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The Center on Aging & Work | Workplace Flexibility at Boston College

Research Highlight 04
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The National Study Report

Phase II of The National Study of Business Strategy and Workforce Development

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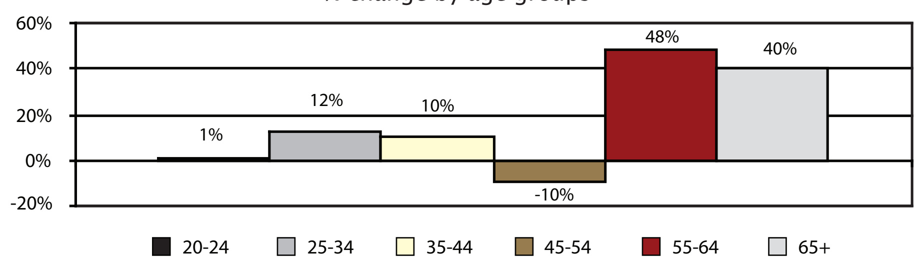
Introduction

Demographers have presented a compelling case: the 21st century workforce is – and increasingly will be – different from the workforce of the last century. One important change is the aging of the workforce, a trend expected to continue for several decades. As noted in Figure 1, labor force economists expect significant increases in the percentages of workers 55 and older who will be in the labor force by 2012.

Figure 1: Projected Changes in Labor Force (2002-2012)

% change by age groups



Source: Horrigan, 2004.

Why is aging of the workforce significant to employers?

Employers understand that the success of their businesses often reflect the adaptations they make to new trends and changes occurring both inside and outside of their organizations. The "right" adaptations made "just-in-time" may produce competitive advantages; adaptations that are "not enough" or that occur "too late" could result in unanticipated vulnerabilities.

As they search for ideas about possible adaptive responses and "promising practices," employers typically want to understand what their business peers are doing. The National Study of Business Strategy and Workforce Development was conducted to profile employers' responses to the emerging workforce demographics in the context of their overall business strategies. This Research Summary Report provides selected findings from the National Study.

In This Report

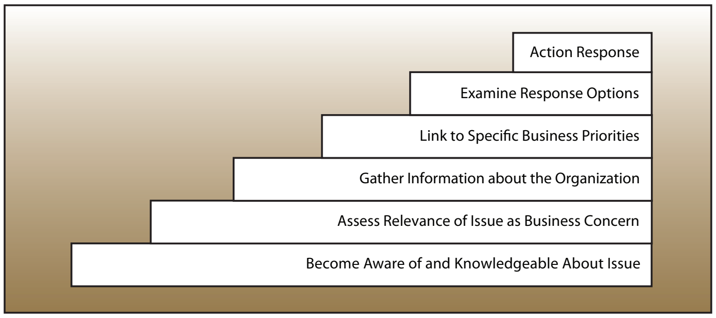
This report focuses on four questions:

1. Are employers assessing how the aging of the workforce might affect their organizations?
2. Do employers see the aging of the workforce as a vulnerability or a competitive advantage?
3. How are employers responding?
4. What factors could affect employer response?

* **Acknowledgement:** The Center on Aging & Work/Workplace Flexibility is grateful for the support of the Alfred P. Sloan Foundation for the National Study of Business Strategy and Workforce Development and for the resources that the Foundation has provided for other Center initiatives.

These questions reflect three of the key steps included in the Center's model about organizations' adaptive responses to the aging of the workforce: assess the relevance as a business concern; link to specific business priorities; and respond. A simplified version of this "Awareness to Action" model is depicted in Figure 2.

Figure 2: Awareness to Action



Employers can use information from this Summary Report of the National Study of Business Strategy and Workforce Development as they proceed from having an awareness of the aging of the workforce to implementing adaptive responses.

At a Glance: The National Study of Business Strategy and Workforce Development

The National Study of Business Strategy and Workforce Development was implemented in two phases. Phase I was "The Benchmark Study." This study focused on employers who were "early adaptors" to the changing age demographics of the workforce. The Research Summary Report for the Benchmark Study can be found online at: http://agingandwork.bc.edu/documents/RH03_BenchmarkStudy_12-06_001.pdf. Phase II was the National Study. Non-governmental organizations with 50 or more employees were invited to participate.

Initially, the Center contacted employers drawn from a random sample of organizations in the Dunn & Bradstreet database. Despite follow-up efforts, the response rate was low. As a next step, we used a panel study group to contact individuals with human resource management responsibilities. A total of 578 organizations provided information during Phase I and Phase II.

Although this was not a random sample, all analyses (unless noted otherwise) used proportional weights constructed to match the sample to the U.S. population of establishments with over 50 employees in terms of industry and organizational size (the number of employees).

Workforce Profiles: Using the weighted data, the "average" respondent organization was a for-profit business with 466 (mean) employees, ranging from 50 to 500,000 employees.

Nearly half (48.9%) noted that the size of their workforces had increased compared to one year ago. 40.6% indicated that they had experienced downsizing to a "limited" or "moderate extent."

In these organizations:

- Approximately three-fourths (73.8%) of the employees were full-time employees.
- Almost half (45.7%) of the employees were women.
- One-third (30.2%) of the employees were members of a racial/ethnic minority group.

- 18.1% of the workforces were under the age of 24;
- 37.7% were between the ages of 25-39;
- Using the age designated for older workers in the Age Discrimination Act , 40.9% of the workforces are older workers:

  28.3% were between 40-54;
  9.6% were between 55-65;
  3.0% were over the age of 65.
- Over one-tenth (12.4%) of the employees were managers.
- Only 14.8% had experienced an increase in the percentage of workers between the ages of 55 and older when compared to one year ago.
- One-quarter (25.1%) of the employees were professional or technical employees. A significant proportion of the organizations (15.2%) reported that they had no professional or technical employees.

Industry Sector: The respondent organizations were in various sectors, with the largest percentages in retail trade (18.8%), manufacturing (12.4%), and health care/social assistance (10.0%).

Global Status: 12.4% of the respondents indicated that they had worksites outside of the U.S. in addition to at least one in the U.S.

Financial Circumstances: A majority of the respondent organizations indicated that their organizations were in more positive financial circumstances compared to one year ago, with 2.4% saying "a lot worse," 15.3% saying "somewhat worse," 27.5% saying "about the same," 33.9% saying "somewhat better," and 20.9% saying "a lot better."

1. Are employers getting ready to assess how the aging of the workforce could affect their organizations?

> *"In the United States and most other developed nations, the supply of 35-44 year-olds is shrinking. And many of the best-trained people entering the workforce are not bound for large traditional companies." (Axelrod, Handfieled-Jones, & Welsh, 2001, p. 1 of 3)*

As suggested by the "Awareness to Action" model depicted in Figure 2, organizations often engage in preliminary fact-finding to better understand the nature and scope of changes that might affect their businesses. The National Study found that only a minority of employers have analyzed their workforce demographics in-depth.

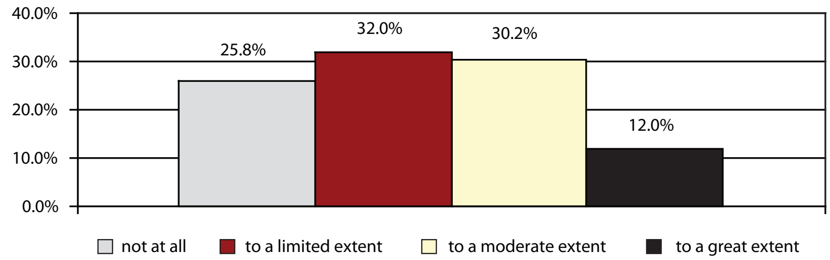
1. Analyzing Workforce Demographics

Examining the distribution of employees' ages – within teams and departments and across occupations – may be the first step employers take when they want to examine possible shifts in the age composition of their workforces.

