



Talent Management of Older Talent

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ABSTRACT

This paper brings out how productively employers could make use of talent trove available with their older employees who may traditionally retire from active work. Longevity due to advances in medical science has made the older employees more and more employable and retirement scenario recedes. When talent shortage stares on the talent managers all over, they must have a meaningful look at deploying older employees productively in their organisations. Today's nature of work needs more employees to largely or solely spend their time interacting – defined as the searching, coordinating and monitoring required for exchanging goods or services. Older employees could be utilised for such jobs very easily. Employing older employees not only retains expertise within the organisations but also serves as corporate social responsibility as well.

Keywords : Age/Economically/ Lower Pressured Employers, Talent Management, The New and Old Reality

INTRODUCTION

"Talent" remains a strategic agenda point focused on the highest achievers even when financial crisis hits organisations. It is easy to lose valuable contributors inadvertently, or damage the company's external reputation among potential employees (Guthridge, M., Komm, A.B., 2008.). The older talent leaving organisations on retirement also must be reckoned while assessing employee turnover. A Hewitt survey (2008) indicates that despite the downturn, the overwhelming majority of firms still intend to focus on top talent, with nearly half the companies planning to sustain or increase learning and development expenditures.

Better health, longevity and lower birth rates have brought a major change in demographic trends. People no more talk about older people, above 50 years of age retiring, but keeping them active and useful to society. An unprecedented shift in the age distribution of general population, and with it the labour pool supply is emerging (Potter, E., 2005). Europe and Japan are facing the most dramatic shifts in population profiles and old-age dependency ratios. By 2025, the number of people aged 15–64 is expected to fall in Germany (7%), Italy (9%) and Japan (14%) (United Nations, 2008). Older people tend to remain in the workforce far longer than in the past, in either full-time or part-time roles. In order that older persons are able to continue with income-generating work productively for as long as they want, there is a need to promote a more favourable attitude among employers regarding the productive capacity of older workers, as well as a greater awareness, including self-awareness, of the benefits of maintaining an ageing workforce. Therefore there is a new vista of Talent Management which is worth considering for discussion.

TALENT MANAGEMENT

A year-long study of 77 companies from different industries and nearly 6000 managers and executives, supplemented by case studies of 20 companies widely regarded as being rich in talent was the base for McKinsey's research in 1998. This study concluded that the most important corporate resource over the next 20 years would be smart, sophisticated business people who are technologically literate, globally astute, and operationally agile. This study heralded a corporate sea change, —"The Old Reality" (people need companies)

replaced by "The New Reality" (companies need people) — people, not machines, capital or geography, becoming the new source of competitive advantage. The resultant "war for talent" arose from demographic trends creating scarcity, exacerbated by the state of talent management. The survey also showed a majority of companies with chronic talent shortages. In the "New Reality," jobs are present even in down times but talent is always scarce. McKinsey predicted that future demand for talent would increase and supply decrease, thus making the search for the best and brightest a constant and costly battle (Chambers, E., et al, 1998).

According to McKinsey, talent is ... "the sum of a person's abilities... his or her intrinsic gifts, skills, knowledge, experience, intelligence, judgment, attitude, character and drive" (Michaels, E., et al, 2001). Bradford Smart defines talent as "A players [that] are the top 10% of talent available in all salary levels, best of class." (Smart, B., 2005).

In many organisations, however, talent embraces the entire workforce and many others do not even know how to define talent. David Ulrich takes a holistic view with his formula defining talent: Talent = Competence + Commitment + Contribution (Ulrich, D., 2006). In his formulation, competence means that individuals have the knowledge, skills and values that are required for today and tomorrow. Commitment means that employees work hard, put the time in to do what they are asked to do, giving their discretionary energy to the firm's success. Contribution means that they are making a real contribution through their work — finding meaning and purpose in their work.

