Executive Summary
Preparing for an Aging Workforce

Funded by
ALFRED P. SLOAN FOUNDATION

About This Research
SHRM and the SHRM Foundation have launched a national initiative to highlight the value of older workers and to identify—through original research—best practices for employing an aging workforce. This three-year initiative is generously underwritten by a grant from the Alfred P. Sloan Foundation.

The purpose of this research is to:
■ Investigate the current demographics of organizations and their views on how the demographic breakdown of their workforces is likely to change in the future in both their organizations and industries.
■ Determine what, if any, actions organizations are taking to prepare for an aging workforce, including recruiting and retention strategies to specifically target older workers.
■ Identify the skills and experience HR professionals most value in older workers.

As in many developed nations around the world, the United States has an aging population and an aging workforce. The U.S. Bureau of Labor Statistics forecasts that by 2016 one-third of the U.S. labor force will be in the 50-plus age category, compared with 27% in 2007. Now that the large Baby Boom generation has reached retirement age, organizations are faced with the prospect of losing many workers with key talents, experience and skills. The percentage of retired Baby Boomers has nearly doubled since 2010 when the U.S. Census Bureau found that 10% of Baby Boomers were retired. The dual challenges of dealing with skills shortages as many older workers retire and of building a more age-diverse workforce are therefore front and center in the minds of both policymakers and business leaders.

As part of the SHRM and the SHRM Foundation three-year initiative supported by a grant from the Alfred P. Sloan Foundation, SHRM Research conducted a survey of HR professionals to learn more about how organizations are preparing for an aging workforce, including the current demographics of organizations and the respondents’ views on how the demographic breakdown of their workforce is likely to change in the future in both their organizations and industries. The survey was organized into three parts:
■ The state of older workers in U.S. organizations.
■ Recruiting and retaining older workers.
■ Basic and applied skills of older workers.

DEFINITION
For the purpose of this survey, “older workers” were defined as employees 55 years of age or older.

DATA HIGHLIGHTS: State of Older Workers in the Workplace
■ Are organizations preparing for an aging workforce? More than one-third of respondents (36%) indicated their organization was preparing for the projected increase in the proportion of older workers in the labor force by “beginning to examine internal policies and management practices to address this change;” one-fifth (20%) reported their organization had examined their workforce and determined that no changes in their policies and practices were necessary. Another one-fifth (19%) of respondents said their organization was just becoming aware of the potential change in the projected increase in the ratio of older workers in the labor force.
■ Do HR professionals see the aging workforce as a potential problem? Few HR professionals believe the impact of the potential loss of talent due to retirement of workers is considered a crisis (3%-4% in the next five years) or even a problem (18%-24% in the next five years) in their industry.
■ Are organizations making any changes in response to an aging workforce? One-third or less of respondents indicated the increasing age of their organization’s workforce had prompted changes in general management policy/practices (28%), retention practices (33%), and recruiting practices (35%) to “some” or “a great extent.”
The Aging Workforce and the State of Older Workers in U.S. Organizations

The first part of this research aims to uncover the proportion of older workers in different industries, how aware organizations are of the impending demographic shift toward an older workforce and what, if any, actions organizations are taking to prepare for this shift.

The findings show that accommodation and food services, retail trade, wholesale trade, and transportation and warehousing employ significantly fewer older workers than the other industries (see Figure 1). HR professionals in industries with higher numbers of older workers, such as the government sector, will be among the first to deal with the challenges associated with an aging workforce, and these industries will be a bellwether that may demonstrate what other industries may eventually experience.

More than one-third of respondents (36%) indicated their organization was preparing for the projected increase in the proportion of older workers in the labor force by “beginning to examine internal policies and management practices to address this change.” However, one-fifth (20%) of respondents reported their organization had examined their workforce and determined that no changes in their policies and practices were necessary; another one-fifth (19%) indicated their organization was just becoming aware of this potential change in the ratio of older workers (see Figure 2).

The survey also found that less than one-third of HR professionals believed the potential loss of talent due to retirement of workers was considered a crisis or even a problem in their industry. The apparent lack of concern about this loss of talent is somewhat surprising given the newly revived debate on skills shortages and rising recruiting difficulty. This may be due in part to missing information around precisely when and how these changes will take effect within a given industry or organization.

