The Yin and Yang of an Aging Work Force

J. Tim Query
New Mexico
State University
Forty is the old age of youth; fifty the youth of old age.

—Victor Hugo (1802–1885), French writer
The Yin and Yang of an Aging Work Force

J. Tim Query, Associate Professor of Risk Management and Insurance, New Mexico State University

Abstract: Yin and Yang are representations of complementary opposites rather than absolutes, which could describe the situation surrounding an aging work force. This article explores the challenges and opportunities organizations must consider in hiring and retaining older workers.

Introduction

Like many other organizations, colleges and universities are faced with a challenging demographic issue involving the work force. In 2014, some 78 million Baby Boomers will fall between the ages of 50 and 68. About 31 percent of those 55 and older were in the workforce in 1984. That number climbed to 36 percent in 2004, and the figure will jump to 41 percent in 2014, according to the Labor Department’s Bureau of Labor Statistics. For Baby Boomers, born between 1946–1964, it is becoming normal for 50-year-olds to go back to school and for 70-year-olds to reinvent themselves through new careers (Mooney 1997). The challenge of “Gray2K” (as coined by some) is one that all institutions of higher learning will need to address sooner or later. A variety of research around the world shows that outdated HR views of older workers continue to exist. The bias against workers over the age of 50 includes claims that older workers are expensive to sustain, adapt poorly to change, find it difficult to interconnect with younger workers, and provide a substandard return on investment for training purposes. However, progressive thinking is beginning to recognize the unique potential of experienced older workers. According to Louise Rolland, a professor studying aging and work at Swinburne University in Australia, “Planning and verbal abilities actually peak in people’s 50s and 60s.” Workforce researcher Juhani Ilmarinen of the Finnish Institute of Occupational Health believes that, “With age, social skills get better—getting on with people, understanding people, working together and accepting differences.” Ken Dychtwald, author of a World Future Society study in 2005, predicts the Boomers will postpone old age by disposing of the current “linear life” culture in which people move lockstep through life, first through education, next through jobs, and finally through leisure and retirement. Instead, according to Dychtwald, a new “cyclic life” Baby Boomer culture is taking shape. Education, work, and leisure will be intermingled repeatedly throughout the life span. This phenomenon coincides with the increasingly rapid obsolescence of knowledge and the resultant growing importance of lifelong learning (Gordon 2007).

This paper examines the issues most germane to the aging work force situation—potential skilled labor shortages; health and safety concerns for the mature worker; job restructuring to fit the changing physiology of older workers and meet their need for self-actualization; aging faculty members; and regulatory influences on the retirement decision. Some of these areas are pertinent for university risk managers, while others fall under the authority of other disciplines. However, an awareness of all these issues should provide a broad foundation for the aging work force dilemma.

The Labor Shortage

Not only will the future employee base have a higher average age, but projections of a labor shortfall in just a few years have ranged from two to 10 million people. Based on sheer numbers alone, finding skilled Baby Boomers to fill ever-widening skill gaps over the next 15 years will require a revamping of human capital strategy. While the shortage will be mitigated to some degree by immigration, the significant percentage of specialized personnel that make up the university work force still remains an area of concern. It is particularly true for people with master’s degrees and doctorates in fields such
as physics, chemistry, and engineering. More restrictive immigration rules instituted after the terrorist attacks of September 11, along with competing opportunities in other places, may be lessening the attraction of a U.S. education for top students around the globe (Bureau of Labor Statistics 2005).

In those areas where there are extensive shortages of qualified workers, it is helpful to understand what motivates some older workers to continue working. One reason for a prolonged working career is a continued need to contribute to society and a desire to make a difference. A recent study from think tank Civic Ventures and the MetLife Foundation found that half of Americans ages 50 to 70 want jobs that contribute to the greater good now and in retirement. Various studies find that older workers are more likely to continue working when they have more control over their work hours, workplace flexibility, job autonomy and learning opportunities (MetLife Foundation/Civic Ventures New Face of Work Survey 2005).

Another reason people are working longer is financial need. A 2003 report from the Economic Policy Institute, a Washington, D.C. think tank, cited the loss of retirement wealth and the loss of access to retiree health insurance as causes for older workers to remain in the labor force longer than before. According to surveys by Watson Wyatt and others, many older workers, particularly those who opt for part-time work, look for companies that will “bridge” medical coverage until Medicare begins. Roughly one-third of the workforce continues to be covered under defined benefit plans. Moreover, because early retirement incentives are generally not incorporated into defined contribution plans, retirement rates among those in their early 60s have actually declined, reversing a decades-long trend (Gordon 2007).

