The benchmark study: Summary report

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THE BENCHMARK STUDY: SUMMARY REPORT
PHASE I OF THE NATIONAL STUDY OF BUSINESS STRATEGY AND WORKFORCE DEVELOPMENT

by Marcie Pitt-Catsouphes, Ph.D., Katherine Kane, Michael A. Smyer, Ph.D., and Ce Shen, Ph.D.*

Introduction

The aging of the workforce may well be one of the most significant changes at the workplace during this first decade of the 21st century.   In fact, this demographic shift in the labor force has become a "hot topic."

- At the December 2005 White House Conference on Aging, the employment of older workers emerged as one of the priority issues (ranked by the delegates just below the need for Social Security reform).

- Baby Boomers born in 1946 (the oldest members of this generation) turned 60 in 2006. The media has paid significant attention to this birthday. Numerous headlines about older workers have appeared in *The New York Times, The Wall Street Journal, Business Week, The Economist*, and other media of interest to business decision-makers.

But, how ready are U.S. employers?

In general, U.S. workplaces are just beginning to evaluate how the aging of the workforce might affect their operations. For example, Ernst & Young (2006) recently found that over 85% of the HR executives who responded to their survey reported that they have no formal programs in place to respond to the aging of the workforce. Workplaces are at the beginning of the learning curve with regard to today's age demographics. This is the reality, even at some of the workplaces which anticipate that significant percentages of their workforce may retire in the next 5 years and at some of the companies well recognized for their human capital investment strategies.

This report summarizes selected findings of Phase I: The Benchmark Study.[1]

In this Report
1. What are the key characteristics of the Benchmark organizations?
2. Are Benchmark employers getting ready to assess how the aging of the workforce might affect their organizations?
3. Do Benchmark organizations view age diversity as important?
4. What are the top HR challenges at Benchmark organizations?
5. How do respondents from Benchmark organizations view the advantages of a multi-generational workforce?
6. What employee policies/benefits are available at Benchmark organizations?
7. How do respondents view the cultures at Benchmark organizations?
8. What strategic priorities are important to Benchmark organizations?
9. What pressures and challenges are confronting Benchmark organizations?
10. What are some of the opportunities and challenges facing the Benchmark organizations?

1 The Phase II Summary report will be published Summer 2007.

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The National Study of Business Strategy and Workforce Development

The Center on Aging & Work/Workplace Flexibility at Boston College designed the National Study of Business Strategy and Workforce Development to answer several important questions:

- Are employers considering *if* and *how* the aging of their workforce might affect business operations?
- What are employers doing to recruit, engage, and retain talented employees at different career stages?
- Do employers see relationships between their key business strategies and different approaches to talent management, including the inclusion of late career employees?

The National Study of Business Strategy and Workforce Development has been implemented in two phases:

Phase I is the "The Benchmark Study." We invited two groups of employers to participate in the study: those who had been recognized as "early adaptors" to the changing age demographics of the workforce, and those who had identified the aging of the workforce as a priority issue for their organizations (whether or not their organizations had taken any specific steps to respond).

The names of employers appropriate for Phase I were obtained from three purposive samples: employers recognized by AARP as "Best Employers for Employees 50 and Older,"[2] members of the Center's Sloan Employer Network Informing Organizational Response (SENIOR Advisors to the Center on Aging and Work),[3] and members of the Work & Family Roundtable at Boston College – an association which had identified the aging of the workforce as one of its top three strategic issues.[4] Organizations in these elite groups can offer insights about thought-leadership at the workplace about the aging of the workforce; and, they can help to articulate emergent benchmarking standards.

Phase II is the "National Study." Approximately 500 U.S. businesses with 50 or more employees will be invited to participate in Phase II of the National Study of Business Strategy and Workforce Development. Phase II data collection will be completed in Spring 2007.

1. What are some of the key characteristics of the Benchmark organizations?

A total of 136 "leading edge" workplaces were invited to participate in Phase I: The Benchmark Study. Representatives from twenty-five organizations provided information, for a response rate of 18 percent.

Readers of this report should keep two things in mind when reviewing the contents of this summary report.

First, the respondent organizations were selected specifically for this study. They are among the cutting-edge organizations in the area of aging and work. Therefore, the organizations described in this report are not "typical" workplaces.

Second, the size of this sample is relatively small. The findings are similar to insights that might be gained from case studies.
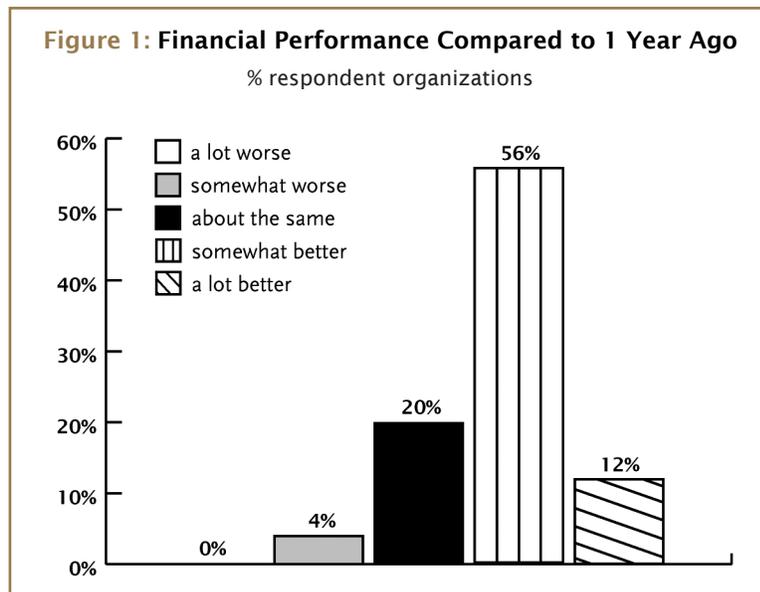
- The "average" respondent organization is a **for-profit** business with 28,633 (mean) employees (ranging from 456 to 148,000 employees).

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2 For information about the AARP's Best Employers for Employees 50 Years and Older, see: http://www.aarp.org/money/careers/employerresourcecenter/bestemployers. AARP recognizes employers in the nonprofit as well as the for-profit sector. Therefore, some of the organizations that participated in Phase I of the study were non-profit organizations.

3 For information about the Sloan Employer Network Informing Organizational Response, see: http://agingandwork.bc.edu/template_advisors

4 For information about the Boston College Work & Family Roundtable see: http://www.bc.edu/centers/cwf/rt/

- The respondent organizations are affiliated with a range of industry groups, with the largest numbers of respondents in **health care/social assistance, professional/scientific/technical services, and manufacturing**.

- The respondent organizations are "established" organizations, all of whom were **founded 11 or more years ago**.

- They report having **positive financial circumstances**. As noted in Figure 1, 68% of the Benchmark organizations indicated that their financial performance is either "somewhat" or "a lot" better than one year ago.

Figure 1: Financial Performance Compared to 1 Year Ago
% respondent organizations

Legend:
- a lot worse
- somewhat worse
- about the same
- somewhat better
- a lot better

- a lot worse: 0%
- somewhat worse: 4%
- about the same: 20%
- somewhat better: 56%
- a lot better: 12%

- Nearly two-thirds (64%) of the organizations experienced **growth in the size of their workforces** compared to a year ago. At the same time, approximately half (46%) indicated that they had experienced downsizing to a "limited" or "moderate" extent.[5]

- Of the respondent organizations, 61% are **multi-national**, reporting that they have worksites outside of the U.S.

The following list outlines the "typical" profile of the workforces of organizations that participated in the Benchmark study:

- Approximately three-fourths (72%) of the employees are full-time employees (mean). Half of the workplaces (median) reported that 90% of their employees are full-time.

- Almost half (47%) of the employees are women.

- One-fourth (26%) of the employees are members of a racial/ethnic minority group.

- About one-third (37%) of the employees at the respondent workplaces are 40 years of age or older.

- One-tenth (9%) of the employees are managers.

- One-fifth (22%) of the employees are professional or technical employees, but a significant proportion (44%) reported that they had no professional or technical employees.

- On average, employees working for the respondent organizations have a 12-year employment tenure at that organization.

More than half of the respondents indicated that their organizations had experienced **an increase in the percentage of their employees who are members of a racial/ethnic minority** and **an increase in the percentage of workers between the ages of 55 – 65 years** when compared to one year ago.

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5 This finding indicates that businesses can expand the overall size of their workforces at the same time when they might be laying off workers in specific departments or divisions.

