For organizations seeking growth in a competitive global market, older, or “mature,” workers are a source of competitive advantage—and their value will only grow in the years ahead. They bring experience, reliability and a professional network developed over years in the workforce. Unfortunately, some leaders discount contributions of mature workers or even provide incentives for them to leave their organizations, resulting in a loss of valuable talent. Human resource professionals have a key role to play in managing and engaging mature workers. HR should educate managers on the benefits of employing older workers and encourage them to retain and engage this growing pool of talent.

To deploy these employees in the most effective way, first answer a few targeted questions:

- What do current—and future—demographic trends mean for our organization?
- How can we keep mature workers on the job to serve our long-term goals?
- How can we effectively transfer mature workers’ knowledge to remaining employees and organizational leaders?

Demographic Trends: The “Silver Tsunami”

Today the number of Americans in the 45-to-64 cohort is growing more rapidly than any other age category. Sometimes labeled “the silver tsunami,” this demographic trend means that organizations are likely to lose some of their best talent as workers retire or move into part-time employment as they age. Currently, two workers exit the workforce for every one worker who enters. Although the demand for bright, talented Generation X employees will increase, the supply of young workers will decrease in the coming years. By some estimates, decreasing numbers of skilled workers could mean a shortfall of 20 million in the workforce over the next 20 years.

Industries with a greater-than-average chance of being hit hard by Baby Boomer retirements include education, government, health care, manufacturing, and oil and gas.

Perhaps even more sobering is the fact that Baby Boomers are the largest segment of workers today in leadership and management positions. Companies that do not plan for the impact of Baby Boom generation retirements face a potential leadership crisis when those workers are gone.

A Snapshot of the U.S. Workforce, 2013

<table>
<thead>
<tr>
<th>Population cohorts</th>
<th>65 and older</th>
<th>55-64</th>
<th>45-54</th>
<th>35-44</th>
<th>25-34</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated number in the U.S. workforce</td>
<td>7.7 million</td>
<td>23.8 million</td>
<td>32.5 million</td>
<td>30.7 million</td>
<td>31.2 million</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Labor Statistics
Keeping Mature Workers on the Job

Many Americans continue working long after the traditional retirement age of 65—some by choice and some as an economic necessity. Sometimes mature workers want to contribute at a different level or intensity, yet still remain vital members of an organization. HR teams bear the responsibility of analyzing their firm’s needs and workers’ interests and skills to make sure they are in sync. Ideally, mature workers will remain productive and engaged in projects that further the organization’s long-term goals.

As a general rule, a company culture that honors experience will benefit older workers and encourage them to stay. Beyond a supportive culture, research demonstrates that companies can increase their retention of mature workers by offering flexible work arrangements, providing training and development opportunities, and facilitating knowledge management and transfer.

Flexible work arrangements

Mature workers often seek new challenges through second careers and look for work to fulfill personal goals that stretch beyond a salary and benefits. Flexible work arrangements allow mature workers to continue contributing on the job while also focusing on personal and family needs.

Flexibility must be part of any employment strategy for workers moving into retirement or retirees who are returning to work. For example, the CVS Snowbird program allows employees to change locations based on the seasons, working in northern states during the summer and southern states in the winter months.

A study from the Sloan Center on Aging and Work at Boston College finds that workplace flexibility initiatives provide strategic benefits to both organizations and mature workers. The report, *Flex Strategies to Attract, Engage, and Retain Older Workers*, examines several industries, including education, government, health care, hospitality, and retail, explaining how industry practices can be used or adapted.

During strategic planning, HR professionals should alert executives to the ways that flexible work arrangements could benefit the organization in the long term:

- Managers will be able to staff positions based on variable work needs and conditions, with fewer fixed costs.
- The firm can make use of mature workers’ expertise while also planning for strategic knowledge transfer.
- Mature workers provide stability for current projects that are important in the short term, freeing up other employees to focus on the introduction of products and services for new markets.

### Common Flexible Work Arrangements

- Phased retirements
- Reduced hours
- Formal and informal temporary assignments for specific projects
- Job-sharing
- Telecommuting
- Seasonal work based on ebb and flow of organizational demands
- Flextime
- Compressed work schedules (fewer days, longer hours each day)

### Training and development opportunities

In the past, managers were reluctant to invest in training for mature workers, fearing they would coast to retirement and the organization would not recoup its investments. However, current research shows that mature workers tend to be more loyal and less likely to change jobs, which translates to a reduced risk of employees leaving immediately after training. Overall, the return-on-investment payback period for most kinds of training is getting shorter, usually about 12 to 36 months.

