

Innovative Work Models for Older Workers

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Due to large numbers of baby boomers and increased life expectancies, people over 65 will represent 20 percent of the United States population by 2030 (Committee for Economic Development, 1999). Today, a fifty-five-year-old male can expect to live another 23 years and a female of the same age, 27 years (National Center for Health Statistics, 2001; Public Health Service, 1996). Unlike their parents and grandparents, who often made full retirement a life goal, a recent survey of baby boomers revealed that 70 percent of them expect to continue to work at least part-time after retirement (AARP, 1998).

Because the baby boomers are reaching traditional retirement ages at the same time that the United States is faced with a severe shortage of skilled and experienced labor, these economic, social, and demographic changes would seem to support the development of innovative programs to employ older workers. However, extensive research reveals that few organizations actually have programs in place that capitalize on the advantages of retaining or hiring older workers.

American businesses do not yet regard the aging of the workforce as a compelling business issue. This lack of concern is further indicated by the small number of companies that have implemented programs or policies that could help employers fully utilize older employees. (AARP, 2000)

Most retirees who want or need to work have found it necessary to seek their own solutions. Typically, these jobs have taken the form of underemployment in low-level part-time service industries, like McDonald's, where 7% of the workforce is age sixty or older; seasonal employment; occasional consultant projects; or short-term placements through temporary work agencies.

Stereotypes about age still have considerable influence on workplace decisions. In a national survey, finding and keeping skilled employees was identified as the most important issue for human resource managers. They scored this item 8.9 on a 10-point scale. In the same survey, the respondents perceived older workers as having all but one of the top seven most desirable employee qualities. Older workers were identified as functioning well in a crisis; loyal; solid performers; experienced; having basic skills in

reading, writing, and arithmetic; and possessing the ability to get along with coworkers. The only negative characteristic associated with older workers was their willingness to be flexible about performing different tasks, which scored a low mean rating of 4.5 (AARP, 2000).

"Age Works" author Beverly Goldberg warns corporate America that they must change their attitudes toward older workers or face the consequences of a shortage of skilled labor.

As early as 2005, when some boomers begin retiring early, a sharp increase in the number of workers over 55 will be needed to maintain the percentage of the population that is employed. A lot of companies will have to scramble to retain or hire older workers, many of whom are sitting atop of fat 401(k) accounts. Money alone will not lure them. An adjustment in corporate attitudes may be necessary. (Brock, 1999)

In addition, rigid government and organizational policies do not offer enough flexibility for innovative employment plans for older workers. Recently, Social Security liberalized restrictions to allow older workers to keep more of their income without docking their benefits. However, the IRS prohibits pension distributions to individuals who continue to work but have not reached traditional normal retirement ages (Watson Wyatt, 1999). So, a 55 year-old worker cannot retire gradually by reducing work hours and supplementing his/her income with pension benefits from the same employer, even if he or she has worked sufficient years to be eligible for the pension. For example, a recent early retirement plan offered to Massachusetts public school teachers with 30 or more years of service does not allow them to take substitute teaching assignments within the state public school system. So, the most qualified people in the state can not work as substitute teachers. In addition, many organizations have retirement plans that calculate retirement benefits based on an employee's last 3 years of employment. So, employees who reduce their work hours also can lose pension benefits.

The few organizations that do have successful programs designed to capitalize on the strengths and advantages of older workers seem to share some common characteristics:

- Top management support
- Identification of their own organizational barriers
- Willingness to eliminate these barriers
- Flexibility
- Appreciation of the contributions of older workers

The Aerospace Corporation and Vita Needle are examples of two very different types of organizations that have successfully utilized the talents of older workers. The former is a \$186 million a year corporation that employs over 3,000 employees, mostly highly educated scientists and engineers, to conduct government research. The latter is a small privately held manufacturer with 35 employees, located in a second-floor former theater. The Aerospace Corporation has a well-developed phased retirement program that allows the organization to retain the skills of a technical workforce. The Vita Needle Company simply values the contributions of older workers and has structured its operations around the needs of its older workforce.

THE AEROSPACE CORPORATION

Although individuals have always had the option of finding part-time or contract work to "bridge the gap" between full-time employment and retirement, few companies have instituted and maintained formalized phased retirement programs for their own employees. A notable exception is The Aerospace Corporation, El Segundo, CA, an independent nonprofit organization that receives yearly contracts that exceed \$400 million in federally funded research.