3

➲ **Discussion:** The Benchmark organizations can be viewed as explorers on one of the frontiers of the 21st century workplace. These organizations are early *adapters* to the aging of the workforce and early *adopters* of innovative practices.

Public health professionals often look for examples of early adopters of effective health behaviors that result in positive outcomes. Early adopters are often those who have the vision and courage to be different from the average.
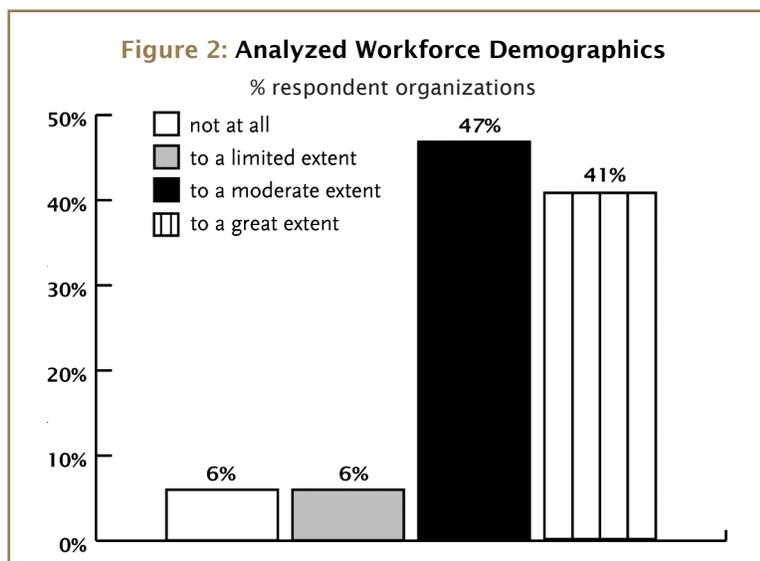
It has been observed, "Without deviation from the norm, there can be no progress."[6] Therefore, we celebrate the "positive deviance" of the Benchmark organizations.

2. Are Benchmark employers getting ready to assess how the aging of the workforce might affect their organizations?

Organizations often take action steps to bolster their readiness for possible changes that seem to be on the horizon. One of the purposes of the study was to find out the extent to which the aging of the workforce is on the radar screen of the Benchmark organizations. Examples of readiness action steps taken to respond to the aging of the workforce include: analyzing workforce demographics, examining the projected retirement rates for current older workers, and assessing employees' career preferences and plans.

Since we invited organizations that had demonstrated an awareness of and interest in the aging of the workforce, it is not surprising that, in general, these leading-edge employers have indeed taken steps so that they are prepared for this demographic shift.

■ As suggested by Figure 2, approximately 9 of every 10 of the respondent organizations have analyzed the demographic make-up of their workforces, to a "moderate" (47%) or "great" (41%) extent.

Figure 2: Analyzed Workforce Demographics

% respondent organizations

- □ not at all
- ▨ to a limited extent
- ■ to a moderate extent
- ▥ to a great extent

Category	%
not at all	6%
to a limited extent	6%
to a moderate extent	47%
to a great extent	41%

■ Of the respondents, 76% indicated that their organizations had made projections about the expected retirement rates of their workers (to a "moderate" or "great" extent). On average, the retirement age of employees working at the Benchmark organizations is 63 years. The respondents stated that they expect that 16% of their employees will retire over the next 4 years (by 2010).

■ Of the Benchmark employers, 65% indicated that they had assessed their employees' career plans and work preferences, to a "moderate" or "great" extent.

6 Quote attributed to Frank Zappa - a Baby Boomer himself!

Discussions about the aging of the workforce often focus on "older workers" (regardless of how the term "older workers" is defined). However, changes in the number of today's and tomorrow's older workers are only part of the equation of the multi-generational workforce.

Consider the situations of two organizations, each of which have high percentages of older workers who are in critical positions and who are likely to retire. In Organization 1, the employer expects that a sufficient number of early- and mid-career employees are "in the pipeline" so that they can assume the responsibilities of the older workers who are anticipated to retire. However, in Organization 2, there is an inadequate supply of early- and mid-career employees for at least some of the positions that may be vacated by retiring older workers.

◑ **Discussion:** Employers interested in the aging of the workforce might initially focus on the career preferences of workers in their late career stages; however, it may be advantageous to compare the career plans of older workers with the career trajectories of employees who are either in early or mid-career stages.

3. How do Benchmark organizations view age diversity?

Employers' efforts to recruit, retain and engage, and promote employees – regardless of their career stage – provide some insights into the extent to which they value age diversity.

Efforts to Recruit: When organizations hire new employees, they have opportunities to select individuals who bring a range of diverse talents, experiences, and perspectives that could help the organization meet its current and anticipated human capital needs.

■ As noted in Figure 3 below, nearly two-thirds (61%) of the Benchmark organizations indicated that their organizations had adopted practices related to age diversity "to a great extent." However, the respondents to the Benchmark Study were more likely to indicate that their organizations had adopted practices related to the recruitment of both men and women and the recruitment of employees with diverse cultural backgrounds "to a great extent" than age diversity.

Figure 3: Recruitment and Diversity
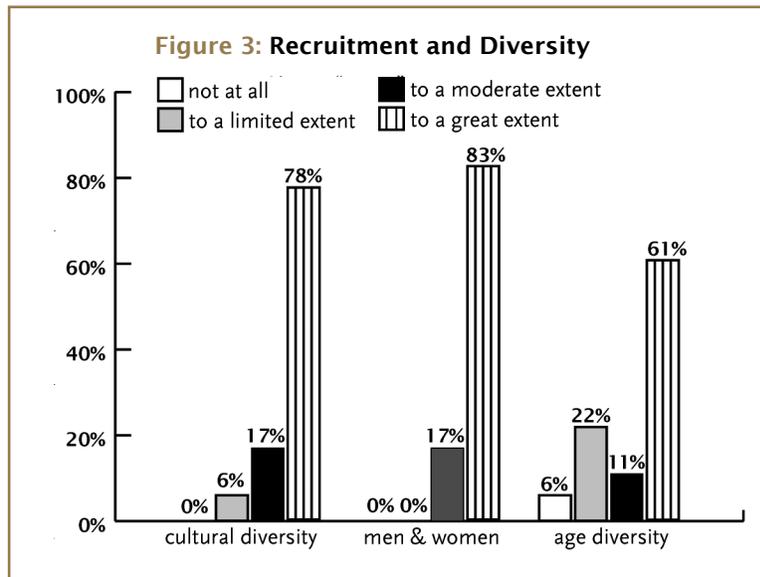
■ Half (53%) of the participants in the study felt that it was "*not* true" that their organizations are reluctant to hire older workers.[7]

7   Scale of 1 to 4, 1 = not true and 4 = true; 53% say 1 or 2.

Recent research conducted by Lahey (2005) indicates that older workers with comparable skills and backgrounds find it more difficult to obtain job interviews than younger workers. Benchmark companies which are *not* more reluctant to hire older workers than younger workers may be atypical with regard to these attitudes.

Employers experiencing tight labor markets might want to explore whether positive attitudes about hiring older workers could help them to address recruitment challenges.

Efforts to Retain and Engage: Recruitment is, of course, just one strategy for maintaining diversity at the workplace. Employers also need to consider how they might encourage diverse groups of valued employees to remain with the organization – rather than going to work for a competitor.

- The Benchmark employers indicated that they are more than twice as likely to encourage ("to a moderate/great extent") early career employees to remain with their organizations than late career employees.

