

## Management of ageing Workforce

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### ABSTRACT

In the present times, the composition of aged workforce is increasing in the Indian population. Because aged people are store house of many information and capabilities it become important to manage them and make them effective for the benefit of the organization. In the present paper the concept of aged workforce was explored and its management was focused. For this paper review was done of 15 different papers and a theoretical model for the management of aged workforce has been proposed.

**Keywords:** *Aged Workforce, Management Of Aged Workforce, Organizational Behaviour*

With regard to the aging population, India does not face the same immediate challenge as the other countries in Asia that are the focus of this report. In 2010, the median age is 25 years and only 7.5% of the population is over 60. It is estimated that India will not become an aging society until 2020, when the proportion of the population over 60 reaches 10%. With a fertility rate of 2.76, India continues to experience population growth. Nevertheless, with 90 million elderly, India represents the second largest elderly population in the world. This huge number presents a challenge as 80% live in rural areas, 30% live below the poverty line, 90% are from the unorganized sector with no social security and 73% are illiterate and dependent on physical labor. By 2050, Asia Pacific will be home to most of the world's elderly people, with 998 million people aged 60 and above. In Asia's most developed countries this phenomenon will be at its most dramatic: for example, in Singapore the proportion of the population over age 50 is set to increase from 23% to 50% over the next 25 years. Even in India this digit would be on 33% in next 34 years.

The huge business growth that India has experienced in the last couple of decades has lowered the age of the workforce - from the dotcom boom, to the IT boom and the more recent outsourcing boom. As a result the impact of the ageing population is not something that big business is worrying too much about. Indeed in a survey of 4,742 employers spread across all major sectors, Manpower India found that a majority of the respondents did not have any strategy in place to retain or use the older workforce. In India, there is no mandatory retirement age, except for civil servants. However the normal retirement age is typically 58 or

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60 according to employer's choice. As the so-called Post Independence, 'Freedom Generation' (born 1940-1960) begin to retire, India is faced by a shortage of seasoned directors with cross functional experience who can take up the mantle as their organizations look to diversify from their core businesses. The people from this generation embody the first technocrats and visionaries of Indian business - so represent a huge potential loss of expertise.

India's elderly population was estimated as 20 crore by 2030. The proportion of elderly person in the total population is expected to increase from 8.3 in 2011 to 12.4 in 2026. In this context, a few important characteristics of the population are needed to be considered, in 2010 about one third of the elderly population lived in villages and nearly half were in poor socio economic status (Lela et al., 2009). Half of the elderly were dependent majorly because of the widowhood, divorce or separation and a large number of them were females (Rajan, 2011). About 60 percent of the elderly depends on others for their day to day maintenance while less than 20 percent elderly women and majority of elderly males, were economically independent. Amongst the economically dependent, 85 percent of men and 70 percent women were supported by their children. Of the economically independent elderly, more than 90 percent supported one or more dependent.

The workforce participation of the oldest elderly (80 years and above) also is relatively high with 13 percent among men and 3 percent among women. It was reported that a majority of the elderly work due to economic necessity and not by chance or choice. India does not have a population – wide mechanism of providing social security because of which people work as lon as possible to support themselves (Mathew and Rajan, 2008).

India is one of a few countries in the world where older men reportedly outnumber older women (Rajan, Mishra and Sharma, 1999), although female life expectancy is at 60 slightly higher than for males (Rajan, 2008). It should however be noted that female mortality at infant and childhood ages was higher than males until 1990s and older persons often misreport their ages.

