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U.S. BUSINESSES NOT PREPARED FOR AGING WORKFORCE National Study Shows Companies Not Responding to Changing Demographics

CHESTNUT HILL, Mass. (3-13-07) -- More than a quarter of U.S. businesses have failed to plan for the effects of the aging American workforce, according to the results of a new national survey.

Despite reports that the U.S. faces a shortage of millions of workers within the coming decade as baby boomers retire—taking with them years of experience, talent and expertise and leaving fewer new workers available to take their place—The National Study of Business Strategy and Workforce Development, conducted by the Boston College Center on Aging and Work, found that many U.S. businesses are unprepared for changing workforce demographics.

"Even though organizations know that the workforce is aging and understand that their own workers are looking at retirement, many are not making plans for how business will adjust to these changes," said Marcie Pitt-Catsoupes, co-director of the Boston College Center on Aging and Work.

"Companies that do not plan for this aging workforce may find themselves suddenly faced with a loss of labor, experience and expertise that will be difficult to offset, given the relatively small pool of new workers and the competition for new talent likely to result from so many companies facing the same problem," said Mick Smyer, co-director of the Center.

The study results are based on responses from 578 organizations from across the United States. Among the economic sectors represented were retail trade, manufacturing, healthcare and social assistance.

Key findings include:

- Only 37% of employers had adopted strategies to encourage late career workers to stay past the traditional retirement age, despite the fact that late career employees "have high levels of skills and strong professional and client networks, a strong work ethic, low turnover and are loyal and reliable."
- 60% of the employers indicated that recruiting competent job applicants is a significant HR challenge.
- 40% indicated that management skills are in short supply in their organizations.

- Only 33% of employers reported that their organization had made projections about retirement rates of their workers to either a moderate (24.1 percent) or great (9.7 percent) extent.

The researchers stress that flexibility resonates particularly with older workers. "Most older workers who say that they want to extend the number of years they remain in the labor force also say that the typical 8-hour day/5-day week doesn't work for them," said Pitt-Catsouphes. "Employers who fail to consider flexible work options may be missing important opportunities to enhance both their business performance and their employees' engagement."

The Boston College researchers recommend that employers and organizations that have not yet done so begin asking themselves some critical questions, such as:

- Does the organization have enough information about the age composition of specific departments and teams?
- Are some occupational groups more susceptible to changes in the distribution of age groups than others?
- How might managers promote the sharing of knowledge among employees at different career stages?
- Could the continued labor force participation of older workers (and the postponement of full-time retirement) help the organization to address some of its HR challenges?
- Has the organization developed a business case for flexible work options?
- Do supervisors fully understand importance of flexible work options both to the business itself and to employee engagement?

The full report/summary report can be found online at www.bc.edu/agingandwork.

The Boston College Center on Aging & Work/Workplace Flexibility is a research center established in 2005 and funded by the Alfred P. Sloan Foundation. The Center works in partnership with decision-makers at the workplace to design and implement rigorous investigations that will help the business community to prepare for the opportunities and challenges associated with the aging workforce. The studies conducted by the Center examine employers' adoption and implementation of flexible work options, as well as the impact of workplace flexibility on businesses and older workers.

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