

The Coming Worker Shortage: Opportunities for People of All Ages

by David Madison, Ph.D., Director of the National Guild of Career Coaches, The Five O'Clock Club

The following article is based on a panel presentation to the HR Network on December 5, 2003. The HR Network is cosponsored by Marsh and the Five O'Clock Club; it meets quarterly to hear presentations on topics of interest to senior human resources professionals. The panel on December 5th included Michael Dollman, Regional Commissioner with the Bureau of Labor Statistics; Marian Stoltz-Loike, CEO of Senior Thinking, a consulting company. The meeting was held at the Marsh headquarters in Manhattan; and Deb Cohen, a Vice President with SHRM.

There's going to be a labor *shortage*? This may seem like a fantasy prediction to shell-shocked Americans who have seen a climbing unemployment rate in recent years, who know that downsizings are still a common business practice, and who have been living with the reality that the average person stays in a job for just 4.7 years.

But the consensus among people who know these things (e.g., at the Department of Labor) is that by the middle of the decade, we will indeed face an on-going labor shortage: there won't be enough people to fill all of the jobs that the economy has created.

One of the factors that will bring this to pass is simply the aging of the workforce and the eligibility of many millions of people for retirement. Consider, for example, that in 2002 there were *three times more workers* in the over-55 bracket as there were in the 16 to 19 age group. Even now, the baby boomers are turning 50 at the rate of one every seven seconds. Many companies and government agencies are faced with the staggering fact that 30 to 40 percent of their employees will be eligible

for retirement in the next few years. In fact, all those babies born in the years immediately following World War II will be reaching the *traditional* retirement age by the end of *this* decade. This has huge implications in terms of talent drain and pension plan stability.



Few people today think of retirement as such an abrupt transition point.

The Silver—or the Gray—Lining

The situation may not be as bad as it seems, however, because more and more people are simply paying no attention to the traditional retirement threshold. Indeed, the whole concept of retirement is being redefined. Just as the concept of career is far different today than it was for people who began working in 1950, the concept of retirement has undergone an evolution as well. The 2002 film *About*

Schmidt draws a stark portrait of a man (played by Jack Nicholson) whom we see falling off the edge when retirement day arrives. The film starts with a metaphor for the old concept of retirement: Schmidt sits at his desk in a barren office—is he anxious? bored?—waiting for the clock to reach five o'clock—so that he can walk out the door on the last day of his career of 25 or 30 years.

Few people today, however, appear to think of retirement as such an abrupt transition point. According to one AARP survey:

- ◆ 18 percent of those in the 50 to 70 age group didn't see themselves retiring at all
- ◆ 25 percent were planning to work until age 80
- ◆ 48 percent saw themselves remaining in the workforce until age 70.

Obviously, "retire at 65" doesn't apply any longer.

There are several reasons for this shift in thinking. With more emphasis on health and well-being in our culture, people know that idleness is simply not healthy—they know that, as

life expectancy has grown, they will need to do something to keep busy; retirement as atrophy holds appeal for no one. Many folks may also be eager to launch new careers. With a little financial independence they might have the freedom to pursue occupations more to their liking after many years in disappointing careers. It's also a given that many people will continue working through their 60s and 70s because they can't afford to give up the paycheck.

Whatever the reason, however, all these factors work in our favor: the health of our economy will depend on seniors remaining employed—contributing their expertise, talent and tax dollars.

Distinctions based on age can blur. Any employee can dislike micro-management, have a respect for authority, and have a reputation for street smarts.

Everybody Has a Contribution to Make

Probably one of the biggest challenges that human resources and corporate leadership faces, however, is the entrenched attitude that people *should* retire at age 65. It is imperative to recast our thinking to welcome the retention of older workers. Diversity has become such an important concept in the American workplace, with stress on overcoming prejudices based on race, gender, ethnic origin, age and sexual orientation. But it may not be too much of a stretch to argue that age is one of the prohibited biases that is most commonly tolerated. One of the reasons that job-hunters over 50 so commonly worry about age discrimination in hiring is that they know the corporate cultures they've come out of—and what the prevailing attitudes are. Ironically, when people think about electing a president, choosing a surgeon or investment advisor—or when they sneak a peek into the cockpit when they get on a plane—60 plus is not considered a negative!

The bottom line: more than ever as we move further along in the decade, the American workplace should be a welcoming place for people of *all ages*. Ability to do the job should be the governing principle.

The Typcasting of Generations

With people living longer and remaining in the workforce beyond age 65, the mix of generations in the workplace is perhaps more varied than at any time in the past. There has been a lot of analysis of the

various generations that now rub shoulders on the job—and generalizations have become popular, as a way to help understand what we're up against in achieving harmony in corporate America.

For example, SHRM has summarized a study by Dianne Durkin (www.loyalty-factor.com) entitled, "Successfully Managing a Multi-Generational Workforce," using the following breakdown:

The Veterans, people born between 1922 and 1946: 52 million people whose values are shaped by the Great Depression, the

and 2000: 69.7 million people whose values are shaped by technology, terrorism, the global economy, school shootings. They are confident, resilient, put a high price on street smarts and are curious: they want to know why.

Such categorizations or profiles do reflect a degree of truth—obviously they have been based on surveys and interviews, and offer some guidance to managers who are trying to figure out what makes people tick and how to maximize productivity.

The challenge for any manager or human resources officer, however, is to draw insights from such profiles while avoiding dangerous simplifications—and paying careful attention to the skills, aspirations and needs of each person, no matter what age. Anyone in any of these four profiles, for example, can dislike micromanagement and at the same time have a respect for authority, can be thoroughly in tune with the global economy and have a reputation for street smarts. And the more people mix, the more they interact with people of different ages and cultures, we can assume that attitudes moderate and evolve—blurring the classic distinctions.

