



We've studied older workers to death.

How come we know so little about them?

By Mary B. Young

Everybody knows that the aging workforce is the pre-eminent HR issue of the coming decade. Management gurus and researchers have been working overtime, churning out a torrent of new studies that are supposed to help companies deal with older workers. So how come so much of the advice we're getting is either redundant or dubious? And why do so many research reports seem hell-bent on proving, *a priori*, that aging employees are, without exception, an unmitigated bonanza to employers?

Even blindfolded, it's easy to hit on new topics that deserve to be studied. Because the aging of the workforce is unprecedented in management history, it's hard to imagine an area that won't be impacted: strategic planning, risk management, facilities planning, supply-chain management, innovation and new product development, sales and marketing, and every conceivable aspect of HR management.

Yet many researchers ask the same tired survey questions and get the same tired answers, providing managers with little help dealing with the toughest issues: How can companies keep their older workers motivated, engaged, and productive right up until they leave? How can they rid themselves of slackers

who have "retired on the job" while also avoiding charges of age discrimination? How can they encourage employees to tell them when they plan to retire, yet ensure they don't become lame ducks in the interim?

Coming up with interesting research questions on the mature workforce should be like shooting fish in a barrel. So why do so many "new" studies miss the mark? Why all the redundancy and skirting of the toughest issues? The answer may lie in who's doing the research and how it's produced.

Name a major player in the HR/human-capital/workforce-management consulting space: Accenture, DDI, Deloitte, Ernst & Young, Hewitt, IBM Global Services, McKinsey, Mercer, Towers Perrin, Watson Wyatt. (Plus AARP, the mightiest of them all.) Every one of them has thrown its hat into the ring, brandishing new, proprietary research to demonstrate its expertise in helping companies grapple with mature-workforce issues.

A sizable chunk of these mature-workforce studies were designed primarily to build market share in the burgeoning field of mature-workforce solutions. All a firm need do is focus on

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What Managers Want to Know

A group of senior managers from a cross-section of companies came together recently to discuss the challenges of a mature workforce. Their conversation began with a litany of structural barriers, like ERISA regulations and retirement plans, to keeping retirees on the payroll. Then it moved into other areas, such as talent shortages for hard-to-fill jobs, capturing company knowledge and passing it on to younger employees, rehiring retirees, and flexible work time.

These are the kinds of challenges to which many AARP-award-winning employers have found at least partial solutions.

But eventually the conversation veered off in another direction, raising a number of provocative questions. Who are these mature workers? What do they want? How can we motivate and retain the best of them and ease the exit of those we ought to be rid of—without inviting an age-discrimination suit?

Mature workers wind up

in self-directed careers, observed one executive. They become project managers or work on special assignments, more on an ad hoc basis than as a result of the company's talent-management plan. "People find their own path," he said. "They're not heavily managed."

There were nods throughout the room as another business leader bemoaned older employees who lose their motivation and simply retire in place. "When does that happen?"

he asked. "Do we do it to them?"

"Something gets out of whack in the employer/employee relationship," offered another executive, "sometimes as early as age 45. We don't hold mature workers accountable, and we don't develop them."

Perhaps lowered expectations of older workers become a self-fulfilling prophecy, suggested another. "How do we break that cycle? How do we make them as productive

some area where it might conceivably build expertise—employee engagement, or knowledge transfer, or inter-generational issues. Throw together an online questionnaire. Survey their current clients. And then promote the findings with great fanfare, using that platform to establish itself as a savvy solutions-provider.

As a business researcher, I've read a mountain of such studies on hot management topics, not just on the mature workforce. I've conducted more than a few myself. There's a comfortable living to be made producing research whose findings will grab some headlines, earn some speaking invitations, and achieve for the researcher—or, more typically, the study's sponsor—the proverbial fifteen minutes of fame. With the help of memorable statistics and a pretty good PR agency, hot-topic research can take a consulting firm from obscurity to thought leadership. If it generates *enough* media attention and speaking gigs, research can be a powerful positioning tool, securing prominence, long-term competitive advantage and new clients.

That's what's been happening in the mature-workforce field for the past five years, and with growing intensity over the past two: Everybody and his brother has fielded "new" research on the topic, and the news-feeds from PR Newswire continue to pump out mature-workforce statistics right and left.

