Our Aging Workforce

SHRM and AARP Insights for Pennsylvania HR Professionals

Presenters:
Beth McFarland, CAE, SHRM Foundation
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Michael Herndon, AARP

August 16, 2016
The SHRM Foundation
Shaping the future of HR

The Aging Workforce Initiative
Beth McFarland, SHRM Foundation
The Problem

- The rapid aging of the workforce is apparent, with older worker participation rates already at historic highs.

- By 2050, the 65-plus portion of the workforce is expected to grow by 75%, whereas the 25 to 54 segment is expected to grow by only 2%.
An Aging Workforce

*Older workers comprise the only segments of the U.S. labor force with substantial projected growth.*
The Problem

Some industries expected to be hit hardest by baby-boomer retirements:

- Educational institutions,
- Government,
- Healthcare,
- Manufacturers, and
- Oil and Gas

Hiring, retaining, engaging older workers is both the challenge and the opportunity
The Solution

AARP and SHRM are partnered in an effort to provide organizations and older individuals the resources they need to achieve success in the aging workforce.
Alfred P. Sloan Grant

• Three year grant of just over $900,000 to the SHRM Foundation and SHRM (Research and Academic Initiatives)

• Objectives:
  (1) educate students, HR professionals, and business leaders regarding the aging workforce and the implications for organizational and societal success; and,

(2) advance and accelerate research and applied, effective practice applications for human resource (HR) professionals to understand and solve workforce aging issues that currently impact organizations, and that will grow in impact, over the next decade.
Alfred P. Sloan Grant

- Deliverables:
  - Current Practice Survey
  - Current Research Review
  - Gap analysis
  - DVD featuring the National Institutes of Health (NIH)
  - Effective Practice Guideline Report
  - Webcasts
  - Education Module and Case Studies
  - Executive Roundtable
  - Executive Briefings
  - Toolkits
  - Chapter Engagement
Preparing for an Aging Workforce

• **SHRM Gap Analysis Report**

• Short-term mindset by employers

• Lack of urgency in preparing for long-term demographic shifts

• Lack of formal long-term forecasting, planning, and analysis

• Older workers are not included in diversity planning for recruitment
For More Information

All of the deliverables from the initiative and more are found here:

- [https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/employing-an-aging-workforce.aspx](https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/employing-an-aging-workforce.aspx)
- OR shrmfoundation.org
Introduction

The purpose of this research is to:

- Investigate the current demographics of organizations and their views on how the demographic breakdown of their workforce is likely to change in the future in both their organization and industry.
- Determine what, if any, actions organizations are taking to prepare for an aging workforce, including recruiting and retention strategies to specifically target older workers.
- Identify the skills and experience HR professionals most value in older workers.

Definition

- For the purpose of this survey, mature workers were defined as employees 55 years of age or older.
Part 1: State the U.S. 55+ Workforce
How organizations are preparing for an aging workforce

- Beginning to examine internal policies and management practices to address this change: 36%
- Have examined our workforce and determined that no changes in our policies and practices are necessary: 20%
- Just becoming aware of this potential change: 19%
- Not aware of this potential change: 13%
- Have implemented specific policies and management practices: 6%
- Have proposed specific policy and management practice changes: 5%
- Have agreed on a plan to change policies and management practices: 2%

Note: n = 1,715. Percentages may not sum to 100% due to rounding.

1 “According to the Bureau of Labor Statistics, workers 55 years of age and over are projected to make up approximately 26% of the labor force by the year 2022, compared to 21% in 2012 and 14% in 2002. As the proportion of older workers increases, the potential impact resulting from the loss of their knowledge and experience may become more substantial. Which of the following best describes your organization’s preparation for this change?”
Impact of the potential loss of talent as the workforce ages