Figure 4: Encouraging Employees to Remain with the Organization

% to a "moderate/great" extent

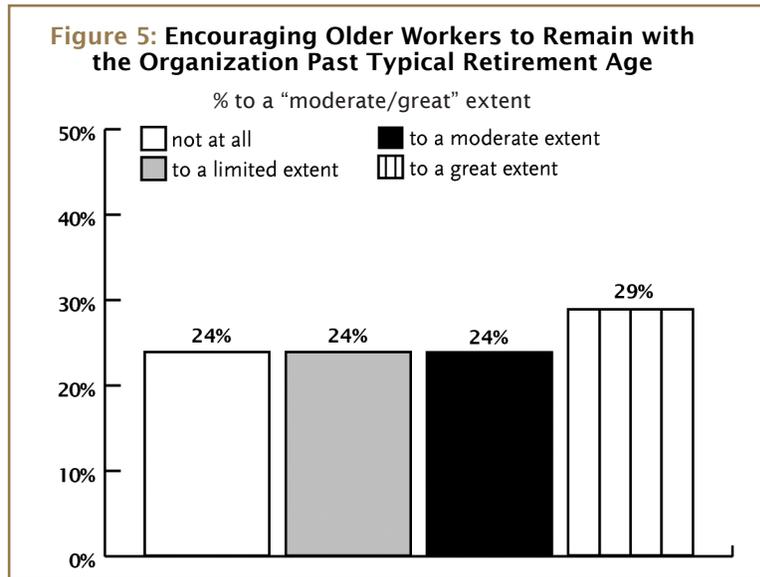- early career: 65%
- mid career: 35%
- late career: 29%
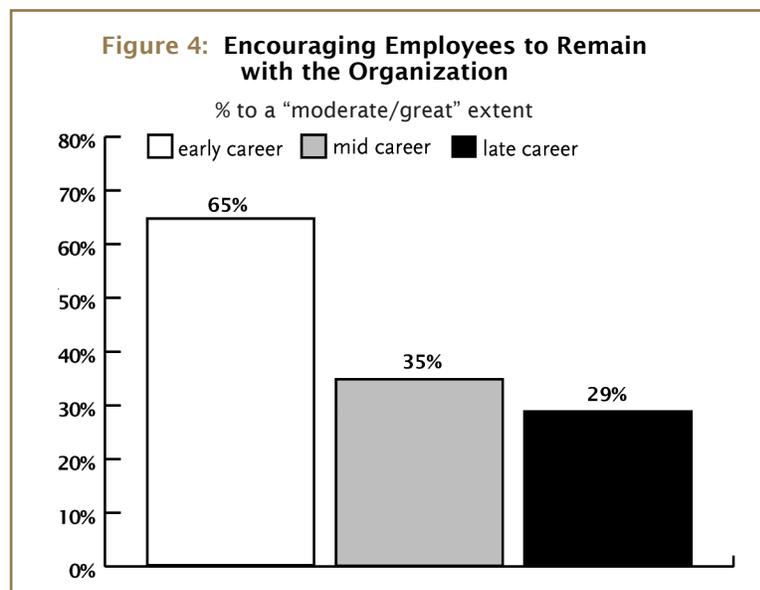
The Benchmark organizations have adopted a range of strategies to create work environments that value and respect employees at all stages of their careers.

- All of the respondents indicated that it is "true" that their organizations provide relevant training so that employees at all stages of their career can develop new areas of expertise.[8]
- A majority of the respondents to the Benchmark Study reported that their organizations have increased training and cross-training for employees at all stages of their careers, but they were more likely to indicate that their organizations have done this "to a great extent" for employees in their early-career stages (77%) and mid-career stages (71%) than for those in late-careers (59%).
- Approximately three-fourths of the Benchmark organizations reported that they offer career counseling to their employees, with 80% reporting that they provide this to early- and mid-career employees and 73.3% for late-career employees. Similarly, most of the respondents (4 out of 5) stated that employees have access to mentoring (80% for early- and mid-career employees and 66% for late-career employees).
- Two-thirds (69%) of the Benchmark organizations offer training to supervisors so that they can provide career advice to employees at different stages of their careers.

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8   Scale of 1 to 4, 1 = not true and 4 = true. 40% responded with a "3" and 60% with a "4".

- About half (53%) of the Benchmark organizations reported that they had, to a "moderate" or "great extent," adopted strategies to encourage late career employees to work past the normal retirement age.

Figure 5: Encouraging Older Workers to Remain with the Organization Past Typical Retirement Age

% to a "moderate/great" extent

Legend:
- □ not at all
- ▨ to a limited extent
- ■ to a moderate extent
- ▥ to a great extent

Values: not at all 24%, to a limited extent 24%, to a moderate extent 24%, to a great extent 29%

- A majority (82%) of the Benchmark organizations indicated that it would be likely/very likely that their employees at all stages of their careers could move to other positions within the organization. That is, only 18% stated it was "very unlikely/unlikely" that employees would be seriously considered for lateral moves or transfers at all stages of their careers.

- However, 41% of the respondents reported that it is "very unlikely/unlikely" for employees to be seriously considered for a career change – at all stages of their careers - even to positions with less responsibility and less compensation.

Efforts to Promote: Promotions create opportunities for the renewal of the employer-employee contract, reaffirming their commitment to each other.

- The Benchmark employers (56%) were *less* likely to report that it was important "to a moderate and great extent" at their organizations to promote employees of diverse ages than to promote employees with diverse cultural backgrounds (61%) or to promote men and women (71%).

- Of respondents, 77% from the Benchmark organizations felt that it was "likely/very likely" that employees at all stages of their careers would be considered for promotions.

Where is the emphasis?

Many organizations have adopted value statements that include different employee groups under the diversity umbrella.

The findings of the Benchmark Study suggest that, to date, these organizations may have focused more attention on the equitable recruitment and promotion of men and women and employees with diverse racial/ethnic backgrounds than employees of diverse ages.

If the locus of responsibility for responding to the aging of the workforce is, at least partially, assigned to a diversity department, it could be important for the departmental decision-makers to think about the extent to which "age diversity" is viewed as a priority.

➲ **Discussion:** Over the past two decades, employers and employees have adjusted to new expectations that employees may change jobs - and even careers - multiple times over the course of their lives. Employers who are willing to consider requests made by employees who are in late-careers stages (as well as those in early- and mid-career) for job shifts that entail career changes may be able to tap into new energy and engagement of valued employees.

Most employers will make commitment to age diversity and a multi-generational workforce only if they perceive that there are business reasons for such an initiative. In essence, employers will want to be convinced that a multi-generational workforce could strengthen the organization's human capital and/or address important challenges facing the organization.

4. What are the top HR challenges at Benchmark organizations?

We asked the Benchmark employers about the extent to which they were experiencing different human resource challenges, including: recruiting competent job applicants, employees' performance, employees' limited commitment to excellence, absenteeism, responding to employees' family needs, being able to offer competitive pay and benefits, employees' loyalty to the company, morale, providing effective supervision, encouraging early career employees to remain with the organization, encouraging mid career employees to remain with the organization, encouraging late career employees to remain with the organization, unwanted turnover, knowledge transfer from experienced employees to less experienced employees, compliance with OSHA regulations, compliance with EEO regulations, compliance with ADA regulations, and compliance with ADEA regulations.

Figure 6 below provides information about the challenges experienced "to a moderate/great extent" by one-third or more of the respondents.

Figure 6: HR Challenges Experienced by Benchmark Employers
% to a "moderate/great" extent
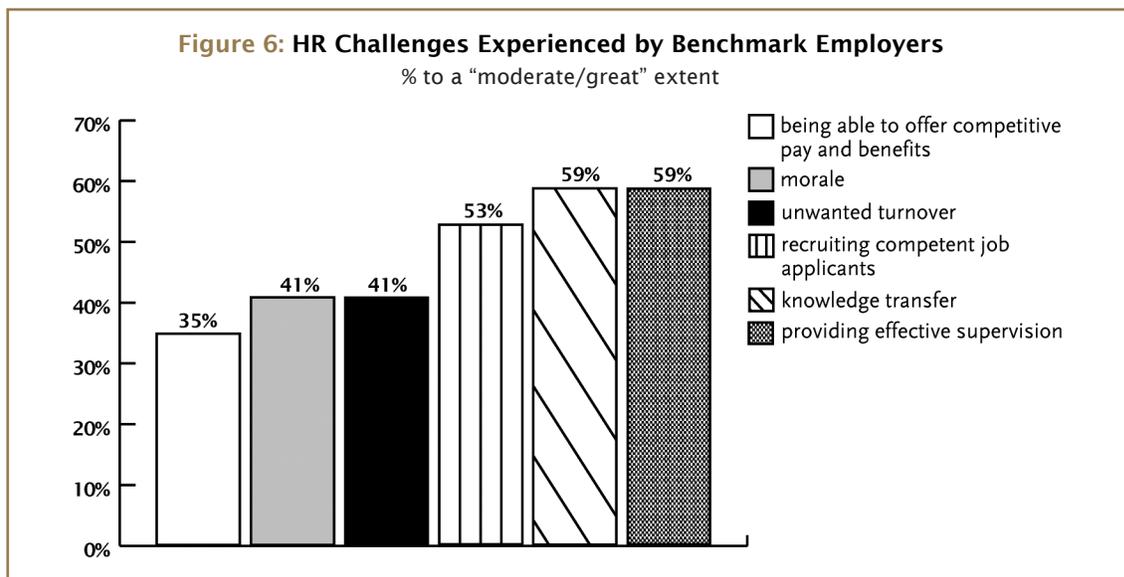
Recruitment was among the top five HR challenges noted by the Benchmark organizations. Recruitment problems often become visible at the workplace, in part, because work disruptions can be observed, and, in part, because most organizations know the direct and indirect costs association with replacing employees.