There's nothing inherently wrong with that. The aging workforce does, in fact, present to both employers and employees a mare's nest of new challenges. For the first time in modern organizational history, the youngest employees may work alongside others who may be as much as *four times* their age. As a result of past growth spurts, downsizings, and hiring freezes, some companies now find themselves with a workforce that is predominately over age 45. In certain industries and

for certain jobs, the current pipeline of younger workers seems too small to meet future demand.

Department of Redundancy Department

The problem is that too many of the organizations feeding this torrent of data-analysis, best-practice case studies and "research-based" recommendations are opting for me-too studies. Countless surveys—including ones distributed in 2000 and 2002 by The Conference Board—have asked mature workers at what age they expect to retire, whether their "retirement" might include paid work, the kinds of work they'd like, and what factors might induce them to work longer. These questions, initially useful, have become less so with repetition. Time and again, employers, too, have been asked virtually identical questions: How big a challenge do baby-boomer retirements pose for your company? What, if anything, are you doing about it? By repeating the same been-there-done-that questions, such studies fail to deepen our understanding, root out new challenges, or generate practical solutions.

There are plenty of under-explored directions to try. Initially, research could quantify and describe the challenges and current practices in each area: How significant are the issues? Which industries, regions, or functions are most affected? What, if anything, are organizations doing about it now? What impact has that had? How do they know? What else could organizations be doing?

But that's just scratching the surface. Good research can add value by *identifying* research questions as well as answering them. By listening closely to business leaders, HR professionals, line managers and employees, researchers can often discover rich new areas for exploration. What have you learned from your experience implementing such-and-such practice?

as possible?"

By now, everyone was raising questions. "How do we develop a culture where older workers recognize that they, too, need to keep learning, instead of a culture where they feel entitled?"

How do we help mature workers become effective in transferring knowledge to younger ones? "They need to learn how to do that without sounding like a wet blanket."

How do we encourage employees to give us

advance notice before they plan to retire yet not penalize them for doing so by making them lame ducks?

How do we encourage some employees to retire, when that's in the company's best interests?

Like players in a game of blind man's bluff, these seasoned executives were groping in the dark for clues about workers who have been in the workforce thirty, forty, or even fifty years. "It's like a black box," one executive concluded.

As this conversation pro-

gressed from a discussion of known issues to an exploration of the unknown, it revealed a gaping hole in management science. Few, if any, of the established models of careers, motivation, rewards, work/life issues, high-performing teams, performance management, or training focuses on older employees or examines what, if any, impact employees' age might have. Generations of industrial/organizational psychologists, organizational theorists and man-

agement gurus have never addressed these issues because they never had to. As a result, just like the business leaders who took part in this discussion, employers and organizational theorists are also in the dark: We don't know what we don't know about this new segment of the workforce. Yet listening carefully to both employers and mature employees will point researchers to the research questions that matter.

—M.B.Y.

What obstacles did you encounter? What are the critical success factors? Who in your organization "gets" this most easily and who doesn't? Are there functions or areas of your business where this hasn't worked? What challenges do you see ahead? And so on.

The fact that there's been so much redundancy in mature-workforce studies reflects their true purpose, which is as a positioning tool to stake, as quickly as possible, a consulting firm's claim in the new territory, rather than advance the state of our knowledge.

Research as Advocacy

Redundancy isn't the only shortcoming of hot-topic business research. The underlying agenda of the researcher or sponsor can also get in the way.

When all you've got is a hammer, the saying goes, everything looks like a nail. That's another problem with a lot of hot-topics business research, especially when it's conducted—or sponsored—by a firm that's trying to sell a solution. Take knowledge transfer. It's an issue that's been keeping a lot of companies awake at night, worrying about the arcane bits of know-how that may walk out the door when older workers retire. Will there be anyone left with the foggiest idea how old Joe used to fix the boiler when it broke down?

Firms such as Ernst & Young, IBM, and Accenture have published research on knowledge transfer in the face of widespread retirements. That's a help to employers, so long as they consider the source. They should bear in mind that the study's primary *raison d'être* is to promote the sponsor's expertise and create a demand for its services. The companies taking part in the study are usually limited to the sponsor's current or prospective customer base.

And since the study's sponsor also publishes the research results, they're seldom subject to external review. That leaves it up to readers to sift credible conclusions from those that seem less so.

