer modifying their jobs or transferring to new jobs (Coberly and Newquist 25).

10. *Older workers resent being managed by younger people.* Older employees appreciate having a little respect shown for their years on the job. Once they establish their authority, younger managers need to engage in some form of participative management and ask older workers for their advice. This is an excellent means of drawing on the considerable experience older workers have to offer. These people are probably not looking for promotions, and they are not likely to embarrass their managers by quitting over petty issues.

Basically, older workers just want to be treated like everybody else (Kiechel 183-184).

11. *Intelligence declines with age.* According to a paper published by the United States Senate Special Committee on Aging, intelligence per se does not decline without reason as people grow older. Most people maintain their intellect or improve as they age (110).

12. *Personalities, like hair and skin color, change as people age.* It is not true that personality changes with age. That means that all old people cannot be described as rigid and cantankerous. People are what they are for as long as they live (111).

In order to combat this stigmatism and make good use of older adults, it is important to look at the aging process and how it affects individuals. Only when younger people understand older adults will the stereotypes disappear.

<u>Programs for Older Adults</u>

In order to keep valuable older workers on the job, many companies are looking for alternative work options. These options include phased, or gradual retirement, job sharing, flextime, flexplace, elder care, sabbaticals or personal leave, temporary assignments, retraining, career renewal, part-time work, comprehensive health-care benefits, retirement or career planning, job redesign, and job recognition.

Many companies, such as Corning Glass Works, Herman Miller, Bank of America, Varian Associates, Grumman, Builders Emporium, Travelers Insurance Corporation, Control Data Corporation, Polaroid Corporation, Wells Fargo & Company, Days Inn of America, MacDonalds, and American Airlines, have instituted programs designed to retain their older workers or hire new elderly employees. These are the companies which recognize that in the future they will have a strong need for these loyal employees. They are doing something today to retain them for tomorrow.

Summary and Statement of Purpose

In order to continue to utilize everything older workers have to offer their employers, companies need to begin evaluating how best to deal with their aging labor force. As Raymond J. Donovan, Secretary of Labor in 1984, said, "Our effectiveness in meeting the needs of older citizens will help determine the quality of life for all Americans" (4).

By simply changing long established attitudes toward the frailties of aging, American business will profit from this vast, relatively untapped resource. Companies which will be competing in the global market can no longer view usually minor adjustments which may be required for older workers as too expensive, without considering the difficulty of finding enough younger workers and the costs of training them (Hopkins, Nestleroth, and Bolick 176).

Companies cannot think of older workers as demanding too great an investment of management's time, without considering the decades' worth of valuable skills and knowledge that most older employees possess (177). Employers have an obligation both to their older workers and to their stockholders to make the best possible use of all resources, especially human resources.

In addition, companies cannot view the older work force as inflexible, without considering the possibility of part-time work, casual employment, or job restructuring as ways to match good workers with unfilled positions (177).

The purpose of this study, therefore, is to explore and evaluate alternative work designs which are available to employers at the present time. These are the programs which encourage older workers who either need or want to remain on the job and active beyond what is considered normal retirement age.

This study also will look at specific organizations which have initiated programs designed to both retain and hire older workers. These programs include lower level, non-stress type positions, as well as those which utilize the professional talents and experience older workers possess.

Chapter II

LITERATURE REVIEW

Making good, productive use of older workers is a challenge which many American companies today are beginning to accept through the use of innovative programs. Although older workers have been the subject of study and legislation for the past 30 years, it is only recently that they have found protection under federal law. Under the Age Discrimination in Employment Act of 1967 (ADEA), employers were required to observe the terms of a bona fide retirement benefit plan.

Two scholars who cover this topic thoroughly are James W. Walker and Harriet L. Lazer. Walker is a principal with the management consulting firm, Towers, Perrin, Forster and Crosby in New Jersey. He is a member of the Gerontological Society and serves on the editorial board of the journal published by the National Council on Aging, Aging and Work. Walker is also on the business administration faculty at Arizona State University.

Lazer is a consultant with the communications consulting firm of Brecker and Merryman, Inc., in New York. She is a graduate of Barnard College in New York.

According to Walker and Lazer, employers still are permitted to require their employees to retire (7). They explain that in 1978 the ADEA was amended to say that pension plans may continue to specify normal retirement ages, but the decision to retire must be voluntary before an individual reaches 70 years of age (7). They feel that this elimination of mandatory retirement before an individual attains age 70 raises some very significant issues concerning age in our society.

Walker and Lazer point out that on one side of the issue, those against mandatory retirement say that there is no clear relationship between age 65 and a person's ability to perform a job. They also contend that age alone is not a valid determinant of productivity. They claim that increased longevity and improved health help people remain productive well into their 70s. Older employees are currently better educated, more highly skilled, and in better health than prior generations (10).

The issue of mandatory retirement also has its supporters. Walker and Lazer say that mandatory retirement protects workers against unequal treatment within the work place. They point out that it provides a predictable situation for management and employees by enabling them to forecast changes in the work force. The authors claim that mandatory retirement also makes it easier to remove less qualified personnel, allows the forecasting of pension and other benefits costs, and avoids morale-diminishing disputes with employees over retirement (11).

However, since older workers are still on the job past the age of 65, companies need to make the best possible use of them. In order to keep older workers and their valuable skills and knowledge in the workplace, many companies and researchers are looking for ways to meet older workers' unique needs. There are a variety of options available to employers, some of which have been proven to be highly successful over many years. This paper looks into programs which have worked well for some companies and also studies some of the organizations which are currently supportive of older workers.

Phased or gradual retirement

One of the more popular programs being utilized today is phased, or gradual, retirement. Two researchers who look into this issue are Hilda Scott and Juliet F. Brudney. Scott is a journalist and author specializing in social policy issues. Brudney is a former project director on employer-supported child care for the United States Department of Labor. She writes a column for the Boston Globe, "Living with Work."

Scott and Brudney write that by encouraging older workers to retire gradually, businesses are able to stretch their investment in their experienced employees (171).

Gradual retirement can take the form of a reduction in work hours during the one or two years preceding full retirement. Sometimes employees can take sabbaticals from work to see what full retirement is really like and whether it is a lifestyle which is appealing to them.

Lawrence S. Root, Ph.D. an associate professor in the School of Social Work at the University of Michigan, explains that this "rehearsal retirement" allows workers to experience what retirement would be like without making an irreversible decision about terminating employment. Root found that companies which have initiated a phasing-out program have discovered that it actually may speed up the retirement process, or it may serve to retain the workers who would otherwise have taken retirement. He goes on to explain that it may also provide a more orderly internal transition for the company as a whole by allowing for the gradual training of the retirees' replacements (15).

Job redesign

Companies are also looking at various methods of redesigning jobs as a means of encouraging older workers to stay on the job. This requires a change in long-held attitudes, but those companies which have tried different approaches to the older worker question have been surprised at the positive results.

Root says that one popular method of job redesign is job sharing. He explains that this is a device companies are using to retain older workers who no longer desire to work full-time. This can be the splitting of one job into two parts, usually dividing the day, but it can also mean working alternating months or days (16).

Walter Kiechel, III, a staff writer for Fortune and author of A Guide to the Managerial Life, says that Professor Gerald Graham of Wichita State University observed that many older people prefer working nine months on and three months off (185).

Jarold Kieffer is a policy and management consultant who was formerly Deputy Commissioner of Social Security, Director of the National Committee on Careers for Older American, and Staff Director of the 1981 White House Conference on Aging. Kieffer writes that by splitting job duties, the function of one job is performed by two people (15). He says that companies are able to retain two good workers for the cost of one. Kieffer explains that the work gets done just as efficiently as previously, and the workers have the satisfaction of knowing that they are still contributing valuable services to the organization.

Flextime

Another method of job redesign is referred to as flextime. Jeff L. Lefkovich, a consultant based in Wethersfield, Connecticut specializes in issues concerning the recruitment and retention of older workers and eldercare programs. He explains that providing a flexible work schedule has become a common corporate policy which allows all employees to gain additional flexibility and versatility in their workday (75).

Kieffer says that this idea is becoming more common in the work place for older workers, as well as for working mothers and other employees. He writes that by staggering working hours, companies are able to keep employees on the job during peak hours of the day. He found that some companies offer longer vacation periods in return for proportionately reduced compensation and benefits. For those eligible for pensions, those benefits might be phased in gradually as work time and wages are gradually reduced (15).

Flexplace

A similar type program is termed flexplace. Flexplace options are being offered by companies which are able to take advantage of them. For instance, Root points out that off-site employment through the use of telecommunications can accommodate the needs of older workers who do not want to travel to the office every day. He says that the jobs which offer this potential usually involve computer operations performed by individuals in their homes (15).

Lefkovich adds that a flexible location program accommodates both the employer and the employee. He found that in 1985 "...Pacific Bell established a 'telecommuting' program that allows employees who are working at home to send information via computer and modem to the company's offices" (75).

Elder care

Since, in many instances, older employees have older parents to care for, some companies offer these employees leaves to care for elder dependents without a loss of benefits. Douglas C. Galvin, a staff writer for New Choices, conducted a survey of companies in 1992, and he found that some more progressive companies even provided elder care referral services in order to ease the burden on their workers (18).

As the work force continues to grow older, concern for aged adults, and the responsibilities associated with caring for dependent parents, is becoming a very real problem. Although Galvin found that elder care is not a prevalent benefit offered to employees, he says there are companies in this country which do recognize this problem and offer their employees some type of assistance (18).

Sabbaticals

Anthony Ramirez, a reporter for Fortune, writes that some companies have found that it is beneficial to offer their employees sabbaticals for personal growth. He says that Wells Fargo, for instance, offers employees with at least ten years of service the opportunity to take up to three months of full paid leave in order to pursue a project of their choice. Ramirez says that when they return to work full time, they often feel renewed and ready to work. He explains that these personal growth leaves help alleviate the employees' "burned out" feeling experienced by many long term workers (184).

Scott and Brudney found that 14% of companies in the United States do offer their employees some type of sabbatical or extended leaves of absences. The researchers say that these refreshing and appreciated leaves tend to restore productivity, enthusiasm, and loyalty (175).

Temporary assignments

Root says retirees have found that they can be useful assets to their employers when they are given temporary assignments or projects to work on. He says that some companies, such as Aerospace Corporation, have found that its retirees bring an invaluable "institutional memory" to a project. Root writes that in order to resolve the problem of pension rules interfering with these assignments, companies have used intermediaries as the employer of record. He says that some organizations develop contractual arrangements with the retirees rather than hiring them directly (14).

Scott and Brudney concur that companies which hire older workers as consultants, workshop leaders, and support group facilitators, find that they have a pool of experienced individuals who understand a myriad of problems. The authors explain that these people often have useful expertise in public relations, marketing, and human services (183).

In Root's research, he discovered that Catalytic, a Philadelphia-based construction firm specializing in energy production facilities, has found that retirees from larger companies are a good source of personnel for its construction projects. He says that by using these individuals, the company saves time and money training inexperienced temporary workers (14).

Lefkovich goes a step further by recommending that companies look at older workers as mentors and trainers. He says, "With a lifetime of experience, older workers can pass along valuable skills and job knowledge to the next working generation" (75).

Career development

Anthony J. Buonocore, Ed.D. and president of The Learning Edge Consulting Group in Mendham, New Jersey, specializes in organizational intervention dealing with diversity issues. He says that lifelong career development is one way to achieve the goal of effectively utilizing older employees and making sure that they are allowed to continue to contribute fully throughout their working lives (54). Buonocore refers to Edgar H. Schein, one of the foremost organizational development specialists in the country. He says that Schein feels that early career development should be a process of finding a career anchor. Buonocore writes that according to Schein

> developing a career anchor requires internal reflections about the employee's motives, needs and values. Further, the career anchor is the result of the early interaction between the individual and the work environment. (55)

Buonocore says that, unfortunately, most companies do not recognize the fact that individuals go through significant developmental stages as they age. He points out that career development is generally something that happens at the beginning of one's career. He says it is important to recognize that the "...realization that one is growing old is one of a number of internal struggles that go on during the aging process" (55).

Buonocore says that most people undergo a major developmental change at mid-life. This change may result in new motives, needs and values. Buonocore finds that

> ...it is the rare organization that embarks on a new program of mutual discovery to determine what might be the best path for that employee to follow to establish a new anchor. (55)

According to Buonocore, a corporation may indeed have a sizeable contingent of employees over the age of 40 who have discovered that they have different goals than they did when they were originally hired. These individuals may be interested in new career paths (57). However, Buonocore says that most companies feel that responsibility for career development is the employee's, and many companies discount older employees when they express an interest in a career change (56).

Buonocore states that corporations may be in a position where

> ...new competitive requirements are forcing change within the organization and corporate management may be looking to develop new career paths for their people. All too frequently, however, corporate America hires new talent from the outside and ignores the older workers who already may be proven, valued employees. (57)

Buonocore warns that corporations which do not consider career development appropriate for their older employees may face a loss of creativity that the employees are showing on the job. He says that they also may face a bottom-line loss. Fortunately, according to Buonocore, more and more companies are beginning to realize the potential impact of this short-sighted thinking (57).

