

# Personnel Notebook

**For Your Most Important Resource -- The Human Resource**

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## THE MYTHS OF THE OLDER WORKER

A few years ago, a new magazine called "George" was launched. In that first issue was an article describing a national program designed to solve the multiple problems of balancing the federal budget and finding a useful purpose for the nation's elderly. The article by Al Franken satirically recommended using the nation's older citizens for medical experimentation, suicide military campaigns and finally to shoot them off into space as expendable astronauts. It was, of course, meant to be a humorous article, and it was. But how about this more realistic story?

In the middle of the downsizing craze, a small, very old railroad company called the Fruit Growers Express Company, was in serious trouble. With growing labor and operating costs, this proud company, which was founded in 1919 and had 1,300 employees in 35 locations, realized that their revenues were consistently dropping as the market for their products and services dwindled and competition ate away at their customer base.

They were told by the owners to either turn this railroad around and become profitable or close it down. They were given two years to produce one or the other.

They tried to hire high powered talent that might know how to perform this miracle; however, the salary and recruiting costs were too high. Beyond that, no one was willing to join a company that might be closing down soon. It soon became clear that closing the company

completely was the only alternative.

The Human Resources (HR) department had an idea. The other railroads were downsizing and it was clear that they were doing so primarily by retiring older workers. The HR Director began contacting these early retirement employees from their largest competitor. They recruited a senior executive who had been induced to retire in his mid 50s just months earlier. He was anxious to get back in the game!!

"Hollywood Henderson,"<sup>a</sup> as he was known, re-entered the railroad industry with an exuberance and knowledge seldom seen in the industry. He came at a salary competitive for the little railroad and with no recruiting or training costs.

Today more than 10 years later, this company has been reorganized, modernized and with approximately 400 employees, is operating profitably with a solid future going into the 21st century.

That second story is being re-enacted all over the country today. While some companies are designing elaborate and expensive programs to get rid of older workers, other companies are harvesting those ripe fruits that have now been grown and cultivated. A University of Chicago study found that over 1/3 of all employees who retire early will return to the workforce within 18 months, often working for your competitors. Let's take a look at what we are only now discovering about senior workers.

## I. What Is An Older Worker?

Victor Hugo, in 1885, said, "Forty is the old age of youth, 50 is the youth of old age." Wasn't it Pete Townshend, a famous baby boomer from the musical group, The Who, who in 1966 sang, "Hope I die before I get old?" In fact, in less than 10 years, the first baby boomers will turn 65. The Age Discrimination in Employment Act says that the elderly worker is a protected minority and is aged 40 or more. Originally, it cited the ages of 40 to 65 as elderly. It later extended that to age 70. Today there is no upper age limit. As long as the individual is able to perform the job and is over 40, he/she is protected under the Act.

The first surprise is that the average age of the workforce is increasing every day as the baby boomers, born 1946 to 1964, are aging. Within a few years (2005), the average worker in the U.S. will be over the age of 40! Therefore, the average U.S. worker will be a protected minority. By the time we add the number of workers who will be women, Black, Asian, Indian or handicapped, we will find that over 90% of all U.S. workers will be a member of a protected class. Or, to express it in simpler terms, the majority of American workers will be minorities. EEOC is going to be very busy!

The older worker is becoming the norm. The older worker is going to be the U.S. workforce. To illustrate that growth, look at Chart #1 on page 3. In 1991, only 3% (3.5 million) of U.S. workers were over the age of 65. The projection for the year 2005 shows that 17% (25 million) will be over 65.

Who is predicting these surprising numbers? Everyone! Chart #2 shows how the number of people (both workers and non-workers) are aging. Since 1900, the number of Americans over the age of 85 jumped from 0.1% to a projected 14.6% by 2040. And that's the conservative, lowest estimate made by the Social Security Administration. Duke University estimates say that 43% of Americans will be older than 85! Where are they working? Chart #3 shows the major industries in the last census employing workers over the age of 65. People over 65

work, and they already work in every industry and profession. More Americans live longer after age 80 than in any other nation.

The fastest growing segment of our population, however, is not those exceeding age 40. It is those exceeding age 100. In 1980, there were approximately 18,000 Americans over the age of 100. Today there are over 52,000! Willard Scott, the NBC television weather man, who in 1981 started out seeking and celebrating those who reached their 100th birthday, now receives over 400 notices per week! As life expectancy and healthy lifestyles expand, we will soon be seeing the expansion of 100-year old CEOs.