That *caveat emptor* applies to all research on hot business topics. But there's an additional reason to be cautious in the case of mature workforce research: Compared to most other hot business topics, the mature workforce attracts researchers who are, themselves, zealous advocates. Consider AARP's research on what it calls "workers age 50+"—the same age as AARP's 35 million members.

AARP's studies are landmarks in the field. But buyers should definitely beware.

AARP positions itself as a one-stop information clearinghouse; it has generated more research on older workers and their employers than any other source. As a membership organization with an annual budget of \$38 billion, it has the resources to hire top-of-the-line survey firms. In most cases, its research methodology cannot be faulted. It's fair to ask, however, whether a powerful advocacy group can objectively analyze the downside, as well as the upside, of the very population it's in business to promote. That's the equivalent of depending solely on a pharmaceutical company to assess the safety of its drugs.

That's not to say that AARP's research has no value. Its studies are landmarks in the field; many remain useful and important years after their publication. But buyers should definitely beware. These studies, like research sponsored by con-

More Rigor Ahead?

If consulting firms and advocacy groups aren't the most objective and reliable source for research on the mature workforce, who is? One of the realities of hot-topics research is that agenda-driven organizations can—and do—complete studies much more quickly than academic researchers. By late 2006, many readers feel numbed by hyperbolic predictions about the social and workplace impacts of baby-boomer retirements. Business magazines and newscasters have worked the story to death. But academics? They're barely stirring. At the most recent meetings of the Academy of Management and the Society for Industrial and Organizational Psychology,

the mature workforce was hardly mentioned. Of the many hundreds of papers presented at these conferences, only a handful had anything to do with aging, retirement, age bias, or any of the other, mature-workforce topics that are becoming serious concerns for many business leaders.

Academe's slow cycle-time leaves the door open for more entrepreneurial researchers to spot emerging, hot business topics and spring into action. That's what's fueled the first wave of studies on the mature workforce. Thankfully, there's now a growing stream of research emanating from independent research organizations such as The Conference Board, Corporate Voices for

Working Families, the Families and Work Institute, the Society for Human Resource Management and the Urban Institute, and from university-based research centers such as the Center for Aging and Work at Boston College, the University of Indianapolis Center for Aging and Community and the University of North Carolina Institute on Aging. For example, several studies using data from the National Study of the Changing Workforce explore the diversity within and between generations and between older women and men in the workforce.

In addition, some consulting and professional-services firms have conducted research that moves beyond the been-there-

done—that questions to investigate more useful ones. A recent study by aging-guru Ken Dychtwald's firm, Third Age, in partnership with The Concours Group and Harris Interactive, for example, can help employers overcome the stereotypes of generational differences and gain a far more nuanced understanding of the U.S. workforce.

Likewise, a new study conducted by IBM and the American Society for Training & Development assesses organizational barriers to training older workers and to transferring knowledge across the generations, and offers concrete recommendations for action.

—M.B.Y.

sulting firms, have an agenda. Don't look to AARP to investigate any of the possible drawbacks of mature workers: For example, how can companies rid themselves of slackers who have "retired on the job," while also avoiding charges of age discrimination? Or what's the incidence of safety errors caused by older workers with slower reaction times or greater distractibility? Or how do some older workers' outdated technological skills impact a company's productivity?

What We Need to Know—and Don't

So what else do business leaders need to know about the mature workforce? Where can new research deliver real value to employers faced with the inevitable retirement of baby boomers and, in many cases, the smaller pool of younger workers who can replace them?

Based on The Conference Board's review of mature-workforce research and on conversations with senior executives from a cross-section of industries, three major areas are desperately in need of new research. The first is the so-called business case for mature workers. The second area for research is the flip side of the usual gloom-and-doom projections about the mass exodus of baby boomers from many companies' workforce: What, if any, strategic *opportunities* does it present? The third area has to do with the uncharted

territory of mature workers, themselves, both from the employee's perspective and the employer's.

Building a Better Business Case

Increasingly, companies say they want to capture the potential costs and benefits of recruiting, retaining, or losing older workers. A credible business case must weigh both the strengths and the limitations that older workers bring and both the threats and the opportunities that their eventual departure from the workplace presents. It's not enough to make a case for the mature workforce as a whole, as in a 2005 Towers Perrin study conducted for AARP. For a business case that's compelling and credible enough to drive executive action, an organization needs company-specific workforce and financial data, accurately analyzed in light of the company's business strategy. (See "Strategic Workforce Planning," page 54.)