- The Benchmark organizations estimated that, on average, it costs $41,500 to replace an employee.
- Despite the fact that over half of the Benchmark organizations reported that knowledge transfer is a challenge, 41% had either not developed processes to transfer institutional memory/knowledge at all or had only developed these processes "to a limited extent."

Oftentimes, talent shortages are linked to specific sets of competencies needed by the organization.

- The respondents indicated that their organizations face skills gaps associated with the following competencies: management skills (33%), administrative support skills (28%), human resource skills (22%), finance skills (22%), technical computer skills (22%), and basic literacy (writing and math) (22%).

> Employers may want to consider how age diversity – as well as other talent management strategies – might help them to address their top HR challenges such as unwanted turnover, recruitment, knowledge transfer, providing effective supervision as well as gaps in specific types of employee skills & competencies.

Employee grievances and complaints are a special category of HR challenges.

- Of the respondents, 75% indicated that grievances regarding sex, racial/ethnic or religious discrimination had been filed at their organizations during the past year, and 27% indicated that grievances regarding age discrimination had been filed.

- **Discussion:** Some organizations may find that age diversity – including the full engagement of older workers – may strengthen their human capital strategies and help them to address human resource challenges.

5. What do respondents from Benchmark organizations identify as the advantages of a multi-generational workforce?

Organizations that truly "value diversity" feel that workforce diversity can result in tangible benefits to organizations. They also believe that the benefits of diversity far exceed any challenges associated with the differences when it is managed in a thoughtful manner.

The Benchmark Study gathered information about employers' perceptions of age diversity at the workplace. For the study's purposes, we decided to use the designation of *career stages* rather than *age*, emphasizing employees' experience and competence levels. We recognize, of course, that there can be important differences between "age" and "career stage." As one of the respondents observed:

> *"[Age of employees in different career stages] will vary depending on age when employee enters the … workforce. If 55 and one year of service, an employee could be in their early career…We use scope and depth of experiences…to determine if [position title] is entry, mid or high level…"*
> **Comments of a Survey Respondent**

We asked the respondents two sets of questions:

1. How would they define early-career, mid-career, and late-career employees?
2. What are the perceived advantages and challenges associated with the diverse populations of early-career, mid-career, and late -career employees?

Definitions: **Early-Career, Mid-Career, and Late-Career**

The respondents to the Benchmark Study provided helpful guidance about ways to define employees at early-, mid-, and late-career stages.

Early-Career

- Average age range: 21-31 years.
- Respondents' comments included: "New in the business..." "Young. Just out of college." "Either right out of undergraduate/graduate school, maximum of 1-3 years experience, worked for no more than 1 employer, seeking an entry level position." "Still exploring interests and where they fit best. Using newly acquired skills in the workforce for the first time."

Mid-Career

- Average age range: 31-48 years.
- Respondents' comments included: "At least a decade in the business." "Family responsibilities." "Solid 8+ years experience. 1-2 employers. Functional expertise with movement towards general management or higher level … responsibility." "Established and confident in their field. Have several years of experience in a specialized area and are making contributions to their field..."

Late-Career

- Average age range: 50-70 years.
- Respondents' comments included: "Peaked in career opportunities…" "Years of valuable experienced in their field and their company. Holders of valuable knowledge and insights. Are getting ready to hand over the reins."

Advantages & Challenges: Early-Career, Mid-Career and Late-Career Employees

Employers across the country have long recognized the advantages of ethnic and gender diversity in the workforce. Studies indicate that diversities can contribute to innovation, successful problem solving, and effective marketing and sales initiatives.

> Caution must always be exercised when discussing the attributes – positive or negative - of any employee group. Ascribing general characteristics of groups of employees to individual employees without considering the important variations within groups almost always produces negative consequences. Clearly, it would be contrary to the principles of valuing diversity, which aim to debunk myths and negative stereotypes, if discussions about generational differences result in the creation of new stereotypes about employee groups of different ages.

Participants in the Benchmark study shared with us their perceptions of the characteristics that are associated with employees who are in early-career, mid-career and late-career stages.

More than 50% of the respondents to the Benchmark Study felt that:

Early-Career

- Employees tend to take initiative and be creative.

Mid-Career

- **Employees** tend to be loyal to the company, be productive, be reliable, have established networks of professional colleagues, and have high skills relative to what is needed for the job.

Late-Career

- **Employees** tend to take initiative, be loyal to the company, be reliable, have established networks of professional colleagues, have high skills relative to what is needed for the job, have strong work ethics, and have low turnover rates.

Table 1: Perceptions of Positive Workforce Characteristics by Career Stages
(% very true)

	Early Career	Mid Career	Late Career
Our employees take initiative.	53%	47%	53%
Our employees are creative.	56%	47%	35%
Our employees are loyal to the company.	18%	53%	77%
Our employees are productive.	41%	53%	47%
Our employees are reliable.	35%	56%	75%
Our employees have established networks of professional colleagues.	18%	53%	59%
Our employees have established networks of clients.	13%	27%	47%
Our employees have high levels of skills relative to what is needed for their jobs.	31%	56%	56%
Our employees have a strong work ethic.	29%	47%	65%
Our employees have low turnover rates.	12%	35%	65%
Our employees want to lead and supervise others.	24%	29%	29%

The respondents to the Benchmark Study also shared their perceptions about some of challenges that appear to be associated with employees at different career stages, and **more than 20%** of the respondents felt that:

Early-career

- Employees tend to be burned out and (according to nearly two-thirds of the respondents) to often look out side the company for new career opportunities.

Mid-career

- Employees tend to be burned out, want to take a lot of time from work to deal with personal or family issues, and often look out side the company for new career opportunities.

Late-career

- Employees tend to be burned out, reluctant to try new technologies, want to take a lot of time from work to deal with personal or family issues, such as childcare or eldercare.

	Early Career	Mid Career	Late Career
Our employees are difficult to train.	12 %	12%	18%
Our employees are burned out.	31%	38%	44%
Our employees are reluctant to try new technologies.	0%	13%	38%
Our employees have high rates of absenteeism due to illness.	12%	0%	0%
Our employees want to take a lot of time from work to deal with personal or family issues, such as childcare or eldercare.	18%	24%	24%
Our employees do not work well with co-workers of other generations.	6%	6%	6%
Our employees do not work well with supervisors of other generations.	6%	6%	6%
Our employees are reluctant to travel.	0%	6%	12%
Our employees often look outside of the company for new career opportunities.	65%	29%	6%

Individual employees at any particular career stage *might* or *might not* exhibit the characteristics of co-workers who belong to the same generation. The tables above suggest that – as groups – employees at different career stages might bring different strengths and challenges to the workplace. Organizations experiencing specific types of challenges related to the management of human capital might find it advantageous to develop strategies related to age diversity and the multi-generational workforce.

Employers are, of course, interested in any "bottom line" differences between groups of employees at different career stages. The costs of compensation and benefits become particularly relevant. Recent analyses of the National Study of the Changing Workforce suggest that the earnings differential between workers under the age of 50 years and those 50+ is relatively modest, with the median annual earnings of $33,000 for employees under the age of 50 years in 2002 compared with the median annual earning of $39.367 for those 50 or more years (Bond & Galinsky, 2005). The cost of health benefits is an important second concern.

- Two-thirds (64%) of Benchmark respondents indicated that their organizations had assessed the variance in health care costs by the age of employees. In general, they reported that the health care costs associated with early career employees were the lowest and late career employees were the highest.

- **Discussion:** Employers who want to create inclusive workplaces usually attempt to avoid making generalized conclusions about the experiences, preferences, and talents of employees at different career stages. However, developing an understanding of the "typical" assets of employees at different career stages can help organizations leverage the strengths of different groups of employees and to make maximal use of the talents and competencies of employees, adjusting for individual differences.

  Strategies for creating a positive multi-generational workplace include developing a flexible and comprehensive set of policies and benefits and supporting a workplace culture that engages employees across the career stages.

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9   Respondents are sometimes reluctant to share their perceptions of negative characteristics. Therefore, we have combined the responses "true" and "very true" for Table 2 where as the percentages reported in Table 1 only reflect the responses recorded as "very true."

6. What employee policies/benefits are available at Benchmark organizations?

Employee policies and benefits may affect organizations' ability to attract and retain employees.

