

Retiring baby boomers open to options, but get them before they leave

By GRAHAM LOWE

Last month Statistics Canada presented its picture of the nation's workforce drawn from the most up-to-date census data.

While the numbers got plenty of prime news coverage and big headlines, they only confirm what we have known, or at least should have known, for some time. Many of the most basic beliefs about work and retirement will be challenged in the next few years. And like it or not, the choices and actions of baby boomers — the largest generation in Canadian history — will question virtually every practice and policy related to retirement.

Now is the time to rethink retirement, so that workforce renewal is orderly, planned and responsive to the needs of people and organizations.

Baby boomer diversity

First, we must dispense with the notion that baby boomers, as members of the same generation, are moving in lock-step toward leisurely retirement. This myth, fuelled by pop demography, views workforce aging as an "age wave" that will roll across all organizations like a tsunami.

The fact is, the baby boom



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cohort is spread out over 18 years — anyone born between 1946 and 1966. Consider this: as boomers born right after the Second World War were leaving high school in the early 1960s, the later members of this big generation weren't even born.

The effects of retiring baby boomers will be felt soon, but the changes will be fundamental, not fleeting, and will transform workplace practices for years to come.

Furthermore, in recent decades, the life course has become "de-standardized" as people forego the typical three-stage life plan of education when you are young, employment and a career during adulthood, and retirement in old age.

Blended families with both toddlers and teenagers; individuals returning to college in their 40s; employees retiring only to quickly re-enter the workforce in a different role — these are ex-

amples of how the life course has become less standardized and more individualized.

In short, demography is not destiny. Being part of the baby boom generation tells us little about the life circumstances that will influence a person's choices about work, family or retirement.

Focusing on individuals' transitions and trajectories during the entire life course, researchers are discovering that other than their age, baby boomers have less in common than we think.

As Victor Marshall and Margaret Mueller, life course researchers at the University of North Carolina, observe in a recent report for Canadian Policy Research Networks (www.cprn.org), "In spite of the incredible amount of variation in people's lives, policy measures continue to be based on a 'modal' (i.e., normal or standard) life course trajectory for the general population — exit from school, followed by entry into first full-time job and marriage, steady career progression and retirement at age 65."

Labour market and pension policies in Canada are slow to adapt to these new realities, though policy-makers are at least aware of this problem. In a

recent paper, *Older Workers in the Labour Market* (www.hrdc-drhc.gc.ca/sp-ps.lmp/owe_situation.shtml), the Forum of Labour Market Ministers concluded older workers' behaviour varies by gender, education, age group, occupation, industry, economic status, pension availability and region of residence. Thus, a "one size fits all" policy to support the labour market and retirement transitions of older workers must give way to flexibility and options.

Rather than wait for baby boomers to show by their actions that existing policies are outmoded, employers need to anticipate the needs and choices these aging workers are likely to make.

The 1990s downsizing offers useful lessons. When early retirement incentives were offered in efforts to cut payrolls, the average age of retirement fell. The difficulty, of course, was that early retirement packages usually were not selectively applied — the high performers left along with the underachievers.

There is no reason this process can't happen in reverse, with employers offering incentives and opportunities for older workers to stay on in the work-

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force or return in new roles.

But it will be important not to repeat the mistakes of the 1990s. These flexible retirement frameworks must not be interpreted as an entitlement, but rather as a career transition opportunity for those who deserve it and whose expertise is in demand.

Tapping experience

To address these issues, it is crucial to move beyond traditional workforce planning. As important as it is to map the age profile of your workforce, this only provides one dimension of the workforce renewal challenge.

The other key dimension is experience. The more an organization has downsized and restructured, the more likely it is that only a small cluster of key senior managers and professionals have deep experience in their roles. This creates a serious risk of knowledge drain, so employers need to think of flexible retirement options and re-employment not only as ways to respond to the needs of employees, but also as knowledge transfer strategies.