The author says that companies must start doing more to fully utilize the talents and potential of their over-40 workers. He relates this realization with the decline in the number of young applicants, the increasing percentage of older workers in the work force, and demographic trends which show that individuals are preferring to work longer (57).

Buonocore writes that the way to start this process is to begin thinking about career development as a lifelong process. He says it is important to pay attention to what is available for employees who may be ready for new challenges after they reach age 40. Buonocore concludes that

> In an era of diminishing resources, effectively managing all the diverse elements in our workforce is more than a good idea, and more than the law: It's something that our future success may depend upon. (57)

Walker and Lazer write that progressive companies are looking at career renewal programs as something that is needed now. They explain that these programs give employees the opportunity to reconsider their personal strengths and limitations. The researchers say that this form of career planning enables employees to evaluate their personal abilities, interests, and experiences as they develop their future goals and plans. Walker and Lazer found that some companies provide self-study materials, workshops or seminars in addition to the counseling (52).

Retraining

Few private-sector training programs are specifically oriented to older workers, but Kieffer writes that these people can be retrained and educated. Most of the time, he says they do not want to be left behind while their co-workers continue to learn and expand their job knowledge. He found that this attitude is changing as the work force grows older. Kieffer says that some companies offer educational opportunities to their employees who are nearing retirement and who want to develop second careers or other interests. He explains that some have instituted tuition reimbursement programs for older employees, and some have even included spouses who are over 50 years old. He feels that employers need to assure their older workers that they need to keep up or acquire skills that enable them to be considered valued employees in the future operations of their organizations (15).

Robert B. Maxwell, President of the American Association of Retired Persons (AARP), wrote in 1992

> that employers are beginning to discover that the cost of training a new employee and the loss of productivity resulting from the discharge of a competent older worker may outweigh the cost in salary and benefits of keeping that older worker on the job. (8)

James H. Schulz, professor of economics at Brandeis University, says that the nature of productive capacity, and the skill requirements associated with it, represents a significant threat to older workers. He says these factors raise the probability of job obsolescence and increase the difficulty of making new job matches. He feels that the transmission of new knowledge to older workers will take on new importance in the future (57).

Schulz writes that most government-sponsored vocational education programs in this country are geared toward the young, entering employees. He says there is good evidence to support the idea that many older workers would respond positively to an education or training environment that encouraged mid-life learning (57).

Catherine D. Fyock, president of Innovative Management Concepts, says that "... as workers grow older, they theoretically grow wiser, because time is a valuable teacher." But, she goes on to say that employers cannot just sit back and hope that older workers will mysteriously absorb new job-related skills (21).

Fyock says there are many similarities between training older adults and younger adults. She lists these similarities:

1. They want a supportive, friendly environment.
2. They want to be able to apply what they have learned.
3. They want to know why they are learning and what they are being taught.
4. They want to build new learning on past experiences. (22)

Fyock goes to list differences which exist between the two age groups:

1. Because of the way the brain ages, older adults may take longer to store and retrieve data than they did when they were younger.
2. The aging of the brain may also slow down the learning process. However, for most adults, the mental functioning is not affected until about age 70.
3. Older workers tend to stay with the same employer longer than do younger workers, so the investment in training is easily recouped.

4. Once older workers learn new tasks, they tend to perform them with fewer mistakes than younger workers.
5. As individuals age, their vision changes, and that can make some training materials difficult for older adults to read.
6. Some older adults are not familiar with high-technology terminology and/or equipment. (22)

In order to provide training for older individuals, Fyock points out that it may be necessary to make certain accommodations. She provides businesses with some guidelines for older learners:

1. Allow self-paced learning. Since people, old and young, learn at different rates, a self-paced learning system is beneficial to everyone. Fyock says that workers who are allowed to learn at a pace comfortable to them also build self-confidence and self-esteem.
2. Provide easy-to-read training materials. Fyock writes that as people age, their vision changes. She says that a major change occurs in the way individuals perceive light. Therefore, Fyock claims trainers should

provide materials with high-contrast colors and bold typefaces. Glossy materials are often more difficult for older workers to read.

3. Avoid posting training materials above normal eye level. Many 50-plus adults do not see as well as younger people. They may not be as adept at reading small print. Therefore, many older workers may wear bifocals, which make it difficult to look up and read.
4. Speak clearly and distinctly. Have hearing-impaired people sit at the front of the room. Remove distracting sounds. As people age, they may not hear as clearly as younger individuals, and they may not be able to hear soft, high-pitched sounds.
5. Use adult learning principles to train older workers on new skills. Because of the way the brain changes as people grow older, Fyock says that they may take longer to store and retrieve data than they did when they were younger. This may slow down the learning process, but for most people, Fyock says mental functioning is not affected until

about age 70. Taking this situation into consideration, she says it makes good sense to break skills into small tasks and then build upon that newly-acquired knowledge (22).

6. Provide a friendly, supportive, comfortable learning environment when training older workers. Many older adults are fearful of entering a training situation. They also may lack self-confidence, be afraid of embarrassing themselves and appearing stupid in front of co-workers.
7. Eliminate unfamiliar jargon from the work environment. If this is not practical, Fyock suggests explaining terms from the beginning. Since new workers over the age of 50 already feel different from other employees, the use of jargon places more walls between new and existing employees. Fyock says it can form barriers and perpetuates a divisive "we" (sic) mentality.
8. Use multiple training methods for older adults. Fyock suggests using lectures, group discussions, case studies, individual

exercises, videos, and demonstrations. She says, however, that older adults tend to benefit most from seeing material in print form.

9. Use older adults to teach other older workers. Fyock says older people feel more comfortable learning from individuals closer to their own age. Older instructors also tend to be more sensitive to adult learning differences. They are more likely to adapt material to meet the needs of their older students. They may also serve as a role model and help build self-confidence.

10. Group older trainees together in the learning process. Older workers like to work along side their peers. Their self-confidence may rise when they see other older students succeeding.

11. Build on older workers' life experiences. Use them to enhance learning and build self-esteem.

12. Link learning with rewards. Make sure older workers understand that the skills they learn during training sessions will have a

direct effect on job rewards and incentives (23).

Creating a training program for older adults can be costly. However, Arthur R. Pell, Ph.D. and a consultant for Dale Carnegie & Associates, points out that increasing a person's capability and productivity even for a few years usually justifies the cost. Dr. Pell says that not only does such a program help to stimulate and enrich the older workers, it demonstrates to younger employees that the company is concerned with all its people. He says the message is that as they become older, they also will continue to be trained.

Dr. Pell says that one very good method of training older adults is through the use of a coach rather than a teacher. The coach has five specific duties: helping students learn new technologies and teaching them new approaches and methods; observing and noting areas where improvements and additional training are necessary; assessing what has been accomplished in order to either praise the individuals who have done well or to encourage others to keep trying; counseling students on an individual basis in order to determine what needs to be done; and providing additional help so the trainee can succeed (26).

Dr. Pell also strongly believes in using the concept of positive reinforcement. He quotes Dale Carnegie who said to praise sincerely and heartily each and every improvement, no matter how slight.

The author says that positive reinforcement is particularly important when dealing with older adults who lack self-confidence. Dr. Pell says,

> By giving these people encouragement, support, and praise for achievement, they will succeed and in turn help other older people recognize that although you may not be able to teach an old dog new tricks, this certainly is not true of human beings. (27)

Part-time work

Root writes that many companies are altering their production schedules to draw on the availability of the pool of persons wanting part-time work. He found a medical and hospital supply firm in Florida which created four-hour mini-shifts to accommodate the needs of senior citizens who were interested in supplementing their Social Security benefits. Root says that by using their own employees on a part-time basis, the company significantly reduced the start-up time or training time which would have been required by replacement personnel (14).

Dr. Sally Coberly, director of the National Policy Center on Employment and Retirement at the University of Southern California's Andrus Gerontology Center, and Deborah Newquist, a senior staff associate at the policy center, write that part-time work is very attractive to many older people. These researchers say that just like workers of any age, each older worker has different work interests, needs and constraints (24).

Thomas W. Maloney and Barbara Paul, both with The Commonwealth Fund, say that part-time work is popular with older adults. They write that from 1960 to 1992, the ratio of full- to part-time employment among those individuals past 65 shifted from 70:30 to almost 50:50. They say that in spite of this change in employment preference for older workers, there is still not enough part-time work to meet the demand (18).

Benefit changes

Root claims that older workers are continuing to look toward companies to offer comprehensive health care benefits. This includes wellness programs, long-term health care insurance, and benefits coverage during emergency leaves (19).

Maloney and Paul write that there is a need for companies to reexamine health insurance premium costs for older workers. They say that the abandonment of "community rating" (sic) in health insurance premiums has put older adults at a decided cost disadvantage. They explain that employers are now faced with individual-specific insurance pricing schedules which give them incentives to hire younger workers in order to hold down health-care costs.

The authors recommend a return to the community rating system. Another suggestion is the institution of defined-contribution health insurance plans in order to put older workers on a more even footing with their younger co-workers (18).

Regina E. Herzlinger, professor of Business administration at the Harvard Business School, and Jeffrey Schwartz, a Boston-based financial adviser to corporate executives and small business owners, write that health benefits plans currently come in many different varieties. These include: basic and major medical plans, scheduled or indemnity plans, and comprehensive plans (72).

Herzlinger and Schwartz say that basic medical plans pay for all hospital services including surgeons' fees, while major medical usually picks up all other medical costs which are not expressly excluded. These plans usually include some type of employee participation, either in the form of a copayment and/or a deductible.

They suggest that scheduled plans limit the amount which will be paid for such services as hospital room and board, use of ancillary services, and surgery based upon a set fee. Comprehensive plans have an upfront deductible and coinsurance for all benefits. The employees usually have a maximum amount that they pay, and then the plans take over.

In order to help counter the claims made upon any company-sponsored medical health plans by older workers, Herzlinger and Schwartz point out that companies may modify their health care plans by changing employees' payments and limiting services. Basically, they say, the way a company will alter its benefits package will depend upon how employees have used the plan, on employee-employer relations, and on the personal preferences of the administrator (72).

According to Herzlinger and Schwartz, companies have been instituting flexible benefits programs in order to meet the needs of their changing labor force.

They indicate that there is no "right" way to establish a flexible benefits program. These programs vary from company to company, but Herzlinger and Schwartz found that there are some features which are common to all programs.

The authors write that, basically, under any flexible benefits plan, the employer allocates a specified amount of money to each employee which is used to purchase benefits. Many plans allow employee contributions if the cost of a benefit exceeds the amount the employer has allocated. Often these out-of-pocket payments by employees are deducted from payroll checks before taxes, thereby reducing the employee's taxable income.

Herzlinger and Schwartz explain that under flexible benefits or "cafeteria-style" plans, employees usually may choose from a variety of health care and life insurance options. Some plans allow the purchase of various levels of sickness and accident insurance, long-term disability insurance, and additional vacation and sick leave days. Sometimes employees may "sell" these days back to the employer in order to "buy" other benefits.

Retirement planning

Walker and Lazer believe that retirement planning is a sound management tool in today's working environment. Management succession planning provides an assessment of the probability of retirement of managers holding key career positions. They say that companies need to take a look at the pension eligibility of its managers and take surveys of their key personnel over 50 regarding their timing preferences for retirement (47).

The authors write that older workers should be well-informed about their rights and responsibilities. If necessary, Walker and Lazer feel that counseling would help older employees understand the decisions they must make and also help them prepare for the adjustment to retirement (47).

Job restructuring

Sometimes jobs may need to be restructured to accommodate older workers. This is especially true when the basic work content of a particular job may have changed due to modern technological changes which are unfamiliar to the older population.

There is a general consensus among authors that employers needs to match work with the abilities and interests of their older workers. Sometimes, it is necessary to reduce the scope of a job by modifying responsibilities, demands, and related conditions. It might even be beneficial to eliminate physical hazards or tasks.

Reviewing company policies

Lefkovich says it is important for companies to look over and evaluate their management policies regarding the impact of these policies on the company's older recruitment and retention goals (76). He offers the following suggestions in this regard

- Encourage and provide training opportunities for older workers. Offer counseling on what training is appropriate in preparation for future technology and employment needs.
- Offer flexible employment options, such as part-time and temporary assignments. Incorporate creative job designs that include reduced work loads, job sharing, flextime, sabbaticals, volunteer opportunities, and phased retirement. Develop work assignments to fit the physical and psychological needs of older workers.
- Create a positive working environment that provides opportunities for advancement, even for older workers.