The Towers Perrin business case does serve as a useful model, however. It analyzes four factors that comprise the value side of the equation: age-related differences in creativity, employee engagement and motivation, turnover, and productivity. Quantifying these is close to impossible for mature workers as a whole, but at the company level, it can be done. In fact, many organizations' growing acumen in human-capital metrics or evidence-based HR, in combination with workforce ana-

lytics, enables them to home in on which jobs have the greatest impact on business results and which employees within those jobs are the highest performers. From there, it's a small step to sort critical older talent from workers whose departure poses no serious threat to the organization.

The other side of the business-case balance sheet evaluates the cost differential for mature workers, including cash compensation, health benefits, retirement benefits, and paid time off, as well as one-time costs associated with turnover. Of course, on many points—retirement benefits, for example—costs depend on the type(s) of retirement plan the employer offers. That's another reason why an all-purpose business case remains sketchy about the actual numbers and their net impact.

To build a case with more teeth, companies must incorporate accurate assumptions and information on costs and productivity. By mining their own, historical workforce data, they can factor in other costs, such as the cost of absences from work due to illness, injury, disability, dependent care, and the like. Research can provide a broader context for such analyses, enabling companies to benchmark their metrics against those of comparable firms.

Threat or Opportunity?

It's a common scenario in many organizations: No sooner does a valued employee decide to retire than her manager begins scrambling to find a "clone," rather than stepping back to consider bolder alternatives. Each such decision, by itself, may have limited impact on the company. Multiplied over many retirements, however, these decision points may present, as one business leader put it, "a *blessing*—an opportunity to redistribute our workforce to mirror the growth of our business in developing countries."

In the end, what a company needs to be concerned about is not the average age of its workforce or the total number of employees who will become eligible to retire within the next three to five years. Aggregate numbers are fairly useless. The ability to zero in on critical vulnerabilities is what counts. An organization that can identify its most mission-critical roles, project retirements in these roles and identify which ones will be most difficult to find replacements for, can break through the vague concern and inertia that immobilize many companies and then take action. While the precise ratio of threats to opportunities depends on the organization, it would be foolish to assume the worst case without carefully considering whether there might be a silver lining.

The same holds true at a more micro level. Each individual retirement gives line managers the chance to refresh and renew their talent pool. Contrary to the broad-brush boosterism that flavored much of the first wave of mature-workforce research, not all older workers should be retained. Some have retired in place and are simply waiting until they're eligible for a pension. Others may perform well but serve in jobs that are no longer critical to the organizations.

A firm's ability to zero in on critical vulnerabilities is what counts.

Companies have begun training managers and supervisors to be sensitive to ageist stereotypes and discrimination. Supervisors also need help managing mature workers' performance and productivity. Rather than regarding all mature workers as uniformly outdated or uniformly valuable, they need to be able to differentiate the deadwood from the Steady Eddies from the top performers and then manage each accordingly. In order to do so, however, employers will need a better understanding of what is, in effect, a new generation at work.

Questioning Assumptions

What employers need is research that pressure-tests our stereotypes and assumptions, and that probes established management theory to make sure it's equally valid for mature workers. Take employee loyalty. When the Society for Human Resource Management asked its members to describe the attributes of older workers, loyalty topped the list; other studies confirm that the older the employee, the stronger his self-reported loyalty. At face value, these findings suggest one possible advantage of mature workers, since loyalty is obviously a good thing.

But Fred Reichheld is less certain. Author of three books on loyalty, Reichheld has argued that a 5 percent increase in customer loyalty can boost company profits 25 to 100 percent. And what does it take to earn loyal customers? High-caliber employees and suppliers who are themselves committed to the company, he says.

You might expect Reichheld, as a passionate proponent of loyalty, to be enthusiastic about older workers' high level of loyalty to their employers. But loyalty is a pretty squishy construct, he points out. And how loyal employees *say* they are isn't nearly as important as what they *do*.

"Once someone has been with a company five, ten, or fifteen years," he explains, "they've made a huge investment in understanding its culture, customers, and technology." This investment often deters them from changing employers. "That's especially true for older workers. They feel trapped, so they appreciate their jobs more than others do." While these employees might express stronger loyalty than younger workers who believe they have more options, he says, "that's not the kind of loyalty that really pays off for a company."