Most of the respondents from the Benchmark organizations indicated that they made a connection between the strength of their benefits and their organizations' success with retention.

- Approximately two-thirds of the Benchmark employers reported that they had created benefits (to a "moderate and great" extent) to induce their employees to remain with the organizations (with 65% indicating they had done this to retain early-career employees, 71% for mid-career employees, and 65% for late-career employees).

Benefits: Surveys of older workers indicate that a majority of those who plan to work past the traditional retirement age think they will continue to participate in the labor force for "health and wealth" reasons.[10] That is, older workers expect to continue working because they anticipate needing access to health insurance plans available at the workplace and/or additional income.

In general, the Benchmark organizations offer comprehensive benefit options to their employees. In fact, a majority of the Benchmark organizations offered the benefits listed in Table 3 below to "most" or "all" – with many of these benefits available to all employees.

Table 3: Profiles of Benefits Available at Benchmark Organizations

50% of respondents or more offer to "all" employees	Less than 50% of respondents offer to "all" employees
Employee assistance program (93%)	Health insurance (47%)
Eldercare information service (87%)	Long-term care insurance plan for employees' parents (47%)
Seminars on family issues (80%)	Paid vacations (47%)
Life insurance (73%)	Scholarship or education assistance for employees (47%)
Paid sick days or paid medical leaves (67%)	Respite care (47%)
Retirement planning seminars (67%)	Reimbursement for dependent care when employee travels (40%)
Health insurance for families of full-time employees (67%)	Flexible cafeteria style benefits plan (40%)
Defined contribution retirement plan (and employer contribution to those plans) (64%; 60%)	Service to help employees' children apply to college (40%)
Short-term disability insurance (60%)	Health insurance to families of part-time employees (33%)
Long-term care insurance plan (employees, their families) (53%)	Paid time off (without specification of use of those days) (33%)
Dental insurance (53%)	Paid days to volunteer in the community (33%)
Pre-tax dependent care spending accounts (53%)	Allowances/subsidies/vouchers for dependent care expenses (27%)
Guaranteed or defined pension benefits (53%)	Paid personal days (27%)
	Financial assistance for employees' children who attend college (20%)

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10 The AARP Working in Retirement Survey found that 51% of retirees who are working state that "money" is one of the major factors in their decision to work in retirement (Brown, 2003: p. 5).

This study also found that the Benchmark employers had created some benefits provisions that might have particular appeal to their late career employees. For instance:
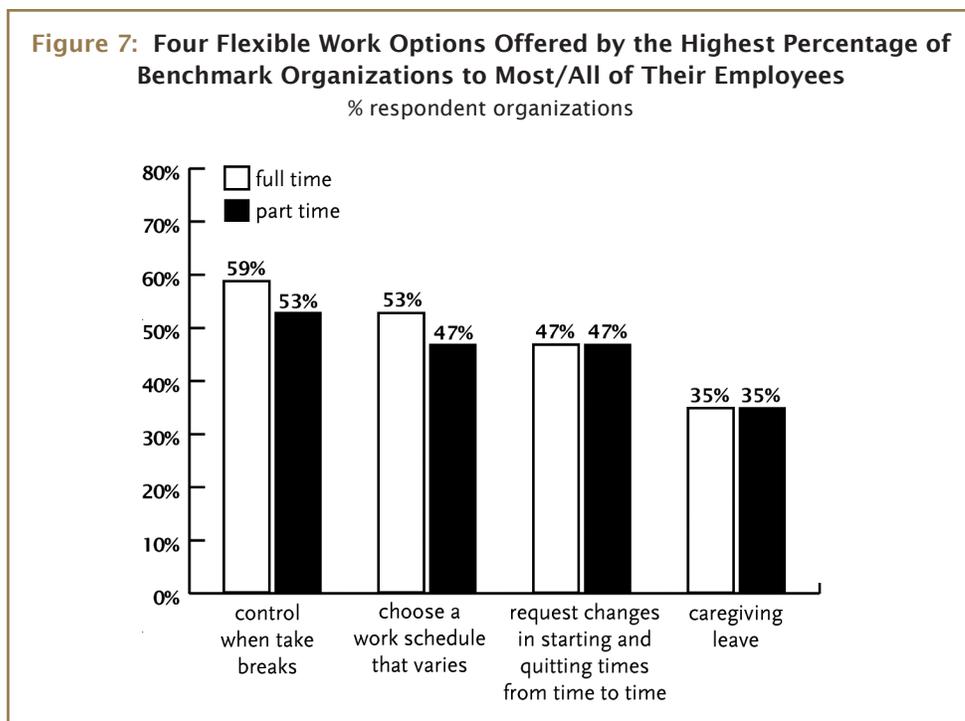
- A majority (80%) of the Benchmark organizations allow retirees access to at least some benefits.
- Half (50%) of the Benchmark organizations allow employees who are grandparents to access at least some employee benefits for the care that they provide to their grandchildren.

Retirees can be a talent pool for many organizations.

- Half (50%) of the Benchmark organizations stated that they have formal policies or programs to hire back retirees, with another third (31%) indicating that they do hire back retirees, although they have no formal policies for hiring retirees.

Policies for Flexibility: A majority of workers – at all career stages – express preference for having access to flexible work options.[11] Options for flexible work arrangements make it possible for supervisors and employees to tailor the way that work get done so that the organization gets "results" and the employee is able to fulfill both work and personal responsibilities. The preference for working flexibly is particularly pronounced among older workers.[12]

Figure 7 presents information about the flexible work options offered to employees by the highest percentage of Benchmark organizations: control when take breaks, choose a work schedule that varies from the typical schedule, request changes in starting and quitting times from time to time, and take an extended leave for caregiving.

Figure 7: Four Flexible Work Options Offered by the Highest Percentage of Benchmark Organizations to Most/All of Their Employees

% respondent organizations

_____

The information included in Table 4 distinguishes the flexible work options offered by half or more of the Benchmark organizations to their full-time employees and those offered by less than half of the Benchmark organizations.

Table 4: Flexible Work Options Available to Most/All of Full-Time Employees

50% or more of respondents offer options to all/most of their full-time employees	Less than 50% of the respondents offer options to all/most of their full-time employees
Control when they take breaks (59%).	Request changes in starting and quitting times from time to time (47%).
Choose a schedule that varies from the typical schedule at the worksite (53%).	Take extended leave for caregiving (35%).
	Take paid/unpaid time from work for education or training (29%).
	Have input into the decisions about the amount of paid or unpaid overtime hours that they work (29%).
	Transfer to jobs with reduced pay and responsibilities if employee wants to (25%).
	Take sabbaticals or career breaks (24%).
	Compress their workweek (24%).
	Work part (or all) of their regular workweek at home or some other off site location (18%).
	Structure jobs as a job share with another person (18%).
	Request change for start/finish times daily (12%).
	If working full-time, reduce their work hours and work on a part-time basis while remaining in the same position or at the same level (12%).
	Work part-year (12%).
	Request changes in work responsibilities so that the job is a better fit with their skills and interests (12%).
	Phase into retirement (12%).
	Make choices about the shifts that they work (12%).

- The respondents estimated that approximately one-quarter of the employees working for the Benchmark organizations – at all career stages – use flexible work options (29% early-career, 29% mid-career, and 25% late-career).

> The development of a comprehensive set of flexible work options may be an important anchor-strategy for organizations responding to the changing age demographics of the workforce because the creation of a flexible workplace is consistent with the inclusive orientation of the multi-generational workplace. Since flexible work options are important to employees in all of the generational groups, it is likely that the expansion of flexible work initiatives would not create generation backlash at the workplace, even if some specific flexible policies were designed to recruit and retain employees in particular age cohorts.

We asked the respondents to identify barriers to flexibility, providing us insight into the challenges that could make it difficult to implement and/or expand their workplace flexibility initiatives.

Table 5: Perceptions of Barriers to Flexibility Initiatives

30% or more identify as a barrier "to a moderate or great extent"	Less than 30% identify as a barrier "to a moderate or great extent"
Concerns about the reactions of customers and clients (47%).	Union considerations (27%).
Concerns about treating all employees equally (47%).	Administrative hassles (27%).
Difficulties with supervising employees working in a flexible manner (43%).	Concerns about loss of productivity (21%).
Concerns about co-worker resentment (33%).	Concerns about possible employee complaints or liability (13%).
Concerns about abuse of policies (33%).	[The organization] has other more pressing business issues (13%).
	No productivity payoff anticipated (13%).
	Concerns about increased absenteeism (13%).
	Not cost-effective (7%).
	Employees don't seem to want these programs and policies (7%).
	Implementation costs too much (7%).

