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kentucky's aging workforce:
employers' perspectives on the benefits, challenges, and promising practices for an engaged older workforce

abstract

It is estimated that 23% of Kentucky's population will be age 50 or older by 2020, and research indicates that two-thirds of older adults plan to work well past traditional retirement age. Unfortunately, there is significant underemployment and unemployment of older workers in Kentucky. And although older workers are considered to be more engaged, satisfied, and loyal employees than younger workers, age discrimination still occurs. The Institute for Workplace Innovation (iwin), in collaboration with the National Institute for Occupational Safety and Health, conducted a study of Kentucky employers to gain a better understanding of the issues they face as their workforce ages. The Kentucky Aging Workforce Report explains the results of ten industry-specific focus groups and a survey of Kentucky employers and fully describes the challenges Kentucky employers face with an aging workforce, solutions to those challenges, and best practices for an engaged older workforce.

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Executive Summary

Today, individuals are working longer than ever before. Due to the aging of the Baby Boom generation, the increase in life expectancy, and the poor economy, there have been profound shifts in the labor force with individuals working much longer than they have in the past. Currently nearly one in five people 65 and older are working. Thus, over the past decade, there has been a surge in attention among researchers to "older workers." Research suggests that the aging workforce presents a number of challenges to employers (e.g., rising healthcare costs and critical knowledge loss when older workers retire) and that, although employers are aware of these challenges, they have not adequately begun to address them.

The Kentucky Aging Workforce Study, funded in part by the National Institute for Occupational Safety and Health (NIOSH), was designed to examine four key questions:

- ☑ What are Kentucky employers' attitudes toward older workers?
- ☑ What challenges do Kentucky employers face as their employee population ages?
- ☑ What practices would help Kentucky employers prepare for the aging workforce and overcome the challenges it presents?
- ☑ What are Kentucky employers' promising practices for creating healthy and productive workplaces for older workers?

Using ten industry-specific focus groups and a survey of Kentucky employers, the results indicate that employers have a very positive attitude toward older workers and perceive several benefits of them such as reliability, dependability, conscientiousness, knowledge, experience, productivity, dedication, strong work ethic, and a commitment to customer service.

Despite their favorable attitude toward older workers and the many perceived benefits of older workers, Kentucky employers reported that the aging workforce does present five key types of challenges:

- ☑ age-related health problems,
- ☑ older workers' increased dependent care commitments as they care for grandchildren and elderly parents,
- ☑ older workers' relative lack of technology skills,
- ☑ the generation gap between older and younger generations,
- ☑ critical knowledge loss "brain drain" when older workers retire & the labor pool shortage.

The results of the focus groups and survey also revealed eight solutions that organizations should implement to overcome these challenges: succession planning, meaningful work, flexibility, a climate of safety, wellness programs for older workers, generational empathy training for all employees, technology training for older workers, and mentoring programs pairing older workers and younger workers. A model was created to illustrate the challenges of the aging workforce and the solutions to them. (See page 30.)

The study also discovered that many Kentucky organizations are not adequately prepared for the aging workforce. Many acknowledge the aging workforce and its challenges but have not put practices in place to address them. However, those organizations that are the most prepared for the aging workforce recognize the value of older workers, are employing them, and already have practices in place to attract, engage, and retain them. It would behoove all Kentucky organizations to recognize older workers as a strategic management tool.

Introduction

Imagine for a moment that you could not work. How would you feel? Would you be happy and relieved that your days in the labor force were over? Or would you be worried about your ability to provide housing, food, and healthcare for yourself and your family? Would your identity and sense of self-worth be diminished? Would you feel cut off from meaningful relationships in your life?

People work for a wide variety of reasons. In fact, research suggests that individuals work because they either have to work, choose to work, or both.[1,2] Those who have to work do so for financial reasons such as earning money to support oneself and one's family and having access to health insurance.[2,3,4] Those who choose to work do so for personal and social reasons including staying mentally and physically active;[2,5] maintaining a social network; and gaining respect, meaning, enjoyment, and a sense of accomplishment and self-worth from the work they do.[2-7] Moreover, participating in the workforce has also been found to have a positive effect on life satisfaction.[8]

Today, individuals are working longer than ever before. Due to the aging of the Baby Boom generation, the increase in life expectancy, and the poor economy, there have been profound shifts in the labor force with individuals working much longer than they have in the past.[9,10] Currently nearly one in five people 65 and older is working,[9] and a third of those are in low-wage jobs.[11] Census data from 2011 revealed that of individuals age 55 and older, 46% of men are in the labor force, and 36% of women are—a record high for women! A 2008 AARP study found that 70% of workers ages 45-75 plan to work into retirement or possibly never retire.[5,12] In 2006, Boomers (those aged 42-60) made up nearly 50% of the workforce,[9] and 80% of Boomers expect to work past the traditional retirement age.[2,3] And as older workers remain in the workplace, fewer advancement opportunities are available to younger workers, thus further skewing the age distribution in the workplace.

Over the past decade, there has been a surge in attention among researchers to "older workers." But what exactly is an older worker? Is she 65? 50? 40?! There is no universally-accepted definition of on older worker in terms of age.[2,13] Likewise, it would be impossible even to describe a "typical" older worker because there is great diversity among them.[13]

However, for the purposes of this report, older workers will be loosely defined as workers 50 years of age or older, "workers 50+."

Perceptions of Older Workers

Despite the lack of consensus regarding the point at which a worker officially becomes an "older worker," there is no debate that older workers face a number of challenges in the workforce, some of which are due to common perceptions of older workers—whether they are accurate or not. Studies of employer attitudes toward older workers consistently find that older workers are perceived to have a number of positive characteristics such as a good work ethic, acquired knowledge and experience, loyalty to the company, dependability, a commitment to quality, and productivity (particularly among white-collar workers).[12,14-18] They are also believed to work well with customers and to be more flexible and willing to work different schedules. Research also shows that older workers are more engaged, more committed, more work-centric, more satisfied with their work, and have lower turnover than younger workers do.[16,19-21] In addition, older workers today are judged to be more educated and more physically fit than older workers in the past.[15] (It is noteworthy that perceptions of older workers are generally more positive in workplaces with a high percentage of older workers.[15,18])

Fairly or unfairly, research with employers finds a number of negative characteristics associated with older workers, too. Older workers are perceived to be less creative, less flexible, less open to new technology, and less willing to learn new things or try new approaches to solving problems.[3,12,17,18] Further, some older workers are found to have impaired vision and hearing[22] and be less able to perform physically demanding jobs.[17] There is concern that the 6.5 million workers age 58 and older with physically demanding jobs[23] have not only more accidents, but also more severe accidents requiring longer recovery times.[10,24] However, some studies contradict those concerns indicating that older workers' additional experience actually helps them *avoid* serious injuries.[22,25]

Older workers are also perceived to be more expensive for the organization, because they are often paid more and have higher health insurance costs than younger workers do.[15,17,18] Although, it should be noted that many employers report that the high productivity of older workers offsets these increases in cost.[17]

Two other negative characteristics often attributed to older workers include a lack of productivity[5] and unwillingness to participate in training.[12] However, research finds that age and work performance are not related,[5,25] and that older workers actually engage in *less* counter-productive behavior than their younger counterparts.[5] As for older workers' alleged unwillingness to participate in training, surveys of older workers reveal that the vast majority of them actually *are* eager for training and opportunities to learn new skills and technologies, finding them to be very beneficial to their productivity and career prospects![12,26]

Although older workers are perceived to have many positive traits, the existing negative perceptions of older workers lead some employers to treat them unfairly. Although discrimination against workers over the age of 40 is illegal due to the Age Discrimination in Employment Act of 1967, one in five employees in their 50s reports that their own employers favor younger workers to older workers.[3-5,18] A recent AARP study found that 60% of workers between the ages of 45 and 74 believe that age is a liability in the workplace.[4] Research shows that employers are less likely to train older workers believing that there is less time for the organization to recoup their training costs.[5,17] Moreover, businesses are less likely to promote and more likely to lay off older workers than younger workers,[5,17,18] especially in blue-collar industries.[18]

Unemployed older adults seeking to enter or re-enter the workforce are at an even greater disadvantage than employed older adults, because the unemployed do not have the specialized skills, experience, and knowledge that employed older workers have that companies value.[18] Older adults often have a very difficult time finding employment because employers are much less likely to hire an older worker than a younger worker. In fact, given two nearly-identical resumes that vary only in terms of age, an employer is far less likely to call the older applicant back for an interview.[5,17] Astonishingly, only 6% of new hires are aged 55 to 64.[4] And working harder to find a job does not seem to help older adults. Although a high-intensity job search increases the likelihood of employment for younger adults, increasing intensity does not improve the odds of an older adult finding work.[5] So when older workers lose their jobs, it takes them longer than younger workers to find re-employment, and when they do, they often experience big declines in their wages.[4,18,27,28] This is particularly problematic for older workers who are too young to qualify for Social Security benefits[27] and those who live in rural areas where there tends to be a lack of employment and retirement services.[29] Moreover, older

adults who have lost their jobs and are discouraged about their future employment prospects suffer from additional problems such as social isolation, depression, reduced physical health, and greater morbidity.[2,5,28] This research strongly suggests that employed older workers should be very cautious about leaving a job before securing other employment.