Are we going to support all these people under Social Security? Of course not! The key response to that issue is that we are going to continue to employ them. Count on it.

Now, at a time when our life expectancy is increasing, when our improved health makes us more active and healthy at 70 than our parents were at 55, when more workers are continuing to work and starting businesses in their 60s, 70s and 80s, how are we responding to this new, vigorous and aging workforce? We are retiring them at a younger age than ever before (see Chart #4 on page 4).

In the year 1950 our average retirement was 67.3 years of age and in 1975 our average was only 63.1 years. At our present rate, the estimate for the year 2000 is that our average retirement will be at 61.4 years of age. Another way of saying this is that over 85% of all our retirees are now under the age of 65. The older and healthier we get, the younger we retire! What a significant, expensive waste.

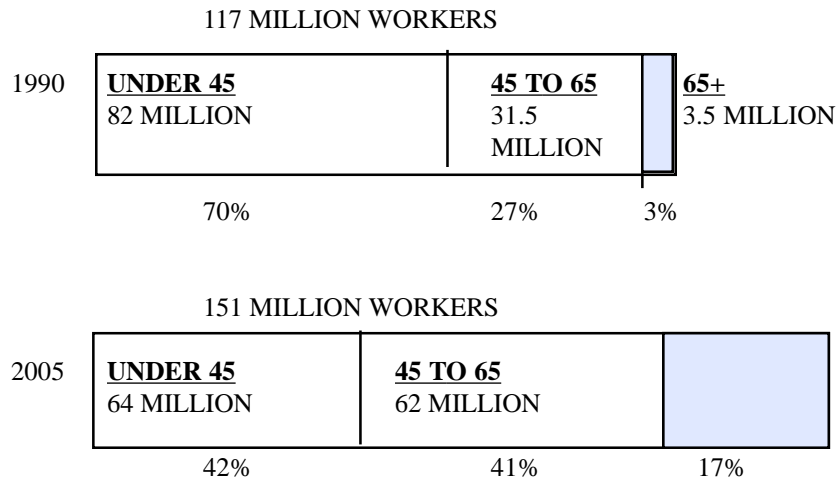
## II. Why Should I Hire An Older Worker?

First, let's look at why people don't hire older workers. Here are the most common reasons stated:

- Learning ability declines with age
- Older workers cost more due to absenteeism and accidents