- Offer educational sessions for managers and supervisors to overcome negative stereotypes about aging and employment.
- Offer or restructure existing preretirement planning programs to focus on options for continuing to work rather than primarily on early retirement.
- Design recruitment campaigns creatively to target prospective older workers. Use appropriate communication and advertising channels. (76)

Researchers agree that companies have a serious responsibility to fully recognize their older workers' accomplishments. These are the valuable individuals who have devoted a significant part of their adult lives to working and to the companies which employ them.

Recognition does not have to be large in scope. A simple pat on the back, an award certificate, or even an award dinner would make them feel like a genuine, contributing part of the team. At the very least, they should certainly be included in all company performance appraisals. As long as they are employed and earning a paycheck, they are contributing something of value, and they deserve to receive feedback just as younger workers do.

Companies with older worker programs in place

Corning Glass Works

Corning Glass Works in Corning, New York, initiated the "Senior Associate" program approximately 25 years ago. According to Scott and Brudney, Senior Associates serve the company in an advisory capacity. Those employees who are promoted to these positions receive an increase in pay, so everyone knows that the position is more than honorary. Scott and Brudney explain that the company is making good use of the knowledge, skills, and insights of its long term workers. This program allows experienced workers to share their knowledge while avoiding day-to-day management headaches (170).

Ramirez interviewed Roger Whitney, a 62-year-old product engineer at Corning who received an eight percent pay raise when he was named Senior Associate. Ramirez says that Whitney advises the company on how to adapt products like glassware for electron tubes and liquid crystal displays. He had been a supervisor over twelve people, but he did not like handling complaints and the daily bickering among his staff which were characteristic of a supervisory job. Ramirez explains that this program allows Whitney to remain productive and enjoy what he is doing (184).

Duane R. Nice, from Corning's personnel division, writes that nearly 125 employees have been named to the Senior Associate program since its inception. In addition, Nice says that for the past five to ten years, two additional Associate programs have been put in place. He says that these programs, for lower classification employees, are governed by similar rules to the Senior Associate program.

Nice writes that

> ...the Senior Associate program provides for a formal means of recognizing and rewarding the truly <u>outstanding professionals</u> who have made and are continuing to make long-term and notable contributions to Corning Glass Works.

The criteria for nomination and selection of Senior Associate, Nice explains, first requires that an individual be an exempt salaried employee who must

1. Consistently have been an excellent or outstanding performer in his regular position.
2. Have made significant contributions to the success of the Company by:
    a. Promotion and implementation of new technologies, developments and concepts or profitable promotion and sale of products involving such concepts.

b. Repeated assumption of added responsibilities and completion of special projects while continuing to perform all on-going assignments in an excellent or outstanding manner.
c. Active participation in the development and training of other employees due to the candidate's recognized expertise.
d. Demonstrated personal commitment and leadership in the implementation of the Quality Principles in the candidate's work area on an ongoing basis....

3. Be expected to continue as a leader and consultant in the solution of difficult and complex problems related to his specialty....
4. Be accepted generally as an expert in his/her field and have a minimum of 20 years of employment which include:
   a. A total of 15 years in his/her field of which 10 have been with Corning Glass Works; and
   b. A minimum of 15 years of continuous service credit with Corning Glass Works.

Galvin found that in addition to the Senior Associate program, Corning has self-managed work teams which train and change jobs as situations warrant. He says that all employees must invest five percent of their work time in improving their skills. Galvin notes that Corning also offers a child and elder care program. In addition, he says that the company provides the opportunity for employees to participate in job sharing as a transition to retirement. He writes that employees who participate receive full benefits and a percentage of their former salaries (18).

Herman Miller

Galvin states that some companies publicly recognize the contributions of their older workers and retirees. He says that Herman Miller, an office furniture manufacturer, honors retirees at a sumptuous dinner every year. In addition, retirees are recruited for special work assignments. The company also provides a toll-free telephone number to assist with Medicare and other health insurance claims. Galvin writes that in order to assure retirees that they are still part of the company, they are always invited to the annual company picnic (18).

Bank of America

Galvin found that Bank of America offers flextime and flexplace programs for older workers, as well as personal leaves of up to one year, days off for family emergencies, and special workplace adjustments for employees with life-threatening illnesses. Galvin says that in order to ease other concerns for older employees, Bank of America provides an elder care referral and resource service, as well as stress management classes (19).

Varian Associates, Inc.

James W. Hennessy, director of human resources, compensation and benefits for Varian Associates, Inc., says that this large high-tech equipment manufacturer in California's Silicon Valley, has had a Retirement Transition Program in place for a number of years. Basically, he says that this program is designed for regular employees who would like to work a reduced work schedule during the three year period immediately preceding their planned retirement date. Hennessy explains that the objective of this program is to

> ...broaden the employment alternatives available to employees and to provide interested employees with a gradual transition from full employment to the usual reduced activity of retirement. During this period of reduced work schedule, employees will be able to continue their participation in the company's benefit plans. Participation in the program is limited to a maximum of three years.

Hennessy says that in some cases the reduced work schedule may require a change in job assignment. He says that means that a condition of participation in the program is the availability of a job that can be performed by an employee working less than full time.

Hennessy explains that the Retirement Transition Program is generally available to any regular employee with a minimum of five years of service who has reached a minimum of 55 years at the time participation in the program begins. The employee must also plan to retire within three years.

Requests can be made by the participant, Hennessy says, for a four day work week or a three day work week. He says that schedules for as little as one-half time, or 20 hours, are considered, although 20 hours per week is the minimum allowable in the program.

Varian's Retirement Transition Program also allows for job sharing. Hennessy says that there may be special work situations when two half time employees could fill one job, with each employee working 20 hours. He writes that in this event, each employee might work four hours each day for five days, or one employee might work two full days and then one half day with the second employee completing the work week.

At Varian, participants in this program will normally retain the job classifications they held prior to participating in the program. According to Hennessy, changes in job classifications may sometimes be necessary. For example, he says supervisors may be given non-supervisory positions in order that they might work a reduced work schedule, or employees might accept an assignment in a lower classified position to enable them to participate. Hennessy says that the employee's hourly equivalent rate upon entry into the program will continue to be paid unless the employee is assigned to a job in a lower classification. He goes on to explain that employees in the program will continue to be eligible for merit increase consideration based on performance and according to guidelines.

Ramirez says that at Varian employees who work a reduced schedule receive proportional benefits, such as partial medical and dental insurance, vacation, sick leave, and, in some cases, stock options and profit sharing. Ramirez adds that employees who are already retired may resume work under this program (180).

In speaking with Bill Ames, a retired Varian employee, Ramirez learned that Ames was one of the few people around who knew how to properly test a Klystron microwave tube. Ames told Ramirez that Varian was a year-and-a-half behind schedule in producing these tubes, because they did not have enough people with Ames' skills. Ramirez says that Ames gladly came back to work part-time to escape the boredom he was finding in his retirement (179).

Ramirez writes that Philip Hess was a Varian executive who took advantage of the company's phased retirement program. He writes that Hess had grown tired of the headaches of managing people and is now a senior scientist helping to train younger workers (184).

Even though Ramirez found some success stories associated with Varian's Retirement Transition Program, Hennessy says that there has never been "...a significant number of employees utilizing it." He says that at any one time, the number is less than five. Even though this is a low number of participants, Hennessy states that "...the feedback we receive from past participants, who eventually retired from the program, has been quite positive."

Hennessy goes on to say that Varian has had a practice of employing the best qualified individuals, irrespective of age. From his personal experience, Hennessy recalls that many of those employees over the age of 65 usually have achieved and maintained satisfactory or better performance levels.

He says that upon retirement, many of the company's business units have made it a practice of maintaining active contact with their retirees. According to Hennessy, while this satisfies several needs, one of the primary issues is to re-employ a number of these ex-employees on an as-needed basis in order to help out at month-, quarter- and year-end shipping/financial closings. He says that on occasion, Varian has rehired some of these people on consulting contracts in order not to lose their particular expertise entirely.

Grumman

Ramirez says that Grumman, the $3.4 billion defense contractor headquartered in Bethpage, Long Island, annually conducts age audits of its 31,000 workers in order to avoid any possibility of age discrimination. He found that the company offers long-standing phased retirement programs and midcareer training, as well as rehiring of retirees. Ramirez says that Grumman views its attitude toward older workers as very pragmatic, since these people have unmatched knowledge and experience at their disposal (186).

Builders Emporium

Scott and Brudney cite Builders Emporium, a chain of home improvement centers based in Irvine, California, as a company which redesigned jobs in order to encourage older workers to remain on the job. They say that the company accomplished this redesign by eliminating the requirement that store clerks perform heavy lifting tasks. According to Scott and Brudney, younger night clerks now restock shelves while the daytime personnel concentrate on service and selling (167).

The authors say that Builders Emporium has found that their older sales people relate well to customers and know more about the merchandise than younger clerks. Scott and Brudney write that the company also found that by redesigning their sales positions, their turnover rate declined by 30 percent (167).

Ramirez also looked at Builders Emporium, and he says that in addition to the job redesign program the company embarked upon an extensive advertising campaign aimed at seniors. He found that older workers now comprise about 55 percent of Builders Emporium employees (184).

Travelers Companies

One of the first American companies to make use of its older worker population is the Travelers Companies of Hartford, Connecticut. David V. Lewis, a freelance writer for HR Magazine, says that The Travelers was one of the first to establish a retiree job bank. He says that the company conducted an in-house survey in the 1970s to determine the need for such a program. Lewis writes that this survey reported that 90 percent of The Travelers employees 55 and older were interested in working part time after retirement (76).

Lewis says that The Travelers' Retiree Job Bank, which opened in 1981, serves as an in-house temporary agency which uses retirees to fill in during peak periods, absences and vacations. He says that overall performance of the workers has been excellent (76).

Lewis reports some additional, very encouraging results. He says that by 1985, department supervisors were requesting twice the number of available retirees. The Travelers responded by opening the program to retirees from other companies in Connecticut (76).

Scott and Brudney also write about The Travelers Insurance Corporation's job bank. They say that the program now fields temporary clerical, research, administrative, and underwriting assignments for over 750 experienced workers. In addition, the researchers found that only 250 retirees are on the job in a typical work week, so they have a fair balance between work and leisure time. They also say that the company offers to pay for training on computers and word processors, in order for the job bank to have skilled talent which can fill current openings (172).

According to these authors, the retirees are paid at the midpoint of each job category. Scott and Brudney explain that there is a modified pension program in place which doubles the number of hours people may work without jeopardizing their benefits. The job bank, they state, also ensures that retirees do not exceed Social Security-imposed limitations on earnings. Scott and Brudney write that in one year alone The Travelers saved $1 million in fees that would have been paid to temporary employment agencies. Therefore, the authors feel that the company and the retirees view the program as a "win-win" situation (172).

William McNaught, director of research of the Commonwealth Fund of New York City and project manager of ICF, Incorporated, co-directed a three-year study with Michael Barth, senior vice president of ICF Incorporated, under the auspices of the Commonwealth Fund, which investigated the potential of increased employment of workers over age 55 in the United States. During a hearing before the Special Committee on Aging of the United States Senate in August, 1991, McNaught spoke about their findings concerning The Travelers Insurance.

McNaught testified that his study found that

> Setting up the job bank for retirees has meant significant savings for Travelers in in agency fees and state sales taxes -- \$871,000 in 1989;
> The savings per hour for job bank retirees compared to hiring temps through an independent agency ranged from approximately \$4 to \$9 in (sic) depending upon the position being filled;
> The use of retirees as temporaries gives Travelers maximum flexibility in staffing; and
> Other advantages of a retiree job bank include: (1) it expands the pool of people available for temporary assignments, (2) it capitalizes on the company/retiree relationship -- retirees are familiar with the company and its jobs and the company is familiar with its retirees' abilities, and (3) it improves the morale of the entire workforce -- younger employees see the company as taking care of its own and

> offering an opportunity to more smoothly phase into retirement. (70)

Control Data Corporation

Scott and Brudney report that Control Data Corporation based in Minneapolis also views retirees as valuable resources. They say that through its flexplace program, retirees work from home on company-installed computer terminals (167). Root says that retired company professionals can become part of the company's special business advisors division to be hired as consultants by other firms (12). He says that the company also offers employees the option of an unpaid social service leave of up to one year (15).

According to Scott and Brudney, at Control Data training for the future is "age neutral." They found that the company feels that there are certain types of knowledge that cannot be developed through training, such as getting along with people, critical thinking, and good judgment. The authors feel that a wide range of training is available for all employees, including in-house courses and tuition reimbursement (176).

Root writes about Control Data's mid-career correction program which is a short course designed to provide a tool for rethinking one's role within the company. He says it offers an alternative to looking outside the company for new personnel talents to meet particular company needs. Root explains that this type of program can prolong the productive life of a valuable employee in the face of changes in the demand for particular skills (15).

Control Data also provides employees with a mid-career workshop entitled "Lifepath" which helps them plan for their future retirement long before the actual event takes place. In addition to personal instruction, this course gives each participant a 102-page manual to keep and study over the long term.