**Impact on Industry**

<table>
<thead>
<tr>
<th>Duration</th>
<th>It is a crisis</th>
<th>It is a problem</th>
<th>It is a potential problem</th>
<th>It is not a problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years (n = 1,592)</td>
<td>3%</td>
<td>18%</td>
<td>33%</td>
<td>46%</td>
</tr>
<tr>
<td>3-5 years (n = 1,612)</td>
<td>4%</td>
<td>24%</td>
<td>41%</td>
<td>32%</td>
</tr>
<tr>
<td>6-10 years (n = 1,532)</td>
<td>8%</td>
<td>28%</td>
<td>41%</td>
<td>23%</td>
</tr>
<tr>
<td>11-20 years (n = 1,396)</td>
<td>13%</td>
<td>26%</td>
<td>34%</td>
<td>26%</td>
</tr>
</tbody>
</table>

**Impact on Organization**

<table>
<thead>
<tr>
<th>Duration</th>
<th>It is a crisis</th>
<th>It is a problem</th>
<th>It is a potential problem</th>
<th>It is not a problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2 years (n = 1,785)</td>
<td>4%</td>
<td>17%</td>
<td>27%</td>
<td>53%</td>
</tr>
<tr>
<td>3-5 years (n = 1,800)</td>
<td>3%</td>
<td>24%</td>
<td>38%</td>
<td>35%</td>
</tr>
<tr>
<td>6-10 years (n = 1,687)</td>
<td>7%</td>
<td>28%</td>
<td>40%</td>
<td>24%</td>
</tr>
<tr>
<td>11-20 years (n = 1,499)</td>
<td>12%</td>
<td>27%</td>
<td>34%</td>
<td>28%</td>
</tr>
</tbody>
</table>

*Note: Percentages may not sum to 100% due to rounding.*
Organizations that have conducted a strategic workforce planning assessment to...

1 Strategic workforce planning is a process used to ensure an organization takes into account the future loss of knowledge through employee resignations/retirements and the projected knowledge/personnel resources required to achieve the organization’s goals.
Part 2: Recruitment and Retention
### Steps Taken to Recruit and/or Retain Older Workers

<table>
<thead>
<tr>
<th>Action</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offered reduced hours or part-time positions to older workers</td>
<td>48%</td>
</tr>
<tr>
<td>Hired retired employees as consultants or temporary workers</td>
<td>40%</td>
</tr>
<tr>
<td>Started flexible scheduling (e.g., telework, alternative work schedules, etc.)</td>
<td>37%</td>
</tr>
<tr>
<td>Created positions/redesigned positions that allow bridge employment¹</td>
<td>30%</td>
</tr>
<tr>
<td>Offered phased/gradual retirement</td>
<td>30%</td>
</tr>
<tr>
<td>Provided training to upgrade skills of older workers</td>
<td>29%</td>
</tr>
<tr>
<td>Provided opportunities for older workers to transfer to jobs with reduced pay and responsibilities</td>
<td>27%</td>
</tr>
<tr>
<td>Increased training and cross-training efforts to induce older workers to stay with or join the organization</td>
<td>24%</td>
</tr>
<tr>
<td>Increased recruiting efforts aimed at older workers who have the skills being lost due to retiring employees</td>
<td>23%</td>
</tr>
<tr>
<td>Offered wellness programs to attract and retain older workers</td>
<td>23%</td>
</tr>
</tbody>
</table>

*Note: n = 99. Only respondents whose organizations have a formal strategy to recruit and/or retain older workers were asked this question. Percentages do not sum to 100% due to multiple response options.*

¹ Opportunities that allow near retirees to ease into retirement while allowing the organization to retain good employees.
Part 3:  Skills
Main advantages of mature workers