- One-fourth (25.8%) of the employers stated that their organizations had not analyzed the demographics of their workforces at all.
- Only 12.0% felt that their organizations had pursued this type of analysis to a "great extent."

Figure 3: Extent to Which Organizations Have Analyzed their Workforce Demographics

% of respondent organizations by extent



2. Making Projections

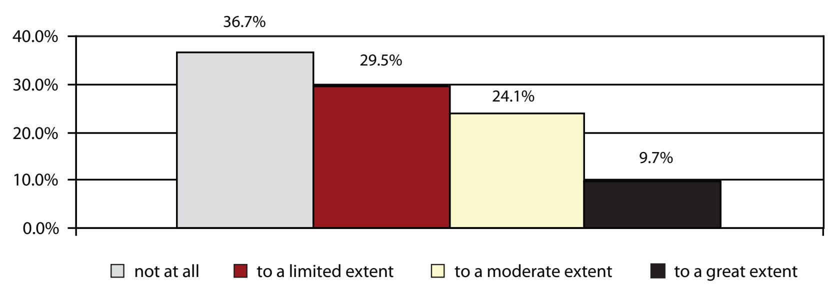
Forecasts of changes in workforce composition can help employers prepare for anticipated changes. Talent managers can use this information to augment the success of their efforts to improve recruitment and retention.

Workforce projections are based on two types of information: 1) statistics from the past and present; and 2) information about circumstances that might change the composition of the workforce in the future. Employers often begin with data about tenure and attrition rates.

- The average employee working for the respondent organizations had a 7-year employment tenure with that organization.
- Given national statistics about the aging of the workforce, employers find that forecasts about anticipated retirement rates of their older workers is of particular interest.
- About one-third of the employers reported that their organization had made projections about the retirement rates of their workers to either a “moderate” (24.1%) or “great extent” (9.7%).

Figure 4: Projections About Retirement

% of respondent organizations by extent



12.6% of the employees working at the respondent organizations were 55 years and older. Respondents reported that the average retirement age at their company is 59.8 years, and that they expect 10.8% of their employees will retire over the next four years (by 2010).

- Considerations for Employers: The assessment of workforce age demographics can go much deeper than a few descriptive statistics about the distribution of the organization's workforce by age groups. Employers may want to consider questions such as:
  - Does the organization have the information needed to understand the age composition of specific departments and teams?
  - Are some occupational groups more susceptible to changes in the distribution of age groups than others?
  - Will the demographic information currently available help the organization to create an index of "vulnerability/resilience" in response to the aging of the workforce?

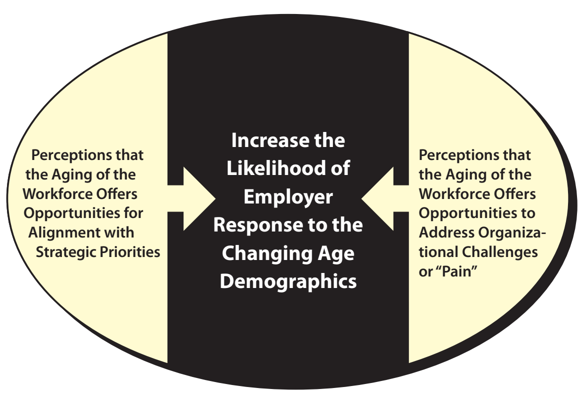
Some employers may be tempted to postpone a serious assessment of the age demographics of their workforces if a preliminary, organization-wide assessment suggests that the changes are not dramatic or might not become visible for another 3-5 years. There are two problems with this perspective. First, although the organization as a whole might not seem vulnerable to the changing age demographics, there could be pockets of vulnerability in specific units or departments. This can be of particular concern when specific work groups include clusters of older, senior professionals, and managers who possess important institutional knowledge. Secondly, organizational change and adaptation is usually a slow process. A 3 to 5 year window of time might be necessary if employers want to pilot and then introduce changes that respond to the aging of the workforce. It takes time to bolster organizational readiness.

2. Is the aging of the workforce seen as a vulnerability or a competitive advantage?

"Companies today are dealing with all sorts of challenges that are shaping how they do business – a tighter labor force, the start of baby boomer retirement, talent shortages in certain professionals and escalating health care costs. These challenges will shape how employers tackle an array of workforce demands." (Klaff, 2006, p.1 of 6)

Business leaders often ask themselves two questions when considering whether specific issues are "important." First, is the change closely linked to the organization's key strategic priorities? Second, will the change help solve a business problem or reduce organizational pain?

Figure 5: Likelihood of Employer Response



Could Employers Leverage the Age Composition of the Workforce to the Meet Strategic Priorities?

Organizations are more likely to view the aging of the workforce as an important issue if this demographic shift either appears to be connected to other organizational priorities or to employee assets that could be leveraged for meeting strategic priorities.

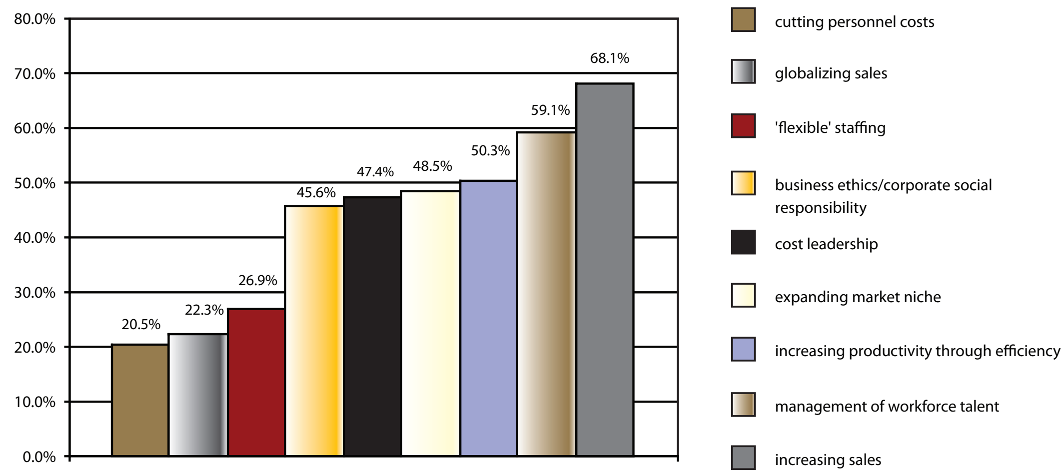
1. Overview of Strategic Priorities

What strategies "top" employers' lists? Approximately half of the respondents indicated that the following five strategies were "very important" for their organizations:

- increasing sales (68.1%)
- management of workforce talent (59.1%)
- increasing productivity through efficiency (50.3%)
- expanding market niche (48.5%)
- cost leadership (reducing operational expenses) (47.4%)

Figure 6: Perceptions of Important Business Strategies

% respondent organizations stating "very important"



2. Assets of Employees in Early-Career, Mid-Career, and Late-Career

The changing age demographics of the workforce might affect employers' ability to attract employees who have the talents and competencies they need for business effectiveness. Employees' assets reflect a range of factors, including previous employment experiences, life experiences (including education and training), talents and abilities, and family situations. Age can affect many of these.