AVENUES AVAILABLE FOR VETERANS

In the 21st century's "age of discontinuity," (Foster, R., Kaplan, S., 2001) change is accelerating with organisations less predictable and stable and loyalty to organisations is no more relevant. Employers now view employees as "... free agents responsible for their own employability and employees now assume an active role in monitoring their own learning, skill and career development... Free agents give their talent in exchange for opportunity" (Pink, D., 2001). Older employees are also free agents of this sort.

Individuals born in the same time period share a common history that creates common experiences and may influence the attitudes, behaviours, and work styles of generational "peer personalities" (Conger, J., 1998, & Strauss, W., Howe, N., 1991). But in many workplaces, three, and sometimes four, generations are working together. Generations with very different values and expectations sit side-by-side and often, younger employees manage older, more experienced people. This cross-generational workforce can be a source of conflict or a source of learning, productivity, and innovation for organisations (Smola, K., Sutton, C., 2002).

According to McKinsey research, only 15% of US employees are engaged in transformational work. The rest of the workforce now consists of people who largely or solely spend their time interacting (searching, coordinating and monitoring required for exchanging goods or services) (Johnson, B., et al). Many managers do not know how to provide feedback and develop people, nor are they rewarded for doing so (Goldberg, E., 2007). The older employees with their experience and expertise seasoned with maturity in thought and outlook can easily take on these types interacting roles in organisations.

TRANSITION FROM 'GOLDEN AGE' MODEL TO ACTIVE RETIREMENT

People's notions about what constitutes old age have changed. Older persons are more likely to be defined in relation to an individual's functioning, physical appearance and social role transitions (Kinsella, K., and Phillips, D.R. 2005). Nonetheless, statistical concepts of ageing continue to prevail. Active ageing is not only geared towards better social integration of older persons into society, but also aims to foster dignity, autonomy and freedom. The World Health Organisation argues that countries can afford to get old if governments, international organisations and civil society enact active ageing policies and programmes that enhance the health, participation and security of older citizens (WHO 2002).

According to the findings from a survey regarding the attitudes towards retirement carried out by HSBC, the general feeling among those approaching retirement age is a sense of wanting to begin a "second life", incorporating periods of work, leisure and education (HSBC 2005). Respondents from affluent countries were likely to have more positive views of older persons than less affluent countries. Less affluent countries tend to place greater reliance on families to support people as they age, contrary to the emphasis on independence and financial planning for retirement in more affluent countries. These attitudes explain why many older persons in affluent countries either live alone or with a spouse, while those in developing countries usually live with family members.

The later study by HSBC, dubbed the world's largest survey on the subject reveals five surprising new findings: (HSBC 2006)

1. "Help us help ourselves" –individuals want governments to do more to help senior citizens help themselves and so "enforced additional private savings" is the people's preferred option to help governments finance an ageing population.
2. Retirement Associated with Freedom, Happiness and Satisfaction – Older people want to remain active and positive in their later years, and continue to contribute to society.
3. Expectation to be Self-sufficient in funding their retirement, and not depending on governments alone.
4. Family, friends and physical fitness are more important than money for a happy old age.
5. Transition to Developed Economies' new model of Active Retirement from outdated "Golden Age" model of retirement as a time for rest and relaxation.

IMPACT OF AGEING EMPLOYEES ON TALENT MANAGEMENT

Havighurst divided elderly people into two general categories as Transformers and Maintainers. The former voluntarily reduce their activities and change their lifestyles by forgoing their old roles and assuming new ones while the latter hold on to work by accepting part-time assignments after retirement and also pursue other activities to pass their spare time. Obviously the transformers are less stressed but employers need to focus on the maintainers.

A Sloan Center Survey (2009), done by the Sloan Center on Aging & Work spots four following types of employers:

- "Lower Pressured Employers" anticipated a positive/neutral impact from the aging of the workforce and felt that the economic circumstances had a positive/neutral impact on their business operations during the previous year. 24% of the employers fell in this group.
- "Economically Pressured Employers" experienced a negative impact of the economy in the past year and on business operations during the previous year but did not anticipate a negative impact resulting from the aging of the workforce over the next three years. 36% were in this group.
- "Age Pressured Employers" anticipated a negative impact associated with the aging of the workforce over the next three years but reported that economic circumstances did not have a negative impact on their business operations during the previous year. 12% of the employers fell in this group.
- "Age/Economically Pressured Employers" anticipated a negative impact associated with the aging of the workforce over the next three years and reported that the economic circumstances had a negative impact on their business operations during the previous year. 28% of the employers are this group.