Another strategy for managing a possible skilled labor shortage is to create a job bank of retirees that would like to be considered for part-time or full-time work after retirement. This could be used to match retiree skills with the demands of the university.

Health Aspects

Universities and colleges want the brainpower, experience, and knowledge provided by mature employees, but not the lost workdays, Workers’ Compensation claims, or any of the negatives associated with injuries and illnesses. However, are the health-risk exposures of an aging work force as dire as some expect? If one considers the obesity, drug dependency, and anxiety levels of young people in general, they may not be much more physically fit than their elders in the workforce. According to the National Council on Compensation Insurance (NCCI) study, on average, younger workers have higher incidence rates of workplace injuries and illnesses than older workers, although older workers have higher costs per claim. A significant portion of the differences in claim severities between younger and older workers were accounted for by other factors correlated with age—average wages, claim durations, lump-sum payments, injury diagnoses, and number of medical treatments. The overall medical severity of lost time claims tends to rise for all age groups. Indemnity severity rises for all ages until age 65, when it falls due to Social Security offsets and lower average weekly wages (Shuford and Restrepo 2005). Also, there is not a consensus that older workers cost more to employ. For instance, the belief that older workers contribute to increased health care costs has been disproved by several studies. In particular, a research study by Yankelovich, Skelly, and White Inc. suggests that health care costs between three groups—30-year-old males, women with dependents, and 65-year-old retirees—are about the same. The study also concluded that 55-year-olds are the least costly of all groups. Moreover, results reveal that even if health care costs were higher, the advantages of employing mature workers virtually offsets any added cost because of lower absenteeism and turnover (Solomon 1995).

One unforeseen source for mitigating older worker health and safety risk exposures is the Americans with Disabilities Act. Because of such regulations, many employers have already modified public environments and will not have to make many additional drastic changes to meet the needs of mature workers. Some needed measures may include improving lighting, turning doorknobs into door levers, and building walkways that offer alternative ramps.

Mitigating the Health and Safety Exposure

Despite numerous studies challenging the perception that health and safety risk exposures increase drastically with an aging work force, the fact remains that our bodies change as we age. These changes are natural and can include: loss of strength, muscular flexibility, and joint
range of motion; diminished postural steadiness; reduced grip strength; change in balance, inner ear, and nervous system responses; reduced blood flow and tactile feedback; reduced visual capacity; and slowing of our mental processing (Pater 2006; Roth 2005).

As university risk managers, it is constructive to know what steps can be taken to reduce the frequency and severity of workplace accidents and illnesses for mature employees. In the area of risk identification, it is helpful to identify those jobs that possess the greatest physical risks (twisting of the upper torso, work with sustained fixed postures, etc.) through an organized, systematic process that is quantifiable. This will assist in prioritizing the jobs that need to be changed as well as those that could be used for return-to-work and to keep employees working longer.

While older employees have better safety records than younger ones in general, there are practical procedures employers can implement to improve workplace conditions and habits. Here are some suggestions:

- Reduce noise levels from machines, air conditioners and other appliances
- Ergonomically adjust seats and desktops at workstations to reduce leg and back problems
- Prevent long-term exposures to extreme hot and cold environments
- Prominently mark and light slippery floors, stairs, and uneven surfaces
- Set and enforce broad driver safety policies and evaluate jobs that require quick response times (According to the National Institute for Occupational Safety and Health, roadway crashes are the leading cause of occupational fatalities for older workers.)
- Post reminders about proper use of ladders to retrieve high objects and the use of carts or wheelbarrows for heavy lifting (Back pain is the leading cause of lost workdays and one of the most costly health problems facing employers today.)
- Recommend brief breaks from working at computers to avoid back problems and suggest hand exercises to reduce carpal tunnel syndrome
- Augment economy-of-motion training
- Promote memory training activities and a nutrient-rich diet for memory and attention
- Provide workers special keyboards to prevent carpal tunnel syndrome
- Use brighter lighting and larger type/screens on computer monitors to accommodate the loss of visual acuity (some conditions include presbyopia, a difficulty reading small print; floaters; and cataracts)
- Tactfully remind older workers to consider the reality of aging and recognize the changes in strength, agility, and balance that age inevitably brings, then adjust their work objectives to address those changes.