Accommodation and food services, retail trade, wholesale trade, and transportation and warehousing employ significantly fewer older workers than the other industries.

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**Figure 1. Percentage of Older Workers, by Industry**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation and food services, retail trade, wholesale trade, and transportation and warehousing</td>
<td>23.1%</td>
</tr>
<tr>
<td>Construction and repair and maintenance</td>
<td>24.2%</td>
</tr>
<tr>
<td>Educational services</td>
<td>24.4%</td>
</tr>
<tr>
<td>Finance, insurance, and real estate</td>
<td>28.7%</td>
</tr>
<tr>
<td>Government agencies</td>
<td>29.3%</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>29.9%</td>
</tr>
<tr>
<td>Information and professional, scientific and technical services</td>
<td>26.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>26.6%</td>
</tr>
<tr>
<td>Mining, quarrying, and oil and gas extraction</td>
<td>27.0%</td>
</tr>
<tr>
<td>Religious, grantmaking, civic, professional and similar organizations</td>
<td>29.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>29.1%</td>
</tr>
<tr>
<td>Other</td>
<td>22.9%</td>
</tr>
</tbody>
</table>

Source: Executive Summary: Preparing for an Aging Workforce (SHRM, 2014)

**Figure 2. How Organizations Are Preparing for the Projected Increase in the Proportion of Older Workers in the Labor Force**

<table>
<thead>
<tr>
<th>Step in Preparation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning to examine internal policies and management practices to address this change</td>
<td>36%</td>
</tr>
<tr>
<td>Have examined our workforce and determined that no changes in our policies and practices are necessary</td>
<td>20%</td>
</tr>
<tr>
<td>Just becoming aware of this potential change</td>
<td>19%</td>
</tr>
<tr>
<td>Not aware of this potential change</td>
<td>13%</td>
</tr>
<tr>
<td>Have implemented specific policies and management practices</td>
<td>6%</td>
</tr>
<tr>
<td>Have proposed specific policy and management practice changes</td>
<td>5%</td>
</tr>
<tr>
<td>Have agreed on a plan to change policies and management practices</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: n = 1,715. Percentages may not total 100% due to rounding.

*Question as asked in the survey: “According to the Bureau of Labor Statistics, workers 55 years of age and over are projected to make up approximately 26% of the labor force by the year 2022, compared to 21% in 2012 and 14% in 2002. As the proportion of older workers increases, the potential impact resulting from the loss of their knowledge and experience may become more substantial. Which of the following best describes your organization’s preparation for this change?“*

Source: Executive Summary: Preparing for an Aging Workforce (SHRM, 2014)
Recruiting and Retaining Older Workers

With many organizations appearing to be relatively unconcerned about the impact of demographic changes on their workforce and the potential impending loss of a large number of their best workers, it is not surprising that most are not making changes to their management or recruiting and retention practices in preparation for these shifts.

Less than one-third of respondents said that the increasing age of their organization’s workforce had prompted changes in general management policy/practices (28%), retention practices (33%) and recruiting practices (35%) to “some” or “a great extent” (see Figure 4). Meanwhile, over one-half of organizations (54%) reported they did not actively recruit older workers.

Among respondents who said that the increasing age of their organization’s workforce had prompted changes in their recruiting practices, the most commonly reported recruiting method to directly target older workers was through employee referrals (33%); one-quarter (24%) indicated they relied on networking (see Figure 5).

When it comes to the difficulty organizations experience in recruiting older workers, less than one-quarter of organizations said they found it either “easy” or “extremely easy” to recruit exempt and nonexempt older workers (21% and 24%, respectively); about two-fifths of organizations reported it was “easy” or “extremely easy” to retain exempt and nonexempt older workers (45% and 42%, respectively), as shown in Figures 6 and 7.
Some organizations do find it difficult to recruit and retain workers in this demographic. Among the respondents who indicated it was “difficult” or “very difficult” for their organization to retain older workers compared to other workers, a lack of flexibility was a key issue that acted as a barrier (see Table 1).