Employers may find that linking workplace flexibility to business strategies and business goals presents a compelling argument for the strengthening of flexible work options.

- Half (47%) of the Benchmark respondents indicated that their organizations link workplace flexibility and overall business effectiveness "to a great extent," with another quarter (27%) stating that the relationship is made "to a moderate extent."

- **Discussion:** The sustainability of flexibility initiatives may well depend on two factors:

  1. Documented linkages between flexible work initiatives and business priorities. Organizations are likely to make an effort to maintain and possibly expand their flexible work options if those options help to solve business problems or add-value to priority organizational strategies.

  2. Workplace cultures that value talent and that demonstrate genuine respect for employees who remain engaged and committed to doing their best for the organization.
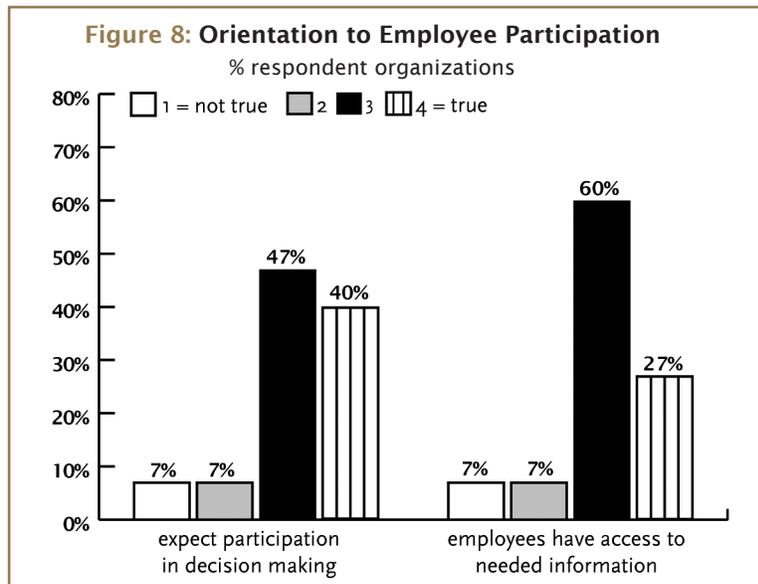
7. How do respondents view the cultures at Benchmark organizations?

Workplace attitudes and values affect organizational decision-making as well as employee job satisfaction. Since an emphasis on innovation is one of the "markers" of most 21st century workplaces, we asked the respondents to assess the extent to which innovation is valued at their organizations. In addition, since employees across the career stages often express preferences for supportive and effective work environments, we also included questions about employee participation, quality, flexibility, learning, and multi-generational respect.

Innovation: All (100%) of the Benchmark Study participants indicated that it was "true" that their organizations want to be leaders in their industries,[13] and a majority (60%) felt it was "true" that their organizations make an effort to offer products/services that are very cutting-edge.

Employee Participation: As indicated by information contained in Figure 8, less than half (40%) of respondents felt it was "true" (assigning a value of "4") that their organizations expect that employees will participate in decision-making that affects their work or that their organizations provide employees with access to the information they need to get their work done in a manner that is both effective and satisfying to them (27%).

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13 Scale of 1 to 4, 1 = not true and 4 = true. 100% responded with a "4".

Figure 8: Orientation to Employee Participation
% respondent organizations

1 = not true   2   3   4 = true

- expect participation in decision making: 7%, 7%, 47%, 40%
- employees have access to needed information: 7%, 7%, 60%, 27%

Quality: According to the respondents, a majority of the Benchmark organizations place a value on quality, with nearly all of them (93%) reporting that is it "true" (assigning a value of "4") that their organizations shape their reputations on the quality of their products/services, they are committed to continuous improvement (87%), and measure the results of process improvements (73%).

Flexibility: Approximately one-quarter (27%) of the Benchmark organizations state that it is "true" (assigning a value of "4") that their organizations clearly communicate the importance that working and managing flexibly has for business success. Furthermore, only 14% stated that it is "true" that their organizations acknowledge supervisors who support effective flexible work arrangements.[14]

Figure 9: Orientation to Workplace Flexibility
% respondent organizations

1 = not true   2   3   4 = true

- support for discussions with supervisors: 0%, 13%, 40%, 47%
- inform employees of options: 7%, 13%, 27%, 53%
- importance for business: 7%, 27%, 40%, 27%
- importance for employees: 13%, 13%, 40%, 33%
- acknowledges supervisors: 21%, 29%, 36%, 14%
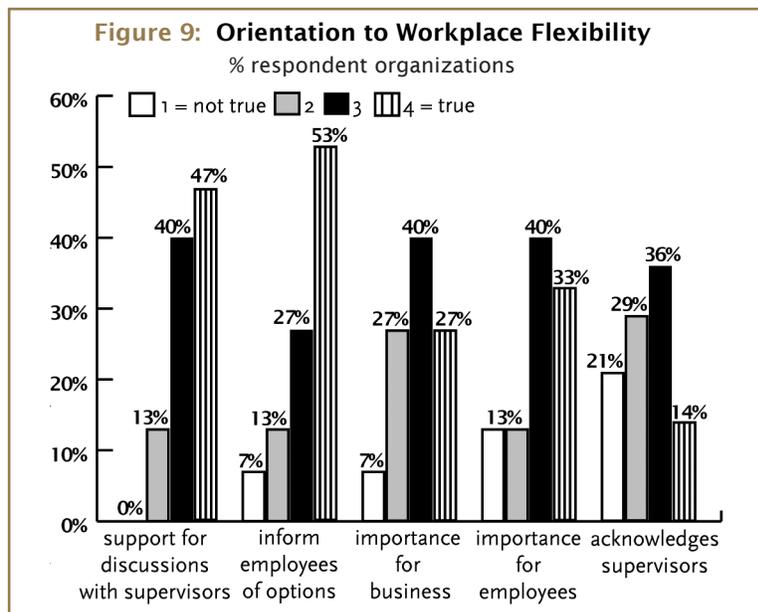
Learning: Two-thirds (67%) of the Benchmark respondents indicated that their organizations are oriented to learning, indicating it is "true" (assigning a value of "4") that their organizations expect employees at all stages of their careers to develop new skills and competencies, and half (53%) encourage employees to adopt a lifelong learning perspective.

14   This finding contrasts to the response to the question, "Does your company reward line supervisors and managers who demonstrate exemplary human resource management competencies?" Half (53%) of the Benchmark organizations responded, "Yes." One might conclude, therefore, that many employers do not yet perceive "managing flexibly" as an exemplary human resource management competency.

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Multi-Generational Respect: Virtually all employees want to be treated with respect at the workplace, regardless of the stage of their careers. The aging of the workforce and the presence of four different generations at the workplace has spurred conversations about workplace attitudes and values with regard to different generations of workers. More than half (60%) of the respondents felt it was "true" (assigning a value of "4") that their organizations understand the importance of treating employees at all stages of their careers with respect and recognize the accomplishments of employees at all stages of their careers (53%).

Figure 10: Orientation to Multi-Generational Respect
% respondent organizations
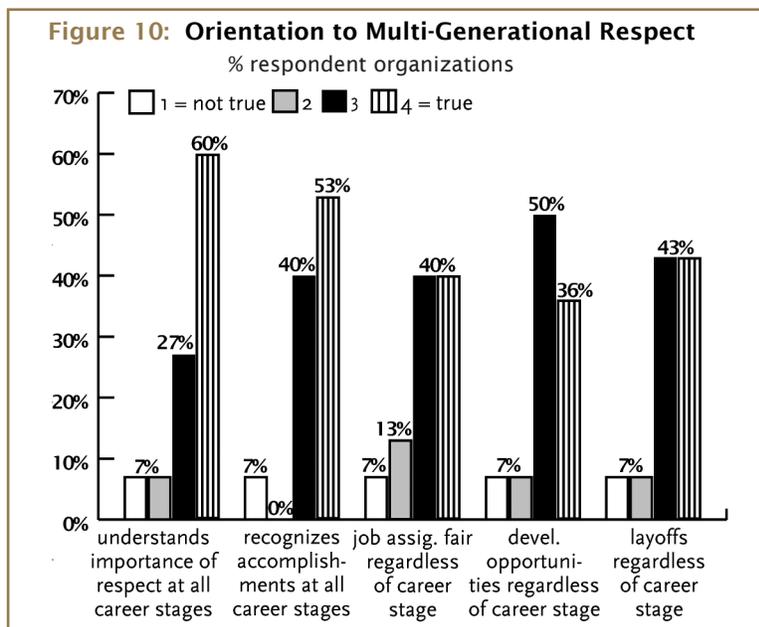
Organizations often use training as a way to provide employees with the knowledge and skills they need to fulfill their job responsibilities in a way that is aligned with workplace culture.