At issue is what Nancy Dixon calls "common knowledge." In her book, *Common Knowledge* (Harvard Business School Press, 2000), Dixon defines this as the knowledge that makes an organization run on a daily basis. This is "how to" rather than factual knowledge and it is unique to each organization.

A major goal of a comprehensive succession plan should be to transfer the knowledge that key individuals possess before they leave. Actually, this could be a larger challenge for organizations than renewing its retirement policies. That's because effective knowledge transfer requires redesigning the jobs of individuals

with crucial know-how in the years leading up to retirement.

Given that most organizations run very lean, finding time for this can be tough. So it must be achieved in ways that do not add to existing workloads.

The process also must be selective, involving only individuals possessing wisdom needed by the organization in the future. This should not only target senior leaders — common knowledge is found in all functional areas and positions.

The holders of this organizational wisdom need to become coaches, mentors and knowledge brokers. Such roles can best be supported by shifting the reward system for senior managers, offering incentives to nurture teams and knowledge dissemination throughout the organization.

Knowing your workforce

For demographers, it is important to be able to predict as accurately as possible future population trends. Census data facilitate this scenario building at the national and provincial levels.

However, organizations are far messier to deal with. At a recent conference on retirement, a demographer asked me how organizations can predict which employees will leave and when. This question has huge strategic importance, yet few organizations have the employee data needed to give an answer.

The question underscores the need for HR professionals to understand the intentions of those employees moving toward retirement eligibility. This will be a diverse group, so expect their plans, motivations and goals to cover a wide spectrum.

We all know of 50-something employees who can't wait to leave and enjoy a leisurely retirement. Others would like to leave, but their family and financial circumstances make that very diffi-

cult. Still others love their work and would welcome an opportunity to keep doing it, only not as a full-time employee.

Older workers a growing asset

The Canadian workforce can expect a 50-per-cent increase in the number of 55- to 64-year-olds in the next 10 years, and relatively fewer young workers entering the labour pool. So across all sectors, employers will be scrambling to find ways to better use a growing pool of older workers.

Healthy and well-educated, some baby boomers will find a life of golf and travel is not going to satisfy them. Even now, one in five university-educated individuals older than 65 are still working. Expect this to be a growing trend in coming years.

Chances are, a good number of your employees approaching retirement would like to keep on working. But the only way to know for sure is to ask them about their plans and to find out how receptive they are to alternatives. For example, the Association of Professional Executives of the Public Service of Canada (www.apex.gc.ca) surveyed federal government executives, finding that many of them could be attracted back after retirement if interesting assignments were available under flexible conditions.

Based on this kind of solid information, much of it gathered by the Public Service Commission's own research (www.psc-cfp.gc.ca), the federal government is developing flexible approaches to retirement that provide a range of options, gradual transitions and opportunities for re-employment.

One large western Canadian university has implemented important HR management changes in response to a wave of retirements among experienced faculty administrators who passed the

reins to relatively young — and unseasoned — leaders. One of the retiring deans was brought back on contract for several days a week to serve as a coach and mentor to the new administrators, with the details of the role left to the individuals to negotiate. This major departure from past HR practice is highly successful.

A new scaffolding

Jim Nininger, former CEO of the Conference Board of Canada, offers a perceptive idea that can stimulate new thinking about retirement. In his study of how executives experience the transition to retirement, *Life After Work* (Conference Board of Canada, 2002), Nininger observes organizations have constructed extensive "scaffolding" for new employees designed to orient, integrate and develop them. Yet almost no attention is given to the need to create similar scaffolding to support older employees entering the final phase of their careers.

Some organizations already have the pieces of this scaffolding. There are signs that special assignments prior to retirement, phased retirement, alumni programs, networking with volunteer agencies, and other similar programs are on the increase. More emphasis needs to be given to options that provide renewed and redefined roles in the organization for older workers.

But this will require a major shift in how we think about retirement — a sturdy new scaffolding that will endure the coming labour crunch.

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