When asked about the type of older workers (i.e., job classification) they found difficult to recruit, about one-quarter of organizations reported it was difficult/extremely difficult to recruit older workers qualified for skilled labor (25%), executive (25%), salaried individual contributor/professional (22%) and management (22%) positions compared to other workers; less than one-fifth indicated the same for labor, low-skilled positions (17%) and few for administrative/secretarial positions (7%). Regardless of the type of position, a lack of or few applications from older workers who are qualified compared to other workers was the most cited difficulty in filling positions with older workers (46%-60%).

One trend that has been discussed in relation to the Baby Boom generation is the desire to continue to work beyond retirement age, possibly in a completely new field or career. Thus, the survey asked HR professionals if their organization employed workers who had retired from other organizations or careers. The survey findings suggest that this may be relatively common as two-thirds (66%) of respondents indicated their organization employs older workers who retired from other organizations or careers before joining their organization. However, these types of workers do not make up the majority of older workers in any given organization. An overwhelming majority of HR professionals (90%) said only 1% to 20% of their organization’s older workers had previously retired from other organizations or careers.

Of respondents who reported their organization employed older workers who retired from other organizations or careers before joining their organization, almost half (46%) indicated that older workers in this group were mixed between full- and part-time status.

The survey findings also support the claim that finances are an important reason that post-retirement individuals return to work. Almost three-quarters (72%) of HR professionals reported that for employees who joined their organization after retiring money was a factor. More than half (58%) reported enjoyment/occupying time was a factor, and about two-fifths said health care benefits (45%) and social interaction (42%) contributed to the decision to return to work.

Over three-fifths (61%) of respondents indicated their organization attempted to capitalize on and incorporate the experience of older workers to “some” or “a great extent.” Although organizations make efforts to capitalize on the
DATA HIGHLIGHTS: Skills and Older Workers

- Do organizations capitalize on and incorporate the experience of older workers? More than three-fifths (61%) of respondents said their organization attempted to capitalize on and incorporate the experience of older workers to “some” or a “great extent.” Few (15%) reported their organization did not capitalize and incorporate the experience of older workers at all.

- What are organizations doing to prepare for potential skills gaps as a result of the loss of older workers? One-third (34%) of respondents indicated their organization had not taken any steps to prepare for potential skills gaps as a result of the loss of older workers. Of those who said their organization had taken a specific step(s) to prepare for potential skills gaps as a result of the loss of older workers, about half (47%) reported that offering flexible work arrangements to attract a broader range of applicants (e.g., job-sharing, telework) was “very effective.”

- How are organizations transferring the knowledge of older workers? More than half (54%) of respondents reported their organization had implemented training and/or cross-training programs to transfer knowledge from older workers to younger workers; one-third (33%) implemented mentoring programs, and one-quarter (26%) implemented job-shadowing. About one-fifth (19%) of respondents said their organization did not use any strategies to transfer knowledge from older workers to younger workers.

experience of older workers, very few have a formal strategy for retaining (4%) and/or recruiting (3%) this group. Of respondents who said their organization had a formal strategy to recruit and/or retain older workers, many used flexible working options to attract and retain this segment of the workforce (see Table 2).

Of respondents who indicated their organization had taken a specific step(s) to recruit and/or retain older workers, the majority reported that hiring retired employees as consultants or temporary workers (67%), offering reduced hours or part-time positions to older workers (57%) and starting flexible scheduling (63%) were “very effective” in recruiting and/or retaining older workers. However, less than one-quarter said that more than half of their eligible employees used reduced hours or part-time positions (21%), flexible scheduling (24%) or phased/gradual retirement (16%) programs for older workers. Instead, about half reported just 1% to 25% of their eligible employees used reduced hours or part-time positions (45%) or flexible scheduling (46%) programs for older workers; more than three-fifths (63%) indicated the same for phased/gradual retirement programs.