There is not a second thought that there is increasing number of aged workforce that are there, but even organization need them for the times that are prevailing. There are certain reasons why organizations would need aged workforce. Some of the reasons could be as follow

1. The 'war of talent' is hooting up. There is lack of good people to be recruited for the right skills.
2. They are running out of workers.
3. Older people are the main untapped source of labor.
4. People are living and keeping fir and longer. No doubt there is increase in the life expectancy of the people but with this people now days are keeping themselves more fit which make them a healthy to worker even in the later years of their life.
5. More and more people want to work longer if the conditions are right

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### *Objectives*

- To understand the meaning of aged workforce and its composition in our country
- To understand how aged workforce can be managed
- To present a theoretical model for management of aged workforce
- To understand the implication of management of aged workforce for organizations

### **METHODOLOGY**

For fulfilling the purpose there were different research paper were reviewed and studied to understand the management of ageing workforce

Key words used: ageing workforce, aged workforces, management of ageing workforce, baby boomers

Total paper used: 15

After studying all the papers their content has been analyzed and molded according to Indian perspective and need

### *Defining Aging Workforce*

Data by, Michael Horrigan, associate commissioner, Bureau of Labor Statistics a section of the U.S., Department of Labor revealed various effects and trends of aging workforce, out of which two are stated below:

1. A decline in labor workforce participations rate among the population as a whole, coupled with an increase in the labor force participation by older workers
2. Variation in the rate at which women and men of different age bracket are entering and leaving the workforce.

The aging workforce is widely considered as one of the significant trends in the labor market. A number of organizations face a potential loss due to the retirement of the baby boomers and also the increasing aging of the labor population. It is also widely agreed by a majority of employers that aging could cause labor shortage thus disrupting the steady supply of labor. Among the sectors, industries such as healthcare, energy and constructions are already experiencing the effects of the aging workforce.

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As it has been foreseen that the present industry would now face the scenario where they will face the problem of aged workforce. The industries would like to retain them as to use their experiences to the fullest for the organization. But on the other hand their deteriorating physical health would not allow industry to keep them as a prospective employee. The present paper wants to present some ways in which the aged workforce could be proved as an asset to the

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organization. In the present scenario it is very important to tap the talent aged workforce that is there. Their experiences and knowledge help would help in solving many problems that organization face and also will give insight to the young employees.

### Employment of older persons: evidence from the 2001 census

As per the 2001 census, Labour force participation of the older is 40.3percent; 60.2 percent of men and 20.9 percent women, with more of them rural than urban. These gender and are variation are depicted in the table below,

*Table 1 showing labour force participation by age, gender and place of residence*

Age	Total			Rural			Urban		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
<b>Total</b>	39.1	51.7	25.6	41.8	52.1	30.8	32.3	50.6	11.9
<b>15*59</b>	61.1	80.7	40.0	66.8	83.4	49.5	48.0	74.9	17.6
<b>60+</b>	40.3	60.3	20.9	45	65.6	24.9	26.2	44.1	9
<b>70+</b>	30.3	49.4	12.2	33.1	52.4	14.2	21.9	39.7	6.7
<b>80+</b>	21.3	34.6	8.6	23.3	36.8	10	15.4	27.8	4.7

Source: estimated by Rajan, 2010 based on the census 2001 census data

*Table 2 showing main and marginal workers by age, sex and place of residence*

Age	Main workers			Marginal workers		
	Total	Male	Female	Total	Male	Female
<b>15*59</b>	78.8	88.3	58.3	21.2	11.8	41.7
<b>60+</b>	79.7	87.7	57.3	20.3	12.4	42.7
<b>70+</b>	70.9	78	51	29.1	22	49
<b>80+</b>	67.7	74.5	48.7	32.3	25.5	51.3
<b>Total</b>	77.8	87.3	57.3	22.2	12.7	42.7
<b>Rural</b>	73.9	85	54.1	26.1	15	45.9
<b>Urban</b>	90.8	93.3	79.3	9.2	6.7	20.7

Source: estimated by Rajan, 2010 based on the census 2001 census data

### *Aging Workforce Challenge or an Opportunity*

One of the major questions that arise is that whether the aging workforce that is there in the market is an opportunity or an challenge for the organization. Moreover, the major thing that decides whether it is an opportunity or an challenge is the perspective which we see the working force.

