Executive Summary
Preparing for an Aging Workforce

SHRM®
SOCIETY FOR HUMAN
RESOURCE MANAGEMENT

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.

DEFINITION

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

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 policy-makers 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.

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.
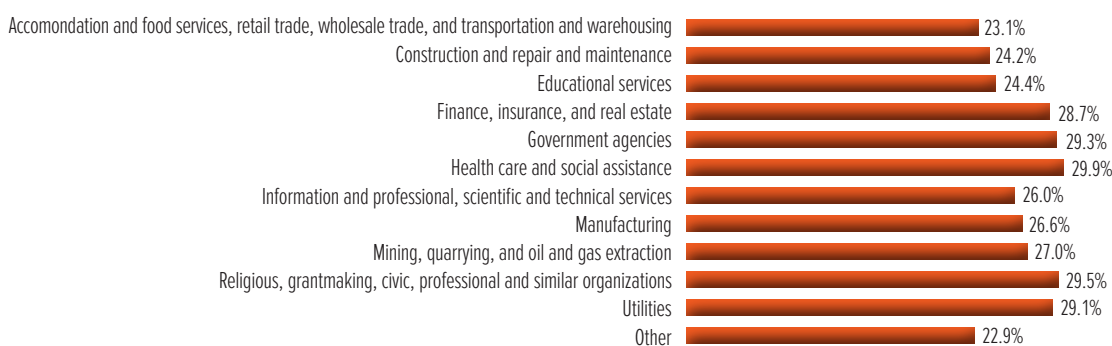
More than one-third of respondents (36%) indicated their organization was preparing for the projected increase in the proportion of older workers in the labor force by "beginning to examine internal policies and management practices to address this change." However, one-fifth (20%) of respondents reported 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.

Figure 1. Percentage of Older Workers, by Industry

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

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*

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

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?"

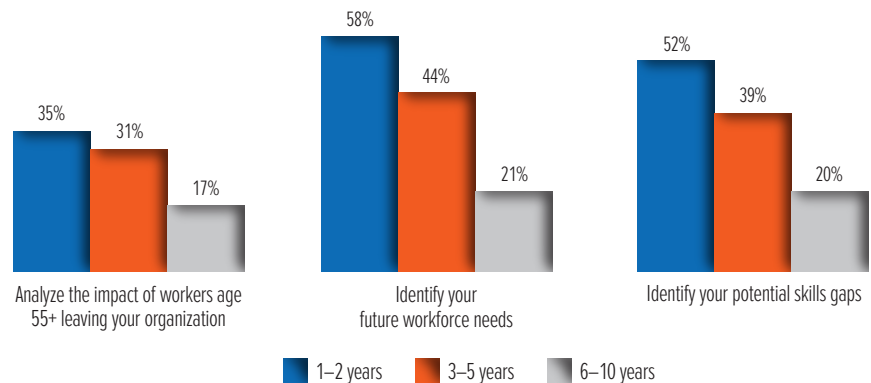Source: Executive Summary: Preparing for an Aging Workforce (SHRM, 2014)

DATA HIGHLIGHTS:
Recruitment and Retention of Older Workers

- **Do organizations track impending retirements?** One-half (50%) of HR professionals said their organization tracked the percentage of employees eligible to retire in the next 1 to 2 years and fewer beyond that time frame.

- **Do organizations have formal strategies for attracting and retaining older workers?** Very few organizations reported having a formal strategy for retaining (4%) and/or recruiting (3%) older workers.

- **What are the barriers to retaining older workers?** Flexibility in work location (47%), career flexibility (45%), work hour flexibility (44%) and work schedule flexibility (43%) were cited most frequently as factors that contribute to difficulties in retaining older workers. More than one-third of respondents who indicated it was "difficult" or "very difficult" for their organization to retain older workers compared with other workers cited their organization's inability to offer flexibility in type of employment (e.g., consultant work, temporary work, etc.) (38%) and/or benefits attractive to older workers (e.g., different health care benefits, wellness plans) (34%) as top challenges.

Figure 3. The Percentage of Organizations That Have Conducted a Strategic Workforce Planning* Assessment to...

Legend: ■ 1–2 years ■ 3–5 years ■ 6–10 years

	1–2 years	3–5 years	6–10 years
Analyze the impact of workers age 55+ leaving your organization	35%	31%	17%
Identify your future workforce needs	58%	44%	21%
Identify your potential skills gaps	52%	39%	20%

*Strategic workforce planning is a process used to ensure an organization takes into account the future loss of knowledge through employee resignations/retirements and the projected knowledge/personnel resources required to achieve the organization's goals.

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

Figure 4. Extent Increasing Age of Organization's Workforce Has Prompted Changes in...

	To a great extent	To some extent	To a small extent	Not at all
General management policy/practices	4%	24%	31%	41%
Retention practices	7%	26%	26%	42%
Recruiting practices	8%	27%	24%	41%

Note: n = 1,832-1,843. Respondents who indicated "Not applicable" were not included in the analysis. Percentages may not total 100% due to rounding.

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

just one-half of HR professionals indicated their organization tracked the percentage of employees eligible to retire in the next 1 to 2 years, and even fewer forecast workforce demographics beyond that time frame. As shown in Figure 3, about one-fifth or fewer of organizations have conducted workforce assessments around the loss of workers age 55 and older, identifying future workforce needs and potential skills gaps in the six-years-and-beyond time frame.