- 75% of Benchmark organizations offer supervisor training about managing a multi-generational workforce.

- ➲ **Discussion:** It is very difficult to get an accurate depiction of workplace culture - even if it is possible to gather information from many different people at the workplace - in part, because there are many cultures and subcultures present at the workplace (including variations by work teams, departments, and worksites).
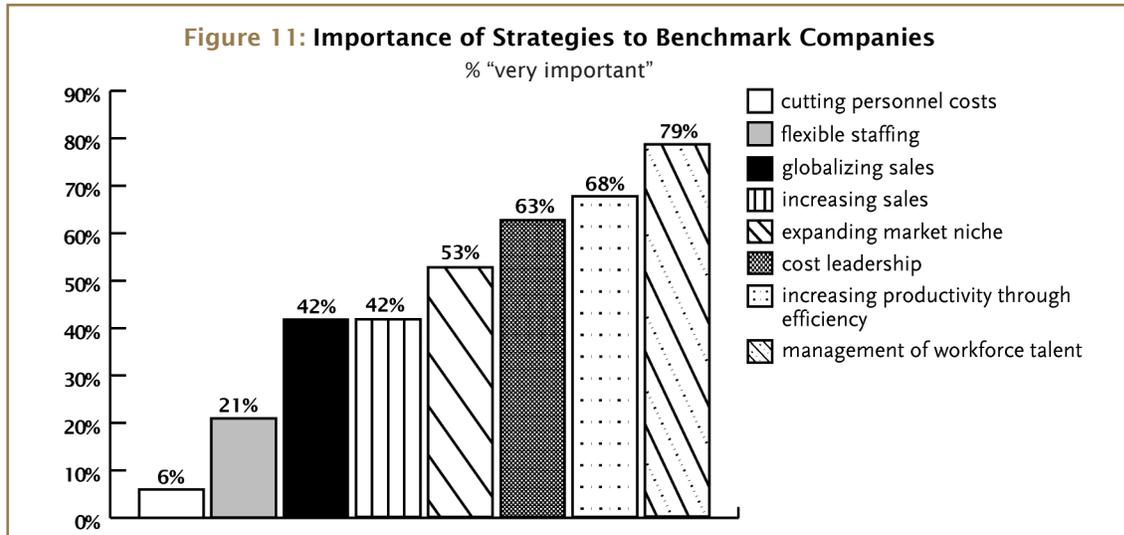
  Culture change is often touted as the single most important factor for organizational initiatives that are more than window dressing. However, most experts suggest that it is even more difficult to change organizational values and attitudes.

  Employers interested in creating workplaces that are inclusive and that engage employees from different generations can take the first step and periodically "take the temperature" of the values, leave and attitudes at the workplace that may shape employees' behaviors and the company's strategic decisions.

8. What strategic priorities are important to Benchmark organizations?

Organizations are more likely to view the aging of the workforce as an important issue if this demographic shift appears to have a meaningful connection to the organization's priorities.

- More than half of the Benchmark respondents indicated that the following four strategies were "very important" for their organizations: expanding market niche (53%), cost leadership (reducing operational expenses) (63%), increasing productivity through efficiency (68%), and management of workforce talent (79%).

Figure 11: Importance of Strategies to Benchmark Companies

% "very important"

Percentage	Strategy
6%	cutting personnel costs
21%	flexible staffing
42%	globalizing sales
42%	increasing sales
53%	expanding market niche
63%	cost leadership
68%	increasing productivity through efficiency
79%	management of workforce talent

Organizations often "measure what they value." Therefore, another way to identify organizational priorities is to assess how important organizations feel it is to measure specific outcomes.

■ Over half of the respondents reported that the following measures are "very important" to their organizations: customer satisfaction ratings (88%), benchmarking (71%), and employee satisfaction ratings (59%). In comparison, less than half of the Benchmark organizations indicated that the assessment of stockholder satisfaction (35%) or the receipt of external awards was "very important."

> According to management literature, customer and employee satisfaction ratings can provide employers with "early warning signals" about the future health of their organizations. Given the significance of the shifts in the age demographics of the workforce, employers might consider ways to examine variations in these assessments by the career stages of employees. This information could offer clues about different approaches that could be taken with employees at early-, mid-, and late-career stages to improve the ratings.

Monetary measures are, of course, particularly important for most organizations.

■ As presented in Figure 12, more than half of the Benchmark organizations measure the return-on-investment of marketing initiatives (59%), customer service initiatives (53%), initiatives to improve recruitment (65%), and the introduction of new technology (59%), but less than half measure ROI for training initiatives (29%), initiatives to increase retention (35%), diversity initiatives (35%), or wellness (47%).

Figure 12: Measurement of Return-on-Investment
% "yes"

Legend:
- training initiatives
- initiatives to increase retention
- diversity initiatives
- wellness
- customer service initiatives
- marketing initiatives
- introduction of new technology
- recruitment initiatives

Bar values: 29%, 35%, 35%, 47%, 53%, 59%, 59%, 65%
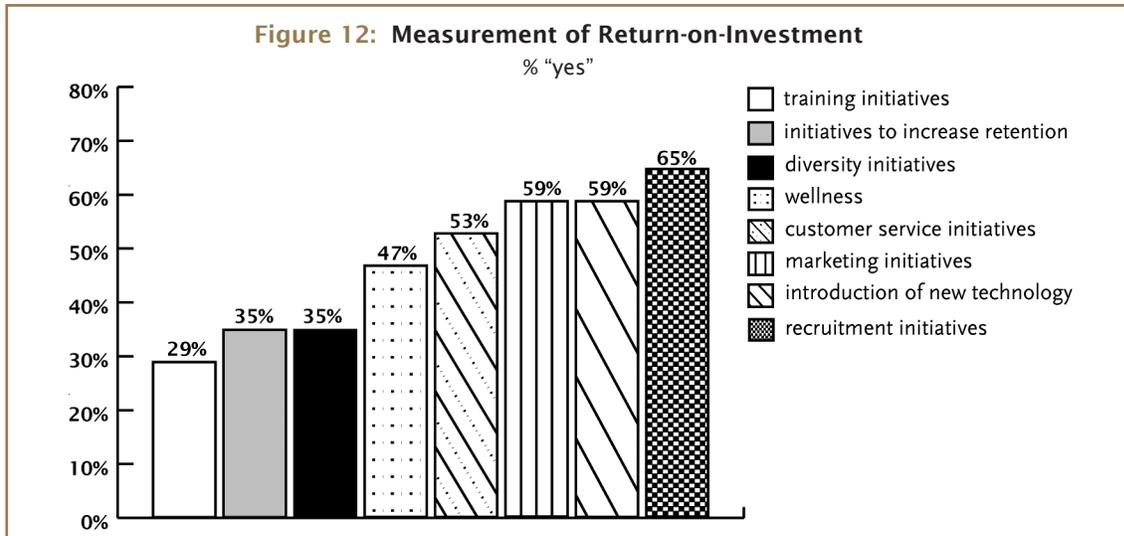
➲ **Discussion:** It might be useful to consider how age diversity could contribute to key business strategies, such as marketing. For example, organizations that target different age populations for the sales of products/delivery of services could find that a multi-generational workforce which fully engages employees at all stages of their careers offers a competitive advantage.

9. What pressures and challenges are confronting the Benchmark organizations?

Adaptive organizations that are responding to important changes, such as the aging of the workforce, make their adjustments in the context of other changes that are occurring in their business environments.

More than half of the Benchmark employers reported that the following pressures in their business environments are "more" when compared to one year ago: more demand for products and services, higher cost of living, more pressure for innovations in products or services, more government regulations that affect their organizations, more local/regional competition, increased cost of production/service delivery (55%), and more pressure to introduce new technologies.

Less than half of the respondents felt that the following factors were present "more" in their business environments when compared to a year ago: global competition (45%), smaller labor pool (40%), or the availability of financial resources (5%).

Although many of these changes suggest increased pressure on the organizations, some of these changes – such as increased pressure for products and services – may be positive.