The National Study asked employers to think about the distinctions and the overlaps between age and career stage. Oftentimes, there is a relationship between age and career stage, such that older workers are more likely to be more advanced in their careers than younger workers. However, in recent years age and career stage have become less tightly coupled because increasing percentages of the workforce have changed careers more often than was common in the past. For instance, age might not correspond well to the career stage of employees who have been in the workforce intermittently (for instance, those who have taken time off to care for family members) or for those who have changed careers and are "starting back at the beginning." Several of the respondents made insightful comments about the fact that age may not predict career stage.

> *"[Age of employees in different career stages] will vary depending on age when employee enters the ... workforce. If 55 and one year of service, an employee could be in their early career...We use scope and depth of experiences...to determine if [position title] is entry, mid or high level..." Comments of a Survey Respondent*

The National Study of Business Strategy and Workforce Development asked the employers three sets of questions:

- How would they define early-career, mid-career, and late-career employees?
- What are the perceived advantages associated with the diverse populations of early-career, mid-career, and late-career employees?
- What are the perceived challenges associated with the diverse populations of early-career, mid-career, and late-career employees?

Defining Early-Career, Mid-Career, and Late-Career Stages: The respondents provided helpful guidance about ways to define employees at early-, mid-, and late-career stages. Their comments suggest that although it is possible to attach age ranges to these career stages, the notion of career stages reflects three sets of factors: extent of education and training relevant to the career; extent of prior experience relevant to the career; and extent to which employees intend to continue to pursue work experiences related to the career.

Some selected comments of the employers are included in Table 1 below.

Table 1: Respondents' Comments about Career Stages

Early-Career	Mid-Career	Late-Career
A sample of respondents' comments: "Either right out of undergraduate/ graduate school, maximum of 1-3 years experience, worked for no more than 1 employer, seeking an entry level position." "New in the business..." "Young. Just out of college." "Still exploring interests and where they fit best. Using newly acquired skills in the workforce for the first time." "An employee just starting out in the workforce who seems likely to stay in their chosen career path for a significant period of time." "Lack of experience and knowledge in this specific field."	A sample of respondents' comments: "Out of college for a while." "Between 10 and 20 years in the career field." "Been in the industry for a while." "They have found their niche. They are successful and adding real value to the business." "Decided what you want to do and are settled in that type of work." "Still have a learning/development curve." "Solid number of years experience. 1-2 employers. Functional expertise with movement towards general management or higher level … responsibility." "Settled in life (family-wise)."	A sample of respondents' comments: "…more than 25 years with the company." "Already has what it takes." "At the very edge of retirement." "Employees that are in some level of management." "Have full training and qualifications." "Knowledge, skills, and ability to teach their trade." "Reached top or near top of chosen career path." "Seniority and experience." "Are getting ready to hand over the reins."
Average age range: 21-38 years	Average age range: 31-47 years	Average age range: 46-63 years

Having indicated how they think about employees at different career stages, the employers then shared their perspectives of the assets that employees in early-career, mid-career, and late-career typically bring to the workplace. The employers were asked to think "in general" about the characteristics of employees in different career stages. Clearly, caution must always be exercised when discussing the attributes – either positive or negative - of any employee group. Ascribing general characteristics of groups to individual employees without considering the important variations within groups almost always produces negative consequences.

Table 2 below includes the percentages of respondents who felt that the characteristics listed are "very true"[1] for employees at each of the three career stages.

Table 2: Perceptions of Positive Workforce Characteristics by Career Stages
% respondent organizations stating "very true"

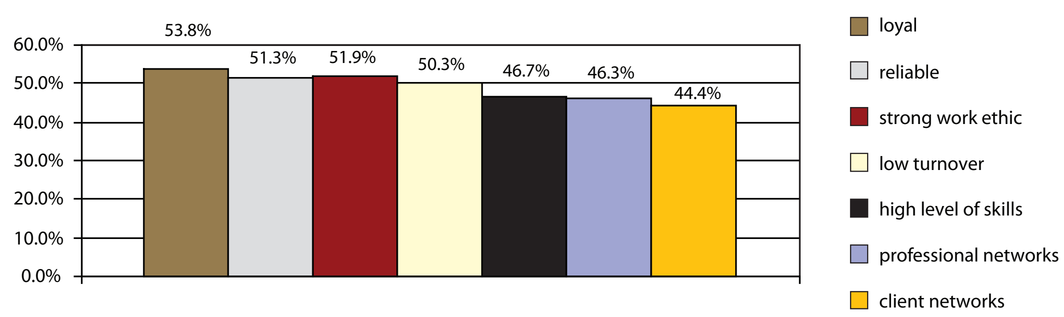
	Early-Career	Mid-Career	Late-Career
Our employees are loyal to the company.	22.4%	37.7%	53.8%
Our employees have a strong work ethic.	24.4%	39.4%	51.9%
Our employees are reliable.	23.5 %	46.1%	51.3%
Our employees have low turnover rates.	19.0%	33.6%	50.3%
Our employees have high levels of skills relative to what is needed for their jobs.	21.0%	38.4%	46.7%
Our employees have established networks of professional colleagues.	16.5%	29.4%	46.3%
Our employees have established networks of clients.	15.8%	29.6%	44.4%
Our employees are productive.	28.5%	42.1%	38.5%
Our employees want to lead and supervise others.	20.4%	33.2%	36.0%
Our employees take initiative.	30.7%	34.5%	32.1%
Our employees are creative.	35.4%	34.0%	29.1%

Similar percentages of employers (within a 10 percentage point spread) felt it is "very true" that late-career employees take initiative as did those who reported that this is "very true" for early-career and mid-career employees. This finding is contrary to some stereotypes of older workers. There was also limited difference in the percentages of employers who felt it was "very true" that early-career, mid-career, and late-career employees are productive.

As indicated by the information in Figure 7 below, more than 40% of the respondents indicated it was "very true" that late career workers – as a group – tend to bring a number of important attributes to the workplace.

Figure 7: Positive Attributes of Late Career Employees Noted by 40% or More of the Respondent Organizations

% of respondent organizations stating "very true"

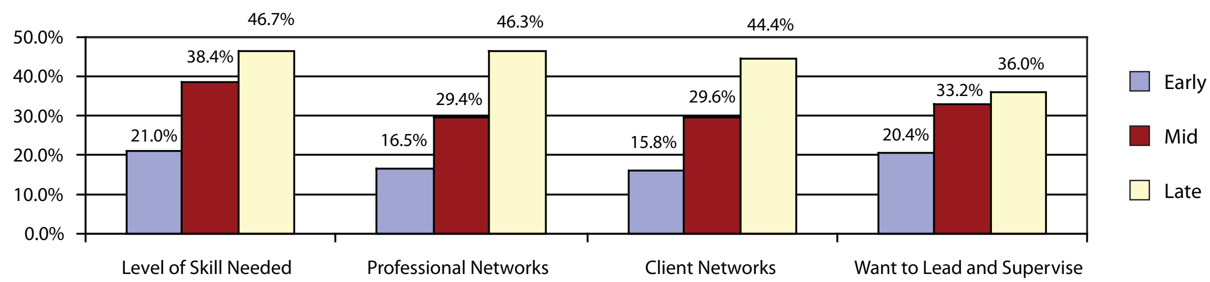


1 Employers were asked to respond to the questions using a scale ranging from 1 to 4, with 1 being "not true" and 4 being "true." The responses were interpreted as 1=not at all true, 2=somewhat true, 3= true, and 4=very true.