Challenges Organizations Face as their Workforce Ages

Although aging presents many challenges for employees, the aging workforce presents a number of challenges for employers, too. A recent large survey conducted by the AARP discovered that nearly two-thirds of employers are very or somewhat concerned about losing essential knowledge and experience when older workers retire.[30] Likewise, 43% of organizations surveyed by the Society for Human Resource Management recognize that the upcoming retirement of Baby Boomers and the lack of younger employees to take their places present big problems for their organizations: loss of talent (i.e., "brain drain") and labor shortages.[9,16] Over 60% of HR executives at large organizations in the U.S. expect retirements over the next five years to cause a loss of talent in their organizations.[9] Some employers admit that they need to take steps to minimize the impact of the upcoming retirements (e.g., retain institutional knowledge, attract and retain their older workers), but very few have taken the necessary steps to do so.[6,9,12,18,31]

Although few organizations have practices in place to hire and retain older workers, the AARP is working to promote those practices and encourage other organizations to adopt them. To that end, in 2001 AARP launched the AARP Best Employers for Workers Over 50 program which recognizes employers who have exemplary policies and practices in place for attracting, retaining, supporting, and managing older workers.[32] These practices used by the Best Employers and other progressive organizations generally revolve around 1) enabling older workers to work more flexibly,[7,16,31,32] 2) creating a culture where older workers are respected,[6,7,33] 3) tailoring benefits to older workers' needs,[12,31] 4) restructuring the physical work environment to accommodate older workers' unique needs,[32,34] and 5) enabling older workers to phase into retirement, work during retirement, or delay retirement altogether.[9,32]

Research on the aging workforce suggests that, in addition to attracting and retaining older workers, businesses would benefit greatly from workforce talent planning. Workforce talent planning programs begin with "conducting a wisdom inventory of the workforce" and then creating a plan to retain it.[9] In some cases, retention can be accomplished with mentoring

between older workers and younger workers to ensure that valuable information does not leave the workplace when an employee retires.

Although the AARP emphasizes that many of the programs offered by the Best Employers require only a modest investment, nationwide studies reveal that many organizations have not implemented programs for older workers. These national findings are mirrored in studies of particular states and regions of the country such as New Mexico, Indiana, and the Midwest region.[1,12,14] For example, an AARP-sponsored study found that approximately 75% of New Mexico employers say it is very important for their organization to retain institutional knowledge when employees retire, but only about 30% have a formal process in place to enable employees to share the knowledge they learned on the job.[14]

Diane Piktialis, a program leader at The Conference Board, explains that organizations have not prepared for the aging workforce because they are "not yet feeling sufficient pain to make this a burning issue."[7] But when they do, they may experience labor shortages leaving them with few qualified individuals to conduct the organization's business.

Some industries such as healthcare, utilities, public education, state agencies, and aerospace have a high percentage of older workers and are already facing impending "brain drain" when these workers retire.[4,31,32,35,36] Thus, organizations in these industries are much more likely to be taking steps to make their workplaces more attractive to older workers.[31,35] In fact, data from the AARP's Best Employers program indicates that the healthcare sector leads all other sectors in the development of programs for older workers.

State Initiatives

Some government agencies are aware of the challenges that older workers and businesses are facing as the workforce ages and have begun initiatives to assist older workers in finding employment, such as job fairs, career centers, and employment websites—all specifically for older workers.[31] In addition, states, workforce agencies, and other advocates for older adults have begun to educate employers about the benefits of hiring and retaining older workers. Arizona developed the Mature Workforce Initiative which awards a "seal of approval" to all businesses who are deemed friendly to older workers.[31] Similarly, the State of Arkansas now collaborates with the AARP to connect business leaders, labor unions, chambers of commerce, trade associations, and training providers in an effort to improve awareness and appreciation of older workers.[18]

Until now, Kentucky has no such initiatives for older workers, despite the fact that Kentucky's aging workforce is growing. The most recent census data on record shows that between 2001 and 2004, 111 of Kentucky's 120 counties experienced an increase in the percentage of workers 55 and older.[37] In 2004, nearly 13% of Kentucky's workforce was 55 and older, over 34% was 45 and older, and the industries with the highest proportion of workers 55 and older were educational services and manufacturing.[37] It is predicted that by the year 2020, 23% of Kentucky's population will be over age 50, and, as the research suggests, many will need or want to work well into their retirement years.

Will Kentucky employers embrace older workers? Will Kentucky's older workers have the resources they need to find and retain employment? Will older workers face prejudice and discrimination in the workforce? Will employers have policies and practices in place that support or impede older workers?

Kentucky Aging Workforce Study

In 2009, the Institute for Workplace Innovation (iwin), with funding from the National Institute for Occupational Safety and Health, launched the Kentucky Aging Workforce Study to gain a better understanding of the issues and challenges that Kentucky employers face as the workforce ages.

The primary research questions were:

- ☑ What are Kentucky employers' attitudes toward older workers?
- ☑ What challenges do Kentucky employers face as their employee population ages?
- ☑ What practices would help Kentucky employers prepare for the aging workforce and overcome the challenges it presents?
- ☑ What are Kentucky employers' best practices for creating healthy and productive workplaces for older workers?

Methods

The Kentucky Aging Workforce Study collected data from Kentucky employers using two research methods: focus groups and a survey.

Focus Groups

Between March 2010 and March 2011, ten focus groups were held, each focusing on one of ten industries: defense, manufacturing, finance, non-profit, government, professional services, healthcare, retail, hospitality, and trade. Participants consisted of 83 representatives

from organizations within the relevant industry sectors. The organizations varied in terms of size, location within Kentucky, and membership in iwin's Innovative Employer Roundtable. The focus groups were held at the Hilary J. Boone Center on the University of Kentucky's campus and were led by members of iwin's staff. Each focus group lasted 60-90 minutes and had an average of 8 participants, many of whom would be considered older workers themselves.

Survey

An online survey of focus group participants was conducted between January and March 2011. An email containing a link to the survey was sent to all the focus group participants asking them to go online and complete the voluntary, anonymous, 26-item survey. Twenty-nine focus group participants completed the survey for a response rate of 35%. (The majority of survey respondents attended focus groups that were held around the time the survey was launched.)

Nearly half of the survey respondents (48%) were Human Resources professionals, and a much smaller percentage were managers (17%) or presidents/CEOs (14%). Also nearly half (48%) represented for-profit organizations (48%) versus not-for-profit organizations (34%) and government agencies (17%). The most common age of respondents was 50 – 64 years old (38%) followed by 40 – 49 years of age (31%). Most were from Lexington and Louisville, large, urban areas. Figure 1 depicts the percentage of respondents from each industry sector. The non-profit industry had the most respondents with 24%, whereas defense had the least with none.
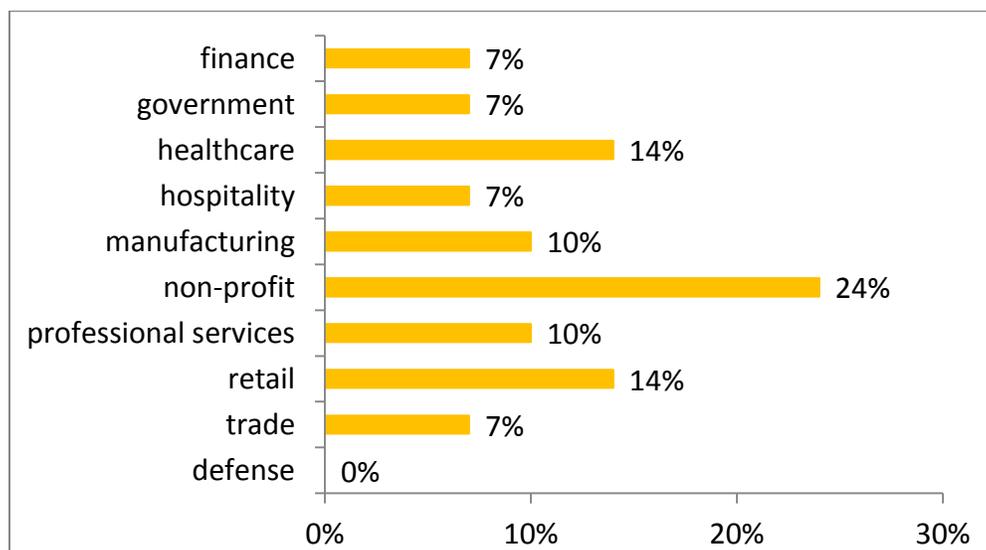

Figure 1. Percentage of survey respondents from each industry sector.

The participants represented organizations ranging in size from 2 to 40,000 employees. The median number of employees was 175 full-time, 10 part-time, 246 total employees. Figure 2 depicts the average percentage of employees in each age range at the participants' organizations. It reveals that 30% of the employees at the participants' organizations were age 50 or older.
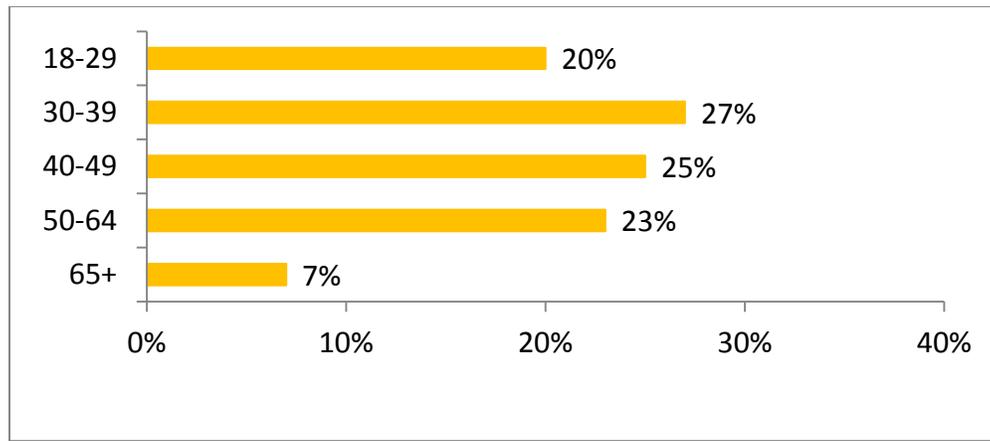

Figure 2. Average percentage of surveyed employees in each age range at participants' organizations.

Results

Retirement

The focus group results indicated that Kentucky businesses definitely are noticing that their workforces are aging. Their older workers are holding off retirement for a number of reasons, particularly the economic downturn and their continued need for an income and health benefits. Likewise, the survey results reveal that the majority of respondents (69%) expects their employees to retire at a later age in the next 3-5 years. The average retirement age over the past 5 years at the participating organizations is 61½ years of age, and respondents expect an average of 4.25% of their workforces to retire in the next 5 years. Only 45% feel prepared to handle the retirement of the aging workforce.

