

Our Aging Workforce

SHRM and AARP Insights for Pennsylvania HR Professionals



Presenters:

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August 16, 2016

SHRM Foundation
Shaping the future of HR

The SHRM Foundation
Shaping the future of HR
The Aging Workforce Initiative
Beth McFarland, SHRM Foundation

The Problem

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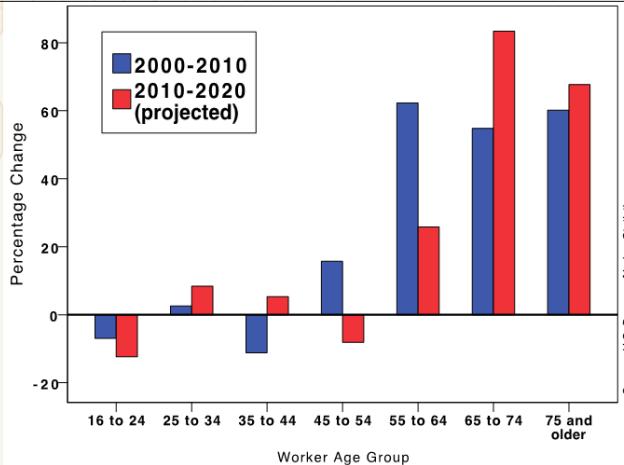
- The rapid aging of the workforce is apparent, with older worker participation rates already at historic highs.
- By 2050, the 65-plus portion of the workforce is expected to grow by 75%, whereas the 25 to 54 segment is expected to grow by only 2%.



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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

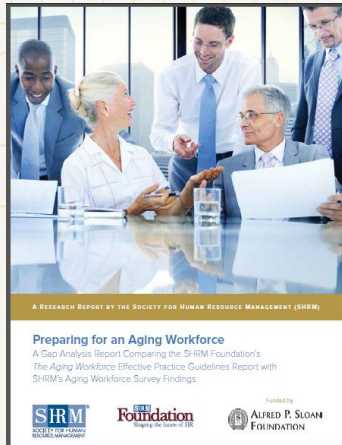


- Deliverables:
 - Current Practice Survey
 - Current Research Review
 - Gap analysis
 - DVD featuring the National Institutes of Health (NIH)
 - Effective Practice Guideline Report
 - Webcasts
 - Education Module and Case Studies
 - Executive Roundtable
 - Executive Briefings
 - **Toolkits**
 - **Chapter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



Preparing for an Aging Workforce

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- **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

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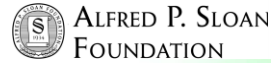
All of the deliverables from the initiative and more are found here:

- <https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/employing-an-aging-workforce.aspx>
- OR shrmfoundation.org



SHRM Preparing for an Aging Workforce Survey

Funded by the Alfred P. Sloan Foundation



May 2015



SHRM *Preparing for an Aging Workforce Survey*



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.

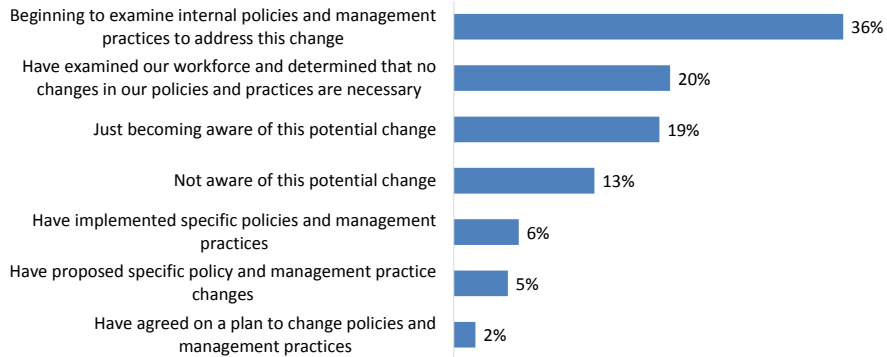


Part 1: State the U.S. 55+ Workforce

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How organizations are preparing for an aging workforce



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?