<table>
<thead>
<tr>
<th>Main Advantages</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>More work experience (i.e., more knowledge and/or skills)</td>
<td>77%</td>
</tr>
<tr>
<td>More mature/professional</td>
<td>71%</td>
</tr>
<tr>
<td>Stronger work ethic</td>
<td>70%</td>
</tr>
<tr>
<td>Ability to serve as mentors for younger workers</td>
<td>63%</td>
</tr>
<tr>
<td>More reliable</td>
<td>59%</td>
</tr>
<tr>
<td>More loyalty</td>
<td>52%</td>
</tr>
<tr>
<td>Lower turnover</td>
<td>52%</td>
</tr>
<tr>
<td>Tacit knowledge (knowledge that is not easily recorded or disseminated)</td>
<td>51%</td>
</tr>
<tr>
<td>Commitment/engagement</td>
<td>51%</td>
</tr>
<tr>
<td>Stronger applied skills (critical thinking/problem solving, professionalism)</td>
<td>48%</td>
</tr>
<tr>
<td>Institutional knowledge of long-term workers at your organization</td>
<td>47%</td>
</tr>
<tr>
<td>Established networks of contacts and clients</td>
<td>39%</td>
</tr>
<tr>
<td>Add to diversity of thought/approach to team projects</td>
<td>38%</td>
</tr>
<tr>
<td>Stronger basic skills (reading comprehension, writing, math)</td>
<td>31%</td>
</tr>
<tr>
<td>More productive</td>
<td>23%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
<tr>
<td>None – There are no advantages</td>
<td>1%</td>
</tr>
</tbody>
</table>

Note: n = 1,736. Percentages do not sum to 100% due to multiple response options.

* In your professional opinion, what are the main advantages workers aged 55 and older bring to your organization compared to other workers? (Check all that apply)
Preparing for an Aging Workforce: Strategies, Templates and Tools for HR Professionals

Business Case Checklist:
Scope/Statement of Need
- The demographic shifts in the workforce are/ will be significant and unprecedented.
- The workforce and the population as a whole are aging.
- Labor and skills shortages are projected in a growing number of sectors of the economy.
- Many workers intend to continue to work beyond the traditional retirement age.

Diversity Survey
Please take a few minutes to complete this survey. To ensure your anonymity, [Company Name] has retained an independent consultant to design the survey, collect the completed questionnaires and interpret the findings.

Please circle one response for each statement.

1. Company Name's Attitude Toward Diversity
   - Strongly agree
   - Somewhat agree
   - Neutral
   - Somewhat disagree
   - Strongly disagree

2. Management shows that diversity is important through its actions.
   - Strongly agree
   - Somewhat agree
   - Neutral
   - Somewhat disagree
   - Strongly disagree

3. This company is committed to diversity.
   - Strongly agree
   - Somewhat agree
   - Neutral
   - Somewhat disagree
   - Strongly disagree

4. This company is respectful of individuals and values their differences.
   - Strongly agree
   - Somewhat agree
   - Neutral
   - Somewhat disagree
   - Strongly disagree

5. Employees who are different from most others are treated fairly by the company.
   - Strongly agree
   - Somewhat agree
   - Neutral
   - Somewhat disagree
   - Strongly disagree

II. DISCRIMINATION
9. I have personally witnessed discrimination at this company.
   - Strongly agree
   - Somewhat agree
   - Neutral
   - Somewhat disagree
   - Strongly disagree

10. I have been the victim of discrimination at this company.
    - Strongly agree
    - Somewhat agree
    - Neutral
    - Somewhat disagree
    - Strongly disagree

Case Study: Assessing Future Workforce Demographic Changes and Preparing Through Mentoring and Gradual Retirement

United States Social Security Administration, Washington, D.C.

Although there is no mandatory age at which one must stop working at the U.S. Social Security Administration (SSA), each year nearly 1,000 employees leave the SSA, and the bulk of those departures are due to retirements.

Of the agency’s approximately 64,000 workers, 25% belong to the 55-and-older demographic, said Dr. Reginald Wells, the SSA’s deputy commissioner for human resources. Many employees do stick around for decades, but back in the late 1990s, constant churn among the ranks prompted the SSA’s leadership to truly emphasize workforce planning for its experienced personnel, he said.

“With these employees, who are winding down their service, their supervisors may allow them a little more time off to slow down,” he said. “We identify somebody to come in and start taking their assignments and responsibilities, and it eases the transition.” For those who have second thoughts about retiring from the SSA, the agency also offers a “trial retirement program,” in which employees can request to return to work within their first year off the SSA’s payroll, as long as management can feasibly accommodate the request. Many employees come back in a part-time arrangement, Wells said, because they want to make more contributions after they retire—and some simply feel that they retired too soon.