Given the need for organizations to focus on performance and productivity, it is particularly important to note that employers were likely to report that it is "very true" that late-career employees tend to bring attributes that can directly contribute to organizational success, including: their high level of skills, their professional networks, their client networks, and their desire to lead and supervise (See Figure 8.).

Figure 8: Business-Related Attributes by Career Stage

% respondent organizations stating "very true"



- Considerations for Employers: The aging of the workforce is sometimes discussed as a potential workforce crisis looming on the horizon. The National Study of Business Strategy and Workforce Development found that employers may already be identifying some of the strategic opportunities that could accompany this demographic shift. Employers might want to consider:
  - How do the skills and competency sets of employees at different career stages complement each other?
  - How might managers promote the sharing of knowledge among employees at different career stages?

Could the Aging of the Workforce Help Employers Address Organizational Challenges?

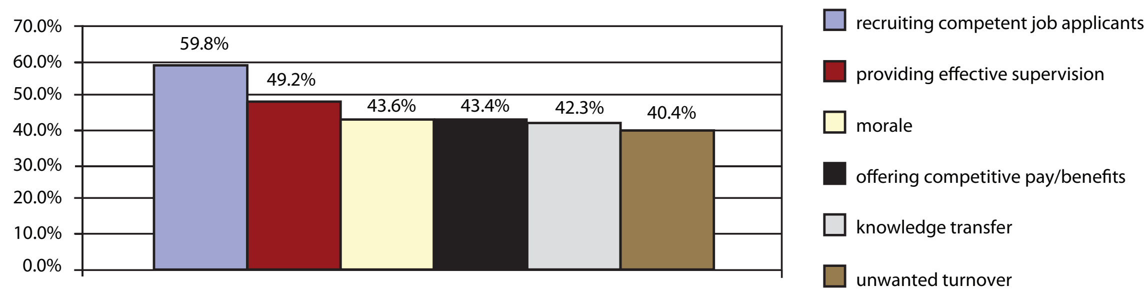
The aging of the workforce is primarily considered to be a talent management issue. Therefore, it is appropriate to consider whether the aging of the workforce might help to solve some human resource and personnel challenges.

The top 10 HR challenges that the highest percentage of employers noted as being a challenge "to a great extent" were: encouraging early-career employees to remain with the organization (41.6%); recruiting competent job applicants (31.5%); employees' performance (22.2%); morale (19.5%); employees' loyalty to the company (18.2%); being able to offer competitive pay and benefits (18.0%); encouraging mid-career employees to remain with the organization (17.3%); encouraging late-career employees to remain with the organization (17.3%); providing effective supervision (16.7%); and unwanted turnover (16.4%).

In an effort to capture the HR challenges that might provide the context for employer response to the aging of the workforce, we combined the employers' responses if they indicated an HR challenge to either a "moderate" or to a "great extent." This resulted in a somewhat different list of top HR challenges. Figure 9 provides information about those challenges which 40% or more of the respondents reported that their organizations experienced to a "moderate" or "great extent."

Figure 9: Most Frequently Noted HR Challenges

% respondent organizations reporting "to a moderate/great extent"



The largest percentage of employers cited "recruiting competent job applicants" as the top HR challenge. Recruitment problems often become visible at the workplace, in part, because work disruptions can be observed, and, also in part, because most organizations know the direct and indirect costs of replacing employees. The study respondents estimated that, on average, it costs $12,092 to replace an employee.

Oftentimes, talent shortages are linked to specific sets of competencies needed by the organization. The respondents indicated that their organizations face skills gaps associated with the competencies listed in Table 3.

Table 3: Competency Shortages

Skills	% respondent organizations answering "yes" skills are in short supply
management skills	39.9%
administrative support skills	23.9%
human resource skills	28.5%
finance skills	21.4%
technical computer skills	31.2%
basic literacy (writing and math)	19.0%

➲ Considerations for Employers: The survey findings indicate that one HR challenge confronting the largest percentage of employers to a "great extent" is "encouraging early-career employees to remain with the organization." A bit further down the list (but still in the "top 10") is "encouraging mid-career employees to remain with the organization" and "encouraging late-career employees to remain with the organization." The management of a multi-generational workforce can be challenging, in part, because employees at different life stages and career stages may express preferences for different types of work experiences and benefits.

Employers might want to consider whether possible solutions to specific HR challenges have an "age" dimension to them. For example, employers who want to improve the effectiveness of the supervision offered to employees could explore whether their older workers are interested in assuming more supervisory responsibilities (either formally or informally as a mentor). If so, this would be an asset that older workers could bring to address a potential HR challenge.

Finally, the labor pools for certain occupations that require specific competencies may not be age neutral at a particular point in time. Although training can even-out inconsistencies in competency sets across career stages, some employers may find that their young adult employees are more likely to bring specific technical computer skills to the workplace whereas mid-life employees and older employees might be more likely to have management skills or administrative support skills that are in short supply. Strategies for maximizing the talents and expertise of a multi-generational workforce could support organizational resilience to the changing age demographics.

Employers might want to explore questions such as:

- Are any of the HR challenges experienced by our organization related to the age or career stage of our employees?
- 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?

3. How Are Employers Responding to the Age Demographics of the 21st Century Workforce?

"A manager who wants the best people to do their best work must anticipate the company's workforce requirements, provide training tailored to individual goals, and reward employees for hard to measure contributions such as coaching." (Agrawal, Manyika, & Richards, 2003, p. 1 of 6)

There are three types of action steps that employers might take in response to the changing age demographics of the labor force, in general, and within their own workforces, specifically: recruitment, engagement, and retention.

Recruitment

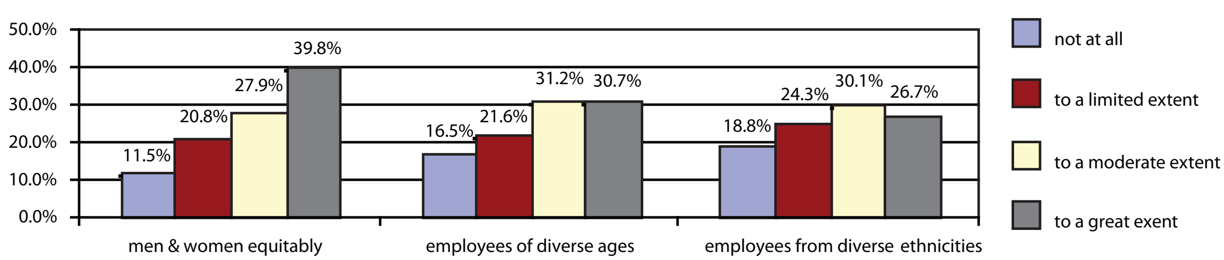
During hiring processes, employers have opportunities to select individuals who bring specific talents, experiences, and perspectives that could help the organization meet its current and anticipated human capital needs.

1. Efforts to Recruit

As noted in Figure 10, less than one-third (30.7%) of the respondents indicated that their organizations adopted practices to recruit employees of diverse ages to a "great extent." This percentage is less than the strategies to recruit both men and women equitably, but more than the strategies to recruit employees from diverse cultures and ethnicities.