Status of Older Workers

With the exception of the non-profit, retail, and hospitality industries, the comments by the focus group participants implied that their general perception of older workers was employees in upper-level positions, employees who had been at the organization for a long time and had worked his/her way up the organizational ladder, rather than older employees in lower-level positions. It is predicted that this perception is based on the fact that many of the

focus group participants were upper-level employees themselves. However, when asked directly about the status of older workers, the majority of survey respondents (62%) reported that older workers are equally distributed throughout the ranks of their organizations rather than being heavily clustered in one level of status. (See Figure 3.)
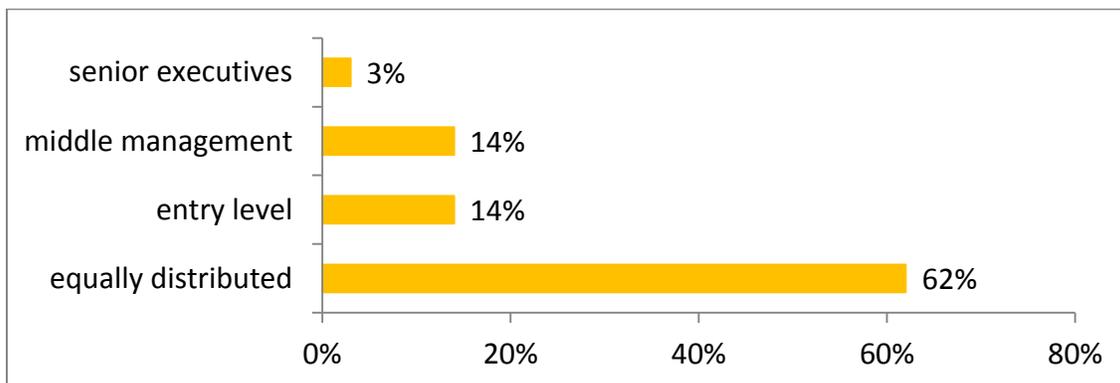

Figure 3. Status of older workers in survey participants' organizations.

Kentucky Employers' Attitudes Toward Older Workers

The focus groups and surveys revealed many perceived benefits of older workers. One of the many reasons employers appreciate older workers is their loyalty and commitment to the job. This was mentioned several times across all the focus groups. Employers from finance, trade, professional services, and retail commented on how they can depend on older employees to show up to work when they are scheduled to work and to be on time. Participants also mentioned the variation in sick-day usage between the generations. As one participant from the finance focus group stated, "We see more of the younger employees taking advantage of the sick days and the extra days off than we do the older worker. I think that just reinforces that older employees are more loyal, they're more dedicated, and they're more concerned about their jobs." A professional services participant further explained that if older workers "don't have health issues, they may not use all their paid time off, whereas the younger ones use it all."

In addition to being more reliable in their attendance, older workers were also said to be harder workers when on the job. Participants in defense noted that older workers are "conscientious and safer," have a "better work ethic," and "understand commitment and getting the job done." Participants from hospitality, retail, and finance reported that older workers are generally better at customer service than younger workers. Participants reported that not only do older workers perform the work better than younger workers, but they also

have no sense of entitlement. A participant in the trade focus group said, "Older workers have a lot of pride in the company, but these young guys coming in now, they're just there for a paycheck." Overall, older workers are considered more valuable than younger workers and something that organizations felt they could not do without. One survey participant summed up nearly all the reported benefits of older worker with one comment:

> We find that older workers appreciate their jobs more, take pride in their work, and that they still want to feel vital to the workplace… They are more dependable, they complain less, their attitudes are great, and they are here because they want to be and not just because life dictates that they have to have an income. They are the vital pulse of our business.

The survey results supported the focus group findings and survey comments. As shown in Figure 4, over 90% of survey respondents indicated that older workers are reliable, have a good work ethic, and are experienced. Seventy-six percent reported that they have strong performance and low turnover, and over 60% claim older workers are good mentors and enhance customer satisfaction.
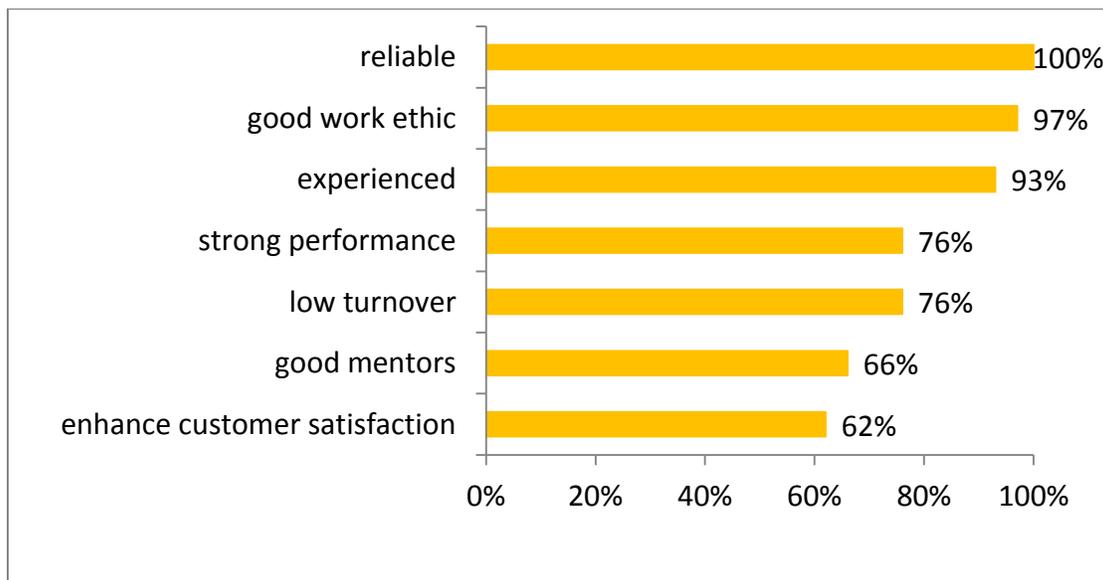

Figure 4. Percentage of survey respondents reporting benefits of older workers

Thus the benefits of older workers cited by the participants led to the development of the model depicted in Figure 5. This model represents the seven most commonly-cited perceived benefits of older workers.

Figure 5. Model of the seven perceived benefits of older workers.

When asked their overall opinion of older workers, survey respondents were generally very favorable toward older workers, as illustrated in Figure 6. Sixty-nine percent had a very positive attitude toward older workers, whereas only 3% had a somewhat negative attitude, and none had a very negative attitude. Only 10% said they were reluctant to hire older workers.
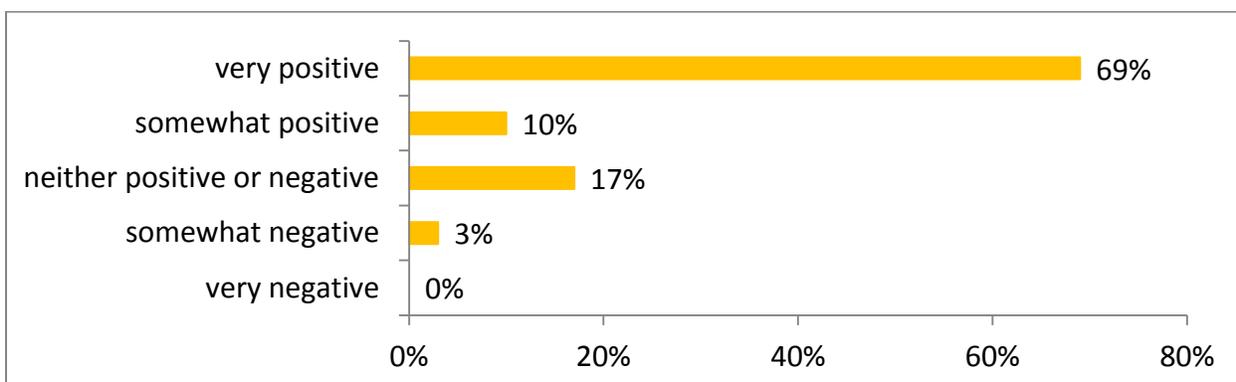

Figure 6. Survey participant's attitudes toward older workers.

Challenges Kentucky Employers Face as the Workforce Ages

Despite the many perceived benefits of older workers, many participants indicated that some managers have negative attitudes toward older workers. Although, the survey results revealed that the more older workers an organization employed, the fewer concerns they had. As depicted in Figure 7, the concern shared by the most survey respondents (62%) was older workers' lack of technical skills, followed by their physical ability to perform work (55%), and the generation gap between older workers and younger workers (52%). Over 40% of respondents were concerned about older workers' pace of work (48%), their health (41%), and the potential knowledge loss when older workers leave or retire (45%).
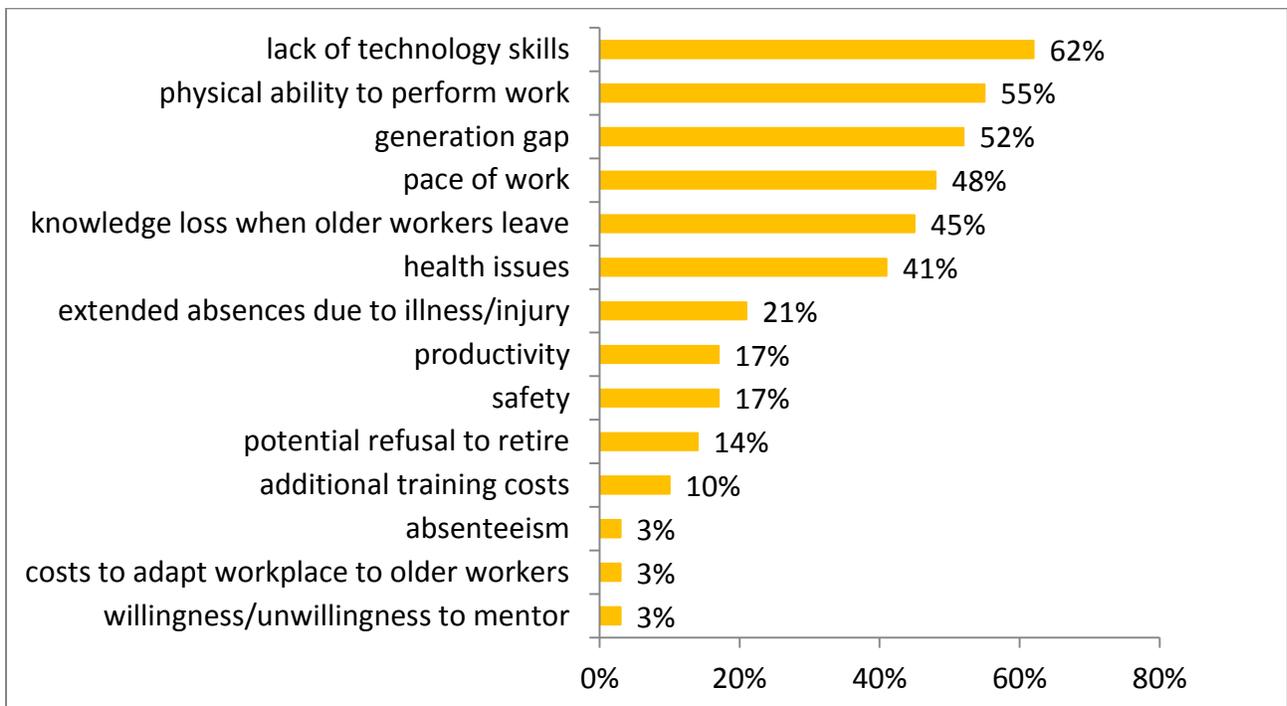
Figure 7. Percentage of survey respondents indicating concerns about older workers