"Lifepath" is broken into two segments: the first looks at just what is retirement, and the second provides the means to determine the individual's requirements during retirement. The goal is to see to it that Control Data retirees enjoy a positive retirement experience.

The manual explains that the purpose of the "Lifepath" workshop is to "...introduce the planning factors that can lead to a satisfying retirement" (1). The first part of the workshop is divided into four modules: envisioning retirement, what determines a satisfying retirement, life's transitions, and changing directions (2).

During the first module, "envisioning retirement," participants look at their attitudes toward retirement and discuss the myths and realities about aging (3). The second module, "what determines a satisfying retirement," presents opportunities to learn about things which make a retirement successful or unsuccessful. Participants also examine the factors which contribute to a satisfying retirement (9). The manual lists 18 factors which fall into this category:

1. Lives which have meaning, direction, and focus.
2. Facing reality.
3. Experiencing other successful life transitions.
4. A positive orientation for the future.
5. Concrete plans.
6. Feelings of accomplishment.
7. Pride in oneself.
8. Structuring time.
9. Not feeling cheated by life.
10. Not confusing retirement with growing old.
11. The capacity to love and be loved (12).

12. Not being overly sensitive to criticism.

13. Coming to terms with one's fears.

14. Creating and maintaining friendships.

15. Avoiding haste in making a moving decision.

16. Guarding one's health.

17. A sound financial plan.

18. Having a sense of role and identity (13).

In the third module, "life's transitions," employees study the adult stages of transition and the steps in that process. It is explained that there are six transitions in the adult life cycle: adult identity, thirties passage, midlife passage, role change, retirement, and retrenchment (16).

Adult identity is defined as the period when one becomes independent from parents and family -- usually between the ages of 18 and 22. At this time individuals begin to define who they are through the relationships they establish and their career-related failures and successes (31).

The thirties passage involves taking a look back at what one has accomplished. It is a period of reevaluating values and goals (31).

The midlife passage usually occurs between the ages of 38 and 45. "It is a time for examining the gap between youthful goals and actual accomplishments..." (32). People come face-to-face with the question of their own mortality (32).

The role change stage occurs around the age of 55. It is explained that this is the period in life when the children have left home, the career has reached its highest potential, and the aggressive youth has become the mature mentor who is ready to pass the job onto younger colleagues (32).

The retirement stage comes next. This is the time of life when one relinquishes what had been the primary function of adult life -- namely, work. It is a time to be concerned about finances, boredom, social contribution, and a sense of personal identity. The manual says this is also the time when individuals must find ways to cope with their mortality and to search for meaning in their lives. If they do this, the manual explains, they will find that retirement can be a "...time of rich reflowering and renewal" (33).

The final stage is retrenchment. This stage occurs during the middle seventies when the body begins to wear out. In order to remain in good physical condition, it is important to maintain physical activity. However, it is also important to scale down the length of time spent participating in physical activities (33).

In this module the participants also learn about the steps in the transition process. They are told that there are two ways to respond to a major life transition: first, to confront the change, live through it as well as possible, and come out a stronger, wiser individual who is more capable of dealing with the next transition; second, to deny the change, pretend it is not happening, and avoid coping with it. It is explained that those who take this second response will only have to deal with the change later (19).

The workshop tells participants that most people experience basically the same steps in the transition process. These are: trial-and-error learning; isolation and pain; risk; growth; and joy (19).

This module also looks at the role of loss in the transition process. Participants are told about the six distinct stages which run concurrently with the five steps in the transition process explained previously. These stages are: denial, anger, bargaining, depression, acceptance, and integration (21).

The fourth module explains the elements involved in making a change: recognizing hidden payoffs; developing a self-reinforcement system; and acknowledging a sense of loss. Participants are told how to change old habits and how to build a personal action plan (23).

Control Data's "Lifepath" program is designed to introduce the planning factors that can lead to a satisfying retirement before that event takes place. The company believes that "...the key to a positive retirement experience is planning" (1).

<u>Polaroid Corporation</u>

Root found that Polaroid Corporation has a practice called "Rehearsal Retirement." He says that workers may take up to six months of unpaid leave to try out retirement before making a final decision to stop working. Of those who have participated in this program, according to Root, about half have decided not to retire and to return to work (12). He says that workers may also elect to reduce their hours per day, weeks per month, or make a variety of other arrangements for as long as five years prior to retirement (15).

Mike Muther of Polaroid talks about the company's corporate retirement office. The original purpose of the office was to "...provide a service for the processing of procedures and paperwork relative to the Profit Sharing Retirement Plan and the Pension Plan...."

Muther writes that over the last 18 years, the office has grown into a "...multi-faceted communications service." Through seminars, one-to-one counseling and telephone inquiries, Polaroid provides a communications vehicle which is an extension of the vast amount of written material on the subject of retirement and other benefits.

In 1989, Muther says, this office assumed the responsibility for all retiree medical continuation procedures. He writes that this full-time position involves considerable one-to-one counseling and extensive information and referral services for retirees and their medical problems.

Muther claims that their retirement counseling function "...is unique in American industry...." He goes on further to explain that it has become "...an increasingly important service to our middle-aged and older employees and a continuing link to our retirees."

In order to help employees prepare for retirement, Muther says that the retirement office advocates for and administers innovative concepts and programs such as "...Life Planning Seminars, Rehearsal Retirement, Tapering-off...and Project Bridge." He says that these programs are designed "...to provide a greater understanding of the transitional challenges of retirement and to inspire our middle-years members to seek a 'positive transition' from the world of full-time work to other activities."

Pre-retirement, one-to-one counseling at Polaroid, Muther says, deals with individuals who are "window-shopping" at earlier ages with greater awareness and interest. He writes that sessions generally run two hours with approximately one to two hours preparation. Muther says that the office now handles approximately 200 to 300 appointments per year, in addition to receiving 300 to 400 phone inquiries per year.

Muther explains that Polaroid offers its "members" guidelines concerning possible alternatives to retirement. He says these guidelines are based on "...the belief that the transition from full-time work to full-time leisure can be very difficult to adjust to for many people."

Muther says that the company has found that many people approaching retirement tend to change their minds any number of times concerning the decision to leave. He says that some people become indecisive, not just about when to leave, but sometimes "...indecisive in day-to-day decisions they make." He explains that this type of behavior is not abnormal or irresponsible, but it is natural under circumstances involving change. Polaroid's goal is to provide guidelines which the company hopes can help eliminate a good deal of the trauma which often can occur during this transition period.

According to Muther, Polaroid offers two types of basic programs to help members in their retirement decision-making process. The first is called "tapering off" or "phased retirement." Muther says that under this type of program, "...stated simply, the member reduces his/her number of hours of work." He says that this can be done in many ways, and he strongly suggests that the member and his/her supervisor participate in the planning phase.

Some of the alternatives Muther lists are: reducing the number of hours a member works each day; reducing the number of days a member works each week;

or even reducing the number of weeks a member works each month. He says Polariod stresses that flexibility is the key to using this unique opportunity successfully.

He gives the following plan as an example of tapering off:

> Member at age 64 reduces work days to 4 days per week (32 hours) and continues at this level for 15 months; then reduces schedule to 3 days per week (24 hours) for another 12 months, and then retires.

Muther adds that if a member who tries "tapering off," decides that he/she would like to return to a full-time schedule, there should be no problem with that happening within reason. He urges that a tapering-off plan should be open-ended.

Muther does point out that, in cases of reduced work hours, the member "...only gets paid for the hours worked." Also, if the individual works at least 1000 hours per year, he/she receives a "...proportionate share of bonuses, ESOP contributions paid by the company, holidays, vacation, and value of life insurance and long-term disability. Muther adds that health insurance coverage is maintained in full, and pension credit accrues proportionately for all hours worked in a calendar year once a minimum of 500 hours has been satisfied.

The second pre-retirement program offered by Polaroid is "rehearsal retirement" which Root talked about. Muther says that traditionally the length of most of these leaves-of-absence are for three months. However, he says, there is no restriction to having a leave last for a longer period with appropriate division approval.

He stresses that during a leave-of-absence pay is stopped. He says that members continue group insurance coverage through direct payment to Polaroid. Muther says that if a member elects to return to work, the seniority date is adjusted and credit for benefits commences again.

Wells Fargo & Company

Root found that at Wells Fargo & Company, employees may take up to three months of paid social service leave to work in a nonprofit agency. He explains that this experience sometimes leads to a new career for older workers (12). He says that this program has been available to employees with ten or more years of service since 1977.

Ramirez interviewed one Wells Fargo employee, Barbara Stark Jordan, who was a manager of furniture services for the company's 176 bank branches. He says that Jordan told him that she felt she was engulfed in paperwork and under tremendous stress. So, at age 51 she elected to take advantage of the company's personal growth leave. Ramirez says that Jordan decided to train for and compete in the World Masters Swimming Championships in Brisbane, Australia, an event for competitors age 25 and over. Ramirez points out that Jordan had been an Olympic swimmer in 1952, and after her three months of training, she managed to come close to her Olympic time. He says that she is now back to work at Wells Fargo and she feels renewed and "...very, very loyal..." to the company (184).

McDonald's Corporation

McDonald's Corporation has long been a recruiter of older workers. Cathy Villasenor, a representative at the company's Customer Satisfaction Department, says that McDonald's is currently involved in the ReHIREment (sic) program. She says this is a national program for senior individuals who are interested in part-time employment. Villasenor writes that this program was previously called "McMasters" and was redesigned in early 1993.

Villasenor explains that the ReHIREment Plan offers

> ...flexibility in the employees' work schedules and assignments, by offering the opportunity to choose one restaurant position that is of interest. Or, if the employees choose, they can work a variety of positions to learn new skills. They also have the opportunity to advance to supervisory positions.
>
> The program allows senior individuals to re-enter the work force gradually with the knowledge that they will be part of the McDonald's family and receive quality training while earning pay, which doesn't have to affect social security benefits.

Helen Thompson writes in Texas Monthly that a Houston McDonald's has a 91-year-old employee. She says that Angie Runnels is "...one of the oldest workers and certainly the most celebrated in the hamburger franchise" (72).

Thompson relates that this great-grandmother of ten works a Monday-Wednesday-Friday schedule. Joe Wymer, owner of the McDonald's restaurant which employs Runnels, tells Thompson that Runnels has not missed even a single day of work in nearly a year of employment.

Wymer explained to Thompson that hiring people like Runnels represents a growing trend in graying America. Thompson quotes Wymer:

> We are looking for alternative ways to be competitive. Older workers have stability, a good work ethic, and they add maturity to a young staff.... (In addition, Angie's) a media dream.... I can't believe how many people come in here looking for her -- people who don't know her and people who knew her fifty years ago.... (72)

Thompson says that Runnels got the job at McDonald's quite by accident. Runnels was in a car with a friend when it stalled in front of the McDonald's. While waiting for the tow truck inside the restaurant, Wymer commented that good workers are difficult to find. Runnels responded that she would like to help. Thompson says that Wymer hired her on the spot.

Thompson continues:

> So the retiree, who had spent the last seven years 'just sitting around,' filled out an application, got a ride home, and confided her newfound luck to a friend, who immediately called all of Houston's television stations and newspapers. (73)

Thompson says that Runnels now greets customers and wipes tables. According to Thompson, Runnels says that she will "...work until the day they fire me" (73).

American Airlines

Paula A. Moolhuyzen, Manager of Personnel Resources for American Airlines, writes that in the middle of 1991, the company began an advertising campaign targeting mature adults to apply for the position of flight attendant. She says, "The campaign was highly successful in attracting large numbers of competitive applicants."

The campaign included advertisements featuring mature flight attendants, such as 48-year-old Marita Muir. One ad said that success and accomplishment know no age limit. It described a career with American Airlines as "...one that allows (older adults) to share their years of experience and make a significant contribution to a dynamic, growing airline." The benefits were described as "...the chance to meet new people, receive great benefits and enjoy unlimited travel. All on a schedule that's flexible." The ad also cited some of the reasons American wanted to hire mature workers as "...your attention to detail. Your ability to show grace under pressure. Your belief in more traditional values such as quality customer service."

Newsweek reports that one such flight attendant is 56-year-old Carl DiFalco, a retired police officer. The article says that DiFalco attended American's training school and passed. He is now based at LaGuardia Airport, close to his home where he cares for his 93-year-old mother (64).

The magazine says that American is actively seeking older adults partly as a hedge against a shrinking pool of younger workers in the future. It refers to Frank Campagna, American recruitment manager, who says that the 230 attendants over age 40 who were hired in 1991 showed "...every intention of staying longer than average and will qualify for pensions in five years" (64). Campagna says that some of the 7,000 inquiries American has received are from empty-nesters, restless retirees and people hoping to switch careers (64).

The article points out that trainees must all pass physicals. They also must be well groomed, and meet weight standards which have been adjusted to take into account weight gains associated with age (64).