**CHART 1**

**U.S. WORKERS BY AGE**



**PERCENTAGE OF POPULATION 85 OR OLDER**

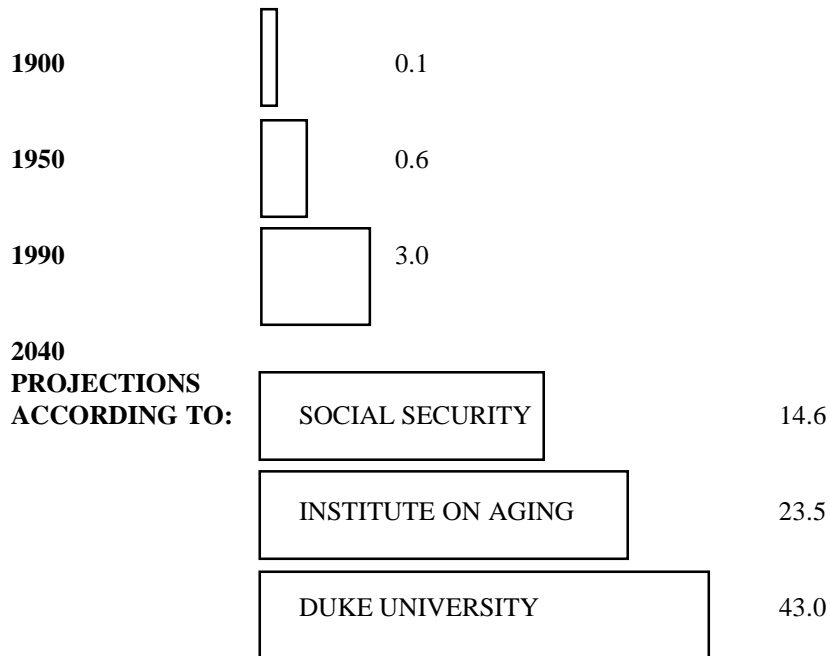


CHART 3

AMERICAN WORKFORCE 1990  
By Age  
*(number in thousands)*

<u>INDUSTRY</u>	<u>45 OR OLDER</u>	<u>65 OR OLDER</u>
AGRICULTURE	1,173	268
MINING	209	11
CONSTRUCTION	1,865	123
MANUFACTURING	6,364	309
TRANSPORTATION / PUBLIC UTILITIES	2,518	123
TRADE	5,797	733
FINANCIAL / INSURANCE / REAL ESTATE	2,356	247
SERVICES	12,636	1,440
PUBLIC ADMINISTRATION	1,896	129
	<b>TOTAL WORKERS</b>	
1990	116,879	34,814
2005	150,732	86,980
		3,383
		24,800

The message is: OLDER PEOPLE WORK !

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CHART 4

THE U.S. RETIREMENT AGE HAS BEEN  
DROPPING STEADILY SINCE 1950

<u>YEAR</u>	<u>AVERAGE RETIREMENT AGE</u>
1950	67.3
1955	66.0
1960	64.9
1965	64.2
1970	63.2
1975	63.1
1980	62.7
1985	62.7
1990	62.6
1995	62.1
2000 (estimated)	61.4

In almost every other country, workers are retiring later

- Older workers can't work as effectively as younger workers
- Work causes too much stress for older workers
- Older workers tend to lose interest and motivation
- Older workers are just set in their ways and will not adapt
- Health is a major issue as the worker ages
- Older workers resist computer technology
- Cutting the higher paid older worker cuts cost.

WORK CAUSES TOO MUCH STRESS FOR OLDER WORKERS

ABILITY TO COPE WITH STRESS IS NOT A FUNCTION OF AGE BUT RATHER OF PERSONAL CHARACTERISTICS AND LIFESTYLE. OLDER WORKERS ACTUALLY EXPERIENCE LESS JOB STRESS AND HAVE A LOWER RATE OF PSYCHIATRIC ADMISSIONS THAN DO YOUNGER WORKERS.

OLDER WORKERS TEND TO LOSE INTEREST AND MOTIVATION

CURRENT STUDIES SHOW THAT MATURITY IS ACTUALLY A BENEFIT IN EVALUATING NEW INFORMATION LOGICALLY AND REACHING RELIABLE CONSISTENT DECISIONS. A UNIVERSITY OF MICHIGAN STUDY FOUND THAT WORKERS OVER 65 HAD THE HIGHEST JOB SATISFACTION OF ANY AGE GROUP.

Now let's look at some 1996 facts about those myths.

## FACT OR FICTION ?

### PROBLEMS WITH OLDER WORKERS

### FACT !

LEARNING ABILITY DECLINES WITH AGE

SINCE 1980 MEDICAL STUDIES SHOW THAT LEARNING ABILITY, MEMORY AND MOTIVATION ARE NOT CAUSED BY AGE. THEY ARE A FACTOR OF SPECIFIC, MOSTLY CONTROLLABLE, DISEASES.

OLDER WORKERS ARE JUST SET IN THEIR WAYS AND WILL NOT ADAPT

ADAPTABILITY IS NOW KNOWN TO BE UNRELATED TO AGE. YOUNGER WORKERS TODAY ARE MORE LIKELY TO BE STRONG WILLED, INDIVIDUALISTIC AND ANTI-AUTHORITY THAN OLDER WORKERS.

OLDER WORKERS COST MORE DUE TO ABSENTEEISM AND ACCIDENTS

ACCIDENT AND ATTENDANCE RECORDS ARE FAR BETTER FOR OLDER WORKERS THAN YOUNGER. OLDER WORKERS HAVE A STRONGER WORK ETHIC, ARE MORE DEPENDABLE AND RESPONSIBLE AND THEY CHANGE JOBS FAR LESS THAN YOUNGER WORKERS.

HEALTH IS A MAJOR ISSUE AS THE WORKER AGES

WORKERS OVER AGE 65 TAKE FEWER DAYS OFF FOR ILLNESS THAN YOUNGER WORKERS. PHYSICAL ACTIVITY (INCLUDING EMPLOYMENT) AND LIFESTYLE ARE THE PRIMARY FACTORS THAT CONTROL HEALTH, NOT AGE.