The concerns expressed on the survey echoed the concerns expressed in the focus groups. Essentially, five key challenges of the aging workforce emerged from the focus groups: 1) loss of institutional knowledge/labor pool shortages, 2) older workers' dependent care commitments, 3) older workers' increased health problems, 4) the generation gap between older workers and younger workers, and 5) older workers' lack of technology skills.

Loss of institutional knowledge/labor pool shortages.

One of the biggest concerns and challenges of the aging workforce mentioned by participants was loss of institutional knowledge or "brain drain." Participants in nearly all of the

ten focus groups expressed fear of losing the institutional knowledge that they've accrued in their long-term older workers. One survey respondent reported of older workers, "Their knowledge is like a library, and when we lose someone, it is a huge gap to fill." Another stated:

> The aging workforce is not even on management's radar. We lose substantial institutional experience and memory annually, and we are not replacing it. Agencies are scrambling to find replacements who can think, analyze, and create.

Institutional knowledge loss is problematic due to the fact that many organizations have not prepared formal successional plans to ensure that their organizations are adequately and appropriately staffed. Many participants acknowledged their need for a succession plan but indicated that they had experienced some difficulties creating one. As participants from the government sector explained, there are restrictions on how an employee's time may be used, so finding a legal way to cross-train their employees is challenging. Organizations in other industry sectors are also experiencing resistance from employees who do not want to share their knowledge with others. According to a finance participant, "You can still have that one person who is so power-hungry they don't want to let go of anything, so you're not going to get the training you need for that person's successor." Some participants speculate that older employees may be reluctant to discuss their retirement plans, mentor, or pass their knowledge on to others for fear of losing their worth in the company. Unfortunately, this reluctance hinders their employer's succession planning efforts. According to focus group participants, another challenge to succession planning is younger generations' "job hopping" tendencies. Employers find it hard to develop succession plans when they cannot count on a new employee to stay longer than two to five years.

Challenge 1: Institutional Knowledge Loss/ Labor Pool Shortages
• Lack of formal succession plans
• Lack of qualified job applicants
• Lack of collaboration between schools and businesses to prepare students for jobs in industries needing workers

Another major problem related to loss of institutional knowledge is the lack of qualified applicants to fill the positions older workers leave behind. Many participants reported that they are not able to find the successors they need. They struggle to find employees who want to do the types of jobs offered and who have the required skill sets. A major concern among participants was the generation that will soon be entering the workforce. They explained that there is a lack of collaboration between high schools/colleges and businesses to prepare young

people to fill the positions older workers are leaving. Participants in healthcare, defense, finance, trade, and manufacturing warned that this sort of collaboration must begin if their industries are to grow.

Dependent care commitments of older workers.

The second major challenge of the aging workforce is older workers' increasing dependent care commitments. National studies suggest that as the number of people living well beyond retirement age increases, the number of people caring for them increases, too.[38] Most of the care to older adults is provided by family members, the majority of whom are employed. Research reveals that many of these caregivers experience increased stress, work-family conflict, and even serious illness themselves, all of which can affect the organizations they work for.[38] Surprisingly, only recently has eldercare been recognized as a work-related issue. Likewise, participants in this study indicated that older employees in their organizations are now providing essential care for their aging parents. One participant said, "You can put your child in daycare or have another person care for the child, but when you have a 90-year-old mother who is incapacitated, who else is going to do that besides you?" Thus, eldercare is an issue for many employees and the organizations they serve as employees need to take time off work to care for their parents, to transport them to necessary appointments, and sometimes to transition them to alternative housing arrangements. Focus group participants explained that many organizations to do not have policies that address these issues. There are policies regarding leaves due to children but very few for parents. As one participant explained:

> Now the older generation is taking care of their elderly parents. And it's acceptable, in terms of the organization's written policies, to take time off to care for children. But what if we have to take an elderly parent to the doctor? Our policy doesn't address that. That's something you need to look at if you want to retain that older workforce.

Likewise, today older workers are increasingly becoming the primary caregivers for their grandchildren, too, and similar issues arise. There are few organizational policies surrounding the care of sick grandchildren. In fact, participants reported that employees frequently ask

Challenge 2: Dependent Care Commitments of Older Workers
• Caring for aging parents
• Caring for grandchildren
• Lack of eldercare resources
• Few workplace policies regarding time off for eldercare and grandchild care

whether their grandchildren can be included on insurance policies. These changes in employees' family lives have ramifications for organizations who are finding it necessary to adapt.

Increased health problems in older workers.

The third major challenge of the aging workforce was health problems experienced by older workers. Participants within several focus groups talked about chronic health problems (e.g., diabetes, heart disease, cancer) that are more common in older workers and the challenges they present for employers in terms of absenteeism, lost productivity, and healthcare costs. As mentioned in the healthcare focus group, when there are extensive health problems among employees, the cost of health insurance is raised not only for those sick individuals but also for the entire organization. "We've seen big increases in insurance premiums, and it's based on your employee body. So if we're using those health care services more often—which our older workers will because they have more health issues—it's increasing premiums for everybody."

Challenge 3: Increased Health Problems in Older Workers
• Chronic health problems such as heart disease and diabetes
• Acute health problems such as injuries and falls
• Unsafe workplace behaviors

Focus group participants were also concerned about acute health problems among older workers such as back injuries, falls, and hearing loss, particularly for those who have physically demanding jobs such as in trade, hospitality, retail, and healthcare. A couple of participants in retail and hospitality mentioned that they have very good older employees who are obviously struggling physically with their job duties but are unwilling to give up their jobs due to their commitment to the organization. In fact, participants reported that some older workers are reluctant to report their workplace injuries, so it is possible that older workers have more injuries than their employers are aware of.

Moreover, participants in government, professional services, and hospitality reported that their older workers are occasionally unsafe in various ways (e.g., wearing inappropriate clothing or not wearing glasses or the necessary protective equipment) and that those unsafe behaviors can lead to more worksite injuries among older workers. Many participants indicated that older workers get injured more often than younger workers, get injured more severely, and experience longer recovery times. However, there was some inconsistency, even within industries (e.g., trade), because some participants reported that older workers were actually

safer than younger workers because older workers were more aware of the risks while younger workers worked too quickly and didn't take adequate safety precautions. So, as in the research literature, there was no consensus regarding which age group is safer than the other

Generation gap.

The fourth major challenge that businesses face with the aging workforce is the generation gap. Generation gaps are perceived or actual differences in attitudes, perceptions, character, or development between generations. The generation gap arose as a huge problem for the organizations participating in the focus groups, one that appeared to be the underlying issue in many conflicts. The biggest generational gap reported by participants revolved around the issue of work motivation and employee expectations. Research suggests that Baby Boomers are generally more work-centric than other generations, whereas Gen-X and Gen-Y are more family-centric and thus would prefer to work fewer hours than they currently do.[19] These differences were evident in

Challenge 4: Generation Gap
• Differences in work motivation
• Differences in work styles
• Differences in communication styles

the comments made by older focus group participants. Essentially, the older employees reported that the younger employees are simply there for a pay check, want to move up the company ladder too quickly without paying their dues, and "want all the information instantly without wanting to work for it." Participants explained that younger workers may consider it perfectly appropriate to arrive at work 15 minutes late, work diligently for six hours, complete the tasks, and leave the office early. However, this may be considered disrespectful by older workers who are more work-centric and believe in working standard business hours.

Participants agreed that some of these conflicts are due to generational ignorance and a lack of communication, some of which could be caused by the generations' differing communication styles. Generally, the older generations prefer to communicate face-to-face, whereas younger generations rely on more technological forms of communication such as emailing and texting. This can lead to conflict. One participant in the non-profit focus group told of an older secretary in his organization who refused to relay messages to her boss from other employees if she had received the messages via text message. She felt that this type of communication was inappropriate and thus, she required a face-to-face request to deliver a message to the boss. Thus, generation gaps can have a major influence on both morale and organizational performance.

Lack of technology skills among older workers.

The fifth major challenge of the aging workforce that participants reported was one that is closely related to the generation gap: older workers' relative lack of technology skills. The older generations were not born and raised with the technology that many of the younger generations have had access to most of their lives, and information about the newest technology is usually directed towards the younger generation making them much more familiar with it. As explained by a participant in the non-profit focus group:

> I heard recently that the brains of young people actually work differently than the brains of older people, because they grew up in the digital age, and they don't relate to each other the same way older people do. I truly, I very much endorse the use of computers, technology, but I'm also not going to use Facebook. I'm not going to do it! It's not the way I want to relate to people.

