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**Creating jobs in the 21st century**

**Thomas C. Nelson**, Chief Operating Officer, AARP, United States

**The Business Case for Workers Age 50+:  
A Good Investment**

Thank you for inviting me to join you today. I am honored to be on a panel with so many distinguished speakers.

As the Chief Operating Officer of AARP, I have the privilege of representing one of the largest membership organizations in the world. With more than 36 million members, our mission is to improve the quality of life for all as we age.

On behalf of our members, AARP serves as an advocate on legal and legislative issues that have an impact on aging.

We work to change the marketplace with products and services that specifically address the needs of people 50 and over.

And while we speak out on behalf of the over 50 population, at the same time we work equally hard to incorporate intergenerational fairness in all that we do.

Through our Global Aging Program, we reach out worldwide to share some of what we have learned about aging in the United States and to learn from the experiences of other countries. We have broadened the international dialogue with conferences and forums, partnerships and research.

Recently, AARP released a report on older workers that adds a different perspective to this morning's discussion.

I would like to shift our focus for just a few minutes away from what jobs will be created in the 21st century, to talk about who will be filling them, and how existing jobs can be tailored to better fit the reality of an aging workforce.

Because our workforce is aging. The specific details for each of our countries may be different, but many of the challenges and opportunities that come with this demographic shift are the same.

I'm going to limit most of my remarks to what's happening in the United States, but I believe much of what I'm going to discuss has meaning for other countries as well.

By 2012 nearly 20 percent of the U.S. workforce will be age 55 or older, up from 14 percent in 2002.

As the baby boom generation nears retirement age, and the generations coming after are considerably smaller, analysts are predicting labor shortages in many industries. Healthcare and government are among those that will be hit the hardest.

The director of the U.S. Office of Personnel Management sees what she calls “a retirement tsunami” coming in the next ten years, when 60 percent of our government’s 1.6 million white-collar employees and 90 percent of nearly 6,000 federal executives will be eligible for retirement.

The nursing shortage is already acute. Right now, there are nearly 200,000 vacancies. Given that the average age for nurses in the US is 45, that shortage is expected to grow to 800,000 by the year 2050.

And according to the OECD, if there is no change in retirement practices and policies in OECD countries, the retiree per worker ratio will shift from 38% in 2000 to around 70% in 2050.

What we’re facing is not just a labor shortage, it’s a knowledge drain.

Often, the institutional knowledge that retiring workers take with them is irreplaceable. Fortunately, we’re seeing another trend occurring at the same time.

Forty percent of our members who are 50 and older say they either plan to keep working past age 65 or already are. In fact, over 50 percent of our membership is still in the workforce.

Some say they want to keep working for financial security, but even more people want to continue working because it’s a way for them to stay productive and remain connected to the world. And it’s not just older persons in the US who are voicing this preference.

Last year, the AARP Global Aging Program published the International Retirement Security Survey, which gauged the opinions of citizens in 10 developed countries about their attitudes toward retirement.

One of the trends we found is that large percentages of adults in all countries surveyed expect some level of work to be a part of their retirement years. While retirement is typically viewed as a time to stop working completely, less than one out of three respondents - 31% - across all countries in this study plan to do that.

Two-thirds plan to keep working part- or full-time.

It would seem we’ve got a ready made solution to the projected labor shortages. A solution that will also help ensure the solvency of overburdened public health and

pension systems. The longer people remain in the workforce, the more they contribute to the tax base.

Allowing people to continue to work longer is good for employers, individuals, government and society as a whole. Especially if the decision to keep working remains a matter of individual choice.

But employment policies, mandatory retirement ages, negative stereotypes, pension policies – both private and public – often provide disincentives and barriers.

And age discrimination is hard to eliminate. We must legislate against it, as we have in the US since 1976, and as the European Commission Employment Directive has mandated for all EU countries by the end of 2006. But even with protections, prejudices persist.

For more than 20 years, AARP has been surveying the perceptions and policies affecting older workers.

We have found that the widespread belief in myths and stereotypes about aging and older people plays a major role in preventing American businesses from preparing for the inevitable changes in the workforce.

I'm sure you're familiar with some of these stereotypes: That older people are slow to learn -- or worse -- uninterested. That they'd rather mark time until they can retire than develop the skills necessary to keep current. That they are disengaged.

We didn't have to look any farther than our members to know those stereotypes don't ring true.

But could we persuade employers that it makes good business sense to recruit, retain, and even re-train older workers?

AARP this year embarked on a path-finding study to test the strength of the business case for 50+ workers. Copies of the report are available for you to read at length.

The AARP report, prepared by the global professional services firm Towers Perrin, introduces a more holistic analysis of the value and the costs associated with hiring and retaining 50+ workers and debunks many of the misperceptions employers continue to have about older workers.

First there's the issue of engagement. And by engagement, what's commonly meant is: employees who are passionate about what they do and feel a strong connection to their company.

Employee "engagement" is increasingly viewed as a key factor in predicting the financial success of a company. Towers Perrin's research has demonstrated that firms with highly engaged workers outperform those with less highly engaged employees.

According to Towers Perrin's survey of more than 35,000 employees, it is a myth that workers become less involved and less interested as they get older.

Workers 55 and older, in fact, are the most motivated, the most engaged.

The research also found a strong inverse relationship between employee engagement and turnover. Employees who are more engaged are less inclined to leave their employers.

Given the high cost of turnover, the higher engagement levels among workers 50+ should be an important consideration for companies trying to maximize their workforce investment.

The Towers Perrin report also addresses concerns about costs. Especially the cost of health care. Since this is not an issue in countries with national health care systems, I'll just briefly mention one of the key findings.

The report found that while there is a general perception that 50+ workers "cost more" than younger workers, the report shows that any additional cost is minimal, at most 3 percent.

And, when you consider the turnover-related costs of replacing veteran employees with deep institutional knowledge and job-related know-how and the time it takes to select and train new workers -- 50+ workers are more cost-effective than many employers suspect.

The Towers Perrin study creates a compelling case for the value of experience.

Some companies are listening.

Some employers -- large and small -- are beginning to recognize that it is a business imperative to retain and hire 50+ workers. Even if it means modifying the design of the workplace.

Florida Baptist Health South Florida, a hospital in Coral Gables, installed new patient beds throughout its hospital system to minimize the constant stresses and strains nurses endure by lifting and moving their patients.

International Truck and Engine Corporation turned its manufacturing process upside down, literally, to create a safe and comfortable environment for employees.

In the manufacturing process for two new lines of trucks, they've turned the chassis upside down to cut down on work-related injuries.

Some employers are trying phased retirement, seasonal work, or career development in order to attract 50 plus workers. These options would translate well in all our countries.

And a side benefit, it turns out, is that more flexibility and a better balance between life and work are also what the younger generations say they are looking for. Rather than backing themselves into a corner, employers who offer creative solutions for their 50 plus workers also become more attractive to a larger population.

If we can change employers' views on aging, the projected shortages may never happen. Instead, we will gain all the advantages of a diverse and multi-generational global workforce ready to meet the challenges of the 21st century.

AARP believes that together we can create the kinds of public/private partnerships that will help us promote intergenerational fairness in the workforce; together we can consider how to re-articulate the contract between employers and employees so that the responsibility for economic security is a shared one.

And we can envision how to make sure that the opportunity to work, for as long as we choose, and as long as we are able, can be part of the future that we create together.

Thank you.