Days Inns of America

John Snodgrass, president of Days Inns, furnished material describing the company's efforts to recruit older workers. He explains that

> ...in an effort to curb the effects of a shrinking traditional labor force, (Days Inns of America) began actively recruiting senior citizens for work at its Atlanta corporate office in 1985. Currently, 16% of the staff in the company's Knoxville's Reservation Center are seniors. Many Days Inn franchised hotels across the country also actively recruit older workers. They hold positions ranging from Front Desk Clerk, Sales Representative and General Manager to Maintenance Engineer, Housekeeper, and Food & Beverage Worker.

Snodgrass' information explains that older workers have proven to be excellent employees at Days Inns. Because of low turnover (less than 1% among the group) and low absenteeism, the company found that the average training and recruiting costs per person hired were $618 for older workers. This figure compares dramatically with $1,742 for younger employees.

The information says that seniors have proven to be better salespeople, booking more reservations than their younger counterparts. In addition, the company reports that even health costs have not increased for

Days Inns, generally since older employees tend to have fewer dependents than younger workers.

To attract older workers, Days Inns offers seniors the following benefits package at the Reservation Center:

* Complete on-the-job training, with one-on-one communication with instructors.
* Flexible part-time work schedule, between 20-25 hours a week. Many older workers appreciate this, as a full-time job may render them ineligible for Social Security or other retirement benefits they may already receive.
* Opportunity for advancement within the Reservations Center and throughout the corporate office. Every opening is posted for qualified individuals.
* A discount rate of $15 at any Days Inn brand hotel.
* Incentives and bonuses such as commissions, trips, luggage and other prizes.

In addition to hiring older workers, Days Inns actively recruits seniors for other companies through a program entitled "Senior Power." Through this program, Days Inns hotels around the country invite thousands of businesses ranging from banks to retail stores to restaurants, to join them in recruiting senior citizens for employment. The job fair is held annually in May, and it is a non-profit, community service venture for the company. "...there is no fee for recruiting employees, or for the older workers seeking jobs." The job fair allows Days Inns, its hotels, and other outside businesses to solve their labor shortage problems while "...providing an outreach effort to seniors interested in returning to the workforce."

The first job fair was held in 1989, and Days Inn hotels matched 600 employers with more than 5,000 seniors. The material explains that Senior Power 1989 was the first time anyone -- a private company, a government organization, a public coalition -- had taken the initiative to unite businesses on a national level to address the issue of employing older Americans as a solution to mounting labor shortages.

In its fifth year, Senior Power was hosted by 324 Days Inns, and brought together more than 42,000 seniors with nearly 3,500 employers. Senior Power became international in 1992 by extending into Halifax, Nova Scotia in Canada.

McNaught testified before the Senate hearing in 1991 that he had conducted a case study of Days Inns with Barth in 1987. He said that Days Inns began hiring workers over the age of 50 as reservations agents in 1986, because the company was having difficulty recruiting younger workers in sufficient numbers and turnover among these younger workers was nearly 100% (69).

McNaught said that the major findings of this case study were:

* Older workers can be trained to operate sophisticated computer software in the same time as younger workers -- two weeks;
* Older workers stay on the job much longer than younger workers -- an average of three years compared to one year. This results in average training and recruiting costs per hire of $618 for older workers compared to $1,742 for younger workers;
* Older workers are better sales people than younger workers. They generate additional revenue by booking more reservations than younger workers, although they take longer to handle each call received at the reservation center; and
* Older workers participate in all three shifts. (69)

Summary

The fact is that America is becoming a graying society. As the baby boomer generation continues to age and the 18 to 30 year old population decreases, this nation's businesses will definitely be faced with an acute labor shortage. Some companies are beginning to feel the effects of America's changing demographics now.

There are various options open to companies which want to make the best possible use of the resources they have on hand -- namely their older workers. Instead of putting valued employees out to pasture, many companies have begun to implement some of these programs with a great deal of success.

Some of the programs available include phased, or gradual retirement, where employees are given the opportunity to try out retirement. In most cases, if they decide they are not ready for full-time retirement, they are allowed to come back to work on a full-time basis.

Another option is job redesign or job sharing. This is the division of one job into two parts. Basically, the requirements of one job are performed by more than one individual.

Flextime is an option which is becoming more popular. Employees are given the opportunity to change standardized work hours in order to better meet their individual personal time requirements.

Flexplace is also a program which is gaining popularity, particularly with the use of telecommunications. Employees are permitted to perform their job duties at home rather than at the office.

As the American workforce ages, elder care is becoming a necessity. The older workers need resources to care for aging parents and other dependents. Elder care is a benefit which many companies are including in their standard benefits packages.

Sabbaticals offer employees the chance to refresh their attitudes toward their jobs when they decide they might have a "burned out" feeling. By taking time off from work for personal growth, employees generally return to the job feeling renewed and ready to go back to work.

Temporary assignments or projects give retirees a way to remain useful to their former employers. The company is able to make use of the training and knowledge the retirees possess without having to commit them to full-time, permanent employment.

Forward-looking companies are providing career development programs for all their employees -- young and old. By including older workers in future plans, companies are finding they have employees who are happy to continue working and contributing. They are reassured that they are still part of the team.

Retraining is an important function for all employees when new technology enters the scene. Older workers do not want to feel left behind and out of the loop just because of their age. These employees are ready, willing, and able to learn new processes, and progressive companies are including them in any retraining programs they might offer.

In order not to lose valuable experience, companies are offering employees part-time employment as a means of staying active and contributing without having to deal with the tension and complexities of full-time employment. Many older workers want to continue working, but they also want more leisure time. Part-time employment gives them and their employers the best of both worlds.

Changes in company benefits packages help encourage older workers to stay on the job. Many companies have gone to "cafeteria-style" benefits packages where the employees may choose the benefits they want or need.

Many companies have found that retirement planning is a sound management tool. It benefits the employees by informing them of what lies ahead. It also benefits the employers by giving them the opportunity to know ahead of time who is likely to retire, so they can plan on how to replace them far in advance.

Job restructuring is a means of accommodating older workers. When technology changes, it may be necessary to change the scope of a job by modifying its requirements.

One important aspect of retaining older workers is to review company policies and eliminate any type of discriminatory rules. It is also important to continue to include older workers in any job performance reviews or evaluations.

Some of the companies which have looked ahead and initiated some of these programs include: Corning Glass Works, Herman Miller, Bank of America, Varian Associates, Grumman, Builders Emporium, The Travelers Insurance Companies, Control Data Corporation, Polaroid Corporation, Wells Fargo & Company, MacDonald's, American Airlines, and Days Inns of America.

These are examples of businesses in this country which have looked ahead and seen what the future holds. They have realized that the time to act to retain and attract older workers is now.

It is reasonable to hypothesize that the shift in the workforce to larger numbers of older workers and the declining numbers of younger workers has resulted in a need to continue to utilize the knowledge and abilities of the older workers. This, in turn, is resulting in a variety of unique programs designed to meet this need.

Chapter III

SELECTIVE REVIEW AND EVALUATION OF RESEARCH

Research conducted by the authors discussed in the previous chapter of this paper consisted primarily of two types of methodology: exploratory research and survey research. The primary types of survey research consisted of written surveys and personal interviews.

Scott and Brudney

Scott and Brudney looked at the historical perspective of America's aging work force in their book, Forced Out! Why Veteran Employees are Driven from Their Careers -- and What They Can Do. They wrote about the changing demographics of this country and how they affect businesses.

In their studies, they concluded that the businesses which will survive the "graying of America" are those which are able to tap the valuable older worker segment of the population. In order to support this statement, they looked at various companies which have older worker programs in place. Among the companies they went to were: Travelers Insurance, McDonald's Corporation, Kentucky Fried Chicken Corporation, Days Inns of America, Xerox Corporation, Grumman Corporation, Corning Glass Works, Builders Emporium, Control Data Corporation, Minnesota Title Financial Corporation, Instron, and Teledyne Continental Motors.

Scott and Brudney also used secondary data collected by the National Older Workers Information System, the Columbia Business School, The 1986 Task Force on Employment and Aging, and the United States Secretary of Labor's Task Force. All of these sources offered suggestions on how to attract and retain older workers.

The conclusions of these researchers stressed the importance of finding ways to make use of the older worker population and to draw upon the knowledge this segment has to offer today's business world. Scott and Brudney felt that it is imperative to make minor adjustments where necessary to accommodate older workers. They summarized that American businesses need a simple change in attitude (177).

Even though no statistical data collection methods were used by Scott and Brudney, their research has to be considered as valid support of this paper's hypothesis. Their writing coincides with the view that the shift in the work force to larger numbers of older workers and the declining numbers of younger workers have resulted in a need to continue to utilize the knowledge and abilities of the older workers. They have offered insight into some of the companies which have been at the forefront in developing programs which are aimed at retaining and attracting older workers.

Lefkovich

Lefkovich agreed with the findings of Scott and Brudney regarding the impending need to make use of older workers. He supported his conclusions by citing the results of studies published by the U.S. Census Bureau which predicted that the birthrate would continue to decline well into the twenty-first century (65).

He also used secondary research by referring to a report issued by the U.S. Department of Labor, "Projections 2000," which said that the 20-34 age group of workers would be 10.8% less in 2000 than in 1986. This contrasted with the finding that the 55-64 age group of workers would be 10.1% higher in 2000 than in 1986 (64).

This secondary research which Lefkovich referenced was used as the basis for his study on what should be done to dispel myths about older workers and what could be done to encourage capable employees to continue to work longer. The American Association of Retired Persons (AARP) provided him with a survey on reasons why individuals work. Enjoying working was the primary reason given by individuals aged 50 to over 63 (68).

Lefkovich utilized the research he gathered to conclude that,

> as America's youth-oriented work force transforms to a more experienced and mature "elderforce," successful companies of the future will be those that take action today by attracting and/or retaining older workers and by investing in their productivity. (78)

This author's conclusions are in direct agreement with the hypothesis of this paper which offers the statement that there is a very real need to make use of older workers, since the number of younger workers will continue to decline into the next century.

<u>Walker and Lazer</u>

In their book, <u>What Elimination of Mandatory Retirement Means to Comapnies</u>, Walker and Lazer provided another reason for the increase in older workers. They claimed that without mandatory retirement requirements imposed by law, more people will choose to remain on the job.

They wrote that this increase in the older work force will result in both costs and savings for employers. Some of the facts which they listed included:

1. Few people want to work past 70 or even 65.
2. Few employees want to be retrained or reassigned late in their careers.
3. Accident and illness rates, as well as overall absenteeism, tend to be lower, not higher for older employees.
4. The high salary costs of older workers are offset by the costs of recruiting and training new younger workers (78).

Walker and Lazer went on to examine programs which are useful regarding older workers. They looked at employee communications and counseling, gradual retirement, career renewal and modified job requirements. They pointed out that with the increase in the older worker population, tools such as these are valuable assets to employers.

These authors, therefore, support the second part of this paper's hypothesis which states that a variety of new employment programs are needed now and in the future to meet the needs of this country's older workers. Even though Walker and Lazer point to a different reason for the increase in older workers, they concur that there is a need to utilize their knowledge and abilities.

Galvin

Galvin's studies further support the idea that there is a need for American companies to accommodate older workers through the initiation of new types of programs and benefits. He conducted a written survey of various large companies to find out just what types of programs they were using to retain older workers.

He concluded that Corning, Johnson & Johnson, IBM, and Aetna Life & Casualty excelled in ten areas: elder-care referral services, assistance in locating home-care programs, flexible work hours, flexible workplaces, comprehensive medical benefits, dependent-care leaves without loss of benefits, phased retirement, career advancement efforts including skills upgrading and retirement planning, continuous career development planning, and in-house educational programs.

Galvin's research supports the idea that it is important for companies to meet the needs of older workers. He found that many American companies are making a serious effort to do this.

McNaught and Barth

The best example of exploratory research was conducted by McNaught and Barth. In 1987, they conducted a study of Days Inns using the case study method of exploratory research. They undertook this particular study, because they felt that the "...aging of the work force has become a major concern" (53). They cite research done by Johnson and Packer which found that,

> the average age of the workforce will climb from thirty-six today to thirty-nine by the year 2000. The number of young workers age sixteen to twenty-four will drop by almost 2 million, or 8 percent. This decline in the number of young people in the labor force will have both positive and negative impacts. On one hand, the older workforce will be more experienced, stable, and reliable. The reverse side of this stability will be a lower level of adaptability. (53)

McNaught and Barth also cite the columnist William Safire. They said that Safire claims,

> old people get older and usually less productive, and they ought to retire so that business can be better managed and more economically served. We should treat the elderly with respect, which does not require treating them as if they were not old. If politicians start inventing "rights" that cut productivity, they infringe on the consumer's right to a product at the lowest cost. (53)

The researchers found it startling that these types of concerns are based on "...subjective perceptions, not on empirical findings of carefully designed research efforts" (53). Therefore, McNaught and Barth designed the Days Inns study in order to offer scientific new evidence that in "...some type of jobs, there is reason to believe that older workers are actually better workers" (54). They go on to further hypothesize that "...the aging of the workforce may represent a unique opportunity, not a looming crisis" (54).