According to participants, the problem is not only the older workers' lack of technology skills but also their lack of willingness to learn new things like social networking. Another participant explained that the technological differences between the younger workers and the older

Challenge 5: Lack of Technology Skills
• Unfamiliarity with technology
• Lack of interest in learning
• Low interest in social networking
• Dislike of change in general

workers in her organization revolved around the use of social media. "I guess the aging workforce isn't traditionally used to sharing so much information about their personal lives and about the things they do, and that's what social media is meant for." There were also comments that older workers are unwilling to be trained and learn these skills. Participants surmised that older workers may not like technology trainings because they may be paired with a younger worker who intimidates them or perhaps because, as one finance participant claimed, "they don't like change." In fact, participants reported that older workers tend to dislike change of any kind—be it a change in business operations, benefits, workforce makeup, training, flexibility, etc. A participant in the defense focus group asked, "How do you get people who have spent a life being a certain way to deal with that change?"

Additional challenges of the aging workforce.

Other challenges emerged in the focus groups, although they were not issues for every industry. Mandated retirement was found to be a problem for businesses in the government, trade, and healthcare industries. As stated in the healthcare focus group, "one thing that's

hurting us a lot is when they've reached the Medicare age but aren't ready to retire yet. And they tell us that they want to keep working but they can't work any more hours because they're at the limit." Participants in the trade industry explained that there is a limit as to how many years a person can physically and legally work, so employees are forced to retire when they are 50 and are unfortunately leaving

Additional Challenges of an Aging Workforce
• Mandated retirement difficult for both employers and employees
• Refusal of some older workers to retire

with skills that may have accrued over a 30-year career. One participant lamented, "thirty years' worth of skills is impossible to transfer over. Knowledge is one thing, but true skill is another."

Mandated retirement is very challenging for not only the organization but also for the employee who may be forced to retire against his/her will. These employees may want to keep working and, in some cases, need to keep working for financial reasons, but Medicare and industrial regulations do not allow them to do so. A healthcare participant explained, "For some older workers, work is all they have. Maybe their spouse has passed away, and the kids are gone. Work is their family."

On the contrary, some organizations have difficulties with older workers who refuse to retire when the organization would like them to. "A lot of times," as a finance participant reported, "because you're a family you tend to take care of your people when they are beyond being able to functionally perform the job tasks, and you shift them to other job duties that could be performed as a part of another job. But you give it to this person and pay them to do a small amount of work because they've been with you for so long."

Promising Practices to Help Kentucky Employers Prepare for the Aging Workforce and Its Challenges

The study revealed a number of challenges that organizations face as their workforces age. However, the survey and the focus groups in particular were rich with practices and solutions that organizations are implementing—or would like to implement—to tackle the obstacles and challenges they are facing. Here we present solutions to those challenges from both our participants and their organizations as well as from the scientific research literature.

Challenges

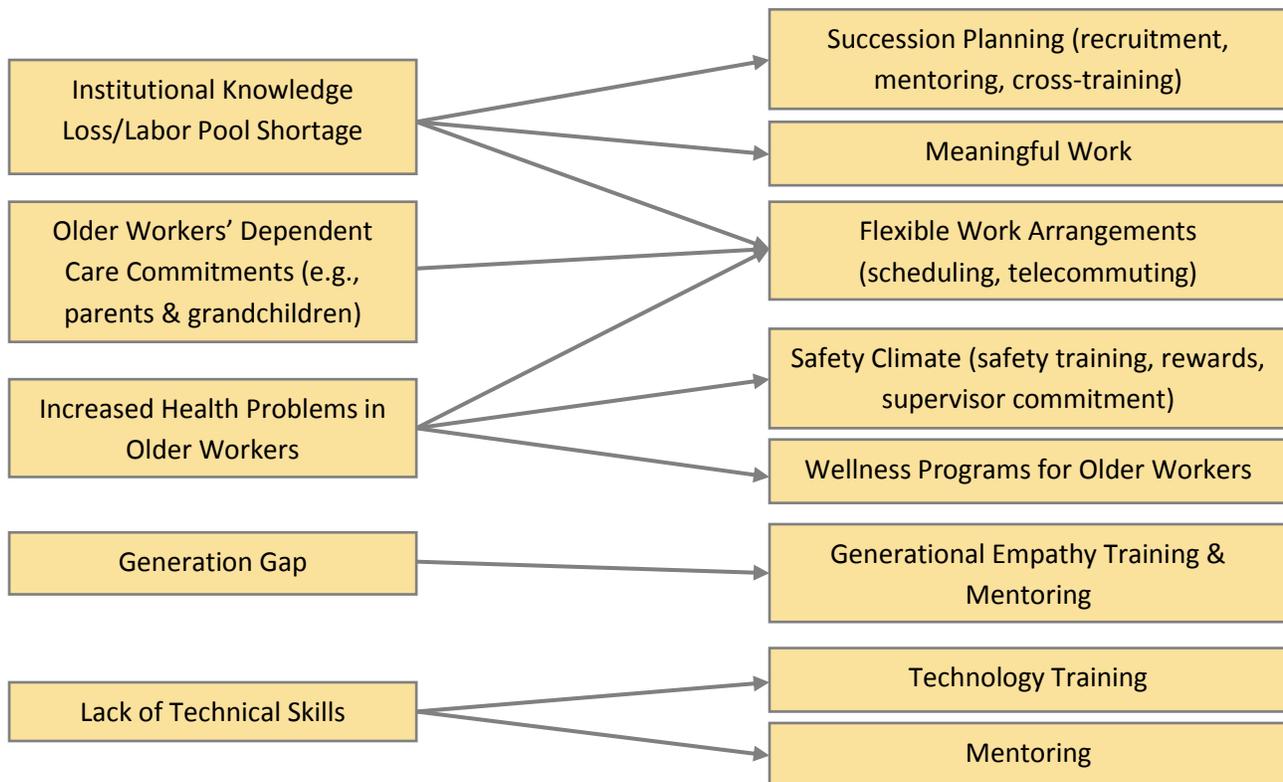| Challenges	Solutions
Institutional Knowledge Loss/Labor Pool Shortage	Succession Planning (recruitment, mentoring, cross-training)
Older Workers' Dependent Care Commitments (e.g., parents & grandchildren)	Meaningful Work
Increased Health Problems in Older Workers	Flexible Work Arrangements (scheduling, telecommuting)
Generation Gap	Safety Climate (safety training, rewards, supervisor commitment)
Lack of Technical Skills	Wellness Programs for Older Workers

Figure 8. Model of organizational challenges and solutions to aging workforce.

Solution: Succession planning.

The departure of older workers upon retirement often leads to a loss of institutional knowledge or "brain drain" at many organizations. When asked how best to combat this problem, one participant quipped, "Beg them to stay!" Kidding aside, succession planning was recognized by focus group participants as the most critical strategy to combat brain drain. Succession planning has been described as "filling the organization's talent pipeline and building internal bench strength."[39] It is the process by which an organization ensures it has the staff it needs both now and in the future and that knowledge and skills are transferred throughout the organization as needed instead of leaving when valued employees leave or retire. This process has many components and requires many steps. Each of the following solutions can be considered part of a succession plan and were mentioned by focus group participants.

Phase down programs (also called off-boarding) consist of older workers gradually working reduced hours before retirement and during that time transferring their knowledge to the employees who will be replacing them via mentoring or another process. For phase down programs to be effective, it is essential that employees be

Solution 1: Prioritize Succession Planning
• Ensure the organization has the staff it needs now and in future
• Phase older workers into retirement
• Invite retired workers to return as contract/temporary workers

open with their employers about their anticipated retirement plans so the organization can determine when to begin the knowledge transfer process. Furthermore, employers must make sure that older workers feel comfortable sharing their retirement plans with the organization and do not fear being let go from the organization before they are ready.

Inviting retired employees to return to work is another strategy organizations are using to minimize brain drain. Allowing retired former-employees to return to work, perhaps as contract workers, independent contractors, temporary or replacement workers can be beneficial when the organization finds that it did not capture all of that employee's knowledge and when the former employee feels he/she can still be an asset to the organization. Such rehiring programs make good business sense because the retirees have the necessary job skills and are already familiar with the organization's culture and procedures.[32]

> We have senior technical staff members who have years of knowledge, knowledge that you can't learn at school, in a book, in seminars, or workshops. So we have people who would like to retire, and we try to convince them to stay a little longer or retire and do some contract work for us because they are just irreplaceable experts.

Although participants realized the great importance of succession planning, many said that their organizations had either not begun or had not progressed very far. Their comments reflected the need for succession planning and their frustration that their organizations are not open to creative succession planning options. A bank executive gave this example:

> There was an employee who have come to us and said, "I'm 65, and I'd like to scale down a bit, but I still love working here. Can I begin to phase into retirement and work 3 days a week?" And our CEO said, "No, can't do that." I said, "You're crazy! You're letting somebody good walk out the door!" And now he's at another bank that is willing to let him call his own shots and his own hours. We lost a great person because of that.

Solution: Meaningful work.

Fostering meaningful work among employees was an underlying theme in many of the focus groups and is a second key to reducing institutional knowledge loss. There was consensus that if employees find their work personally meaningful and important to them, they will feel more engaged in their work and may be less likely to leave the company and/or retire. Organizations can foster meaningful work by promoting intellectual stimulation within jobs, encouraging employees to develop new skills, allowing employees to make decisions that impact their work, offering employees opportunities for accomplishment and creativity, and letting employees know that their contributions in the workplace are valued by the organization. When employees feel important, empowered, and valued at an organization, they will be less likely to retire or look for employment elsewhere.

Solution 2: Foster Meaningful Work
• Promote intellectual stimulation
• Encourage development of new skills
• Allow employees to make decisions
• Encourage creativity

Solution: Flexible work arrangements.