“Retiring employees are also eligible for the government’s dual...
Preparing for an Aging Workforce Industry Reports
SHRM/AARP Partnership

SHRM-AARP Special supplement to November 2014 HR Magazine with articles on “HR and the Aging Workforce” by CEOs Hank Jackson and Jo Ann Jenkins

www.shrm.org
www.aarp/employers
TOTAL U.S. WORKFORCE
U.S.: 157.1 million
California: 19.0 million
Texas: 13.0 million
Pennsylvania: 6.4 million

TOTAL WORKERS 55+
U.S.: 34.8 million
California: 4.0 million
Texas: 2.5 million
Pennsylvania: 1.6 million

PERCENTAGE OF WORKERS 55+
U.S: 22.3% (15.1% in 2003)
Pennsylvania: 24.6%
California: 20.8%
Texas: 19.4%

Percentage of total US workers 55+ will be over one-fourth (25.6%) in 2022
Workers 55+ represent almost 1/4 of the Pennsylvania workforce and make a huge contribution to the Pennsylvania economy

Pennsylvania SHRM State Council

26 Local SHRM affiliated Chapters
Championing Experienced Workers

MICHAEL HERNDON
VP, Financial Resilience
August 16, 2016
Today’s Discussion Points

• AARP’s Focus on Work and Jobs
• Labor Force Landscape
• Value of Age-Diverse Workforce
• Value of Older Workers
• Promising Practices in Intergenerational Workforce Development
AARP: Focus on Work & Jobs for the 50+

We help the 50+ **DEFINE AND FIND WORK** so they can connect to the right opportunities...

...then help them **GET WORK** by becoming competitive job applicants...

...and help them **THRIVE AT WORK** by ensuring they have equal opportunity within an intergenerational workforce.
Generations in the Workforce

**Traditionalists**: Born before 1945

**Boomers**: Born between 1946 and 1964

**Generation X**: 1965 – 1980

**Millennials**: 1980 – 2000

**Generation Edge**: Born after 2000
Contrary to popular press reports, GenMe does not favor altruistic work values (e.g., helping, societal worth) more than previous generations. Social values (e.g., making friends) and intrinsic values (e.g., an interesting, results-oriented job) were rated lower by GenMe than by Boomers.
Labor Landscape – Highest Growth in 65+

<table>
<thead>
<tr>
<th>Age Group</th>
<th>2014</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-24</td>
<td>21,295</td>
<td>18,498</td>
</tr>
<tr>
<td>25-34</td>
<td>34,199</td>
<td>36,887</td>
</tr>
<tr>
<td>35-44</td>
<td>32,506</td>
<td>35,973</td>
</tr>
<tr>
<td>45-54</td>
<td>34,062</td>
<td>31,837</td>
</tr>
<tr>
<td>55-64</td>
<td>25,502</td>
<td>27,154</td>
</tr>
<tr>
<td>65+</td>
<td>8,357</td>
<td>13,421</td>
</tr>
</tbody>
</table>
Labor Markets Tightening

Source: The Census Bureau; calculations by The Conference Board
The Case for an Age-Diverse Workforce

McDonald’s UK asked Lancaster University to examine performance across 400 of its restaurants.

• ".. researchers found that customer satisfaction levels were on average 20% higher in those outlets that employed kitchen staff and managers aged over 60."

• David Fairhurst, McDonald's chief people officer in the UK, said that "Having a 20% increase in customer satisfaction levels, that translates into sales and profits and that is significant."

• He put the improvement down to the older workers' additional experience, work ethic and skills in dealing with customers face-to-face.
The Case for an Age-Diverse Workforce

• The labor supply is more GENERATIONALLY DIVERSE than it has ever been.

• Labor markets are GETTING TIGHT, and will continue to do so.

• Diversity is essential to INNOVATION and TEAM PERFORMANCE.