Skills and Older Workers

The final section of the survey evaluated the skills of older workers. Listed below are the overall advantages of older workers followed by the basic and applied skills organizations indicated they most value in older workers compared with other workers:

Table 1. Factors That Contribute to Difficulties in Retaining Older Workers

<table>
<thead>
<tr>
<th>My organization is unable to offer...</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility in work location (e.g., working from home, satellite offices)</td>
<td>47%</td>
</tr>
<tr>
<td>Career flexibility (e.g., reduced responsibilities, job change/occupation shift)</td>
<td>45%</td>
</tr>
<tr>
<td>Work hour flexibility (e.g., reduced hours, job-sharing, phased retirement, part-year employment)</td>
<td>44%</td>
</tr>
<tr>
<td>Work schedule flexibility (e.g., changing starting and ending times periodically, compressed workweek)</td>
<td>43%</td>
</tr>
<tr>
<td>Flexibility in type of employment (e.g., consultant work, temporary work)</td>
<td>38%</td>
</tr>
<tr>
<td>Benefits attractive to older workers (e.g., different health care benefits, wellness plans)</td>
<td>34%</td>
</tr>
<tr>
<td>Other</td>
<td>15%</td>
</tr>
</tbody>
</table>

Note: n = 242. Only respondents who indicated it is “Difficult” or “Very difficult” for their organization to retain older workers compared to other workers were asked this question. Percentages do not total 100% due to multiple response options.

Source: Executive Summary: Preparing for an Aging Workforce (SHRM, 2014)

Table 2. Steps Taken to Recruit and/or Retain Older Workers

<table>
<thead>
<tr>
<th>Steps Taken to Recruit and/or Retain Older Workers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offered reduced hours or part-time positions to older workers</td>
<td>48%</td>
</tr>
<tr>
<td>Hired retired employees as consultants or temporary workers</td>
<td>40%</td>
</tr>
<tr>
<td>Started flexible scheduling (e.g., telework, alternative work schedules)</td>
<td>37%</td>
</tr>
<tr>
<td>Created positions/redesigned positions that allow bridge employment*</td>
<td>30%</td>
</tr>
<tr>
<td>Offered phased/gradual retirement</td>
<td>30%</td>
</tr>
<tr>
<td>Provided training to upgrade skills of older workers</td>
<td>29%</td>
</tr>
<tr>
<td>Provided opportunities for older workers to transfer to jobs with reduced pay and responsibilities</td>
<td>27%</td>
</tr>
<tr>
<td>Increased training and cross-training efforts to induce older workers to stay with or join the organization</td>
<td>24%</td>
</tr>
<tr>
<td>Increased recruiting efforts aimed at older workers who have the skills being lost due to retiring employees</td>
<td>22%</td>
</tr>
<tr>
<td>Offered wellness programs to attract and retain older workers</td>
<td>23%</td>
</tr>
</tbody>
</table>

*Opportunities that allow near retirees to ease into retirement while allowing the organization to retain good employees.

Note: n = 99. Only respondents whose organizations have a formal strategy to recruit and/or retain older workers were asked this question. Percentages do not total 100% due to multiple response options.

Source: Executive Summary: Preparing for an Aging Workforce (SHRM, 2014)
Top Five Advantages of Older Workers Compared to Other Workers

• More work experience (i.e., more knowledge and/or skills) (77%)
• More mature/professional (71%)
• Stronger work ethic (70%)
• Able to serve as mentors to younger workers (63%)
• More reliable (59%)

Strongest Basic Skills Held by Older Workers Compared to Other Workers

• Writing in English (e.g., grammar, spelling) (45%)
• Reading comprehension (in English) (20%)
• English language (spoken) (20%)

Strongest Applied Skills Held by Older Workers Compared to Other Workers

• Professionalism/work ethic (58%)
• Critical thinking/problem-solving (28%)
• Lifelong learning/self-direction (23%)
• Leadership (21%)
• Ethics/social responsibility (19%)

To prepare for potential skills gaps resulting from the loss of older workers, respondents said their organization would be most likely to increase training and/or cross-training efforts (42%) and develop succession plans (33%). However, one-third (34%) of respondents reported their organization had not taken any steps to prepare for potential skills gaps as a result of the loss of older workers. Of those who said their organization had taken a specific step(s) to prepare for potential skills gaps as a result of the loss of older workers, about half (47%) reported that offering flexible work arrangements to attract a broader range of applicants (e.g., job-sharing, telework) was “very effective.”

More than one-half (54%) of respondents said their organization had implemented training and/or cross-training programs to transfer knowledge from older workers to younger workers, one-third (33%) implemented mentoring programs, and one-quarter (26%) imple-
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