Effective employee development focuses on technical and professional skills for mature workers and for their younger managers. A successful training program should adopt a targeted approach, integrating training into the recruitment process.
HR professionals should take special care to provide effective leadership development for those employees who will be managing people who are similar in age to their own parents or older siblings. Younger managers often say the age gap between them and their older employees is one of the most challenging aspects of their jobs.

Younger managers frequently have perspectives or biases that they are not aware of that diminish their effectiveness with more mature employees, including:
- A tendency to “respect their elders.”
- Inaccurate perceptions that older workers lack flexibility, innovation and the ability to learn new technologies.
- Sensitivity that keeps them from giving timely and compassionate performance feedback to mature workers.

Knowledge management and transfer

Most senior leaders want to retain within their organizations all the lessons learned from long-term experience in technical and managerial fields, so maintaining and transferring institutional knowledge from older to younger workers is an essential piece of succession planning.

Employers are often most concerned about losing Baby Boomers because they are managers in pivotal roles serving clients. To begin addressing knowledge management and transfer, HR teams may want to look at bodies of common knowledge as defined by professional trade organizations. HR leaders can then ask workers to create their own knowledge base of their firm’s key products and initiatives.

A note of caution: All organizations would be wise to encourage and honor collaboration and cooperation between older and younger workers. Some organizations offer mentoring programs that give experienced workers opportunities to coach, teach and connect with new workers in the early stages of their careers.

If an organization is perceived to hire and lay off workers in frequent cycles—creating a disposable employee mentality—the practices discussed in this report will be counterproductive. Above all, avoid giving employees the impression that leaders are extracting valuable information from mature employees and releasing them after they’ve been “mined.”

Next Steps for HR Leaders

Human resource professionals are positioned to provide expert, informative counsel to their organization’s CEO and executive team on all matters related to the aging workforce. An HR team can review organizational practices that help or hinder the ability to recruit, retain and engage mature workers, and then revise and refine those practices to achieve the best results aligned with organizational goals.

What Should a Knowledge Base Catalog?
- Assumptions and reasons behind initiatives
- Success metrics
- Project phases
- External indicators that may affect a project
The following questions, aimed at senior HR leaders, should help in developing a roadmap:

- What are the organizational priorities for the next three to five years?
- What technical and managerial capabilities do you need to achieve the organizational priorities?
- How does your workforce match up with the generational composition of your current or desired market segment?
- Which critical employees cannot be replaced easily? Be sure to think through all capabilities, including R&D, operations, marketing, customer service and sales.
- What is the risk of critical employees leaving soon as a result of retirement or transfer?
- What is the talent pipeline plan for increasing your bench strength in critical areas?
- How will the organization strategically engage mature workers to strengthen that talent pipeline?

When HR focuses on changing leaders’ perceptions and strategically engaging mature workers, the result can be a sustained competitive advantage in the ongoing war for talent. Fully utilizing older workers in your organization will positively affect your company’s performance and bottom line.

About the Authors

Chris Hitch, Ph.D., is the director of North Carolina State’s General H. Hugh Shelton Leadership Center. The Center supports ethical leadership development for youth, college students and professionals.

Brad Kirkman, Ph.D., is the General H. Hugh Shelton Distinguished Professor of Leadership and a professor and department head at North Carolina State’s Poole College of Management. His research focuses on practical applications of teams and generations in the workplace.

This project was funded by a grant from the Alfred P. Sloan Foundation.
The nature of work is changing...
Are you ready?

Research shows that the globalization of business, changing worker demographics and shifting patterns of mobility will continue to transform the nature of work and the worker over the next 5 to 10 years.

- In the U.S., by 2050, the number of workers aged 65 years or older is expected to grow by 75%, while the number of workers aged 25 to 54 is only expected to grow by 2%.
- Increasing labor costs in China may prompt U.S. companies to move manufacturing operations to countries such as Vietnam, Indonesia or Mexico, or even back home.
- Telecommuting increased 80% from 2005 to 2012 in the U.S.

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