

Older Worker Myths - The Truth Shall Set You Free

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How do stereotypes develop, and why are they able to persist in the face of contradictory factual evidence? There may be a little truth underlying every myth that first gives it life. Myths and stereotypes are sustained when their validity and accuracy remain unchallenged.

The underlying cause may be prejudice or bias. Stereotypes may also be a result of cultural norms so deeply embedded in the fabric of society that we simply block out evidence refuting the myths. Stereotypes and myths about older workers are not trivial issues. Everyday, countless workers age 50+ confront and cope with negative stereotypes about their fitness and capability to work.

#1 - Older workers don't "fit" in an energetic and fast-paced workplace - they can't keep up and don't want to work as hard as is required.

Undoubtedly employers are trying to do more with less - in particular fewer employees. The tempo and pace of work, particularly in the technology sector, has embraced multi-tasking, lean operations and fast-evolving organizations. Modern communications have imposed an urgent, "real time" expectation to work.

Employment advertisements routinely refer to workplaces that are "fast-paced," "fresh thinking," high energy; "vibrant," "challenging," and "constantly changing." The ads evoke an image of people moving about incessantly and working non-stop during ever-longer workdays. Many people believe that the use of such language and imagery is "code" for "older, slower workers need not apply."

Bureau of Labor Statistics data (BLS Work Hours Report) about length of workweek shows no significant difference between the hours worked by younger and older workers. In fact, the length of the average workweek has hovered near 40 to 45 hours for decades. Fast-paced work environments are also nothing new. Before high technology, manufacturing, mining, distribution, construction, transportation and agriculture demanded long and arduous work days. Workers successfully toiled in these demanding occupations, often right up to the day they retired, or were no longer able to do the work at all.

Laboratory research and employer survey opinion surveys (BC - Center for Retirement Research) indicate that white-collar older workers are seen as "more productive" more than 60% of the time, and "equally productive" about 35% of the time, with only about 6% seen as "less productive" than younger workers. The results for blue-collar or rank-and-file employees is somewhat less favorable with about 20% classed as "less productive" which is attributed to normal decline in physical strength and stamina.

There is also evidence that older workers exhibit greater motivation and engagement than younger workers. "Older workers are more motivated to exceed expectations than their younger counterparts." This observed behavior is seen in age 50+ workers regardless of their length of service and lends weight to the capability of older workers to function in demanding work environments. (Towers Perrin 2003 Talent Report)

The widespread belief that older workers "are a little slow to catch on" is likely rooted in the decline in cognition speed experienced as we grow older. Any such decline is offset by the substantial accumulated knowledge of older workers and their capacity to devise ways to be more efficient. (BC - CRR) While older workers may require somewhat more time to learn a new skill or process, evidence indicates they have greater retention, higher learning achievement and are far more likely to complete their field of study. (Cal State Student Grade Comparison)

Perhaps we need to reexamine if we are confusing activity and motion with efficiency and results. Continued reliance on the characterization of a workplace as fast-paced and constantly changing is no basis for precluding older job seekers.

#2 - Older workers are unwilling to share job knowledge and skills as a way of insuring a degree of job security while blocking younger workers from advancing.

It is the unusual younger worker who has not considered that older workers enhance their own job security by hoarding knowledge and access to information. In truth, it would be the rare worker, of any age, who has not considered the various ways to improve their employment security. Staff reductions and large scale layoffs have become a routine profit improvement tactic resulting in fear of job loss in all but the most confident employee.

Observation and anecdotal information suggests that some workers, regardless of age, are reluctant to share and exchange knowledge for selfish and self-serving reasons. Today's highly collaborative and communication-rich work place though makes it exceeding difficult to monopolize information. Failing to be a "team player" is likely to draw quick corrective action.

Further, many employers concerned with "knowledge transfer" from older workers to their younger colleagues have instituted structured mentoring programs. Observation and employer observations indicate that older workers are exceptionally effective at sharing information and guiding younger colleagues. Older workers are vital to knowledge transfer - their failing to transfer knowledge is the far riskier personal strategy in today's workplace.

