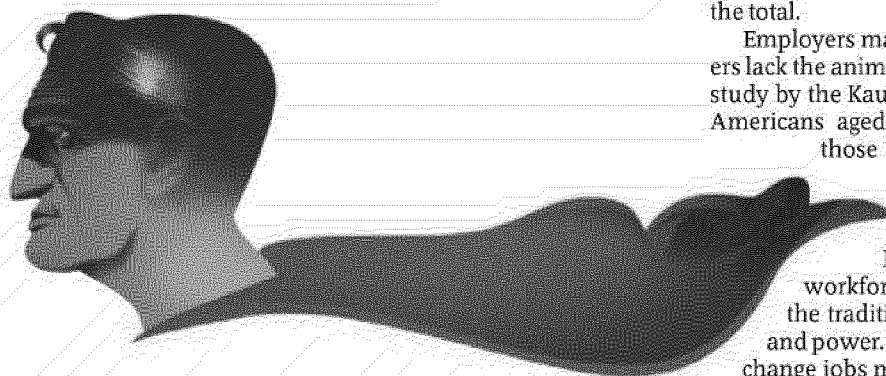


Schumpeter | Age shall not wither them

Companies should start seeing older workers as assets rather than liabilities



THE National Rural Electric Co-operative Association (NRECA) does not have the same ring to it as Google or Facebook. But in its own humble way the NRECA, based in Virginia, is helping to shape the future. It is a pioneer in coping with one of the biggest challenges facing business: managing older workers. It lets employees work flexible hours and telecommute up to three days a week. It gives them health checks and advice on managing stress, and regularly has ceremonies to congratulate long-serving staff. More than a third of its workers are over 50 and the average employee has been with the company almost 12 years.

Employers in the rich world have no choice but to learn how to deal with an ageing workforce, as the baby-boom generation gets older and life expectancies increase. Yet many are petrified of the changes. The Sloan Centre on Ageing and Work at Boston College found in a survey that 40% of employers worry that the ageing of the workforce will have a negative or very negative impact on their business. A survey last year by two British management institutes found that only 14% of managers think that their workplaces are prepared to cope with the greying of the workforce.

Peter Cappelli of the University of Pennsylvania's Wharton business school and Bill Novelli, a former boss of the AARP, America's indomitable grey-power lobby, delivered a powerful counterblast to such pessimism in a recent book, "Managing the Older Worker". Not only do older workers nowadays want to go on working. They bring all sorts of benefits. They possess decades' worth of formal and informal knowledge, which risks being lost as the baby-boomers retire, creating an epidemic of skills shortages in aerospace, energy and health care. More often than not they are the repositories of a company's core values.

But don't older people bring lots of problems, too? Literature is full of examples of difficult-to-manage older people, from Shakespeare's King Lear to Charles Dickens's Jeremiah Flintwinch. However, today's oldies are in far better shape than those of earlier generations. If Mick Jagger and Keith Richards can go on touring into their late 60s, their contemporaries can at least be trusted with a desk and a computer. People's muscles do weaken with age. But few jobs require brawn these days: in America 46% of jobs make almost no physical demands on workers, reckons the Urban Institute, a think-tank. Some older workers are reluctant to embrace new technology (though that surely does not apply to Bill Gates and Steve Jobs, both in their mid-50s). But they make up

for this in different ways. Studies suggest that older workers are better at jobs that require personal skills, a growing proportion of the total.

Employers may be mistaken if they assume that older workers lack the animal spirits to make a go of new ventures. A recent study by the Kauffman Foundation, a research body, found that Americans aged 55-64 have launched more businesses than those aged 20-34 in every year since 1996. Conscientiousness also tends to rise with age: older workers have lower levels of absenteeism than younger colleagues.

None of this means that adjusting to an ageing workforce will be easy. Companies will need to rethink the traditional career ladder that linked seniority to pay and power. This is proving easier in America, where people change jobs more often. But it still has a long way to go elsewhere in the world, especially in Europe, where people tend to cling to their jobs, and in hierarchical East Asian societies. The biggest barrier to change is psychological: young high-flyers find it hard to manage older workers, and older curmudgeons resent being bossed about by whippersnappers. Almost 90% of employers worry about hiring older workers because of such conflicts. Companies need to think harder about training high-flyers to manage their seniors. America's armed forces are ahead of the game here. The West Point military academy and the Marine Corps already have programmes to teach officer cadets how to work with older sergeants.

Sages and mentors

Companies also need to think harder about providing satisfying careers for older workers. Three techniques are already proving successful. The first is to treat them as mentors. Westpac, an Australian bank, has dubbed some older staff "sages" and asked them to codify the company's informal knowledge. The second is to recognise that they respond to different incentives: they may be less interested in money and promotion and more concerned with flexibility.

The third is to treat retirement as a process rather than a sudden event. Some employers offer older workers "bridge jobs" between full-time work and retirement. Mercy Health Systems gives them seasonal jobs that allow them to take long periods of leave without losing their benefits. They are also treating recently retired staff as a just-in-time workforce that can be used to cope with surges in demand or to fill in for absent colleagues. Northrop Grumman, a giant defence contractor, re-employs retired workers to teach new recruits about the company while Union Carbide, a chemicals company, asks retired executives to guide younger managers.

The nightmare that haunts many companies is that older workers spell rigidity. They will trap companies in the past and prevent them from riding the next wave of innovation. But this will be a problem only if companies let it be. Businesses cannot change long-term demographic trends. But they can change the way that they cope with those trends. If they refuse to rethink their hallowed practices, they might easily see the ageing workforce becoming a trap; but if they rethink those practices, as pioneers like the NRECA have done, they could turn older workers into the very model of a modern workforce. ■