Organisations that were in the age/economically pressured group were more likely to report that they had analyzed the age demographics of their workforce to a "great extent" than those in the other three pressure groups.

Nonetheless, more than four of every 10 (45%) of the employers surveyed felt that their organisations have "too few policies and programmes/not enough" for the career progression and promotion of older workers. Age pressured and age/economically pressured employers were associated with this finding.

Two-thirds of employers surveyed (69%) reported that their organisations "have about the right number" of policies and programmes to engage older workers. Age/economically pressured employers were the most likely to feel that there were "too few/not enough" policies and programmes.

POSSIBLE SOLUTIONS

Given both demographic and economic pressures, there are several key actions employers should consider:

1. Retention of key talent is critical to business success. During times of economic challenge, when staffing and resources are lean, it is vital for companies to retain their best people. Progressive employers have learned that—across all ages, and stages—employees want and need flexibility for their work-life balance. Employers are designing innovative training programmes for supervisors to ensure that workplace flexibility is both managed and manageable, thus making it an effective retention tool.
2. Employee engagement is an important link between retention and productivity. Progressive employers are exploring linkages between employee engagement and areas such as training and development, health and well-being, and opportunities for meaningful work. If older employees' health concern is addressed by employers, they can contribute their best to the organisations.
3. Employee recruitment is key to finding the best people who will fit within a company's culture and contribute to its success. The older employees fitted the company's

culture and contributed to its success all these years well. When they are capable for the same they are the best choice.

The Sloan Survey concludes its study stating the following actions available for employers: (Sloan Center Survey 2009)

There can be positive outcomes and opportunities associated with the pressures on organisations, such as the pressures of the economy and the aging of the workforce. For example, age pressured and age/economically pressured employers are the most likely to have considered their organisation's future staffing needs.

However, these employers also are the most concerned that their organisations offer too few policies or programmes for the career progression and promotion of older workers. This could also reflect the fact that age pressured and age/economically pressured employers are more attentive to talent management as it pertains to shifts in the age demographics of the workforce.

Understanding the pressures that affect a business' organisational situation can help employers best tailor their workforce planning. For example, age pressured employers will want to carefully assess the demographics of their workforce to determine the critical risk areas, and use this data to drive decision making, while economically pressured employers may need to redirect limited organisational resources to more immediately pressing issues.

An alternative to engage seniors is to raise the existing retirement ages to bring them more in line with higher life expectancies. Some government in Europe and USA have already

given a thought to this. However, the universal application of higher retirement ages does not take into consideration the varying degree to which jobs require physically demanding labour, which may put considerable strain on people as they age (Moore, M. 2006). Many older people like to work. Give them an occupation and it is a service to the community and it gives the older worker satisfaction: it keeps them happy and gives them value.

CONCLUSION

In the New Reality employees as free agents are responsible for their own employability and assume active role in monitoring their own learning, skill and career development. Hence older employees who seek second life in organisations are reluctant to go on retirement, but are eager to contribute to interacting roles wherein they can relate to promote organisations' products and services. Thus the HR professionals have a new task to identify and engage older talent by providing them the right education. Because while training teaches what to do, education looks forward to the future; training teaches the 'how' whereas education teaches the 'why'; and most of all training focuses on individuals, while education focuses on the larger canvas of society or organisation. Finally, training is a programme, but education is a process.

An employer that determines how to offer flexible, contemporary work options to both older and younger employees is likely to find a distinct competitive advantage in recruiting and retaining employees as the balance of power in the employer-employee relationship continues to cater more toward the employee in the talent-poor future.

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