Flexibility is essential to responding to the aging workforce because it addresses not just one but *three* challenges of the aging workforce: institutional knowledge loss/labor pool shortage, older workers' dependent care commitments, and increased health problems in older workers. Flexibility allows employees to adjust when, where, and how they work therefore enabling them to balance their work lives and personal lives in a way that reduces stress and

enhances well-being. Flexibility practices include job sharing, part-time work, phase-down retirement programs, telework (working remotely from home or another location), career leaves, time off to care for dependents, and shifting to different jobs within an organization to suit one's evolving interests and abilities.[16,32] Flexibility has been found to have a number of important benefits for employees and organizations such as enhanced employee

Solution 3: Provide Flexible Work Arrangements
• Allow employees to adjust when, where, how they work
• Allow job sharing, part-time work, telework, career leaves, phasing into retirement

recruitment, retention, engagement, and productivity and reduced work-life conflict and turnover.[38,40] In fact, although flexibility has been found to be a major predictor of employee engagement for all employees, it is an even bigger predictor for older workers,[40] probably because of their increasing dependent care commitments and health issues that require time away from work during standard business hours. These dependent care commitments come with demands on employees' time due to medical appointments for aging parents, eldercare coordination, transportation of grandchildren to school and other activities, as well as other caregiving obligations. Likewise, older workers' increased health problems require prevention, treatment, doctor appointments, and, in some cases, hospitalization and recovery time. Thus, workplace flexibility has become more important to older workers than ever before. In order to take care of their families and their health, older workers need flexibility options such as being able to alter their work hours, work a condensed week, work part-time, and work remotely. So it would behoove organizations to train their managers to embrace flexibility and test out various flexibility options with their employees. Moreover, employers should also incorporate technology that assists in the implementation of flexibility (e.g., providing laptops for employees to take home, using conference calls to allow employees to dial into meetings rather than requiring them to be physically present).

Although flexible work practices are embraced by many organizations, implementation has its challenges. Many focus group participants talked at length about the struggles they face as they attempt to balance the needs of their individual employees with the organization's needs, responsibilities, and constraints such as quotas, deadlines, hours of operation, and, in some cases, federal regulations. Other barriers to workplace flexibility include management's "old school ways of thinking," as well as the difficulty in simultaneously acknowledging that some positions are more or less appropriate for flexibility than others and yet treating all

employees fairly and equitably. The comments expressed by participants indicated that there are some misconceptions about workplace flexibility and that many organizations are unaware of the wide array of flexible work options and would benefit from training on how best to implement flexibility into their organizations.

> ***Best practice—Flexible work arrangements:***
> Paying employees for their commute time is the practice of a trade company. Employees officially begin their days when they get in their cars to go to work and end their days when they get home.

Solution: Safety climate.

As older workers are more prone to health problems, they are also more prone to injuries on the job and take longer to recover. Thus, as the workforce ages, it is very important that safety become an integral part of the organization's culture. There should be a climate of safety that incorporates safety training, safety rewards, and supervisor commitment to safety. Every employee should be trained on safe procedures from lifting to handling hazardous materials and equipment. Focus group participants also encouraged rewarding employees for exhibiting safe behaviors and maintaining accident-free workplaces. One participant explained his company's safety rewards program:

> If the superintendent goes out and runs an injury-free job, he gets money. As for the individual workers, if they can get through a certain hourly goal without an injury, they get something to wear on the job, a nice jacket or something like that. But if the superintendent has an injury on the job, he gets nothing, because it's his job to maintain a culture of safety.

Furthermore, the commitment to safety should be demonstrated from the top down. This commitment is demonstrated by requiring attendance at monthly safety meetings, mandating safety training and updating those trainings as necessary, and providing the necessary safety equipment and clothing. Additionally, accommodations should be made for older workers such as environmental alterations to make their workspaces more ergonomically correct and their work less physically demanding.[32,34]

Solution 4:Enhance Safety Climate
• Safety training
• Supervisor commitment to safety
• Rewards for safe behavior
• Environmental accommodations for older workers

Participants in the healthcare industry suggested buying more electronic lifts to help elevate

patients, thus preventing workers from having to exert so much of their own effort and reducing the number of back injuries. A participant from the auto industry explained that some of their work is very precise and requires visual acuity, but "tenured people are 50, 52, and their eye-sight is going a little bit. So let's increase the lighting, use magnification, some of those things. It costs money, but it makes everybody more effective." Such modifications help not only older workers but *all* workers.

> ***Best practice—Safety climate:***
> A company in the trade industry implemented a mandatory stretching program. Each morning before the shift begins, all employees go through a variety of stretching and strengthening exercises for ten minutes. The result has been fewer injuries as well as an increased understanding of safety in the workplace.

Solution: Wellness programs for older workers.

Worksite wellness programs have been proven by researchers to improve the health of an organization's employees, and such programs can be particularly beneficial for older workers who face more health problems than younger employees do. In fact, some organizations have wellness programs such as "silver sneakers" programs that are specifically targeted to older

Solution 5: Offer Wellness Programs
• Target older workers' unique needs
• Determine key health problems
• Design appropriate programs
• Incorporate wellness into organizational culture

workers and their unique physical needs. Many participants touted the effectiveness of their wellness programs—both in terms of improving their employees' health and reducing the company's healthcare costs. Substantial benefits were reported from systematically evaluating the health of employees first to determine their specific health problems and designing their wellness programming to meet those needs. As a participant from healthcare said:

> Diabetes and age-related things such as arthritis are an issue with our employees, so we ask ourselves what we can do to help our employees overcome these problems, and what resources can we give them to keep them in the workforce. But first we really want to see what the issues are.

After determining the key health problems of the employee population, appropriate programming can be designed and implemented. For a program to have high levels of

participation and a high success rate, it must have full support from senior management, and health and wellness must be fully incorporated into the organization's culture.

Best practice—Wellness programs:

A professional services firm hired a health coach to visit their facilities and adapt each workspace to the specific needs of the employee using that space. The coach also teaches exercise programs and relaxation techniques. This organization believes that the addition of the health coach is responsible for their decrease in work-related injuries such as carpal-tunnel syndrome and back and neck pain.

Solution: Generational empathy training.

The generation gap between older workers and younger workers and the resulting conflicts was a common theme among the focus group participants. A multi-generational culture that values employees of all ages is very important to organizations and employees, particularly older workers.[33] The term *generational empathy* was coined by iwin to mean generations acknowledging and appreciating the experiences, strengths, feelings, values, and attitudes of other generations. One way organizations can foster generational empathy is by holding multi-generational diversity training programs to teach the generations about each other, to help them understand other generations' perspectives, and to find common ground between them. These training programs should

Solution 6: Provide Generational Empathy Training
• Teach employees of different generations about each other
• Build understanding through communication
• Incorporate cross-generational mentoring

be highly interactive for participants, take place over an extended period of time, and be followed up with mentoring between older and younger employees to maximize their impact. Additional inclusive methods are appreciation programs for long-term employees, intergenerational teams, and programs recognizing the specific issues that older workers deal with.[6,7]

Best practice—Generational empathy:

A hospitality business mandates that all employees attend generational sensitivity training to enhance understanding and cohesion between members of the various generations. The company believes that these trainings are so important that they will not schedule employees to work until they have completed their training. Another company holds company-wide retreats with invited speakers who address generational differences in an effort to foster greater understanding of the different generations.

Focus group and survey participants were concerned about older workers' relative lack of technology skills. Enhanced technology training for older adults was highly recommended and said to be especially beneficial to the advancement prospects of older employee as well as employees in lower-level jobs. Such trainings are sometimes offered by the employers through their Information Technology departments or less formally via mentoring in which a technology savvy employee is paired with an employee with fewer skills. However, employers may also pay for their employees to attend programs offered in the community. A nonprofit participant commented that "employers should support more age-sensitive, community-based learning, such as mini data entry workshops where they can help seniors get onboard with the latest technology."

Solution 7: Offer Technology Training
• Target older workers and their unique needs
• Conduct training via classes or mentoring

Best practice—Technology training:
A large non-profit established a training institute within their organization which provides employees with computer training classes and other classes to help advance technical knowledge and skills. Classes are provided to current employees as well as members of the nearby community. The result has been a more-prepared workforce and a larger hiring pool.

Solution: Cross-generational mentoring

Mentoring is another solution that helps solve multiple challenges. First, mentoring helps with the process of knowledge and skill transfer. In this study, mentoring was mentioned most in the healthcare, trade, and retail focus groups. Healthcare participants stated that older workers who have been in the organization or in the industry for a long time have extensive knowledge that should be tapped. A retail participant explained that his organization pairs older employees with younger employees in mentoring relationships because, when working on commission, younger workers tend to "blow up" and get very angry when a sale falls through, but the older sales people are more experienced and can teach customer service skills to the younger ones. In the trade industry, mentors and mentees have a symbiotic relationship whereby the younger mentee "hustles and does the bull work—as we

Solution 8: Encourage Cross-Generational Mentoring
• Transfer knowledge & skill across employees
• Pair younger workers with older workers who provide institutional knowledge
• Encourage older workers and younger workers to mentor each other (e.g., younger worker teaches technology skills to older worker)

like to call it, and the older guy will show him how." This helps both employees: the younger employee learns a new skill, and the older employee is able to exert less physical effort than he normally would.

According to the participants, certain criteria must be met for mentoring to be an effective method of knowledge transfer. As mentioned in the trade focus group, the mentor has to understand that he/she is in a teaching position and be willing to educate and work closely with a younger employee. Additionally, employers need to do their part to foster and support the relationship between the mentor and the mentee to ensure the most successful transfer of knowledge. For example, a finance participant explained that employers may need to "identify the person to be mentored and start developing them, getting them the proper training, education, or certifications they will need so that they are prepared to be mentored, so that there is a very smooth transition when that time comes."

Mentoring is also very helpful in reducing the generation gap. Developing strong mentoring relationships between older employees and younger employees, preferably in which both generations teach each other a skill rather than just the older generation teaching something to the younger one, fosters understanding and compassion between the generations and reduces conflict. Some participating organizations had mentoring programs in which older employees passed down to the younger employees their vast knowledge accumulated over their many years with the organization, and the younger employees taught the older generation about technology (e.g., computers, software, smart phones, etc.) and social networking (e.g., Facebook, Twitter). Such symbiotic relationships can be very meaningful to the employees and beneficial to their organizations.

Additional solutions.