McNaught and Barth explain that the preferable approach to this type of research would be a direct comparison of the job performance of older workers versus younger workers operating in the same job capacity. They say that previous studies have offered no consensus on this subject. They cite a study conducted by Rhodes in which he found,

> . For production and blue collar workers, the relationship between age and performance as measured by output indices was negative in four samples... nonsignificant in two samples...and positive in three samples.
> . For office and clerical workers, studies using output indices reported positive,...negative,...and non-significant...age-performance relationships.
> . Studies of engineers, scientists, and scholars revealed primarily an inverted-U relationship between age and rate of publication,...occurrence of important or pioneering discoveries,...and supervisory ratings. (54)

Since no previous study had been done on the subject of older workers, the researchers undertook a valid field of study. They identified the issue of the practicality of using older workers as a viable part of the work force.

McNaught and Barth encountered two major problem areas in studying whether an aging workforce will reduce, or even possibly increase, U.S. productivity in the work place. First, they said that previous researchers found it difficult to apply "...sufficiently complex models to the analytical task" (54). Most previous studies had relied on limited information about workers' characteristics and job performance. McNaught and Barth said these earlier studies contained conclusions based upon simple bivariate comparisons of job performances with worker ages. They point out that "...bivariate studies are seriously flawed because their results can change substantially if additional variables, such as worker experience, are included in the statistical model" (54).

In order for conclusions from such studies to be valid, McNaught and Barth claim that they would require,

> a fully specified model of the impact of age on job performance (which) would have to include all possible variables that might explain worker performance, including such factors as education, health, and family circumstances. (54)

The second major problem which has been encountered frequently by researchers is that they have found it difficult to obtain reliable, objective assessments of worker productivity. McNaught and Barth explain that,

> objective measurements are difficult to obtain because few jobs are performed in "piece rate" settings where simple empirical productivity measures are available. Furthermore, a single empirical measure rarely provides an adequate indication of a worker's true productivity. (54)

McNaught and Barth claim that their study differs from previous research in two important ways:

> First, our productivity measurements are comprehensive. Our analysis incorporates the multiple facets of performance -- including the number of products sold, the time taken to sell each product, absentee rates, wage rates, and benefit costs -- that collectively determine the value added to corporate profits by each worker's effort.
> Second, we depart from previous reliance on statistical methods and adopt operations research techniques. The simulation techniques common to this discipline are

> well suited to the analysis of the complex business environment. The simulation technique allows us to model business operations and use actual company data to explore the implications of age differences in the company-model world. (54).

McNaught and Barth determined that in order to carry out their analysis, they needed to observe a setting in which all workers performed a standardized set of tasks, where comprehensive and objective performance data were available, and where sufficient numbers of both older and younger workers were employed. They also wanted to analyze a job situation that was relatively common, so their results could be reasonably generalized to a large segment of the U.S. work force (55).

Days Inns of America was chosen as the case study subject partly because the company is set up as one which offers its franchises access to a national toll-free reservations system. McNaught and Barth found that efficient operation of this reservations system is the life blood of the corporation. The core of the Days Inn system is a twenty-four-hour sophisticated, automated reservation program which operates 365 days each year.

The authors found that the agents employed by Days Inn must be able to engage simultaneously in,

> ...a conversation with the prospective client, query the reservations system for information, report on data appearing on the system's CRT screen, and obtain local amenity and environmental information from a five-inch thick binder. (55)

McNaught and Barth discovered that Days Inns had found it difficult to staff its Atlanta reservations center in 1986. The company was faced with high turnover rates. Instead of raising wages, Days Inns opted to restructure their recruiting strategy and aim toward hiring older workers instead of younger ones who often have not decided on a career or who have not been able to find jobs in their preferred employment areas.

Initially, this new campaign was not successful. The company then decided to shift its advertising efforts toward senior citizen centers and other such organizations. Once the company began hiring older workers, word of mouth began to help, and since then, Days Inns has not had a problem enticing workers age fifty and older into their work force.

Using the Days Inns Atlanta reservations center as their study sample, McNaught and Barth looked at data between 1987 and 1990. They documented wage and benefit costs, retention experience, training performance, and productivity of all workers in the center (55).

McNaught and Barth define older workers as those fifty years and older and younger workers as those forty-nine years and younger. The sample turned out to contain 187 individuals. Of this number 74% were under fifty and 26% were over fifty. Four were over seventy. The authors' study compared older and younger workers in the areas of training, retention experience, costs, and productivity.

Days Inns agents must be able to operate a state-of-the-art, menu-driven reservations system. They have to be comfortable with the software, be able to read a CRT display, and be able to enter data into the system quickly on a computer keyboard. McNaught and Barth found that the agents have to be highly proficient in order to handle the volume of calls which come in each day.

McNaught and Barth looked at the cost of training older versus younger workers, including how much longer it took to train older hirees. They found that Days Inns instructors adapted their training methods in order to compensate for older workers' initial fear of being able to operate the system.

In the area of retention, the authors studied how long workers stayed on the job after they had completed training. They say that their retention data can be viewed as the "...probability that a newly hired reservations agent will stay a specific number of months" (56). McNaught and Barth calculated the average number of years that an older worker and a younger worker remained in the center by averaging the various possible career lengths of both groups in the sample.

McNaught and Barth compared the annual costs of employing a typical older worker and a typical younger worker. Wages are based upon the same salary scale for all workers, although some college experience results in a wage premium. Seniority was found to account for most of the variation in pay between groups. Health care costs were also taken into consideration in the Days Inns study.

In the area of productivity, the researchers looked at how agents handled calls. McNaught and Barth measured talk time and booking rate. This measurement is in compliance with Days Inns' incentive pay system.

Using data from Days Inns, McNaught and Barth were able to measure the relative costs and performance of workers at two simulated reservations centers. One was staffed by workers age fifty and older, and the other was staffed by workers age forty-nine and younger.

The first step in McNaught and Barth's methodology was to calculate each center's costs based primarily upon the number of workers. The number of workers needed at each center was determined by how many employees it took to answer nine thousand daily calls.

The number of calls handled daily by each worker depended upon the average number of hours worked per day and the worker's average talk time. In the two simulated centers, McNaught and Barth concluded that the older worker was more likely than the younger worker to work part-time. Therefore, they calculated that the older worker worked thirty minutes less per day than the younger worker. They also included the fact that the older worker took about forty-five seconds longer than the younger worker to handle each call. Based upon these assumptions, the simulated center employing older workers was staffed by more people, 116, than the center employing younger workers, 91.

Total labor costs were estimated as the number of workers multiplied by the employment costs per worker. These costs included training, recruiting, wages, incentive payments, health insurance, pensions, and life insurance. Even though the average cost of employing an older worker was somewhat less than the average cost of employing a younger worker, the costs of the larger workforce at the center staffed by older workers more than offset the savings per worker.

McNaught and Barth added an estimate of the labor costs for supervision, equipment, and telecommunications services. They assumed that the number of supervisors and workstations varied directly with the workforce size. Telecommunications costs were determined by applying the billing formula negotiated between Days Inns and its long-distance supplier. Revenues were estimated by multiplying the number of rooms booked by the percentage of bookings that resulted in actual overnight stays and then by the average room price.

Wages for younger workers were set at the entry level scale used by fast-food franchises in the Atlanta area, $5.25 per hour. McNaught and Barth did this in order to have their simulated younger workforce be competitive in salary to other likely employers for this particular population. The entire wage structure for younger workers then increased proportionally .

Since older workers were not as likely to be attracted to fast-food employers as younger workers, older workers' wages were held constant at the entry level wage of $4.23 per hour. The reasoning for this disparity in entry level wages was based upon the assumption that for jobs similar to those in the reservation center, there is an excess demand for younger workers and an excess supply of older workers.

The Days Inns case study was established as a model for other researchers to evaluate the effectiveness of older workers in a realistic working environment. The problem areas, namely training, retention, cost, and productivity, were handled in a controlled environment, similar to the actual working conditions at the Atlanta reservation center.

The results indicated that the simulated center using only older workers had slightly higher total labor costs ($1.29 million) than the center using only younger workers ($1.27 million). However, the researchers also found that other types of operating expenses, such as supervision and equipment, were higher at the older workers' center, because they required additional work stations and supervisors. Telecommunications costs were also higher, because older workers spent more time on calls which increased long distance costs.

McNaught and Barth concluded that the cost of operating the simulated center using only older workers ($1.78 million) "...is about 27 percent greater than operating the center using only younger workers ($1.40 million)" (59). However, these costs were offset by the revenues generated by the older workers. The authors found that the center using only older workers generated room bookings 40.5 percent of the time, and the center using only younger workers generated room bookings 40.1 percent of the time.

The authors concluded that the net cost of operating the older worker center was $1.44 million, while the cost of operating the younger worker center was $1.4 million. McNaught and Barth considered this difference negligible, and, therefore, the cost of operating both centers was deemed to be essentially the same.

By using actual figures furnished by Days Inns, the authors were able to draw logical conclusions in the area of operating costs for the two simulated centers. As in most case studies, the conclusions are limited in scope. For instance, they did not investigate exactly what happens to operating costs for each group when older and younger workers are intermixed at one facility. However, comparing the results from the simulated centers to the actual Days Inns' figures, McNaught and Barth's conclusions appear to be valid.

In the area of productivity McNaught and Barth employed two sets of sensitivity analyses. In one instance they assumed that older workers remain at peak productivity after their first year. This was contrary to the actual Days Inns data which found that over the course of their careers, the productivity of older workers began to resemble the productivity of younger workers. Namely, over time the talk time of older workers decreased and, therefore, resulted in fewer room bookings.

For the purpose of their analyses, McNaught and Barth assumed that there was a way to keep the productivity of older workers operating at a peak level throughout their careers. They found that if this were to happen, the cost of operating the older worker center would continue to be less than the younger worker center.

McNaught and Barth did not elaborate upon what methods would be utilized to maintain older workers' productivity levels. This omission leaves in doubt the assumption that is possible to maintain this type of productivity in an actual work setting. This is an area which probably should be investigated further.

In their second set of analyses, McNaught and Barth examined the importance of the wage differential between older and younger workers. First they set the entry level wage for older workers at fifty cents higher than the younger workers and proportionately adjusted the wage scale upwards. Second, they assumed the entry level wage was the same for both groups.

In both instances, the cost of operating the older worker center was substantially higher than the cost of operating the younger worker center. Therefore, they concluded that management "...can increase profits by placing more emphasis on higher booking rates, even if this results in some increase in average talk times" (60).

McNaught and Barth obviously employed controlled situations from which to draw their conclusions. In a more realistic work situation, with a mixture of older and younger workers, their conclusions regarding stressing increased booking rates, probably would be valid.

The actual data obtained from Days Inns supports the study's conclusion that older workers are valuable assets in the areas of training, retention, cost, and productivity. Therefore, it is reasonable to say that older workers are valuable assets to the Days Inns organization.

In order to extend these findings to other types of industries, however, more extensive scientific studies would need to be conducted. Case studies are narrow in focus, since they apply to only one specific situation. They cannot take extraneous factors, such as geographic location, competition, or demographics, into consideration.

In constructing the cost estimates, McNaught and Barth assumed that the reservation centers have been run in an identical manner for the previous five years, and they are expected to continue to be run in the same manner for the foreseeable future. They also assume that there has been no change in the workforce over these periods.

External factors in real-life situations could influence the nature of how the reservation centers actually would be run in the future. By not taking the possibility of change into consideration, the study could be flawed by threats to the external validity of the study.

Herzlinger and Schwartz

Since corporate expenses for health care can directly affect older workers, as well as younger workers, Herzlinger and Schwartz decided to take a look at how companies are dealing with these costs using summary research. The authors claim that, if unchecked, "...in eight years [health care costs] will eliminate all profits for the average *Fortune* '500' company and the largest 250 nonindustrials" (69).

Herzlinger and Schwartz found that companies use three main strategies to reduce health care costs:

1 Motivating employees to change their demand for health care via changes in the design and administration of health insurance policies.

2 Changing the structure of the health care system by such mechanisms as alternative health delivery systems and participation in business coalitions.

> 3 Promoting programs that will help
> lower the need for health care,
> through reducing hypertension and
> stopping smoking, for example. (69)

In order to document these company practices, in 1983 Herzlinger and Schwartz conducted a survey of all *Fortune* "500" companies and the top 250 nonindustrials. Each company received two questionnaires. One was answered by 152 CEOs and 75 other top company officers. This portion of the survey sought top management's perspective on health care issues.

The second questionnaire was answered by 280 individuals whom the respondents identified as being responsible for company health care policies. This portion of the survey was designed to yield detailed information on companies' health care activities, the motives for engaging in them, and evaluations of their effectiveness.