In the negative perspective this group of people is low on energy, have their own mental set that make it difficult them to learn new opportunities and the machinery making them a challenge to deal with them and obstructing their readiness to adapt the change. Some of the reasons why they are regarded as opportunity can be as follow

1. Motivation: the aged workforce already has a mental set that are prevailing in their mind. These mental sets make it difficult for them to adapt to the change that are there and adaptation to the new machinery and changes become more difficult for them.

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This makes them an obsolete resource for the organization, making the organization reluctant to have them in the organization.

2. Less physically active and mentally prepared for the change: with the age and time these people usually have lost the energy level which makes them slow in working. Due to physiological changes that happen in a human body with age it make it difficult for them to sit for longer hours for work. Also, because of their habit in living in a particular scenario and culture it becomes difficult for them to adapt to change, moreover, more than difficult they are less prepared for the change and are less ready for the change.
3. Qualification: with change in nature of the job, there is change in the job specifications an requirement. Because the fact that the aged population is qualified according to the older criteria it make them difficult to adjust to the new requirements and specification, thus making it difficult for the organization to adapt to the aged workforce.

In the positive perspective the experience and knowledge they are having and the era of experiences and situations that they have face make it an opportunity for the current employees to use them as a resource. Despite there are number of factors that can be regarded as a negative view for the aged workforce there are still number of positive perspective that are related to the benefits of the aged workforce. Their knowledge skills, experience and being distinctively competent in their specific occupation and work make them an asset for the organization (Mitchell, 2005; Patrickson and Ranzjin, 2004; Parker et al., 2005). It has been observed that aged workers are adaptable and flexible. These workers are as just **adaptable, flexible and innovative as the younger workforce**. Also, these people show strong level of loyalty and work ethics towards the organization and have **greater level of reliability as compare** to the younger adults (Mitchell, 2005; Parker et al., 2005). It have been observed that these people show a **lower number of absenteeism and show greater amount of job satisfaction** (Parker et al., 2005)The final decision of deciding, whether they can have them as a resource or neglecting them as a challenge. In broad aged workforce can be beneficial for the organization for the following pointer

1. Knowledge: the aged workforce has already served number of years in the organization or in a particular industry which make them a great pool of knowledge for the organization. They can help serving the employees with this great pool of knowledge they have in the specific industry. They can act as a mentor, or colleague. Researches show that elder employees have a appetite to work as a mentor (Penna, 2008)
2. Experience: while the aged workforce has already served for the companies in which the present employees are working. They have already done the mistakes of their part and have learned the lessons. They already have their own experience, perception and goodwill in the organization and the industry. These factors can be very helpful for the present employees to gain an insight in their work.
3. Loyalty: trends have suggested that older people are more committed and loyal to the organization they are working in. they are less likely to change their workplace and

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industry as compare to the younger employees. Although, it has been suggested that to keep the older employees motivated and committed it is important to make them aware of their positive contribution and participation toward the organization and the project

### **Organization and Aging Workforce**

For many years, conventional wisdom has held that there will be major labor shortages as the vast Boomer generation begins to retire. More recently, however, trends suggest workers are extending their careers beyond what has been traditionally considered the normal retirement age. Several factors contribute to this shift: Americans are healthier than in past decades, many Boomers haven't prepared economically for retirement, numerous pension plans have defaulted, and many workers identify so closely with their careers they hesitate to retire in the traditional sense.

Older workers may perform as well as or better than younger workers. Their accumulated knowledge, skills, and experiences, as well as their low absenteeism, turnover, and accident rates, makes them valuable employees.

### ***Aging and Productivity***

Understanding age-productivity profiles is important to several areas of economic research. Given that older individuals are less productive, an aging workforce can reduce economic growth and decrease fiscal sustainability. If senior workers' wages exceed their productivity levels, older workers represent losses for the firms. Further, successful attempts to increase the retirement age may demand the removal of seniority-based wage systems.