Figure 10: Adoption of Strategies to Recruit Diversity within Target Populations

% respondent organizations reporting to a "great extent"



Although more than half of the organizations reported that they had taken steps to a "moderate" or "great extent" to recruit employees of diverse ages, approximately one quarter (25.1%) said it was "true/very true" that their organizations were reluctant to hire older workers.

Retirees can be a talent pool for many organizations. Therefore, the National Study of Business Strategy and Workforce Development asked employers whether they view their retirees as a target population for recruitment. Approximately one-fourth (26.1%) of the respondent organizations stated that they have formal policies or programs to hire back retirees, with another half (52.0%) indicating that they do hire back retirees, although they have no formal policies for doing this.

2. Competitive Benefits

Several studies have found that a majority of older workers indicate that they plan to work past the traditional retirement age. Older workers offer a variety of reasons for expecting that they will extend their labor force participation, but one of the most commonly cited reasons is that they anticipate needing access to additional income and/or benefit plans that alleviate anticipated economic strain. The AARP Working in Retirement Survey found that 51% of retirees who are working state that money is one of the major factors in their decision to work in retirement (Brown, 2003, p. 5).

Benefit packages can be a critical component of an organization's recruitment package. As Table 4 indicates, many employers are offering a range of benefits to all of their employees.

Table 4: Profiles of Available Benefits
% respondent organizations reporting available to "all" employees

Benefits Available to "All" Employees at 20% or more of the Respondent Organizations	Benefits Available to "All" Employees at Less than 20% of the Respondent Organizations
Health insurance for families of full-time employees (53.9%)	Elder care information service (19.1%)
Health insurance (41.9%)	Scholarship or education assistance for employees (18.1%)
Defined contribution retirement plan (and employer contribution to those plans) (41.2%; 33.9%)	Guaranteed or defined pension benefits (17.9%)
Paid vacations (40.3%)	Health insurance to families of part-time employees (17.1%)
Short-term disability insurance (38.1%)	Long-term care insurance plan for employees' parents (15.3%)
Paid sick days or paid medical leaves (37.9%)	Paid days to volunteer in the community (12.9%)
Dental insurance (37.8%)	Reimbursement for dependent care when employee travels (12.8%)
Life insurance (35.5%)	Service to help employees' children apply to college (12.7%)
Paid personal days (29.5%)	Seminars on family issues (12.0%)
Long-term care insurance plan (employees, their families) (27.0%)	Allowances/subsidies/vouchers for dependent care expenses (11.5%)
Employee assistance program (25.1%)	Respite care (11.1%)
Retirement planning seminars (24.8%)	Financial assistance for employees' children who attend college (9.6%)
Paid time off (without specification of use of those days) (24.0%)	
Flexible cafeteria style benefits plan (21.5%)	
Pre-tax dependent care spending accounts (20.3%)	

- 22.4% of the employers reported that they allow employees who are grandparents to access at least some employee benefits for the care that they provide to their grandchildren.
- 43.2% of the employers indicated that they allow their retirees access to at least some benefits.

➲ Considerations for Employers: Employers who are currently experiencing or anticipating workforce shortages and competency gaps might explore how well their recruitment strategies align with the preferences and priorities of today's multi-generational workforce. As appropriate, approaches to recruitment could be adapted so that they are successful for employees of different ages and career stages. Employers might question:

- Has the organization assessed whether its benefits package responds to the preferences of employees in different age groups?
- Has the organization analyzed benefit utilization rates by employees' age groups?

Engagement

Employee engagement is important to employers, in part because engagement is related to performance. Employee engagement can be enhanced by: supportive workplace cultures; the availability of flexible work options; and the adoption of specific career development practices.

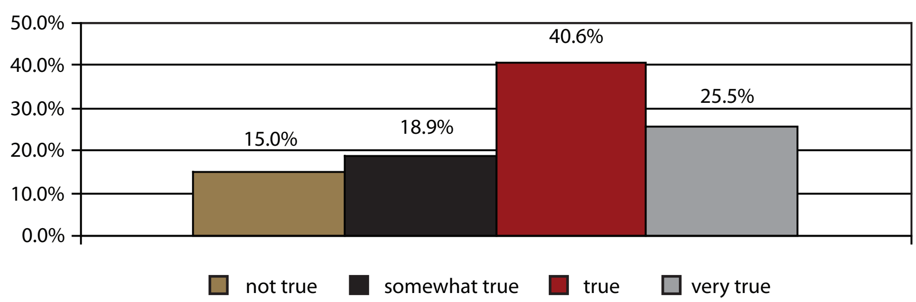
1. Culture of Engagement

Workplace cultures that invite employees to participate in decision-making affecting their work indicate that employee engagement is valued.

As indicated in Figure 11, one quarter (25.5%) of respondents felt it was "very true" that their organizations expect that employees will participate in decision-making which affects their work.

Figure 11: Orientation to Employee Participation in Decision-Making

% respondent organizations



2. Career Development

A significant percentage of the employers who participated in the National Study of Business Strategy and Workforce Development indicated that they have a learning culture at their workplace. Almost half (45.1%) of the respondents reported that their organizations are oriented to learning, saying it is "very true" that their organizations expect employees at all stages of their careers to develop new skills and competencies. Similarly, 42.6% stated that it is "very true" that they encourage employees to adopt a lifelong learning perspective.

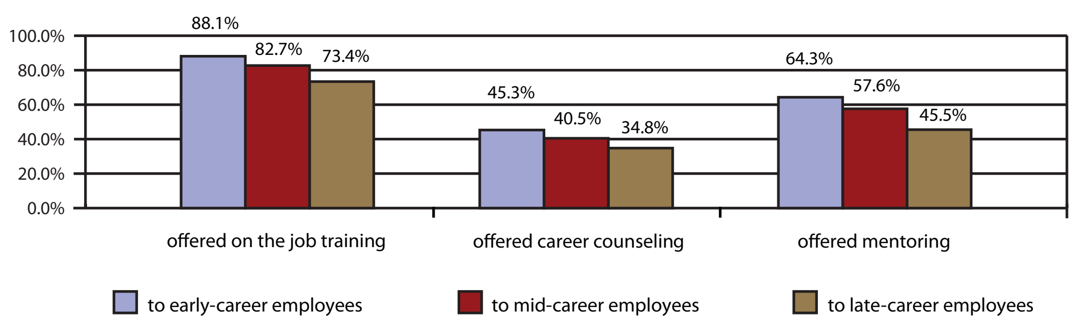
- Approximately 4 of every 10 employers (40.7%) report that they had assessed their employees' career plans and work preferences to either a "moderate" or "great extent."
- 40.3% of the organizations stated that they offer training to supervisors so that they can provide career advice to employees at different stages of their careers.

Offering formal and informal supports for career development communicates to employees that the organization recognizes employees' growth potentials. Not surprisingly, employers were more likely to report offering career development opportunities to early-career and mid-career employees than to late-career employees.

As noted in Figure 12 below, employers were more likely to report that they have offered on the job training to their early-career and mid-career employees than to their late-career employees in response to the changing age demographics of the workforce. Less than half of the employers reported that they offer career counseling to employees at any stage, and they were less likely to offer this to late-career employees than early-career and mid-career employees. Finally, although nearly half (45.5%) of the employers stated that they offer mentoring to their late-career employees, organizations were more likely to provide this degree of mentoring to early-career employees than to mid-career employees and late-career employees.