The Challenge of Welcoming and Retaining Everyone

The coming labor market shortage may not be registering with many people yet, but chances are within less than a year a lot more companies will be paying attention. Certainly if any significant percentage of a company's workforce is considered pre-retirement, plans should be under way soon to meet the challenges of talent retention—or of bringing in older workers with expertise when long-term employees leave.

Management and HR alike may labor under a host of misconceptions about older workers—in terms of learning ability, reliability and durability. The common myths collapse under scrutiny. For example, there may be a tendency to assume that younger workers will stay longer than older workers. But, in fact, older workers tend *not* to be short timers. Statistics from



New Deal, World War II, the Korean War, and they tend to place high value on conformity and respect for authority.

The Baby Boomers, people born between 1946 and 1963: 73.2 million people whose values are shaped by the moon landing, the Peace Corps, Vietnam, Woodstock, the Civil Rights Movement. They tend to be very team-oriented and committed to service, and to value personal growth and lifetime learning.

Generation X, people born between 1963 and 1980: 70.1 million people whose values are shaped by Watergate, the Challenger Disaster, terrorism, computers. They favor informality, diversity, and balance—and have distaste for micromanagement.

Generation Y, people born between 1980

the Bureau of Labor Statistics show that people in the 55 to 64 age group have been in their jobs for 9.9 years—far exceeding the average 4.7. People 65 and older have been in their jobs for 8.7 years.

In addition to simply moving beyond misconceptions, however, company management—human resources especially—should strive to review HR policies with an eye to guaranteeing that they are strategic. Does company policy, for hiring and retention, move the company toward the goal of keeping employees over 50, and handling their needs? “Age” is usually in that list of biases that company should guard against—i.e., age, race, gender, etc.—but is diversity *really* embraced in this department? Are older workers proactively courted—officially?

Seniors will expect to work on their own terms, in exchange for remaining on the scene to prevent a disastrous brain drain.

New Patterns to Accommodate Older Workers

Not only is there a need to alter perceptions of the talents and habits of older workers, but also people need to tune in to the change in senior expectations—and how this revolution will impact how work is done. In fact, old people may play a vital role in winning acceptance for new work patterns. As was mentioned earlier, attitudes about the appropriate age to leave the workplace have changed—with seniors balking at the artificial age—65 ceiling for any number of reasons. Seniors will also expect to work on their own terms—in exchange for remaining on the scene to prevent disastrous talent and brain drains. Perhaps people in their 70s will prefer coming into the office only two or three days a week; maybe the role of occasional consultant will fit a semi-retired lifestyle. Other seniors may want to take advantage of telecommuting, which would allow mixing travel and play with office duties. In fact, the telecommunications revolution, as much as anything else, will probably enable the forging of a multigenerational workforce.

Older workers learn well—perhaps differently than their younger counterparts. Employers should adapt training programs accordingly.

Such a suggestion, of course, may seem laughable to younger workers who assume that seniors can't really adapt to all of the modern gadgets that make the modern office hum. But consider this: *the fastest growing Internet user group is people over 60*. One explanation for this could very well be the discovery that pictures of grandchildren can be emailed, but it's also true that, with each passing year, computer systems become more user-friendly. Of course computers are second nature to people who began using them in pre-school—and *fear* of computers is probably mostly an over-50 phenomenon, but there has been no general outcry from corporate America that teaching older workers to use computers, PDAs, and laptops presents unusual difficulties. There seems to be a general consensus that older workers learn well—perhaps *differently* than their younger counterparts—and it's good practice to adapt training programs accordingly. “Technology-challenged” as a characterization of older workers is another of the myths that workplace experience is erasing.

Employment Practice Will Follow the Dollars

The building of a multi-generational workforce is *necessary*, as was pointed out earlier—if we are to minimize the brain drain, ease the labor shortage, and keep senior tax dollars flowing *into* government coffers. But one of the greatest motivations that companies should have for including age in the diversity mix is that the over-60 consumer market is huge and growing. Right now in the U.S. people over 50 own two-thirds of all shares in the stock market and 80 percent own their own homes. Globally, people over 50 account for half of all discretionary spending.

In other words, it's a good idea to hire and retain older *workers* because, chances are, companies want to attract older *customers* too. ●

The HR Network

briefings for the informed professional

For HR Executives:

Below are the panelists who spoke at the HR Network in New York on Generational Issues in the Workplace.

Michael Dolfman, Ph.D. is Regional Commissioner of the Bureau of Labor Statistics. Stationed at the New York Region, Dr. Dolfman's responsibilities involve oversight at all eight BLS regional offices.



Michael told us how the recession and the recovery affected the prospects for older, younger, and middle-aged workers.

Marian Stoltz-Loike, Ph.D. is the Chief Executive Officer of Senior Thinking, a consulting company focusing on the concerns of mature employees and their organizations. She took us beyond the hype and told us some of the challenges of managing a multi-generational workforce and some of the real competitive advantages, and how to create a buzz for mature employees without turning off younger workers.



of the challenges of managing a multi-generational workforce and some of the real competitive advantages, and how to create a buzz for mature employees without turning off younger workers.

Deb Cohen, Ph.D., SPHR, is the Vice President of Knowledge Development for the Society for Human Resource Development. Deb made a case for a balanced workforce, with a balanced emphasis on older and younger workers. She helped us understand who our workforce is – not just by age, but by perspective.