Stretching after work also keeps muscles flexible and reduces the risks of injuries. Aquatic therapy provides a reduced weight-bearing environment. Most universities and colleges have athletic facilities on campus that are available to employees, and many also offer various fitness classes on campus. Those that do not have on-campus facilities may consider investing in a discounted or subsidized membership fee for local YMCAs and health clubs. Sometimes a physician’s prescription can assist in getting a reduced rate, too.

Another risk management issue that accompanies an aging employee base is the dreaded “slips and falls” exposure. According to the Liberty Mutual Research Institute for Safety, slips and falls are the second leading cause of workplace injuries. Same-level falls rank second in most industries (behind overexertion), and falls to a lower level rank fourth. The combined cost of slips and falls amounted to around $11.3 billion in 2004. As a broad generalization, aging workers are at a higher risk for slips and falls because they typically do not see as well, their muscles are not as strong for readily recovering balance, and their reflex time is sluggish (Minter 2004).

Given this reality, companies should be motivated to take a more proactive approach toward preventing slips, trips, and falls. Because of the variety of factors that can contribute to slips and falls, safety experts caution that

The belief that older workers contribute to increased health care costs has been disproved by several studies.
single remedies are far less likely to succeed than a comprehensive program that includes good design, maintenance, and training; slip-resistant footwear; accurate recordkeeping and reporting of close calls; evaluation of hazardous conditions, etc. Other areas that warrant even closer scrutiny are flooring and finishes, mats, floor coatings and treatments, and warning signs. Those responsible for safety and risk management should routinely audit the slip and fall prevention program to monitor the frequency and severity of slips and falls alongside objectives.

While these suggestions are certainly not comprehensive, they provide a good starting point to minimize injuries. Note that some of these modifications can also help younger workers stay healthier and safer, too.

**Keeping Older Workers Happy and Productive**

Sound management practices have proven over and over again that engaged employees show fewer signs of organizational neglect, such as absenteeism and less motivation. They even exhibit fewer aches, pains, and claims (Russell 2007). To ensure that the relationship between universities and their older employees remains mutually beneficial and productive, universities must take advantage of the knowledge and experience provided by older workers by involving them in innovations and procedure improvements. Everyone wants to be part of and contribute to organizational success.

Experienced older employees have much to contribute when they are included in the productivity process. In addition, studies have shown that a major cause of slowed mental function is, in fact, associated with lack of mind use or challenge. A survey conducted by the American Association of Retired Persons (AARP) asked respondents to rank attributes of the jobs they hold or plan to hold in retirement. Factors that contributed to a life/work balance and allowed workers to grow and learn new skills were deemed “very important” by half of those polled. A significant aspect of attracting and retaining older workers is offering them new roles and responsibilities, so they have a continuing sense of self-discovery (Mullich 2003).

Organizations should also continue to develop and train older workers. The Bureau of Labor Statistics reports that workers age 55 and older receive only one-third as many hours of formal training as workers 45 to 54. Reasons for these statistics may include the erroneous belief that “you can’t teach an old dog new tricks,” or the perception that some organizations do not want to waste time or money on employees nearing the end of their careers.

Fortunately, an increasing number of employers are beginning to make the connection between mature worker productivity and job attributes. Organizations are introducing flexible work schedules, retraining, health-and-wellness seminars, part-time positions, job sharing, and other strategies in an effort to retain and recruit older workers.

One other area that deserves mention is the relationship between mature workers and their younger counterparts. In some situations there are workers of retirement age with an active social life who have little interest in “moving up the ladder.” Under those circumstances, it is not unusual to find supervisors or managers who are many years younger than subordinates. This appears to be more of an issue for the younger worker than the older worker, as younger managers sometimes feel like they are supervising their parents (or grandparents), and they feel uncertain of how to do so (Solomon 1995). However, when employers respect all employees and are consistent with their treatment, age becomes less of an issue. It is important to educate supervisors and managers on how to work with the Boomer generation, and to teach Boomers about the different generational attitudes toward work and authority.

**Regulatory Compliance**

Legislative and regulatory constraints may affect the ability of risk management programs to effectively deal with an aging work force. For example, rules from the Employee Retirement Income Security Act, the Internal Revenue Code,
and the Age Discrimination in Employment Act severely hamper true flexible retirement for most employees. There are legal ways to get around these norms, but it requires organizations to be creative and imaginative (Ruiz 2006).