Figure 12: Supporting Career Development by Career Stage

% of respondent organizations indicating



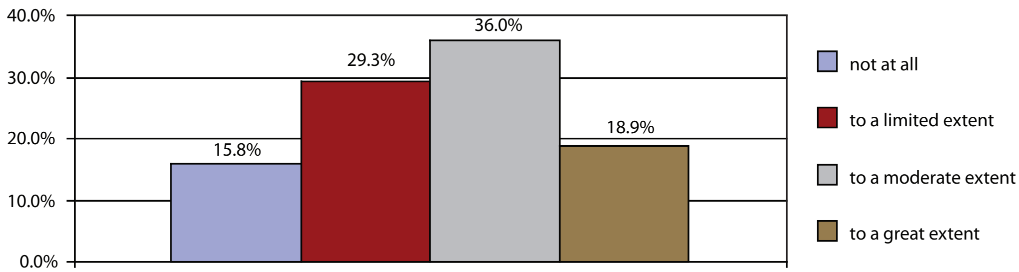
- Considerations for Employers: Employers may think that it makes sense for them to focus their career development supports on early-career employees. These efforts could, indeed, support their efforts to engage and retain younger workers. However, since older workers are less likely to leave their employers than are younger workers, employers may also want to develop opportunities for employees at different career stages, including those in later career. Employers could consider:
  - Does the organization focus training on employees in particular age groups or career stages?
  - Do career counseling efforts target employees in specific age groups or career stages?
  - Is mentoring available to all early-career employees, regardless of their age?

3. Flexibility

Options for flexible work arrangements make it possible for supervisors and employees to tailor the way that work gets done, so that the organization achieves business outcomes and the employee is able to fulfill both work and personal responsibilities. Employers may find that linking workplace flexibility to business strategies and business goals presents a compelling argument for the strengthening of flexible work options. Less than one-fifth (18.9%) of the employers indicated that their organizations link workplace flexibility and overall business effectiveness to a "great extent," but another third (36.0%) stated that their organizations make this connection to a "moderate extent" (See Figure 13.).

Figure 13: Extent of Strategic Linkages between Workplace Flexibility and Overall Business Effectiveness

% of respondent organizations by extent



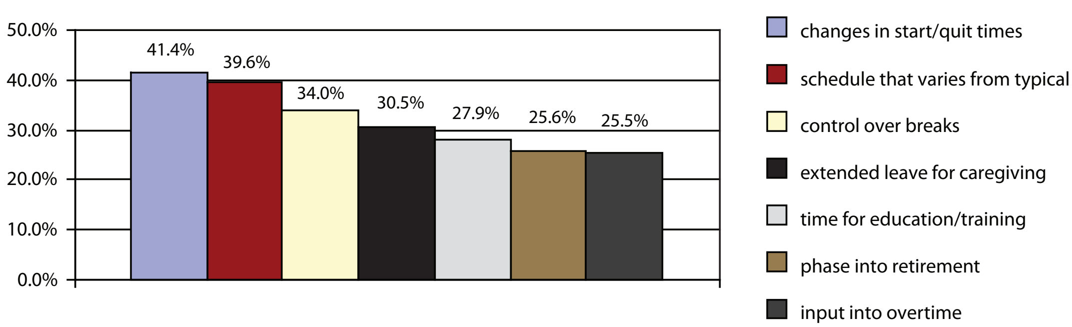
Approximately one-quarter (26.2%) of the employers stated that it was "very true" that their organizations clearly communicate the importance that working and managing flexibly has for business success.

When asked about the extent to which their organizations had implemented flexible work options, 7.6% stated that they had "not at all" established options for employees to work in a flexible manner, 33.8% reported that these options had been established to a "limited extent," 36.2% stated they were available to a "moderate extent," and 22.4% indicated flexible work options were available to a "great extent."

As noted in Figure 14, the flexible work options offered by the highest percentage of employers to "most/all" of their full-time employees include employees' ability to: request changes in starting and quitting times from time to time (41.4%); choose a schedule that varies from the typical schedule at the worksite (39.6%); have some control when they take breaks (34.0%); take extended leave for caregiving (30.5%); take paid/unpaid time from work for education or training (27.9%); phase into retirement (25.6%); and have input into the decisions about the amount of paid or unpaid overtime hours that they work (25.5%).

Figure 14: Flexible Work Options Most Frequently Available to "Most/All" Full-Time Employees

% of respondent organizations



The information included in Table 5 lists the flexible work options offered by the organizations to "most/all" of their full-time employees.

Table 5: Profiles of Available Flexible Work Options
% respondent organizations reporting available to "most/all" full-time employees

Flexible Work Options Available to "Most/All" Full-Time Employees at 20% or More of the Respondent Organizations	Flexible Work Options Available to "Most/All" Full-Time Employees at Less than 20% of the Respondent Organizations
Request changes in starting and quitting times from time to time (41.4%).	Request change for start/finish times daily (18.4%).
Choose a schedule that varies from the typical schedule at the worksite (39.6%).	Reduce their work hours and work on a part-time basis while remaining in the same position or at the same level (16.9%).
Control when they take breaks (34.0%).	Take sabbaticals or career breaks (16.0%).
Take extended leave for caregiving (30.5%).	Structure jobs as a job share with another person (15.0%).
Take paid/unpaid time from work for education or training (27.9%).	Work part-year (13.1%).
Phase into retirement (25.6%).	Work part (or all) of their regular workweek at home or some other off site location (12.3%).
Have input into the decisions about the amount of paid or unpaid overtime hours that they work (25.5%).	
Transfer to jobs with reduced pay and responsibilities if employee wants to (24.7%).	
Request changes in work responsibilities so that the job is a better fit with their skills and interests (24.0%).	
Make choices about the shifts that they work (23.8%).	
Compress their workweek (20.7%).	

- The respondents estimated that similar percentages of early-career, mid-career, and late-career employees use flexible work options (16.7% early-career, 17.1% mid-career, and 17.3% late-career).
- Only 19.0% stated that it is "very true" that their organizations acknowledge supervisors who support effective flexible work arrangements.

➲ Considerations for Employers: Workers at all career stages indicate that they want to have access to flexible work options (Corporate Voices, 2005). Flexibility resonates particularly with older workers. In fact, most older workers who say that they want to extend the number of years that they remain in the labor force, also state that the typical 8-hour day/5-day-workweek is not the employment structure they want (Harris Interactive, 2005). Employers who fail to communicate that flexible work options can result in positive outcomes for both the business as well as employees who use them may inadvertently miss opportunities to make the most of flexible work options that can support employee engagement. Employers can consider:

- Has the organization developed a business case for its flexible work options?
- Do supervisors fully understand the business rationale for flexible work options?
- Has the organization examined the relationship between employees' use of flexible work options and the extent of their engagement?