Overall, the findings suggest that many organizations may not be fully aware of the various ways these demographic shifts will influence their organizations.
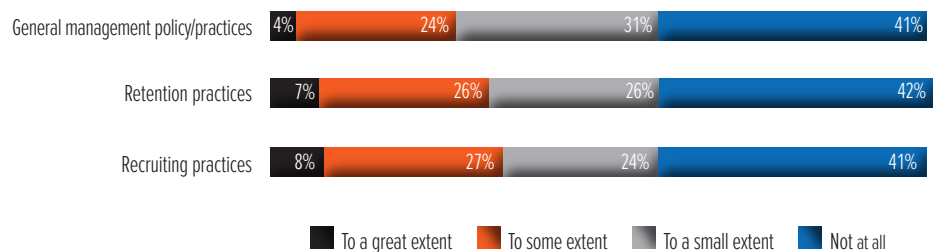
Recruiting and Retaining Older Workers

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

Figure 5. Recruiting Methods Used by Organizations to Directly Target Older Workers

Method	%
Employee referrals	33%
Networking	24%
Internet (e.g., websites geared toward older audience)	14%
Use of current older workers as recruiters	13%
Employment agencies	13%
Social media	12%
Temporary firms	11%
Executive search firms	8%
Specify older workers are welcome and are encouraged to apply	7%
Government-based employment programs	6%
Churches	4%
Other	3%
Recruit through local senior citizen community groups	2%
Older workers' job fairs	1%
Retirement communities	1%
Newsletters (e.g., AARP Bulletin)	3%
We do not actively recruit older workers	54%

Note: n = 1,074. Only respondents who indicated the increasing age of their organization's workforce had prompted changes in their recruiting practices were asked this question. Percentages do not total 100% due to multiple response options.

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

Figure 6. Difficulty Recruiting Older Workers Qualified for Positions Compared With Other Workers

	Extremely difficult/Difficult	Neither easy nor difficult	Easy/Extremely easy
Exempt older workers	17%	61%	21%
Nonexempt older workers	17%	59%	24%

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

Figure 7. Difficulty Retaining Older Workers Qualified for Positions Compared With Other Workers

	Extremely difficult/Difficult	Neither easy nor difficult	Easy/Extremely easy
Exempt older workers (n = 1,826)	9%	46%	45%
Nonexempt older workers (n = 1,804)	10%	48%	42%

Note: Percentages may not total 100% due to rounding.

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

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

My organization is unable to offer…

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

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

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

*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-

mented job shadowing. However, about one-fifth (19%) of respondents said their organization did not use any strategies to transfer knowledge from older workers to younger workers.

Looking ahead, more organizations may begin to try to capitalize on the skills and experience of older workers as demographic shifts begin to take effect. The good news is that the vast majority of respondents reported that employees in their organization were receptive to working with older workers (92%), learning from older workers (91%) and being mentored by an older worker(s) (86%) to "some" or "a great extent." With virtually none (1%-2%) of the respondents indicating that employees in their organization were "not at all" receptive to working with, learning from and being mentored by older workers, it seems that there is an overall awareness of the value of learning from older workers.

Conclusion and Implications for HR

HR professionals will be at the forefront of their organizations' efforts to meet the challenges and make the most of the opportunities accompanying an aging workforce. They must take the lead by helping their organizations prepare for a more demographically diverse workforce. The first step will be to learn as much as they can about how these demographic shifts are likely to affect their industry and organization. Simply determining what percentage of their workforce is age 55 or older and projecting how this proportion may evolve in the years ahead are a few basic data points every HR professional should know.

Convincing workers to delay retirement and stay in the workforce will be one important way that HR professionals will help their organizations deal with skills shortages in the years ahead. They must also convince managers and organizational leaders to support them in these efforts. By demonstrating the

benefits and opportunities of an aging workforce, HR professionals can help their organizations build a culture that supports and engages workers of all ages now and in the future.

Methodology

The 2014 SHRM Survey on Older Workers, conducted by the Society for Human Resource Management (SHRM) and sponsored by the Sloan Foundation, collected responses from 1,913 HR professionals. The purpose of this research was to investigate the current demographics of organizations and their views on how the demographic breakdown of their workforce is likely to change in the future in both their organizations and industries to determine what, if any, actions organizations are taking to prepare for an aging workforce, including recruiting and retention strategies to specifically target older workers; and identify the skills and experience HR professionals most value in older workers.

An e-mail including a link to the online survey was sent to 18,000 randomly selected SHRM members and 2,000 randomly selected SHRM members from government agencies. The survey was fielded from May through July 2014. During the data collection period, several e-mail reminders were sent, and a small incentive was offered to increase the response rate. Of the 20,000 e-mail invitations, 19,308 were successfully delivered, and 1,913 HR professionals responded, yielding a 10% response rate and a 2% margin of error.

About SHRM

Founded in 1948, the Society for Human Resource Management (SHRM) is the world's largest HR membership organization devoted to human resource management. Representing more than 275,000 members in over 160 countries, the Society is the leading provider of resources to serve the needs of HR professionals and advance the professional practice of human resource management. SHRM has more than 575 affiliated chapters within the United States and subsidiary offices in China, India and United Arab Emirates. Visit us at shrm.org. For more information about the SHRM/SHRM Foundation Older Workers initiative, visit www.shrm.org/surveys and www.shrmfoundation.org.

SHRM Online: shrm.org

SHRM Research: shrm.org/research

SHRM Survey Findings: shrm.org/surveys

SHRM Research on Twitter: @SHRM_Research

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SHRM Research on SHRM Connect:
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