• In order to thrive, organizations need to leverage talent from ACROSS THE AGE SPECTRUM.
Competitive Advantages of Workers 50+
Competitive Advantages of Experienced Workers

Employee Engagement by Age

- 55+: 65%
- Under 55: 58%

Employees over 55 were 7% more engaged.

Employee Motivation by Age

- 55+: 81%
- Under 55: 77%

Employees over 55 were 4% more motivated.
Competitive Advantages of Experienced Workers

Longevity

- Median tenure for millennials is two years compared with five for Gen X, seven for baby boomers and 10 for silent generation workers.
- Almost 50% of workers under 50 represent risk of unplanned turnover versus only 29% for workers aged over 50.

Unexpected Turnover Rates

50% 29%

Workers Under 50 Workers Over 50

Significant benefits of planned/predictable vs. unplanned turnover

S: Payscale; elo50.com survey of Fortune 1000 human resources
Competitive Advantages of Experienced Workers

Valuable Soft Skills

A 2014 survey of more than 700 employers revealed the following beliefs regarding the value of older workers:

- Valuable resource for training and mentoring: 87%
- Important source of institutional knowledge: 86%
- More knowledge, wisdom and life experience: 82%
- More responsible, reliable and dependable: 69%
- More adept at problem solving: 59%
A DIVERSE and MULTIGENERATIONAL WORKFORCE better positions PNC to understand and provide for our customers’ evolving preferences.

William S. Demchak
Chairman, President, and CEO
AARP Pennsylvania

• Presence:

  • 1.8 million AARP Members
  • 2 offices in Philadelphia and Harrisburg
  • 13 staff
  • More than 600 volunteers
Intergenerational Case Study

For PNC, inclusion is...an environment in which every employee can bring his or her whole self to work and know that their employer respects their opinions.

- Headquartered in Pittsburgh
- One of the largest diversified financial services companies in the United States
- Operates nearly 2,700 branches in 19 states
- Employs approximately 52,000 people across all backgrounds & generations
- Diversity & inclusion a major focus at PNC
  - Corporate Diversity Council (CDC) chaired by CEO William Demchak and supported by 22 senior executives who represent every line of business across the company
Intergenerational Case Study

- Imbeds diversity & inclusion goals into management performance metrics
  - In 2014, the CDC implemented performance objectives for people managers, and provided training to help them hire, train, and develop diverse teams.
  - 12 Line of Business Diversity and Inclusion Councils, including audit, business banking, customer care, risk management, and technology
- Utilizes EBRGs to achieve business goals
  - 10 Employee Business Resource Groups (EBRGs)
  - Operating plans incorporate a business component
  - Work closely with senior executives

IGen, the newest EBRG at PNC, focuses on intergenerational issues and provides a natural way to transfer knowledge from older generations to younger generations.
AARP Resources

Workforce Benchmarking Tool

Over the past two years, how strongly have the following messages been communicated to members of your workforce?

<table>
<thead>
<tr>
<th>Message</th>
<th>Not communicated</th>
<th>Weakly communicated</th>
<th>Not communicated</th>
<th>Weakly communicated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our company/organization should be committed to hiring and recruiting</td>
<td></td>
<td></td>
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<tr>
<td>fairly, across the age span</td>
<td></td>
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<tr>
<td>Our company/organization should be committed to offering competitive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>compensation and benefits for employees of all age groups</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our company/organization should be committed to providing opportunities</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>for training and development in an even-handed manner, regardless of</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>employees’ career stage</td>
<td></td>
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<tr>
<td>Our company/organization should be committed to making a real effort</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>to provide flexible work options that fit employee needs regardless</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>of career stage</td>
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www.aarp.org/employerbenchmarking

www.aarp.org/workingcaregiver
AARP Resources

WORK & JOBS
For Employers

Job Search · Working at 50+ · Career Change · Small Business · Unemployment · For Employers

RESOURCE

The Business Case for 50+ Workers
Experienced workers are a critical component of a high-performing workforce

www.aarp.org/employers