The sample of respondents represented a general cross-section of large companies present in the American economy. Areas of industries covered included: auto, chemicals, communications-entertainment, finance-insurance, fine equipment, food, freight, hospital chains, machinery, mining, oil, steel, textiles, paper, wood, transportation, television, radio, computers, utilities, wholesale and retail sales (71).

Questions in the survey included a section on internal cost-containment efforts. Respondents identified one of these programs: redesign of financing, including cost sharing; redesign of benefits, including flexible benefit plans; identifying high-cost areas in benefit plan; others, such as alterative delivery systems or coalition membership; health education; or none (71).

In redesigning financing of health benefits, respondents were asked about the premium costs paid by the employees. They also responded with negative or positive opinions to the question of deductibles and coinsurance. The positive responses were grouped into making employees more cost conscious, reducing employer's costs, encouraging preventive care, and "other." The negative responses included viewing employee relations as a problem, considering deductibles and coinsurance as hard to administer, deciding that employees do not get needed care under this type of benefit plan, and "other" (77).

Respondents also were asked how they would change health care expenditures. The options included:

changing copayment and/or deductible levels; changing the number of insured services; converting to self-funding; changing the level of payment for benefits; changing the limits on benefits; and other flexible benefits (77).

Another section of the survey dealt with the purpose of the organization's benefit level. Respondents were broken into two categories -- CEOs and health care professionals. The individual respondents identified what they viewed to be what the purpose of benefit levels should be: to be competitive by equalling coverage in industry; to promote cost containment; to protect employees and improve their health; to enhance the company image and be leader in industry; to keep desirable employees; and to meet union requirements and ensure equality of union and nonunion employees (72).

The sample of this survey did include the individuals who would be most concerned with health care benefit costs in American industry today. Therefore, the sample seemed to be appropriate to the goal of the study, namely to determine how CEOs and health care professionals view the importance of health benefit costs for their employees.

The problem of nonresponse error was minimal, since the researchers received responses from over 200 individuals. Since this figure is well over 50 percent the survey results should be considered reliable.

Ramirez

Ramirez, among others, used personal interviews to study the importance of programs designed to retain the knowledge of older workers. The problem with this type of research is that the sample is too small to generalize the results to the overall population. The views expressed can only be construed as very narrow in scope.

However, this type of research does touch upon some isolated instances of how older workers are being put to practical use in today's workforce. Looking at the results as focused opinions, other organizations might try to employ some of the programs which have been found to be successful in similar industries.

Ramirez also cited a 1985 Yankelovich Skelly & White survey of 400 companies which was commissioned by AARP. This survey found that 71% of businesses rated older workers excellent or very good in performance. They received high marks in attendance and punctuality

(86%), commitment to quality (82%), and practical knowledge (76%) (186).

This secondary research utilized by Ramirez further supports the hypothesis of this paper that companies need to make good use of their older workers.

Chapter IV

RESULTS

After looking at various companies and their policies toward older workers, Scott and Brudney wrote that American business needs a "...simple change in attitude" (177) in order to make good use of the older working population. The data they collected supports the view that it is important to not only retain older workers, but it is equally vital to attract more of this segment of the population back to the working environment.

By studying older worker programs in place at a variety of companies, Scott and Brudney concluded that these types of programs have been successful in retaining and attracting older workers. The authors based some of their conclusions on statistical data regarding the aging of the American population and what effect this "graying" of America would have on the future of the work force. They contend that the American worker is becoming older because life expectancy is continuing to improve and birthrate continues to decline.

Lefkovich offered the following table to support the view that the American work force is continuing to grow older:

Table 1

Civilian Labor Force Participation by Age
Actual 1972, 1986, and Projected to 2000 (in thousands)

Age	*1972*	*1986*	*% Change*	*2000*	*% Change*
20-34	12,130	15,442	28.2	13,751	-10.8
25-34	18,958	34,592	93.6	34,481	-7.7
35-44	16,400	27,233	73.7	38,571	42.6
45-54	16,967	17,740	11.1	30,552	73.5
55-64	11,412	11,894	6.6	12,970	10.1
65+	3,114	3,010	-0.3	2,394	-19.5

SOURCE: Projections 2000, U.S. Department of Labor, Bureau of Statistics, March 1988, p. 23. Exhibit from "Older Workers: Why and How to Capitalize on Their Powers," by Jeff L. Lefkovich (1992). As cited in Employment Relations Today (Spring, 1992): 64.

Lefkovich also supported Scott and Brudney in their view that the birthrate in the United States would continue to decline by citing the following chart:

Table 2

United States Birth Rate
(Five Year Intervals)
Crude Rate Per 1000 Population

Actual		Projected	
Year	Rate	Year	Rate
1950	24.5	1990	14.5
1955	25.0	1995	14.0

Actual (cont.)		Projected (cont.)	
1960	23.5	2000	13.5
1965	20.0	2005	13.0
1970	17.5	2010	12.5
1975	15.0	2015	12.25
1980	15.5	2020	12.0
1985	15.0	2025	11.75
		2030	11.5
		2035	11.0
		2040	10.5
		2045	10.25
		2050	10.0

SOURCE: Excerpted from U.S. Bureau of the Census, Current Population Reports, Series P-25, Nos. 802 and 1006; and table 1-B. Exhibit from "Older Workers: Why and How to Capitalize on Their Powers," by Jeff L. Lefkovich. As cited in Employment Relations Today (Spring, 1992): 65.

In Table 3, Lefkovich offers the ten most common reasons why people work. Based upon an AARP survey, he concluded that enjoying working was the primary reason older people stay on the job.

Table 3

Reasons for Working

	Age		
Order of Popularity	40-49(%)	50-62(%)	63+(%)
1. Enjoy job/working	75	80	87
2. Need the money	84	76	61
3. Makes me feel useful	71	80	77
4. Be productive/help others	64	72	73
5. Work is an obligation	57	66	62
6. Maintain health insurance	57	64	62
7. Fulfill pension requirements	43	59	41
8. Need to support family	58	44	22

Order of Popularity (cont.)	Age (cont.) 40-49(%)	50-62(%)	63+(%)
9. Fulfill Social Security requirements	38	55	38
10. Need to pay health costs	44	41	32

SOURCE: AARP/Worker Equity (1989). *Work and Retirement: Employees over 40 and Their Views,* Washington, DC: PW 3858(1258).D12632. Exhibit from "Older Workers: Why and How to Capitalize on Their Powers," by Jeff L. Lefkovich. As cited in Employment Relations Today (Spring, 1992): 68.

Citing this evidence, Lefkovich concluded that statistics support his view that America's work force is indeed becoming older. Based upon these results, he stressed the fact that those companies which will be the most successful in the future will be those which choose to act now to retain and invest in their older workers.

Walker and Lazer found that without mandatory retirement at age 65, more people are choosing to stay on the job longer than in previous years. They studied what type of impact this phenomenon might have on employers. Walker and Lazer looked at both the costs and the savings generated to employers caused by retirement timing decisions. In both instances, they found that it is to the employers' benefit to retain older workers, as seen in Table 4:

Table 4

Employer Costs and Cost Savings

Retirement Timing	Early	Later
Potentially increased costs	Retirement benefits	Higher salaries
	Recruitment and training of replacements	Certain employee benefit costs (medical, insurance)
		Productivity decline because of vacations, illness, obsolescence, etc.
Potential cost savings	Replacement by younger, lower-paid employees	Reduced recruitment and training costs
	Reduction in the number of positions	Lower retirement benefit costs
		Reduced absenteeism
		Strong work motivation

SOURCE: <u>The End of Mandatory Retirement</u> by James W. Walker and Harriet L. Lazer (1978): 76.

In looking at the implications of benefits' costs to employers, Walker and Lazer found that age 65 is usually a benchmark at companies. For instance, the authors assert that pensions generally begin at 65, and no further recognition is given after that age (79).

In support of this finding, Walker and Lazer said that federal bills do not extend benefits beyond age 65, and the ADEA and ERISA do not credit years of service after that either. They conclude, therefore, that funding costs for pensions are reduced by employees working past age 65. It follows that the longer an employee works, the shorter the period that retirement payments are made. Walker and Lazer claim that employers actually amass savings from added years of accumulated interest on money not paid out in pensions (82).

The authors also point out, however, that there are costs incurred regarding equal treatment of older employees which could have long-range pension implications. Walker and Lazer feel that this older-age employment equality could lead to benefit accruals with extended service and recognition of pay after 65 as a basis of pension calculation which could help offset savings. They said that in the future pension benefits may be based solely upon years of service rather than age (83).

Walker and Lazer found that medical, disability, and other benefits could be affected by employees who choose to work past the age of 65. They said that under ADEA, employers are under no obligation to provide any type of new benefits to their older employees.

In the future companies will probably have to modify plans and incur additional costs associated with extended age coverage. Medicare supplements now provide coverage only to age 65 regardless of employment. Walker and Lazer feel that employees with shorter service may continue working until they are disabled in order to collect disability benefits. Costs in this area could rise 50%, and companies may reduce long-term disability benefits or relate them to years of service. Employers could also be faced with increases up to 15% for sick pay plans for employees who are over 65 (85).

Walker and Lazer feel that death benefits for group life insurance may be reduced or even eliminated at age 65, even if individuals remain employed. The cost of providing this type of insurance rises dramatically after age 65 (86).

The authors said that individuals who work longer are usually the higher paid, older workers. This results in higher employer contributions to Social Security (86).

Because of the issues of both costs and savings, Walker and Lazer concluded that it is essential for progressive employers to begin looking at ways to have older workers become more cost effective. They feel that new employment programs for older workers are needed now.

Galvin's survey results found that many American companies currently have some type of older worker programs in place. Most of the employers who responded to his survey, felt that these programs were beneficial.

McNaught and Barth's research with the Days Inns' case study, provided some noteworthy results. They found (Table 5) that the center using only older workers had a slightly higher total labor cost ($1.29 million) than the center using younger workers ($1.27 million). Looking at various aspects of the centers, they said that the cost of operating the older worker center was $1.78 million compared to $1.40 million for the younger worker center.

They also looked at the revenues generated by both centers. They found that the older worker center booked rooms 40.5% of the time compared to the younger worker center which booked rooms 40.1% of the time. They assumed that 64% of people who booked rooms actually used them and that the cost of the average Days Inns room was $38.00 per night. Taking this into consideration, McNaught and Barth concluded that the older worker center produced an extra $349,000 in revenue.

Therefore, they said that the cost of operating the older worker center was $1.44 million compared to $1.4 for the younger worker center. McNaught and Barth felt that this 2.6% cost difference was small enough to say that operating both centers was essentially the same (59).

Table 5

Estimated Costs of Operating
Hypothetical Reservations Centers

	Younger Workers	Older Workers
Labor	$ 1,268	$ 1,292
Equipment	11	14
Supervision	94	119
Telecommunications	27	360
Total Costs	**$ 1,400**	**$ 1,785**
Additional Revenues	0	349
Net Costs	**$ 1,400**	**$ 1,436**

All numbers in thousands

SOURCE: Sloan Management Review. Exhibit from "Are Older Workers 'Good Buys'? -- A Case Study of Days Inns of America," by William McNaught and Michael C. Barth (Spring, 1992): 59.

McNaught and Barth also conducted two sets of sensitivity analyses. The first analysis looked at productivity levels (Table 6) for older Days Inns workers. Based on data furnished by Days Inns, they found that the talk time for older reservation clerks decreased considerably throughout their careers. This decrease means that when older workers stay on the job for longer periods of time, they begin to talk less to callers, and their rate of reservations decreases. McNaught and Barth felt that this decrease resulted in the productivity of older workers eventually mirroring the lower productivity levels of their younger counterparts.

In order to counterbalance this phenomenon, McNaught and Barth made the assumption that there indeed would be some type of method available which would help Days Inns maintain the older workers' levels of productivity even after the first year of employment. Their first analysis, therefore, was based upon the assumption that "...older workers remain at peak productivity after their first year. Costs of the older worker center increase substantially, and the cost differential rises to nearly a million dollars" (59).

However, McNaught and Barth found that the revenues generated by the older worker center more than offset this cost differential. These researchers said that the older worker center booked an additional $1.3 million in extra hotel rooms annually. Therefore, McNaught and Barth concluded that"...the net costs of this high productivity center are substantially less (29 percent) than the center staffed by younger workers" (59).

Table 6

Sensitivity of Cost Results to Assumptions about Older Worker Productivity

	Younger Workers	Older Workers Base Case (Table 5)	Older Workers 1st Year Productivity
Labor	$ 1,268	$ 1,292	$ 1,547
Equipment	11	14	17
Supervision	94	119	142
Telecommunications	27	360	625
Total costs	**$ 1,400**	**$ 1,785**	**$ 2,330**
Additional revenues	0	349	1,331
Net Costs	**$ 1,400**	**$ 1,436**	**$ 999**

All numbers in thousands

SOURCE: Sloan Management Review. Exhibit from "Are Older Workers 'Good Buys'? -- A Case Study of Days Inns of America," by William McNaught and Michael C. Barth (Spring, 1992): 60.