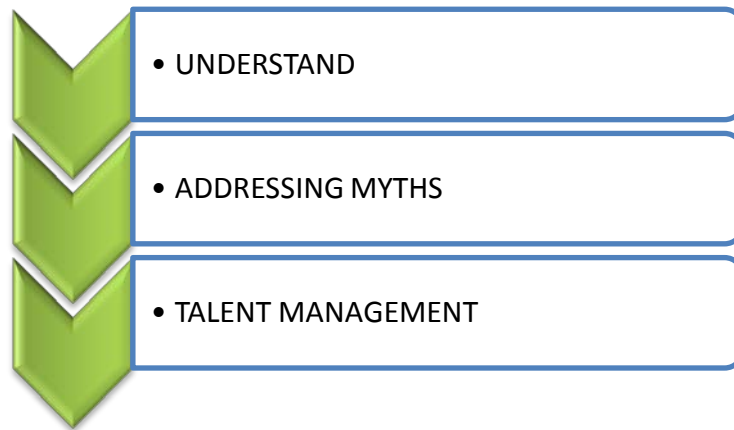
A large body of evidence supports the notion that cognitive abilities decline from some stage in adulthood. That mental abilities tend to decline in adulthood is a universal phenomenon. Age-induced changes to mental ability levels are similar for both men and women, and the same patterns are found across different countries

### **Management of aging workforce**

As there is greater availability of aging workforce in India it become important to understand that how this group can be managed. It is important to understand that we need to come up with certain points to manage the aged workforce so that we can use this available resources to a extend that they can be well managed and are useful for the company. Along with improving their benefits to the company, we are also helping them to have certain amount of livelihood that can help to move toward independency rather than dependency.

We can manage the aging workforce by simply implying certain steps or the model proposed by author which is summarized in diagram below:

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*Table 2: steps for the management of aging workforce.*

### **UNDERSTAND**

To manage the aged workforce it is important to understand two major points. Managers have to convince the board that taking the right action will improve the business performance, how doing nothing will be an unaffordable risk and what safeguards make the sense. First, how aged workforce can be proved as an asset. They have a bank of experience and knowledge. In these much years they have worked for the organization with full commitment and loyalty, thus they know the rules and regulation of the organization. If they have come to this far it is because of the satisfaction they were able to bring for the customers. The second very important things that managers and high level people should understand are the reasons why aged people are leaving the organization. There could be many reasons why aged people are leaving the organization. They must be facing the short term pressures. Because of the short term goals that organizations put them under pressure to achieve these goals. Another reason could be the stereotype they must be facing regarding the age. Also, they could also feel that they are not efficient for the post they are holding because of the qualification. Most of the organization value qualification over the experience. While convincing the board the managers could convince the board on the following points

- Why managing workforce makes business sense, what underlying issues are and the implications of ignoring them.
- The shape and age profiles of their organization's workforce and how future trends in talent will affect the succession plan
- The skills and knowledge available in their workforce: how this skill and knowledge base would be managed to meet the needs of the business and the comparative costs of doing this in different ways

This step is important to understand because this aging workforce can have several benefits to the organization as already discussed. .

**Addressing the Myths:** the second very step for managing the aged workforce is that one should able to fight against the myths. If a manager decides to retain the aged workforce for in the organization, they must be able to support their decision and fright against the myths that could be prevailing in the organization. These myths could be some of the following

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- Older workers can't wait to retire
- Older workers are more expensive than the young ones
- Most employees retire at state pension age anyways
- All elderly are same
- They are expensive (Towers Perrin, 2005)
- They are not adaptive
- They are not loyal
- They are technologically challenged

When it comes to the performance of the older employees there are other several myths that are attached with the elder workforce

- Performance management of the older workers is not necessary and insulting as they have been doing the job for years and will be retiring soon
- Older workers avoid performance management.