Figure 13: Changes in Organizational Environments
% "more" when compared to a year ago

Legend:
- local/regional competition
- cost of production/service delivery
- pressure to introduce new technologies
- government regulations
- pressure for innovations in products or services
- demand for products/services
- cost of living

Values: 55%, 55%, 55%, 60%, 65%, 70%, 70%
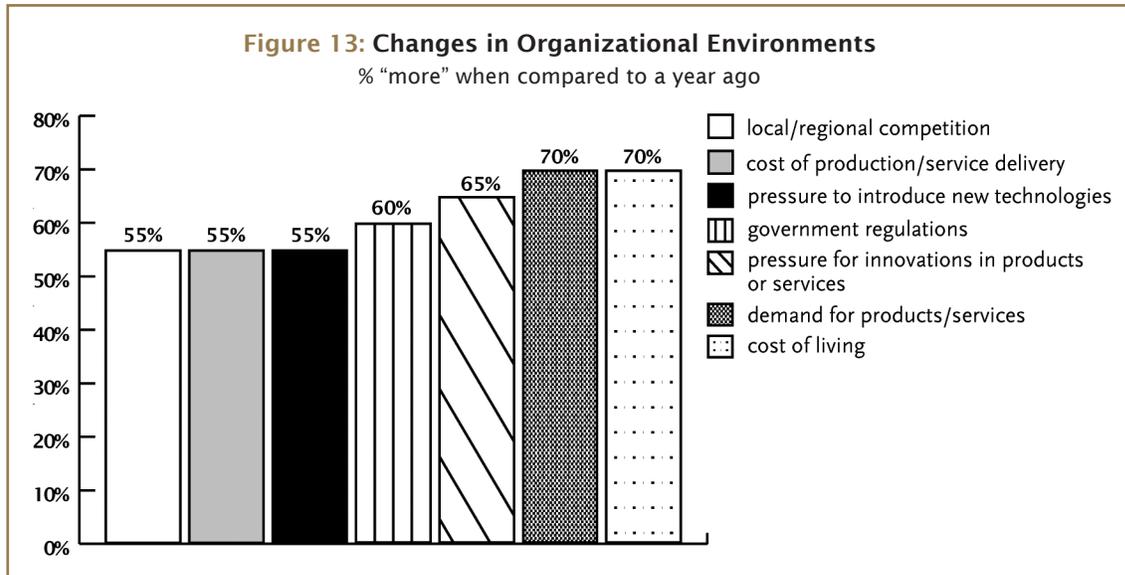
➔ **Discussion:** The aging of the workforce could have an impact on organizations' capacity to respond to new pressures in the business environment. For example, since work teams with demographic diversity have been shown to be creative in problem solving, multi-generational teams might have success in the identification of ideas for innovative products and services.

10. What are some of the opportunities and challenges facing the Benchmark organizations?

The Benchmark respondents identified a range of opportunities for their organizations. When describing these opportunities, the survey participants used words such as: "growth," "change," "…moving into a cycle of growth," "innovations," "complete…plan," "enhancing company image," "expansion," and "fast growing." They identified market opportunities, opportunities for delivering products and services, opportunities for improving quality, opportunities for profitability, leadership opportunities, and opportunities for leveraging human capital.

The respondents also identified perceptions of potential threats to their organizations. Clearly, the two most common themes were: "competition, competition, competition…" and "costs, costs, costs…" The respondents identified organizational threats associated with quality, human capital profitability, and changes in the socio-economic-political environment.

Table 6: Opportunities and Challenges

	Examples of Opportunities	Examples of Challenges
Market Opportunities	"Emerging markets"	
	"Recapturing lost market share – including global growth"	
	"Increase in … demand…"	
	"Continuing creative marketing and new product development"	
	"Market growth"	
	"Serving our Spanish-speaking… [customers]"	

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	Examples of Opportunities	Examples of Challenges
Delivering Products and Services	"Deliver the pipeline – new products" "Breakthroughs in … research" "Improving the quality of care to our members" "Diversity of consumer options" "Providing additional…services and support…" "Making it easier to do business with us"	
Quality Improvements	"Commercial and operational excellence" "Customer service" "New technology"	"Technology – streamlining systems/ services" "Weak infrastructure" "Project delays…"
Profitability	"Control costs" "Define cost cutting health care options" "Moderate health cost trend"	"Competition for … funding" "Getting our cost structure aligned with our business" "Price increases on basic goods" "Ability to be successful with the investment in our long term strategy" "Energy costs" "Global economy"
Leadership	"Ethical leadership" "Developing leadership skills" "Developing new strategic initiatives under new leadership"	
Human Capital	"Engaged and resilient employees" "Flexibility" "Attracting and retaining…in critical disciplines" "Recruiting global talent" "Expanded educational offerings" "Staff plan" "Building a diverse pipeline of talent to execute our strategy" "Engaged and resilient employees" "Building a diverse pipeline of talent…" "Phased retirement" "Aging of the workforce"	"Continued employee engagement in a constantly changing environment" "Labor costs" "Competition for talent" "High costs of health care benefits" "Increased health care costs" "Lack of sufficient pool [of potential employees]" "Relocation costs" "Not finding the diverse talent we need…" "Lack of quality/skilled workers to replace the aging workforce" "Losing talent to the competitive job market" "Workforce shortages" "Inability to recruit needed talent" "Inability to retain high caliber employees – at all ages/levels" "Shortage of talent"

	Examples of Opportunities	Examples of Challenges
Changes in the Socio-Economic-Political Environment		"Price controls"
		"Instability of global politics"
		"Global economy"
		"Avian flu"
		"Shifting demographics"
		"Cost of living"
		"Cost of housing/cost of living"
		"Rising cost of housing" [Increase in local population]
		"Government"

➥ **Discussion:** Perceptions of opportunities and challenges are likely to either facilitate or constrain the efforts of leaders at the workplace to adapt to the aging of the workforce.

The aging of the workforce can become a business advantage if leaders are able to ascertain that older workers and the multi-generational workforce can either help them to act upon emerging business opportunities and/or help them to address business challenges and threats.

Conclusions

The management literature on organizational change stresses the importance of identifying successful bell-weather organizations. They are the organizations that are "early adaptors" to change and "early adopters" of innovations – innovations which are eventually recognized as success factors which contribute to their competitive edge.

Being first out of the gate, "early adapting" organizations set the standards early.

This summary report presents the emerging profiles of organizations that have seen the handwriting on the wall about the aging of the workforce– and they are proactively doing something about it.

The Boston College Center on Aging & Work/Workplace Flexibility is sincerely appreciative of the willingness of the Benchmark organizations to share their perspectives and experiences.

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Appendix A: Profiles of Respondent Organizations

Profile of Participating Workplaces

Sectors:

56% for profit businesses

12% public agencies

32% not-for-profit organizations

12% manufacturing

4%   information

8%   finance and insurance

16% professional/scientific and technical services

8%   educational services

20% health and social services

4%   accommodation and food services

4%   art/entertainment/recreation

24% other

Financial Stability Compared to 1 Year Ago

0%   a lot worse

4%   somewhat worse

20% about the same

56% somewhat better

12% a lot better

8%   not applicable

Change in Size of Workforce Compared to 1 Year Ago

64% increased

20% decreased

16% about the same

The Center on Aging & Work/Workplace Flexibility at Boston College, funded by the Alfred P. Sloan Foundation, is a unique research center established in 2005. The Center works in partnership with decision-makers at the workplace to design and implement rigorous investigations that will help the business community to prepare for the opportunities and challenges associated with the aging workforce. The Center focuses on flexible work options because they are a particularly important element of innovative employer responses to the aging workforce. The studies conducted by the Center are examining employers' adoption and implementation of flexible work options, as well as the impact of workplace flexibility on businesses and older workers.

The Center's multi-disciplinary core research team is comprised of more than 20 social scientists from disciplines including economics, social work, psychology, and sociology. The investigators have strong expertise in the field of aging research. In addition, the Center has a workplace advisory group (SENIOR Advisors) to ensure that the priorities and perspectives of business leaders frame the Center's activities and a Research Advisory Committee that provides advice and consultation on the Center's individual research projects and strategic direction.

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For previous publications, visit our website at www.bc.edu/agingandwork

Issue Briefs

Issue Brief 01: Older Workers: What Keeps Them Working?
Issue Brief 02: Businesses: How Are They Preparing For the Aging Workforce?
Issue Brief 03: Getting the Right Fit: Flexible Work Options and Older Workers
Issue Brief 04: How Old Are Today's Older Workers?
Issue Brief 05: One Size Doesn't Fit All: Workplace Flexibility

Research Highlights

Research Highlight 01: Context Matters: Insights About Older Workers From the National Study of the Changing Workforce.
Research Highlight 02: The Diverse Employment Experiences of Older Men and Women in the Workforce.

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