OLDER WORKERS CAN'T WORK AS EFFECTIVELY AS YOUNGER PEOPLE

FOR MOST OCCUPATIONS, PRODUCTIVITY LEVELS REMAIN STABLE OR INCREASE WITH AGE. MOST JOB FACTORS (OTHER THAN PHYSICAL STAMINA AND DEXTERITY) ARE BETTER IN OLDER WORKERS THAN YOUNGER. OLDER WORKERS EXCEL PRIMARILY, IN WORK HABITS, PRODUCTIVITY AND CONCENTRATION.

OLDER WORKERS RESIST COMPUTER YEAR TECHNOLOGY

OLDER WORKERS HAVE COME A LONG WAY IN THE LAST 5 DUE TO AN UNDERSTANDING IN THE WAY OLDER WORKERS LEARN AS OPPOSED TO YOUNGER WORKERS. OLDER WORKERS LEARN BEST BY SEEING AND READING USING MANUALS. YOUNGER WORKERS BY LISTENING AND TRYING IT OUT. OLDER WORKERS ACTUALLY HAVE A STRONGER KNACK OF VISUALIZING THE PRACTICAL USE OF KNOWLEDGE LEARNED. PLUS OLDER WORKERS TRAIN WELL USING VIDEO FOR HOME STUDY.

CUTTING THE HIGHER PAID OLDER WORKER CUTS COSTS

IT MIGHT, BUT THIS IS OFTEN FALSE ECONOMY WHEN YOU NEED THIS EXPERTISE. IN FACT, 1/3 OF ALL RETIREES RETURN TO WORK FULL TIME WITHIN 18 MONTHS. OFTEN IT'S FOR YOU OR YOUR COMPETITOR. AARP SAYS 1/5 OF ALL RETIREES ARE PLANNING TO START THEIR OWN BUSINESSES,

Eighty-seven percent of businesses employing older workers rated them higher in attendance, punctuality and commitment to quality. In the use of medical benefits, the young workers with children use benefits far more often than older workers. The older worker uses them much less, but when they use them, the cost is usually higher. However, that occurs very late in life, usually long after they quit work. Union participation is also a factor of age. Workers aged 45 to 64 are 24.7% union. Workers aged 65+ are only 9.9% union.

In the city of Washington, DC, after years of "buying out" older city employees, the city has experienced a "brain drain." Workers who knew how to operate the antiquated water and sewer systems, who knew how things got done in the city, were gone. They no longer had the inherent knowledge passed on by older workers. They had to rely on old records when they could find and understand them. They now refer to this in official documents as the loss of "institutional memory." A key city official was quoted as saying that, "It's costing us so much to hire consultants, fix the problems and train younger workers that my budgets are now higher than before we did the cutbacks." Many downsizing companies are now saying the same thing.

### How Do I Hire Older Workers?

The first step is to resolve that you're going to hire by ability, not age. Older workers can compete if you forget their age and concentrate on their abilities. Consider that you, let's say at age 35, may be unable to relate to someone you see as old. You need to make that adjustment. Bernard Baruch was once quoted as saying, "To me, old age is 15 years older than I am." Don't

let your hangup prevent the success of these necessary actions. They will meet you half way. You can hire older workers as independent contractors and consultants. Start with your early retirees and while you're at it, change those retirement programs that are designed to pay big dollars to induce workers to take early retirement.

You can also locate elderly workers by contacting the American Association of Retired Persons (AARP) Senior Community Service Employment Program, which recruits, trains and refers older workers to you. They're all over the United States. The national office is at 601 E Street, N.W., Washington, DC 20049. You can also check the yellow pages directory for the office nearest you.

You can also contact:

- police and fire departments,
- military branches, and/or
- government offices

for lists of retired employees. You can contact companies that are closing down or watch the newspapers for those companies that are downsizing. A good first step is just to inform those locations of your job openings.

### What's The Message?

It's an efficient, productive, logical, profitable and legal action. It's the way things are going to be. Just as we knew in 1984 that women, minorities and immigrants were going to become significant members of the work force, we know now that elderly workers are going to be the center of the 21st century work force.

Consider this final thought. An article in *Fortune Magazine* pointed out that with the increasing viability and age of Americans, we will likely begin to see a return of the two generation family living together. Maybe a 3 or 4 generational family! You may be faced with the choice of supporting your parents and grandparents and maybe even . . . . . or you can start now by employing older workers so everyone can take care of themselves.

Start the practice now. You are probably going to be in that line someday!

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