McNaught and Barth's second set of sensitivity analyses dealt with the issue of wage differentials for older and younger workers (Table 7). They maintained that the entry level wage for younger workers was $5.25 per hour, and the entry level wage for older workers was $4.75 per hour. McNaught and Barth also conducted an analysis with no wage differential, in which they assumed that both sets of workers would be paid $5.25 per hour.

With the fifty-cent wage differential, the total cost of operating the older worker center rises to $1.92 million. With no difference in wages, the cost of operating this center rises to $2.05 million. Therefore, the net cost of operating the older worker center increases to $1.57 million with the wage differential, and it increases to $1.70 with no differential (60).

However, McNaught and Barth claim that profits could still be increased significantly at the older worker center by placing a greater emphasis on higher booking rates for rooms. Even though this would most likely result in longer talk times, they conclude that older workers are generally considered to be better sales people than younger workers.

Taking this factor into consideration, McNaught and Barth found that older workers who spend more time talking to callers actually generate more bookings than younger, less communicative workers. More bookings naturally result in greater profits for the company. Based upon these data, McNaught and Barth conclude that "...older workers would remain a cost-effective labor source..." with or without some type of wage differential (60).

Table 7

Sensitivity of Cost Results to Assumptions about the Wage Differentials between Older and Younger Workers

	Younger Workers	Older Workers		
		Base Case (Table 5)	50 Cent Differential	No Differential
Costs/Revenues				
Labor	$ 1,268	$ 1,292	$ 1,428	$ 1,559
Equipment	11	14	14	14
Supervision	94	119	119	119
Telecommunications	27	360	360	360
Total costs	**$ 1,400**	**$ 1,436**	**$ 1,921**	**$ 2,052**
Additional revenues	0	349	349	349
Net costs	**$ 1,400**	**$ 1,436**	**$ 1,573**	**$ 1,703**

All numbers in thousands

SOURCE: Sloan Management Review. Exhibit from "Are Older Workers 'Good Buys'? -- A Case Study of Days Inns of America," by William McNaught and Michael C. Barth (Spring, 1992): 60.

Herzlinger and Schwartz conducted a survey (Table 8) on health care issues in 1983. The sample consisted of all *Fortune* "500" companies and the top 250 nonindustrials. "Each company received two questionnaires: one was answered by 152 CEOs and 75 other top officers, and the other by 280 people designated by those respondents as being most responsible for health care...." (70).

Table 8

Who completed questionnaire

Standard industrial classification	Number of companies	Percent
Auto	6	1.9%
Chemicals	25	7.8
Communications-entertainment	8	2.5
Finance-insurance	36	11.3
Fine equipment	11	3.4
Food	25	7.8
Freight	16	5.0
Hospital chains	5	1.6
Machinery	13	4.1
Mining	11	3.4
Oil	30	9.4
Steel	25	7.8
Textiles, paper, wood	33	10.3
Transportation	10	3.1
TV, radio, computers	19	5.9
Utilities	20	6.3
Wholesale and retail sales	24	7.5
Other	3	0.9
Total	320	100.0%

SOURCE: Harvard Business Review. Exhibit from "How Companies Tackle Health Care Costs: Part I," by Regina E. Herzlinger and Jeffrey Schwartz (July-August, 1985): 71.

Herzlinger and Schwartz's survey looked at the reasons for providing some type of health care for employees. What is especially pertinent to older workers is that almost one-third of the respondents said that benefit levels should be designed to keep desirable employees.

Table 9

Purpose of benefit level

Purpose	CEOs		Health care professionals	
	Number	%	Number	%
To be competitive by equaling coverage in industry	41	16.8%	108	27.1%
To promote cost containment	89	36.5	91	22.9
To protect employees and improve their health	0	0.0	77	19.3
To enhance company image and be leader in industry	22	9.0	47	11.8
To keep desirable employees	52	21.3	37	9.3
To meet union requirements and ensure equality of union and nonunion employees	15	6.1	29	7.3

SOURCE: Harvard Business Review. Exhibit from "How Companies Tackle Health Care Costs: Part I," by Regina A. Herzlinger and Jeffrey Schwartz (July-August, 1985): 72.

Ramirez's study was more individually focused than the others. It provided a specific look at a number of individuals who have been participating in various types of older worker programs offered by their companies (Table 10).

Ramirez interviewed individuals from companies such as California's Wells Fargo Bank, TRW, Grumman, Varian, Corning Glass Works, and Builders Emporium. He also cites surveys which had been conducted by Yankelovich Skelly & White for AARP and by Helen Dennis of the University of Southern California. Ramirez refers to employment data gathered by George Washington University's Malcolm Morrison.

His research supports the view that since fewer younger Americans are entering the job force, it is important to keep valuable older workers on the job. His information confirms the idea that older workers are good performers who are cost-efficient for their employers.

Table 10

New job entrants: Americans turning 20

Year	Number (millions)
1970	3.7
1980	4.4
1990	3.8
2000	3.7

SOURCE: Fortune. Exhibit from "Making Better Use of Older Workers," by Anthony Ramirez (January 30, 1989): Excerpted from graph: 187.

Chapter V

DISCUSSION

Summary

Scott and Brudney's research concerning the "graying of America" is pertinent to any study of today's work force. It is important to understand the demographic changes which have been occurring in this country and how the composition of labor will be changing within our lifetimes. Accepting the fact that the United States is definitely growing older, progressive companies which are determined to avoid a skilled labor shortage should be prepared to make the best possible use of the resources which are available to them.

Those companies which currently are providing programs that help attract and retain older workers are the companies which will be ahead when the work force begins its inevitable decline in size. Scott and Brudney's study of companies which have older worker programs in place offers an overview of progressive business thinking. They also demonstrate that these programs have fared exceptionally well in actual working environments for both the employees and the employers.

Scott and Brudney's research provides an insightful look at just why it is important to both keep individuals happy in the work place and also to attract new employees. By providing clear reasons for the impending labor shortage, namely the increase in life expectancy and the decline in the birthrate, they lay the foundation for the importance of the older workers and their place in the future of the American work force.

Lefkovich supports the findings of Scott and Brudney concerning the shrinking work force by looking at the declining birthrate in the United States since 1950. With fewer children being born, it is logical to conclude that fewer adults will be available to support American businesses. It is particularly interesting to look at the projected decline in the number of civilian personnel in the 20-34 age group in Lefkovich's study (Table 1). This group, which is the future of the American work force, will decline approximately 10.8% from 1986 to 2000 (64).

This projection is particularly significant when coupled with the forecast of a continued declining birthrate. According to Lefkovich's research, the birthrate in 1985 was 15.0 births per 1000 people

(Table 2). By 2000 the rate will be 13.5 births per 1000 population (65). This forecast supports the contention that the birthrate will be a major factor in supplying individuals to fill the country's business needs.

It is also very interesting that Lefkovich found that 87% of the 63 and older individuals surveyed by AARP said they continue to work because they enjoy it (Table 3). Younger groups of workers chose other issues as their primary reasons for remaining in the work force (68).

Actually, Lefkovich's research shows a generally positive attitude toward work among older workers. Since these individuals really want to work, it is both professionally and economically sensible to allow them to continue to do so as long they are able to contribute something of value to their employers.

Ramirez also provides supporting evidence that the work force is declining in numbers. He claims that the number of new entrants into the American labor market will decline by 7/10 of one million between 1980 and 2000 (Table 10).

Walker and Lazer's research contradicts commonly-held beliefs that older retirees are more expensive to maintain than younger retirees. Employers who retain older workers benefit by not having to hire and train younger workers. At the same time, they profit from the experience and knowledge provided by older workers.

Even though Walker and Lazer agreed that older workers probably command larger salaries than younger workers, they also found that older workers provide a stronger work ethic and a lower absenteeism rate than their younger counterparts. By keeping individuals on the job longer, employers also benefit by paying reduced retirement benefits.

Walker and Lazer's evaluation of early retirement versus later retirement provides the results that retaining older workers is generally very beneficial (Table 4). Therefore, it is logical that from both an economic and practical standpoint, older workers are useful to their employers. It is not logical to assume that it will be to a company's benefit to replace older workers with younger workers in order to save on salaries and retirement costs. The statistics provided by Walker and Lazer do not support this view.

Galvin's survey is significant, because it identified a large number of companies which have some type of older worker programs in place. The fact that most of the companies he surveyed found their programs to be beneficial, supports the view that older workers are worth keeping and attracting. In the long term those companies which have instituted programs to retain and attract older employees will be ahead of those who have not been as farsighted.

McNaught and Barth's study of the Days Inns reservations centers also support the view that older workers have the ability to make valuable contributions to their employers. They do point out that companies may have to modify their current recruiting and training programs to accommodate older workers. However, these modifications may produce significant benefits for companies.

In the Days Inns study older workers brought a unique talent to the job which younger workers did not possess. Older workers were able to talk to customers for longer periods of time. The increased length of these conversations, or "talk time," resulted in higher booking rates which, in turn, resulted in higher revenues for the company.

This study points out the significance of experience in a working environment. Older workers have the confidence and interest to meet the customers' needs. This is a benefit which could be acquired by younger workers through exposure to their older counterparts. Therefore, McNaught and Barth's study pointed out that not only was the older worker center as cost efficient as the younger worker center, the older worker center also made use of the inherent experience brought to it by its employees.

Herzlinger and Schwartz's health care survey addressed the issue of the cost of benefits to employers. Interestingly, among those surveyed 52% of the CEOs and 37% of the health care officials listed keeping valuable employees as an important consideration in deciding upon health care benefits (Table 9).

Through this survey it is obvious that executives feel it is important to provide worthwhile company benefits in order to retain good employees. This feeling supports the contention that is important to make good use of older employees and retain them as long as they wish to work and are able to contribute something of value to the organization.

Since these studies have confirmed that there is now, and there will continue to be, a decline in the birthrate and an extension of life expectancy in the

United States, it is logical to conclude that the number of individuals entering the work force also will continue to decline. Unless there is some unknown, as yet undiscovered or unpredicted industrial method of counterbalancing this decline in manpower, the nation's businesses will have to look at the resources which are currently available to them. Since Americans are living longer and healthier than ever before, the most obvious resource is the older worker.

Companies which have provided specialized programs geared toward retaining these individuals have found them to be a most worthwhile source of knowledge, experience, and talent. The old stereotypes, when looked at objectively, are completely false. Those companies which have had the foresight to look toward their older employees have found a cost-efficient method of offsetting the decline in the number of individuals entering the work force.

Therefore, the research discussed in this paper supports the hypothesis that the shift in the work force to larger numbers of younger workers has resulted in a need to continue to utilize the knowledge and abilities of the older workers. More and more companies are realizing that they need to plan ahead for the forecasted shrinking work force which is forecast, and they are turning to a variety of unique programs designed to meet this need.

Limitations

At this point in time some studies were limited by the fact that many of America's companies have not embarked upon implementing older worker programs. This narrows the scope of any study on the subject. As more and more companies realize that they need to retain and attract older workers instead of concentrating their energies on early retirement programs, they should be looking to older worker programs as the norm rather than as the exception in the work place.

Several of the researchers limited their studies to only of large companies, such as Days Inns of America, Travelers Insurance, McDonald's Corporation, Kentucky Fried Chicken Corporation, Xerox Corporation, Grumman Corporation, Corning Glass Works, Builders Emporium, Control Data Corporation, Minnesota Title Financial Corporation, Instron, and Teledyne Continental Motors. All of these are rather large organizations. It would be interesting to also look at how small and medium-size companies will be dealing with the decline in the work force, since they, too, will have to devise the means to both attract and retain older workers.

Another criticism would be the accusation of "tunnel vision" regarding these programs which are in place. In other words, the scope of the research was very narrow. All of the research in this paper produced positive results regarding older workers. If there are no negatives to be found regarding these individuals, more companies need to be made aware of how to implement programs which can be tailored to their specific organizations.

Suggestions for Future Research

Future research should include additional surveys of large, medium and small companies regarding older worker programs. The results should be publicized in trade journals and other types of business networks in order to inform organizations what methods currently are being used to utilize older workers.

Those companies which have been progressive enough to have already put programs into place should be studied to see whether they continue to have positive results regarding their older workers. These businesses also should be asked about new programs as they devise and implement them.

Organizations, such as AARP, could be a source for potential available human resources. Since mandatory retirement is a thing of the past, and the minimum age for Social Security benefits continue to be extended, the older working population will expand. Companies need to look to this labor pool to fill their labor needs.

Not all people can be replaced in the work place by machinery. While it is still important to provide positions for younger workers in which they can grow and develop into productive contributors, it is equally important to retain and attract older workers. This is the group which is the foundation on which companies need to build for the future.

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