The Benefits Of Hiring And Retaining Older Workers
Hiring and Retaining Older Workers: A Vital Part of Your HR Strategy

An article on employee retention in the Fall 2004 issue of Texas Business Today (available online at: www.texasworkforce.org), cautioned employers not to be lulled into complacency by recent stability in the workforce. It encouraged employers to prepare for impending labor shortages by implementing strategies to retain good employees. The article also suggested various recruitment and retention strategies. Texas employers may want to consider another important strategy: taking advantage of the valuable knowledge and skills of older workers. Three major trends are converging to make older workers critical to future economic success here in Texas:

1. The job market is creating jobs faster than the growth in the pool of available workers. This disparity will intensify if the 77 million baby boomers who will become eligible to retire in the next decade actually do so. The federal General Accounting Office (GAO) warns that the projected decline in labor force growth could create shortages in skilled worker and managerial occupations, with adverse effects on productivity and economic growth. Within the current decade, the U.S. Bureau of Labor Statistics projects a shortfall of 10 million workers in the United States.

2. Texas is rapidly aging. During the current decade, the overall growth in the Texas population is projected to be 14.2%; however, there will be a 29.5% increase in the 60 year old-plus population. Many of these individuals are generally healthier and better educated than previous generations.

3. Traditional notions about retirement age and retirement in general are changing. The trend toward earlier retirement came to a halt in the mid-1980s. Since then, labor force participation rates for persons aged 55 and older have increased. Thirty percent of all persons over age 55 participated in the national labor force in 2000, and this percentage is expected to rise to 37% by 2015. By 2015, older workers will comprise nearly 20% of the total labor force. Older workers, however, are much more interested in non-traditional forms of employment, including working fewer hours with more flexible schedules.

The Texas Department of Aging (now part of the Texas Department of Aging and Disability Services) recently conducted a benchmark survey of older Texans. The survey found that 21.5% of Texans age 60 and older are employed either full- or part-time. Of the respondents who are not working, 10.4% said they are currently looking or plan to look for a job in the future. Of those that are or want to work, the most frequently cited reason is needing money, followed by enjoying work. So what do these trends mean for Texas employers? Obviously, they have implications for the work environment, employee recruitment and retention efforts, and retirement and health benefits.

Work Environment: Employer attitudes and an individual’s sense of self-efficacy affect whether older people continue working. Subtle forms of age discrimination cut short the productive years of older adults. Negative work climates that devalue older employees often prompt older workers to retire while they still have much to contribute. Research shows that older workers are not significantly impeded from continued work by physical, health, or cognitive obstacles. Myths about older workers—low productivity, absenteeism, and a greater likelihood of accidents—cheat employers of valuable workers.

Recruitment and Retention Efforts: So far, employers have taken little action to retain older workers and extend their careers. The Society for Human Resource Management (SHRM) recently surveyed human resource professionals about the impact of an aging workforce. The
results indicate that HR professionals and their organizations lack immediate concern over the issue. The majority of HR professionals who responded indicated that they did not believe that changes in workforce age were forcing changes in recruiting, retention, and management policy and practices.

A study conducted by the U.S. GAO confirms SHRM’s findings. The GAO found that policies and practices to retain and extend the careers of older workers are not widespread among private employers nor do they involve large numbers of workers at individual firms. Employers cite several reasons for not implementing programs, but the most prevalent is that they simply have not considered doing so. They did find, however, that some public and a few private employers are providing a variety of options, such as innovative and flexible job designs (i.e., flex-time, part-time or part-year schedules, and job-sharing).

Private Pension Systems: Defined-benefit retirement plans encourage workers to retire at or before the specified normal retirement age. Defined-benefit plans provide the maximum benefits when taken at the earliest possible age of eligibility. Although benefits are reduced for retiring early, they often have a greater actuarial value than if the individual had retired at the normal retirement age. Thus, employers often structure their defined-benefit plans to encourage older workers to retire early. Today, about half of all U.S. workers with pension coverage have defined benefit plans.

Conclusion
Texas employers that prosper in the coming decades may want to consider adopting HR strategies to recruit, train and retain an older workforce. Texas employers will need to:

- Understand the benefits of hiring, training and retaining older workers.
- Recognize and re-balance faulty negative perceptions that aging workers are less productive or absent more often than their younger co-workers.
- Realize that nontraditional workers – independent contractors, on-call workers, and outsourced employees – and use of compressed work weeks, job sharing, flex-time and telecommuting will help tap into the older workforce.
- Design benefit plans that encourage continued employment of older workers.
- Create supportive environments that foster positive attitudes towards and implement policies to assist family caregivers.


Information contained in this report can be found in the Texas Workforce Commission’s book, Especially for Texas Employers.