Reichheld has never investigated the relationship between employee age and loyalty, so he's speaking off the cuff. Yet the topic is teeming with researchable questions: Is the loyalty that mature workers profess, and that managers attribute to their mature subordinates, simply a matter of feeling stuck? Does it have any favorable impacts? If loyalty is related to career options, as Reichheld believes, are mature

Strategic Workforce Planning

Rather than basing its business case on generic demographics—the kind that forecasts the sky is falling but doesn't tell you where or how large the chunks will be—a company needs to understand its own workforce and the external talent market in which it competes:

- What's the age composition and retirement-eligibility of our workforce overall? Within specific units, functions, or jobs?
- Based on our historical workforce data—or, even better, actual estimates provided by employees—when do we anticipate that our mature workers in specific locations and jobs will choose to retire?
- Based on our business strategy and our under-

standing of our environment, what will our workforce needs be—in terms not just of headcount but of skills, competencies, location, and labor costs? How difficult will it be to find replacements?

- Based on our retirement projections and our talent-management strategy, how does our projected workforce match up with our projected workforce needs?
- What workforce strategies will ensure that we have the right workforce to execute our business strategy?

Workforce planning was once an onerous process that delivered little value, in the eyes of many business leaders. Over the past five years, however, strategic workforce planning has been transformed into an

analytic, modeling, and forecasting tool that enables senior executives to make strategic business decisions with greater accuracy and confidence.

Users can compare the financial impacts of a host of scenarios, such as retaining selected mature workers in specific jobs or functions, allowing retirements to run their natural course, offering early retirement, hiring more young or mid-career workers, or rehiring retirees.

Such strategic decisions can't be made with a simple, back-of-the-envelope calculation. They require effective workforce-planning tools to analyze the gap between projected talent supply and demand. They take accurate, up-to-date workforce data (head-

count, costs, competencies, demographics, performance, willingness to relocate, and so on) that senior business leaders trust. And they need modeling tools to compare a variety of staffing scenarios and evaluate their long-term consequences: What if we outsource this part of our business rather than hiring and training replacements for retirees? Or move it to China? Or start now to identify and capture critical knowledge before it walks out the door?

Faced with an imminent wave of retirements, some organizations have found that workforce planning quells their concerns about the baby-boomer retirement wave, downgrading what first seemed like a red alert to yellow. —M.B.Y.

workers with highly sought-after skills and credentials less loyal than those with weaker employment prospects?

Such questions are a tiny pin dot in the vast unknown that mature workers represent for employers (see “What Managers Want to Know,” page 50) and that research should be exploring. But before one more “new” mature-worker study hits the newswires, consulting firms, advocacy organizations, and independent and academic researchers should take an oath to put aside their *a priori* conclusions. Research that sets out to prove that older employees are a boon to employers is neither credible nor helpful. Nor is there any need to keep asking the same been-there-done-that survey questions. New studies should build on previous ones, when available, and spell out what's new, or not so new, about their findings. Researchers should also acknowledge any shortcomings in their methods and discuss their conclusions' applicability to other mature workers, employers or workplaces.

AARP's vast resources, combined with its strategic intent to become a dominant player in the mature-workforce field, can provide enormous benefits to employers, older workers, and researchers alike, so long as it takes steps to curb its partisanship. To do so, it must clearly separate its research from its advocacy activities.

Business leaders, for their part, should become more critical and demanding consumers of research on hot topics such as the mature workforce, asking: How do this study's findings compare with those of previous research? Where did the data come from and how relevant are the results to my organization? What's the agenda of the organization that produced the research, and how might that influence the findings?

And business reporters must become more discriminating consumers of data, rather than feeding their insatiable appetite for “news” with the research equivalent of junk food.

Despite the spate of research, most companies are still flying blind. Many don't have a clue when employees will be retiring; some don't even know when their employees will become *eligible* to do so. Unable to make accurate workforce projections and map these against their mid-to-long-term business plans, they're simply waiting to see what happens. Many frontline managers are also in the dark. Fearing the potential downside of hiring, training, firing, promoting or retaining but *not* promoting older workers, they, too, are waiting it out.

Yet unlike Y2K, the aging U.S. workforce won't be over at some definite point in the future. It will be with us for at least another decade, long enough for researchers to make real contributions to management practice. It's time companies began demanding that they do so. ☎