Retention

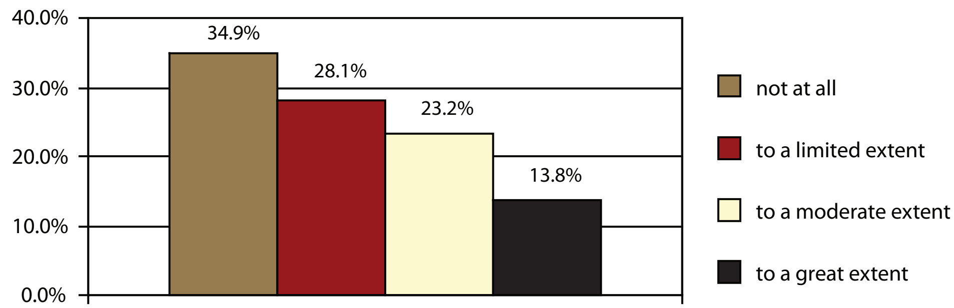
Employers may make special efforts to retain individual employees and groups of employees who are strong contributors to business goals and objectives. In general, retention strategies are designed to create a good fit between employees' preferences and their work situations (for example, in job quality, the work environment, and the rewards packages).

Approximately half of the employers (48.6%) indicated that they attempted to use their benefits package as a retention tool. The respondents stated that their organizations had created benefits to induce their employees to remain with the organizations to a "moderate/great extent," with 50.6% indicating they had done this to retain early-career employees, 50.8% for mid-career employees, and 44.4% for late-career employees.

As indicated in Figure 15, just over a third of the employers (37.0%) stated that they had adopted strategies to encourage late-career employees to work past the normal retirement age to a "moderate" or "great extent."

Figure 15: Adoption of Strategies to Encourage Late-Career Employees to Continue to Work Past Typical Retirement Age

% respondent organizations by extent



In an effort to retain valued employees, employers may offer promotions to particular workers. When asked about the extent to which they had adopted practices to promote specific groups of employees, the respondents were more likely to report that their organizations had to a "great extent" adopted practices to promote men and women equitably (44.2%) than employees of diverse ages (31.4%) or employees from diverse cultural backgrounds (29.1%).

Supervisors who develop competencies for managing the 21st century multi-generational workforce may be able to improve retention rates of their employees. Approximately 2 of every 5 (39.7%) of the employers stated that they train their supervisors on managing a multi-generational workforce.

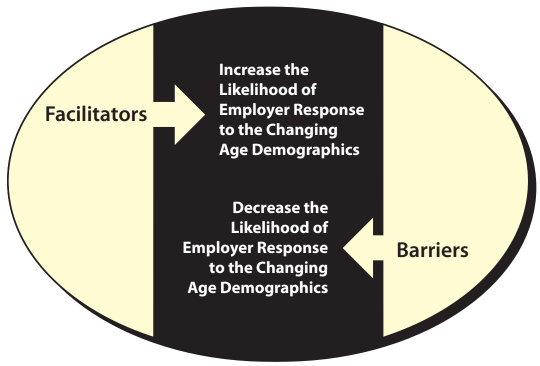
- Considerations for Employers: Employers often express concerns about unwanted turnover among their younger workers. Strategies used to retain younger workers – such as offering expanded opportunities for growth and development – could also have a positive impact on the engagement of mid-career and late-career workers. Employers might explore:
  - Have we prepared our supervisors to manage multi-generational work groups?
  - Have we prepared our employees to fully participate in multi-generational work groups?
  - What learning and development strategies might use the strengths of a multi-generational workforce?

4. What factors could affect employer response?

"…talent management cannot be isolated from business strategy…Those that rely solely on HR to drive their strategy for talent are missing an opportunity to align the behavior and capabilities of the workforce with the priorities of the business." (Guthridge, Komm, & Lawson, 2006, p. 2 of 3)

Over the next five years, as the aging of the labor force becomes more pronounced, it is likely that more employers will move from "awareness" toward "action." The extent of their responses will be affected by the presence of facilitators and barriers in the business environment.

Figure 16: Facilitators and Barriers



1. Facilitators

Organizations often "measure what they value." If the aging of the workforce has a positive impact on important business metrics, employers are more likely to respond to the age demographics of the 21st century workforce. Table 6 indicates the percent of employers who felt that specific metrics are "very important" to their organizations.

Table 6: Important Organizational Metrics
% respondent organizations reporting "very important"

Metrics "Very Important" to 20% or More of the Respondent Organizations	Metrics "Very Important" to Less than 20% of the Respondent Organizations
customer satisfaction ratings (49.0%)	stockholder satisfaction (17.7%)
employee satisfaction ratings (27.3%)	receipt of external awards (8.6%)
benchmarking (24.2%)	

Monetary measures also provide insights about organizational priorities. A strong business case can be made for responding to the new age demographics of the workforce if the adaptive responses increase the return-on-investment that the organizations already track (See Table 7.).

Table 7: Measurement of Return on Investment
% respondent organizations reporting "yes"

Return on Investment Measured by 50% or More of the Respondent Organizations	Return on Investment Measured by Less than 50% of the Respondent Organizations
marketing initiatives (57.0%)	training initiatives (44.1%)
customer service initiatives (52.6%)	diversity initiatives (33.8%)
introduction of new technology (50.8%)	wellness initiatives (43.4%)
initiatives to increase retention (52.6%)	initiatives to improve recruitment (43.5%)

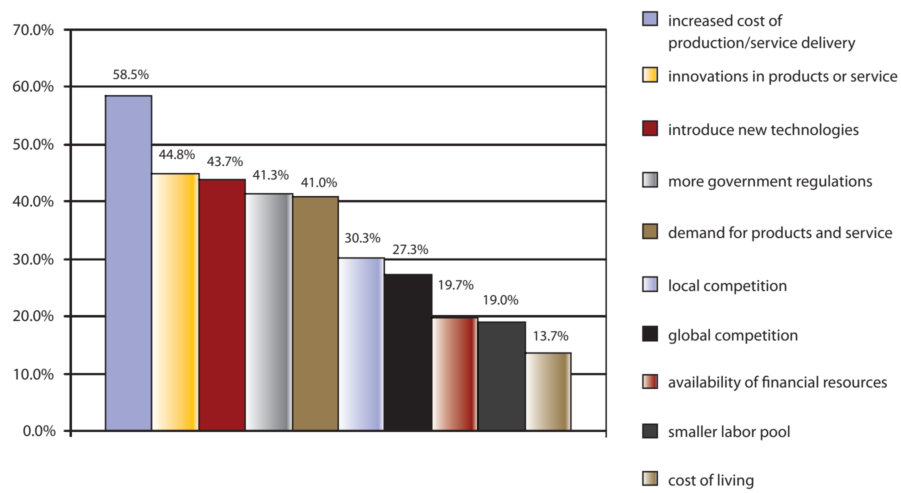
2. Barriers

Barriers that exist outside and inside of the organization could inhibit employers' adaptive responses to the changing age demographics of the workforce.

Pressures in the Business Environment: As depicted in Figure 17 below, the employers reported that pressures in their business environment have increased compared to one year ago.

Figure 17: Perceptions of Increased Pressures Compared to 1 Year Ago

% respondent organizations stating "more pressure"



Although many of these changes suggest increased pressure on the organizations, some of these changes – such as increased pressure for products and services – may be positive.

Barriers to the Implementation of Flexibility: The employers who participated in the National Study of Business Strategy and Workforce Development offered insights about factors that could make it difficult to implement and/or expand the types of workplace flexibility initiatives that are important to older workers. (See Table 8.)