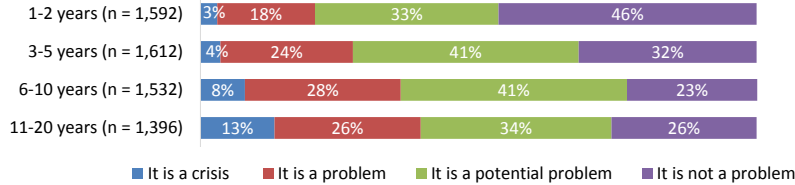
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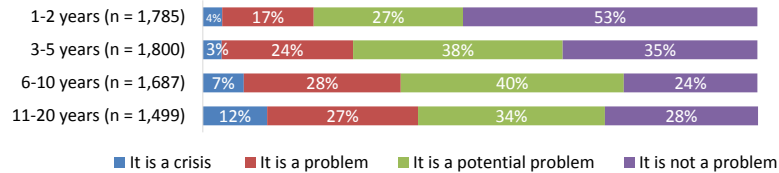
Impact of the potential loss of talent as the workforce ages



Impact on Industry



Impact on Organization

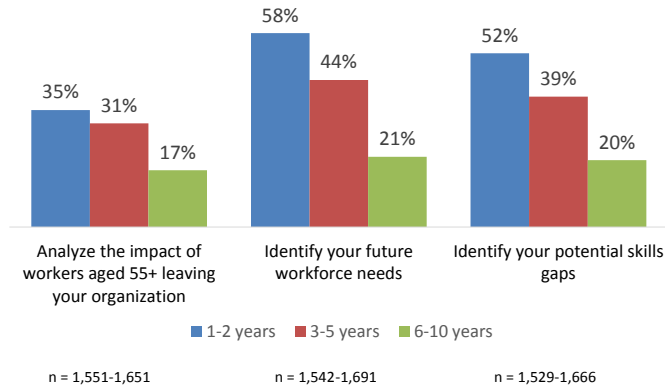


Note: Percentages may not sum to 100% due to rounding.

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Organizations that have conducted a strategic workforce planning assessment to...



¹Strategic 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.

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Part 2: Recruitment and Retention

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Steps Taken to Recruit and/or Retain Older Workers

	%
Offered reduced hours or part-time positions to older workers	48%
Hired retired employees as consultants or temporary workers	40%
Started flexible scheduling (e.g., telework, alternative work schedules, etc.)	37%
Created positions/redesigned positions that allow bridge employment ¹	30%
Offered phased/gradual retirement	30%
Provided training to upgrade skills of older workers	29%
Provided opportunities for older workers to transfer to jobs with reduced pay and responsibilities	27%
Increased training and cross-training efforts to induce older workers to stay with or join the organization	24%
Increased recruiting efforts aimed at older workers who have the skills being lost due to retiring employees	23%
Offered wellness programs to attract and retain older workers	23%

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.

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Part 3: Skills

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Main advantages of mature workers

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


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)

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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, receive the completed questionnaires and interpret the findings.

Please circle one response for each statement.

I. COMPANY NAME'S ATTITUDE TOWARD DIVERSITY (CIRCLE ONE)

1. The leadership at this company encourages diversity

Strongly disagree Somewhat disagree Neutral Somewhat agree Strongly agree

2. Management shows that diversity is important through its actions

Strongly disagree Somewhat disagree Neutral Somewhat agree Strongly agree

3. This company is committed to diversity

Strongly disagree Somewhat disagree Neutral Somewhat agree Strongly agree

4. This company respects individuals and values their differences

Strongly disagree Somewhat disagree

7. Employees who are different from most others are treated fairly at this company

Strongly disagree Somewhat disagree Neutral Somewhat agree Strongly agree

8. At this company, employees appreciate others whose race/ ethnicity is different from their own

Strongly disagree Somewhat disagree Neutral Somewhat agree Strongly agree

III. DISCRIMINATION

9. I have personally witnessed discrimination at this company

Strongly disagree Somewhat disagree Neutral Somewhat agree Strongly agree

10. I have been the victim of discrimination at this company

Strongly disagree Somewhat 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 3,000 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.

"This is a large demographic for us and we pay close attention

"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.

Determining retiree use also affords for the government's fiscal



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

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Pennsylvania Workforce Demographics 24

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



Source: US Bureau of Labor Statistics



Pennsylvania Workforce Demographics

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

Source: US Bureau of Labor Statistics



Pennsylvania SHRM State Council



www.pashrm.org



#PASHRM



PA SHRM State Council



Pennsylvania SHRM State Council

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26 Local SHRM affiliated Chapters



 An advertisement for AARP. On the left, the AARP logo is displayed with the tagline "Real Possibilities". Below it, the text reads "Championing Experienced Workers". On the right, a circular graphic contains the slogan "LET'S (RE)WORK WORK". The background of the advertisement is a photograph of a smiling woman with short hair, wearing a patterned blazer, sitting at a desk with her hands clasped.