The Aerospace Corporation was founded in 1960 at the request of the then Secretary of the Air Force. The organizational mission is to provide engineering services "objective technical analyses and assessments for space programs ... [by operating] a federally funded research and development center (FFRDC) sponsored by the Department of Defense" (1999 Annual Report). The Department of Defense has identified five core competencies for The Aerospace Corporation: space launch certification; system-of-systems engineering, systems development and acquisition, process implementation, and technology application. Organized in a matrix structure, the heart of the \$186 million corporation is the technical knowledge and expertise of its highly educated and skilled 3,000+ workforce. Consequently, it is to The Aerospace Corporation's advantage to retain this institutional memory on long-term projects.

This corporation has a "Retirement Transition Program" that offers its highly skilled technical employees four options: preretirement leaves of absence, part-time status in preparation for retirement, postretirement employment on a consulting basis, and postretirement employment on a "casual basis." The latter category is the most popular program. As a casual employee, the corporation's retirees can work in this phased retirement program up to 999 hours per year and still maintain their full pension benefits. Over 300 employees, 80 percent of them employed as engineers or scientists, take advantage of this program each year. In an interview on Good Morning America, Shirley McCarty, a participant in the plan, described it as a way to keep your "identity and self-esteem" (Good Morning America, February 8, 2000).

VITA NEEDLE

Innovative programs that utilize the talents and skills of older workers need not be limited to large organizations. Vita Needle, Needham, MA, is a manufacturer of stainless steel tubing and needles that has a reputation for quality and service and a policy of hiring primarily older workers. The average age of Vita Needle's 33 employees is 73 years. The oldest employee is 89 years old. The president, Fred Hartman, in an interview with Tom Brokaw for NBC Nightly News, said that he actively recruits older workers to assemble small metal components by hand because they are "extremely conscientious employees: loyal, dedicated, aware of quality requirements and very reliable."

Founded in 1932 by the current president's great-grandfather, Oscar E. Nutter, a 68 year-old retiree from the textile industry, the company originally manufactured reusable medical needles, but these product lines now account for less than 20 percent of the business. Responding to the changing needs of a marketplace for disposable needles, Vita Needle expanded its product lines. The company now has more than 1,000 customers who use its products in medicine, sports equipment, and even the body-piercing business. The company produces some of the smallest needles in the world for eye surgery, most of the inflating

needles for U.S. basketball manufacturers, and supplies 90 percent of the golf pro shops with needles used to inject solvent under golf club grips for repair and replacement. Stainless steel tube and wire products now make up 60-70 percent of the current sales. With yearly sales of \$4 million, annual growth has averaged 20 percent over the past 5 years.

The Vita Needle Company's management practices illustrate how even a small business can simultaneously meet the employees' needs and its production and profit goals by utilizing flexible schedules and policies. Hartman allows his employees to work the ultimate in flextime. Each employee has a key to the factory and can start and finish work at any hour. It is common for workers to be on the job before 5 a.m. The first one in turns up the heat, and the last person who leaves is expected to put out the lights. Most workers put in 15 to 40 hours per week.

Rather than take advantage of such freedom, the production workers are so reliable and focused on quality that the company features them as a competitive advantage in its brochure. They are described as a "mature team of New England craftspeople (2/3 over age 70) with extraordinary attention to detail." Personnel costs are lower because the workers already have medical benefits through Medicare, do not need to take time off for child care needs, and have low turnover rates.

Employees join the company after retirement from careers such as nursing, engineering, and baking - one was even a circus performer. Some are there because they find Social Security and pension benefits inadequate and others because they find retirement boring and lonely. Hartman says it best, "There is a huge benefit to be gained from the experience, the values, [the] loyalty, and the dedication to quality that senior citizens bring to the workplace. We profit from it and so do our customers" (Thomas's Register Trendletter, 1999).

These two organizations illustrate that win-win solutions can be developed when there is an appreciation for the contributions of older workers. As the baby boomers moved through the stages of their lifetimes, their sheer numbers changed so many aspects of American society. As they move to retirement age, perhaps they will be the driving force that improves job opportunities for older workers.