The above mentioned myths usually make it difficult for the manager as well as the aged people to break the stereotype that exist in the mind of others regarding them. In order to make aged work comfortable and make their working comfortable it is important that these stereotype must be evaded and they should be treated equally and on a same line.

To reduce the stereotype that are existing already in the mind of other employees can be worked by working on the following parameters

- a. Motivation of the older workers
- b. Performance management
- c. Flexible working
- d. Recruitment
- e. Skill and training
- f. Health and well being

**Talent Management:** for the retention and managing the aged workforce it is important for the manager to understand that managing their talent and expertise is very important. For this management it is important to keep the aged workforce motivated to work. Many of the attitudes towards the older workers are shaped by yesterday's experiences of the yesterday's older workers in yesterday's job and their expectation about the work. It is important to break this thinking line. Also, there should be performance management i.e. there should be best match for the people according to the job. There are evidences that performance decreases if elder realize that they are going to retire soon. This thought should be molded and there should be a hope in elders that they still are efficient to be a part of the company.

Things which can be monitored on this stage are as following

- a. Environment
- b. The age profile of your workforce
- c. Leaving and recruitment patterns
- d. Aspirations for retirement
- e. The nature of the skills and knowledge which older workers represent



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- f. Strategies for retention'
- g. Stakeholders views

### What attracts elders to retire?

Although many organizations are addressing the issue of aging workforce and are trying to trap them and retain them for the longer run, but still there are factors that make it difficult for them to stay in the organizations. These factors could be the following

1. Short term pressure: due to the short term goals and the pressures which are given to the aged they are not able to analyze and think situation for the longer benefits thus making them leave the organization. The increase in the level of stress and the pressure might impact their physiological processes leading to the health problems.
2. Stereotype about the age: though aged themselves are motivated enough to work in the organization but the stereotype that are already existing in the minds of the employers, colleagues and their coworker might demotivate them impacting the productivity of these employees.
3. Valuing qualification over experience: usually managers and boards give importance to the qualification rather than the experience of the employee he or she is having with the industry and the organization which usually lead the elders to retire.
4. Uncertainty about the law and pension rules.

### Implications for HR for the management of aged workforce

1. Formalize mentoring and other forms of knowledge transfer: a human resource manager must focus on how to best transfer older workers knowledge to the present and young employees. For example, an HR manager from hospital can use older nurses as a shadow for the younger nurses.. HR manager should also take different learning styles of the different generations into the account.
2. Don't engage in layoffs lightly: an HR manager should be very cautious for the layoff that he does, he should consider and reconsider the talent and the requirement of the organization. For example, if during recession any of the employee has been laid off the organization and after the economic conditions improve the organization is again in the need of the same talent, the manager should not be reluctant to contact that personnel again.
3. Take a long view: an HR manager should consider long term trends such as:
  - a. Technology and its impact to organization
  - b. Effects of geography
  - c. Whether the workforce is unionized or might get in future.
4. Consider who might volunteer and where: asking retirees to come back to work on volunteer basis may work in some industries.
5. Assess the training programs you offer, their quantity and the quality

Among the different strategies that are proposed Hedge and Paullin also recommended some strategies for the management of the older worker:

1. Offer varying types of work flexibility, including flexible

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- a. Hours
  - b. Location
  - c. Phased retirement
  - d. Part time hours
  - e. Job transfer
2. Make adequate training and development available: for most people, even the elder workers, learning new things is often appealing. Older workers retention and hiring can be aided the offering ways they can update, re-skill, cross skill or otherwise enhance existing skills used at workplace. Training and development should be more about career growth,
3. Provide health and wellness support: many organizations are working hard to help employees maintain or shift to a more healthful lifestyle. Ways in which organizations are doing this include:
- a. Flexible spending accounts are accounts into which an employee can deposit funds for medication, therapies and other health related benefits.
  - b. Incentives to join workout facilities
  - c. Providing caregiver respite to workers who are coping with aging parents

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