Phased retirement has been an increasingly popular option in certain situations, such as with senior faculty members at universities. One difficulty that employers face when arranging a phased retirement plan centers on defined benefit (DB) pensions. These plans potentially complicate phased retirement in two ways. First, benefits sometimes depend on earnings in the last few working years prior to retirement. In those cases, an older person who chooses to work half time at half pay could lose as much as half of all future pension benefits. The second way in which DB pensions impede phased retirement involves federal pension regulations. However, a ruling last summer by the Internal Revenue Service provides guidelines that allow employers with DB plans to begin paying out benefits to employees age 62 or older, even if they continue working on a reduced schedule. For workers between 55 and 62 years old, employers are supposed to make a “good faith determination” of whether the worker is of “the normal retirement age” for the industry and can begin paying benefits to workers on a reduced schedule. The goal of these rules is to allow employers to retain workers longer.

The Social Security Administration also has rules that can affect early retirement benefits if an individual continues working while collecting Social Security. If one is under normal or full retirement age (FRA) when he or she starts getting Social Security payments, $1 in benefits will be deducted for each $2 earned above the annual limit. For 2007 that limit is $12,960. Remember, the earliest age someone can receive Social Security retirement benefits remains 62 even though the FRA is rising. In the year a person reaches his or her FRA, $1 in benefits will be deducted for each $3 he or she earns above a different limit, but only including earnings before the month FRA is reached. For 2007, this limit is $34,440. Starting with the month one reaches FRA, he or she will receive benefits with no limit on earnings. Note that another potential influence on the decision to continue working is the gradual increase in the full retirement age from 65 to 67 years of age.

**Aging Faculty**

The graying of America’s college and university faculty has occurred at roughly the same time as new federal regulations prohibiting mandatory retirement were enacted in the 1990s. Many current faculty members used student deferments during the Vietnam War to earn their graduate degrees, so the level of traditional retirement-age faculty is now substantial and continues to grow. Tenure, a senior academic’s contractual right not to be fired without cause, can also complicate matters. While academic tenure is primarily intended to guarantee the right to academic freedom, it has been criticized for allowing some senior professors to become unproductive, shoddy, or irrelevant. About 50 percent of all U.S. colleges and universities have enacted a myriad of retirement incentives and processes to manage faculty retirements and assume more control over position vacancies (Leslie and Janson 2005).

Universities have been relatively unsuccessful in encouraging earlier retirements via pension plan and other incentives because these are expensive to offer faculty who are reasonably close to retirement. However, some universities have indicated that they may eventually adopt long-term incentive contracts for younger employees similar to those commonly used in private industry. Post-tenure reviews have also been implemented by a number of public and private universities to help underperforming professors get back on track.

**Conclusion**

While organizations understandably express health and productivity concerns about older employees, looming labor shortages are causing those same groups to seek out and retain older employees for their experience, accumulated wisdom, and work ethic.
It is important to remember that although some recruiting generalizations can be made about older workers, individuals in this group are as varied as any other large segment of the population. They include people who are in mid-life career changes, early retirees, older retirees, displaced workers, and people who have never worked outside the home before. Each group has its own motivations to work and benefits needs.

Many of these workers are eager to contribute to a university, if given the opportunity, and age does not seem to decrease creativity. A researcher recently made a list of the 1,000 most important ideas that had an impact upon the world, and the average age of the inventors was 74.

In addition to the health and safety suggestions mentioned, universities need to consider reviewing and amending their employee benefits where possible—especially retirement, pension and health care plans—in a way that facilitates retirees returning to work without being penalized. It is also imperative that university communications serve to invite older workers to come, stay, and work safely and productively.

About the Author

J. Tim Query, Ph.D., ARM, is a Baby Boomer as well as an Associate Professor of Risk Management and Insurance at New Mexico State University. He has research and consulting interests in various university risk management issues. Dr. Query wishes to thank NMSU graduate student Paul McHorse for his research assistance with this paper.

References

What a paradox appears their age,
How people respond to them, yet know them not,
How there is something relentless in their fate all times,
How all times mischoose the objects of their
    adulation and reward,
And how the same inexorable price must still be paid
    for the same great purchase.

—WALT WHITMAN (1819–1892), “BEGINNERS,” LEAVES OF GRASS