Table 8: Barriers to Flexibility

% respondent organizations reporting to a "moderate/great extent"

Barriers Reported by 40% or More of the Respondent Organizations	Barriers Reported by Less than 40% of the Respondent Organizations
Concerns about abuse of policies (42.3%).	Administrative hassles (34.7%).
Concerns about the reactions of customers and clients (41.2%).	The organization has other more pressing business issues (33.5%).
Difficulties with supervising employees working in a flexible manner (40.9%).	Not cost-effective (33.3%).
Concerns about loss of productivity (40.6%).	Concerns about co-worker resentment (32.3%).
Concerns about treating all employees equally (40.1%).	No productivity payoff anticipated (30.8%).
	Concerns about possible employee complaints or liability (28.4%).
	Employees don't seem to want these programs and policies (27.5%).
	Concerns about increased absenteeism (26.1%).
	Implementation costs too much (20.8%).
	Union considerations (18.0%).

Perceptions of Limitations and Constraints Associated with Employees by Career Stage: While employers recognize the value that different groups of employees bring to the workplace, they are also aware of potential challenges for fully engaging particular groups of employees. It is possible that perceptions of challenges associated with employees at different career stages might create disincentives for employers to adapt to the changing age demographics of the workforce.

The respondents to the National Study of Business Strategy and Workforce Development felt it was "very true" that early-career and mid-career employees tend to "look outside the company for new career opportunities" and "want to take a lot of time out to deal with personal or family issues." In addition, they felt that mid-career employees and late-career employees tend to be "burned out." Finally, the employers reported that it was "very true" that late-career employees tend to be reluctant to try new technologies (See Table 9.).

Table 9: Employee Attributes by Career Stage
Attributes noted by 30% or more of the respondents as being "true/very true"

Early-Career	Mid-Career	Late-Career
look outside of the company for new career opportunities (52.3%)	look outside of the company for new career opportunities (35.4%)	are reluctant to try new technologies (44.0%)
want to take a lot of time to deal with personal or family issues, such as child care or elder care (29.6%)	want to take a lot of time to deal with personal or family issues, such as child care or elder care (33.9%)	are burned out (37.7%)
	are burned out (32.9%)	

The information included in Table 10 indicates that similar percentages of employers (within a 10 percentage point spread) felt it is "true/very true" that – as groups – employees in early-career, mid-career, and late-career are difficult to train, have high rates of absenteeism due to illness; want to take a lot of time from work to deal with personal or family issues (such as child care or elder care), and do not work well with co-workers from different generations.

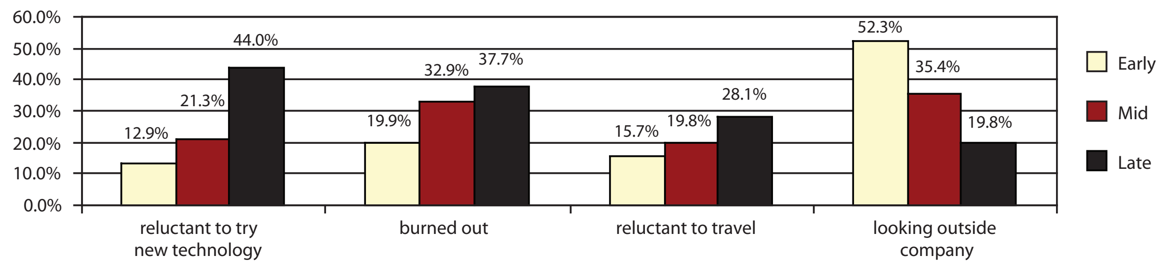
Table 10: Perceptions of Workforce Characteristics that Might Present Negative Consequences for Employers by Career Stages
% respondent organizations stating "true/very true"

	Early-Career	Mid-Career	Late-Career
Our employees are reluctant to try new technologies.	12.9%	21.3%	44.0%
Our employees are burned out.	19.9%	32.9%	37.7%
Our employees are reluctant to travel.	15.7%	19.8%	28.1%
Our employees want to take a lot of time from work to deal with personal or family issues, such as child care or eldercare.	29.6%	33.9%	26.9%
Our employees are difficult to train.	26.0%	19.7%	25.3%
Our employees do not work well with supervisors of other generations.	21.6%	17.7%	22.4%
Our employees have high rates of absenteeism due to illness.	26.5%	16.9%	20.7%
Our employees do not work well with co-workers of other generations.	20.8%	15.2%	20.2%
Our employees often look outside of the company for new career opportunities.	52.3%	35.4%	19.8%

As suggested by Figure 18 below, when looking across the three career stages, there were notable differences (at least 10 points in the percentage of employers responding "true/very true") in employers' perceptions of employees' reluctance to try new technologies, employees' being burned out, reluctance to travel, and looking outside the company for new career opportunities.

Figure 18: Perceptions of Challenges by Career Stage

% of employers stating "true/very true"



Of course, individual employees at any particular career stage may or may not exhibit the characteristics of co-workers who belong to the same career stage or generation.

Perceptions of Cost by Career Stage: As noted above, only 1 of every 5 of the employers (20.5%) stated it was "very important" to their companies to reduce personnel costs. However, nearly half (47.4%) of the employers indicated that "cost leadership" (that is, cost reduction) was "very important." In this context, it is understandable that employers often ask questions about the variation in the costs associated with employees in early-career, mid-career, and late-career. These costs include recruitment, on-boarding and orientation, training, compensation and benefits, as well as engagement and productivity (both output and constraints on productivity, such as absenteeism).

Given the difficulty that employers have documenting the costs associated with individual employees and groups of employees, the National Survey of Business Strategy and Workforce Development included only one question about costs related to groups of employees at different career stages: variations in health care costs.[2] Despite employers' concerns about health care costs, only 36.7% of the employers reported that their organizations had assessed the variance in health care costs by the age of employees. Respondents from organizations that had done this type of analysis were more likely to report that the health care costs associated with early-career employees were the lowest and those associated with late-career employees were the highest.

- Considerations for Employers: Planning for possible adaptations to the changing age demographics of the workforce should include an assessment of factors that could affect the implementation of policies and practices for the management of today's multi-generational workforce. These factors might include logistical challenges, attitudes of employees and managers, cost, practical knowledge, and the politics of organizations. Employers might consider:
  - Are there particular challenges associated with leveraging the talents of employees at different career stages?
  - Has the organization considered ways to address barriers to implementing strategies for engaging employees at different career stages, for example barriers to establishing flexible work options?

2 Analysis of data from the National Study of the Changing Workforce found that the median 2002 annual earnings of early-career employees was $31,947 compared to $48,080 for mid-career employees and $52,636 for late-career employees. It is important to note that the differences of early-career employees with mid-career and late-career employees are significant, from a statistical point of view. However, the differences between the mid-career and late-career employees are not statistically significant (Shen, 2007).

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The Center on Aging & Work/Workplace Flexibility at Boston College, funded by the Alfred P. Sloan Foundation, is a unique research center established in 2005. 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 Center focuses on flexible work options because they are a particularly important element of innovative employer responses to the aging workforce. The studies conducted by the Center are examining employers' adoption and implementation of flexible work options, as well as the impact of workplace flexibility on businesses and older workers.

The Center's multi-disciplinary core research team is comprised of more than 20 social scientists from disciplines including economics, social work, psychology, and sociology. The investigators have strong expertise in the field of aging research. In addition, the Center has a workplace advisory group (SENIOR Advisors) to ensure that the priorities and perspectives of business leaders frame the Center's activities and a Research Advisory Committee that provides advice and consultation on the Center's individual research projects and strategic direction.

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