There were a few additional solutions that emerged from the survey data that bear mentioning. When asked how their organization attracts and retains older workers, several participants mentioned the importance of providing a safe and comfortable environment, offering good pay and benefits, providing jobs that are not physically demanding, and including everyone and embracing diversity. "Our manufacturing environment is clean, safe, heated and air conditioned, and does not require heavy lifting." Another respondent reported, "We provide part-time employment opportunities, a very rich medical plan that is very attractive to older employees, and a work environment that embraces diversity and recognizes the

contributions of the individual."

Likewise, the research suggests that an organization's benefits practices should also be examined. Some of the best benefits practices for older workers are health benefits for part time workers, dependent care spending accounts for elder care, 401(k) catch up contributions, long term care insurance, and more choice in their benefits packages.[12,31]

Additional Solutions for Ensuring an Engaged, Healthy Older Workforce
• Safe, comfortable environment
• Good compensation & benefits
• Jobs not physically demanding
• Diversity embraced
• Benefits for part-time employees
• Collaboration between schools and businesses

In addition, additional methods for reducing loss of institutional knowledge and handling the labor pool shortage were mentioned in some of the focus groups. Participants in the trade and healthcare industries suggested that organizations should collaborate with colleges, high schools, and even elementary schools to introduce young people to—and hopefully peak their interest in—industries that are having difficulty recruiting and filling positions. A participant from trade reported, "In the future it will be even more important to effectively recruit people who are genuinely interested in this trade—or that we can possibly cultivate an interest in this trade—and educate them accordingly." It was further argued that developing such collaborations with the schools would assist in keeping young people working and living in Kentucky instead of taking their talents elsewhere. Plus, it would have the added benefit of filling up the pipeline of successors to take the place of retiring older workers.

Solutions: Are organizations implementing them?

Although many participants understood the challenges of the aging workforce and the need for solutions such as workplace flexibility, succession planning, mentoring, and phased retirement, surprisingly few organizations had begun implementing them. The survey asked participants about their organization's policies and practices specifically for workers over the age of 50. The results indicate that just over half (55%) offer flexible scheduling and part-time work. Between 30% and 50% allow employees to move to a different job within the organization, adapt the physical environment for older workers, hire back retirees, and conduct succession planning. Fewer than 30% offer a mentoring program, career counseling, remote work, job sharing, contract work, and phased retirement. And only a very small percentage offer eldercare (17%) or the option to take work sabbaticals (10%). See Figure 9.
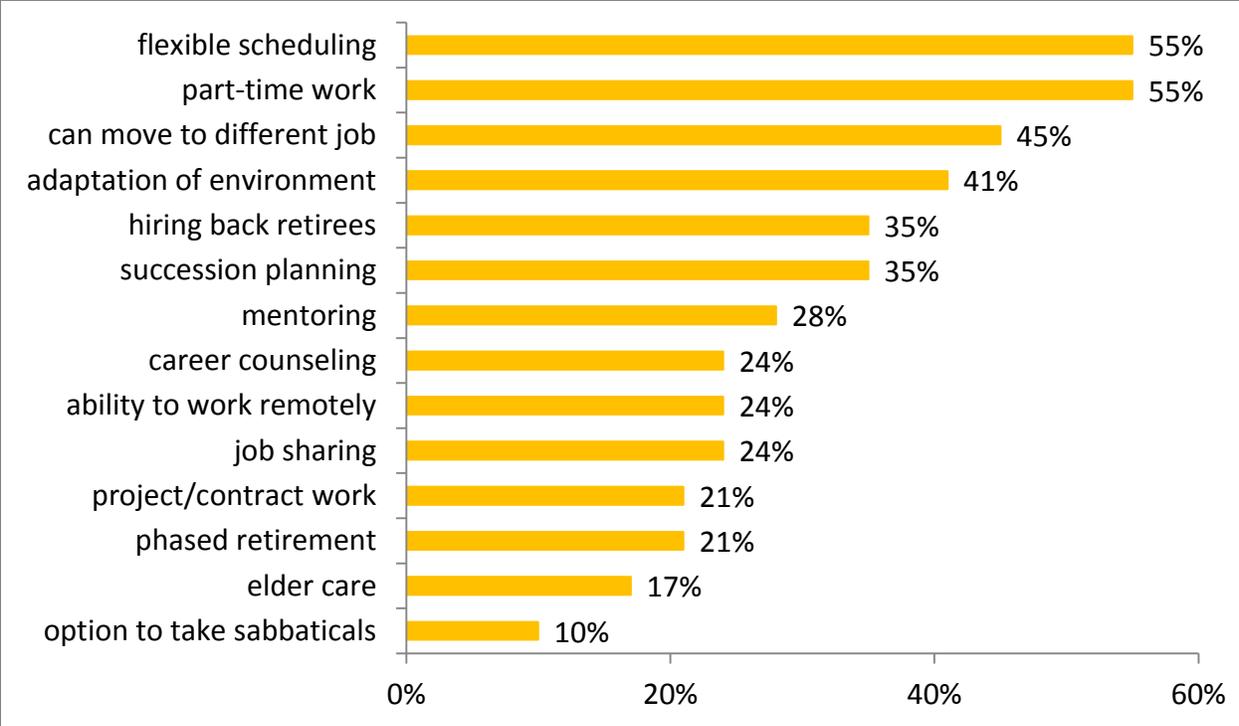
Figure 9. Percentage of survey participant's organizations offering practices to Workers 50+

When asked why their organization had policies and programs for older workers, some survey respondents reported that older workers are valued employees with knowledge, skills, and experience and because they have a better attitude and work ethic than younger workers. "They are vital to our business." Other participants claimed that they have these policies in place because they want to be an employer of choice. However, most reported that these policies and practices are actually in place for everyone no matter their age and are not necessarily for older workers. Correlational analyses did reveal that participants who perceive more benefits of older workers have a better overall attitude toward older workers and offer more programs for those workers.

Survey participants were also asked to indicate whether their organization had taken any of 15 steps to ensure that it will have the staff it needs today and in the future. Many of the policies and practices inquired about were the same, so the results were similar but not identical. Between 50% and 70% indicated that their organization had begun 1) succession planning by assessing employee attitudes about work and analyzing the demographic makeup of their workforce and 2) initiated flexible work options by allowing flexible scheduling and allowing employees to transfer to different jobs within the organization. But slightly less than

50% had gone a step further in these efforts by establishing mentoring programs, capturing institutional knowledge, and allowing employees to work from a remote location. Less than 40% had analyzed projected retirement rates, created training opportunities for late-career employees, assessed employees' career plans and work preferences, created multi-gen training programs, created benefits to induce late-career employees to stay, and encouraged late-career employees to work past retirement age. And a very few offered phased retirement (14%) or sabbaticals (7%). See Figure 10. The average number of policies/practices implemented by an organization was 6.
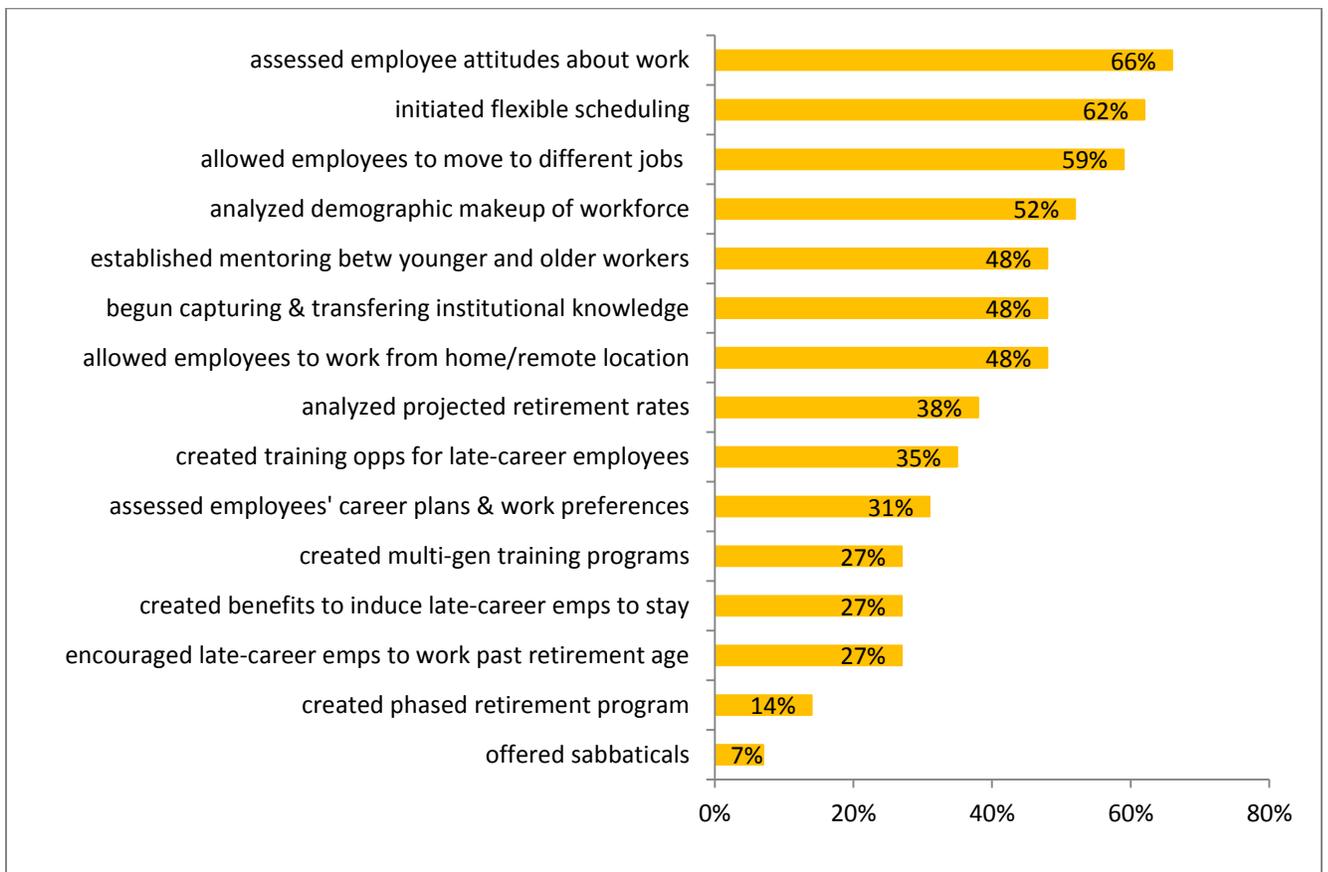

Figure 10. Percentage of surveyed organizations who have taken succession planning steps

The survey also listed 15 benefits that could be offered to employees from health insurance, dental insurance, disability insurance, and life insurance to paid personal days, contributions to employee retirement plans, and retirement planning seminars. Respondents were asked to indicate whether their full-time and part-time employees had access to these benefits. The participating organizations offered an average of 10.3 of 15 possible benefits to

full-time employees but only 3.9 to part-time employees. Overall, part-time employees gain far fewer benefits than full-time employees do.