AARP
Real Possibilities

Championing Experienced Workers

LET'S (RE)WORK WORK

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+



Generations in the Workforce



Traditionalists: Born before 1945

Boomers: Born between 1946 and 1964

Generation X: 1965 – 1980

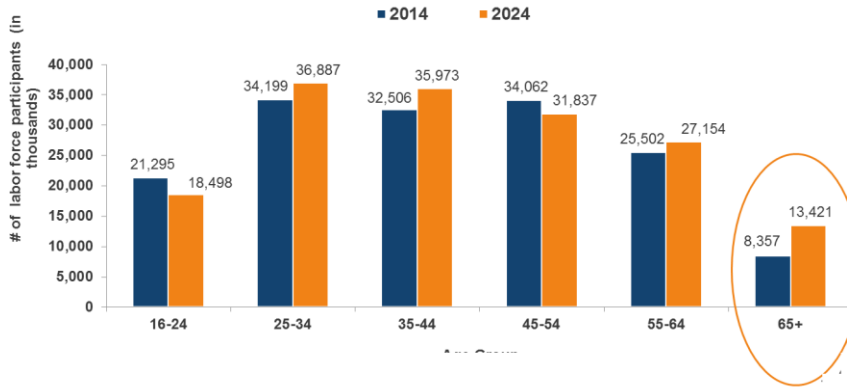
Millennials: 1980 – 2000

Generation Edge: Born after 2000

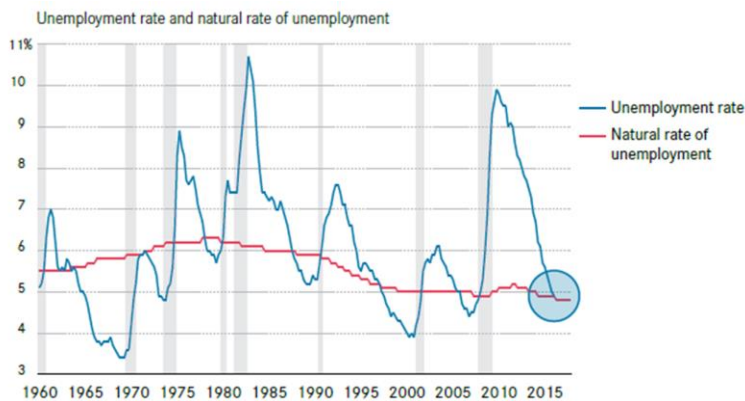


Contrary to popular press reports, GenMe does not favor altruistic work values (e.g., helping, societal worth) more than previous generations. Social values (e.g., making friends) and intrinsic values (e.g., an interesting, results-oriented job) were rated lower by GenMe than by Boomers.

Labor Landscape – Highest Growth in 65+



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.



AARP
Real Possibilities



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**.

AARP
Real Possibilities

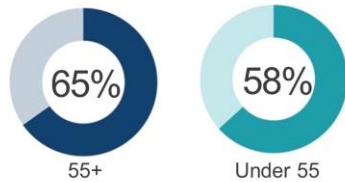




Competitive Advantages of Workers 50+

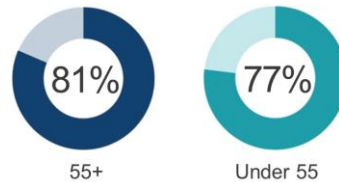
Competitive Advantages of Experienced Workers

Employee Engagement by Age



Employees over 55 were 7% more engaged.

Employee Motivation by Age



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



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



Important source of institutional knowledge



More knowledge, wisdom and life experience



More responsible, reliable and dependable



More adept at problem solving





Intergenerational Workforce – Promising Practices



*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



AARP
Real Possibilities





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



*I Gen, the newest EBRG at PNC, focuses on **intergenerational issues** and provides a natural way to **transfer knowledge** from older generations to younger generations.*

- 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



AARP Resources

Workforce Benchmarking Tool

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

	Not communicated	Weakly communicated	Slightly communicated	Communicated
Our company/organization should be committed to hiring and recruiting fairly, across the age span	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company/organization should be committed to offering competitive compensation and benefits for employees of all age groups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company/organization should be committed to providing opportunities for training and development in an even-handed manner, regardless of employees' career stage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our company/organization should be committed to making a real effort to provide flexible work options that fit employee needs regardless of career stage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

1 of 3 ◀ ▶

AARP EMPLOYER PLEDGE
Experience Valued

www.aarp.org/employers