This is not to say that there aren't situations where slower organization and staff growth does not result in a "log jam" of mid-level employees inhibited from advancement due to lack of openings. Placing the blame for the lack of advancement opportunity on older workers "hogging" more senior positions is misguided. The elimination of management

levels and support staff positions has done far more to inhibit the upward mobility of early and mid-career employees.

Employers must confront the challenge of retaining older workers' vital institutional memory, and passing it to younger workers while keeping the younger workers challenged with meaningful work and developmental activities.

#3 - Older workers are simply far more costly than younger workers and retaining or recruiting them is not a financially sound workforce strategy.

Older workers typically earn higher salaries and wages; their health benefits cost more; their pension costs accelerate with age and service length; they receive far more paid time off for vacations - they are simply more expensive and laying them off, or not hiring older workers in the first place, is a legitimate financial decision. It's not because of their age - it's simply because they are too expensive.

Does this sound like a reasonable "hard nosed" business evaluation? It has some limited merit if you are taking a cost accounting approach. The problem is that it does not consider the full economic cost of retaining and recruiting age 50+ workers. It's a flawed analysis that passes for financial justification.

Few topics related to the older workforce have received more scholarly and analytical evaluation. The flaw in this traditional analysis is that it considers only the out-of-pocket, or visible cash costs of employment - and even then, the information is only selectively analyzed.

Traditionally, employers add up incremental compensation, the incremental healthcare premiums, incremental pension costs, and incremental paid time off incurred by older workers and, lo and behold, conclude they are more expensive and are prime targets for labor cost reduction. This "cost accounting" approach disregards several meaningful economic considerations.

Compensation - The higher compensation of older workers reflects in large part, their accumulated value resulting from extensive work experience. Ongoing training and professional development costs are minimal but are not considered. Despite increasing evidence that older workers are more productive, and have fewer absences, there is no consideration given to the economic value or contribution of higher paid, older workers. Decision makers are focusing on the compensation cost and not the economic value of older workers.

Healthcare Benefits - Healthcare claims progress at a moderate pace in line with age. There are only modest differences in individual claims until age 50 and then again at age 65 when chronic condition care may be needed. Individual employers report that older employees actually cost less. (SHRM Magazine June 2008, p. 40)

Financial analysis focuses on healthcare costs by age group. Offsetting much of this seemingly higher cost is the fact that older workers are far more likely to carry individual or two-person coverage, rather than family or parent with children coverage. (BC Center on Aging and Work, Issue Brief 08, p.4) (Employer Health Benefits - 2006 Annual Survey, Kaiser Family Foundation, p.60) In addition, employers are increasingly reporting that older workers are in far better health than previously - a trend that will further mitigate health benefit costs. There are also indications that older workers are prepared to pay a higher proportion of healthcare premiums because of their strong need for coverage. (RJC Worker Survey - 2007)

Retirement Plan Costs - The cost of traditional defined benefit pension plans does increase with age and service length - this reflects the deliberate design objective of encouraging workers to remain long term. Regrettably, many employers now view the retention value of DB pensions as a liability rather than a benefit. Large numbers of DB pension plans have been terminated, frozen to new entrants or benefits frozen for current participants.

In fact, defined contribution (DC) retirement savings plans far outnumber DB pensions and DC plan costs are largely unrelated to age or length of service. The old "higher pension cost" argument is far less meaningful.

Paid Time Off - It's true that many employers provide more paid vacation to long service employees. This has bearing on current employees, but is irrelevant to newly hired older workers. The additional vacation days provided to long service and older workers is in part offset by the record for fewer absences and greater reliability.

The Big Economic Factor - All things considered, various reports indicate that older workers are 1% to 10% more costly than younger counterparts when accounting costs alone are considered. In it "Business Case for Workers Age 50+" prepared by Towers Perrin for AARP, the authors conclude that "The benefits of a stable workforce and avoiding turnover costs can exceed the incremental compensation and benefit costs for a 50+ worker."

Traditional accounting does not consider productivity, and costs avoided or reduced. Herein is the key to the economic justification for the retention and attraction of age 50+ workers - older workers are more productive, have lower turnover, stay with an employer considerably longer than younger individuals and possess the accumulated knowledge and skills of a lifetime. Analysis of the economic value and profit contribution of age 50+ workers produces a strong argument for the retention and recruitment of older workers. Focusing only on the costs result in an flawed outcome.