So taken together, the results of the last two questions indicate that about one half of the Kentucky employers in our study have begun implementing flexible work practices and succession planning; one third have established mentoring programs; one quarter offer multi-generational diversity training and have created benefits to induce late-career employees to stay; and only about one fifth offer phased retirement. Although only a small portion of employers are implementing these practices and solutions, most employers do realize the need for these practices. When asked what tools and resources would be most helpful in preparing for the aging workforce, participants responded with multi-generational training programs, succession planning seminars, and phased retirement seminars. So employers apparently want to implement these solutions, but they need assistance doing so.

Furthermore, correlational analyses reveal that organizations that have taken many steps to ensure they have the workers they need now and in the future recognize the value of older workers. They perceive more benefits of older workers, have more programs and policies in place for older workers, and provide more benefits to part-time employees. These results indicate that the organizations who utilize and appreciate older workers are the most prepared for the aging workforce.

Discussion

Summary

Due to the aging of the Baby Boom generation, the increase in life expectancy, and the poor economy, there have been profound shifts in the labor force with individuals working much longer than they have in the past. Nearly half of people age 55 and older are working, and nearly one in five people 65 and older is working. Moreover, the vast majority of workers 45 and older plan to work into retirement and quite possibly never retire. This trend has significant implications for employers both nationwide and in Kentucky.

The Kentucky Aging Workforce Study used ten industry-specific focus groups and a survey of Kentucky employers to examine four key questions:

- ☑ What are Kentucky employers' attitudes toward older workers?
- ☑ What challenges do Kentucky employers face as their employee population ages?
- ☑ What practices would help Kentucky employers prepare for the aging workforce and its challenges?

☑ What are Kentucky employers' best practices for creating healthy and productive workplaces for older workers?

What are Kentucky employers' attitudes toward older workers?

The participants in this study had a very positive attitude toward older workers. Sixty-nine percent had a very positive attitude toward older workers, whereas only 3% had a somewhat negative attitude, and none had a very negative attitude. Only 10% said they were reluctant to hire older workers. Participants also perceived older workers to have a number of positive characteristics such as being reliable, dependable, conscientious, knowledgeable, experienced, highly productive, dedicated, as well as having a strong work ethic and being particularly good with customers.

What challenges do Kentucky employers face as their employee population ages?

Despite their favorable attitudes toward older workers and the many perceived benefits of older workers, Kentucky employers reported that the aging workforce does present challenges. These reported challenges fell into five categories:

☑ age-related health problems
☑ older workers' increased dependent care commitments as they care for grandchildren and elderly parents
☑ older workers' relative lack of technology skills
☑ the generation gap between older and younger generations
☑ critical knowledge loss "brain drain" when older workers retire/the labor pool shortage

What practices would help Kentucky employers prepare for the aging workforce and overcome its challenges?

The results of the focus groups and survey suggested eight solutions that organizations should implement to overcome these challenges: succession planning, meaningful work, flexibility, a climate of safety, wellness programs for older workers, generational empathy training for all employees, technology training for older workers, and mentoring programs pairing older workers with younger workers. Participating employers' best practices are presented as examples for each of these eight solutions.

Although many participants understood the challenges of the aging workforce and the need for solutions such as workplace flexibility, succession planning, mentoring, and phased retirement, surprisingly few organizations had begun implementing them. The survey asked participants about their organization's policies and practices specifically for workers over the

age of 50. The results indicate that only about half offer flexible scheduling and part-time work, both of which are very important to older workers. And less than half allow employees to move to a different job within the organization, adapt the physical environment for older workers, or hire back retirees. Fewer than 30% offer mentoring, remote work, job sharing, phased retirement, and contract work for retirees. These results suggest that Kentucky employers could be doing more to accommodate older workers' unique needs and work preferences.

In addition, many employers acknowledged the potential staffing problems they will face when the Baby Boomers do begin leaving the workforce in several years, but less than half (45%) felt prepared to handle it. And although a little less than half had taken some steps to ensure they have adequate staff in the future (e.g., begun capturing and transferring institutional knowledge and established mentoring programs), far fewer had begun analyzing projected retirement rates, assessed employees' career plans, established phased retirement programs, and created benefits to entice older employees to stay.

However, those organizations that have taken the most steps and are the most prepared for the aging workforce appear to be very "pro-older worker." Correlational analyses reveal that these well-prepared organizations recognize the value of older workers, are already employing them, and already have practices in place to attract, engage, and retain them (e.g., part-time work, flexible scheduling, benefits for part-time workers, comfortable environments, and appreciation for workers of all ages).

Study Limitations

As with all studies, this one is not without its limitations. In this study, managers and supervisors of Kentucky employers were contacted and asked to participate in a study of Kentucky's aging workforce, and 83 individuals agreed to participate. In the focus groups, it was evident that many of these participants were age 50 or older, classifying them as "older workers" themselves. In fact, of the 29 focus group participants who completed the survey, 52% indicated that they were 50 or older. Thus, the participants' increased age may have positively influenced their attitudes toward and perceptions of older workers. In fact, the issue of generational differences was a predominant theme running through the focus groups with the discussion generally leaning in favor of older workers versus younger workers. Future research should specifically target younger workers to see if their perceptions of older workers or the aging workforce differ significantly from the perceptions found in this study. Likewise,

many of the participants were 50+ and in management positions. It should be noted that focus group participants' perceptions of older workers occasionally tended to lean toward 50+ individuals in management positions or those who had been with the organization for a long time versus older workers might have just started working for the company in a lower-level position.

A second limitation of the study is the survey's low response rate. Of the 83 focus group participants asked to complete the survey, 35% did. This response rate is most likely due to the fact that the survey was launched approximately one year after eight of the ten focus groups had been held, so those participants' memory of and commitment to the study had probably waned, as evidenced by their response rate of only 30%. However, of the 17 participants in the last two focus groups which were held within a week of the survey launch, 53% of them completed the survey. This finding suggests that the time lapse between participating in the focus group and being asked to participate in the survey was a major predictor of a participant's survey completion.

A third limitation of the study is that the vast majority of study participants were from urban versus rural regions of Kentucky. Rural participants may have expressed different issues and challenges of the aging workforce than the urban participants did. Based on previous research,[29] it is suspected that the needs of older workers—such as reliable dependent care, telecommuting, career counseling, etc.—are less likely to be met in rural areas where there may be a lack of necessary resources (e.g., sufficient eldercare options, internet connection, employment services, etc.). Future studies should examine the issues faced by older workers and their employers in rural areas.

Next Steps

This study revealed that Kentucky employers have much more work to do to adequately prepare for the aging workforce. The results also indicate that employers would like assistance, tools, and resources to help them with this task. Thus, the Institute for Workplace Innovation (iwin) is creating a model of multi-generational diversity based upon iwin's Innovative Workplace Model (See Figure 11.). The Innovative Workplace Model argues that a fully-innovative workplace is comprised of eight dimensions:

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Figure 11. iwin's Innovative Workplace Model

When incorporated into an organization's culture, these eight dimensions lead to higher rates of employee recruitment, engagement, retention, and work-life fit.

In order to assist Kentucky organizations in meeting the needs of the aging workforce, iwin is using the Innovative Workplace Model as the basis of a Multi-Generational Assessment it is in the process of developing. This online assessment will be available to Kentucky employers and will enable them to determine how well they are meeting the needs of employees of all generations and will also give practical solutions to meeting those diverse needs.

Conclusions

Older workers are a valuable asset to the workplace for their knowledge, experience, work ethic, and loyalty. Over the next decades, as the number of older workers increases and labor force growth continues to slow, the potential contribution of older workers to an employer's growth and productivity will increase. In order to tap into this readily available resource most effectively, employers may need to adopt a proactive approach, first recognizing the value of older workers and then implementing training

programs, pro-work policies, and employment practices that address issues related to age-bias and stereotypes about older workers. [41]

Kentucky employers are very favorable toward older workers for a number of reasons. They find workers over the age of 50 to be dependable, committed, experienced, knowledgeable, and to have a strong work ethic. Although older workers have more health issues and more dependent care commitments these days, the employers in this study were very favorable toward them. However, to fully tap into the value that older workers provide, employers should increase their efforts to attract, engage, and retain older workers by meeting their needs for flexible work schedules, meaningful work, a safe work environment, wellness programs, technology training, and a culture that appreciates generational diversity. In conclusion, it would behoove all Kentucky organizations to recognize older workers as the strategic management tool they are.

Acknowledgments

The research team extends a special thanks to National Institute for Occupational Safety and Health research scientist Jim Grosch, Ph.D., iwin research assistants Nick Coomer and Katie York, and intern Jason Frizzell. Thanks also to the Kentucky Aging Workforce Industry Advisory Council:

- ☑ Mark Needham, Special Assistant to the Governor, Commonwealth of Kentucky
- ☑ Rose Douglass, Executive Vice President & Director of Human Resources, Central Bank & Trust Company
- ☑ Nikki Jackson, Secretary, Personnel Cabinet, Commonwealth of Kentucky
- ☑ Karen Hill, Vice President and Nurse Executive, Central Baptist Hospital
- ☑ Debby Shipp, Human Resources Director, Kentucky Speedway
- ☑ Stacey Hughes, Manager of Human Resources, Logan Aluminum
- ☑ Melissa Dossey Groover, Pharmacy Supervisor, CVS
- ☑ Larry Roberts, Manager of Human Resources, Kentucky State Building & Construction Trades Council

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