



# The Alfred P. Sloan Foundation and The Sloan Center for Flexible Work Options and Older Workers at Boston College



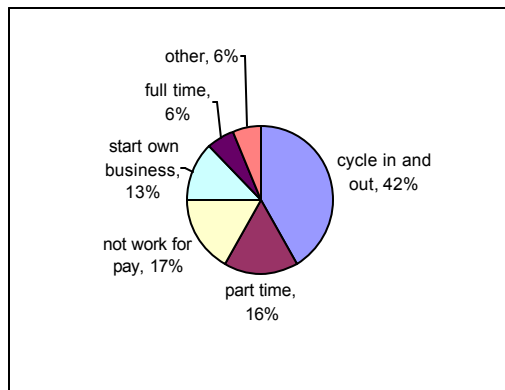
## Flexible Work Options and Older Workers

An Issue Brief Prepared by Kathleen Christensen, Ph.D. for  
What An Aging Workforce Can Teach Us About Workplace Flexibility  
July 18, 2005

### Introduction

Numerous studies conducted over the past decade have found that most older workers in the U.S. are actively considering their options for extending the number of years they spend in paid employment. According to AARP, 80% of older workers who will soon reach the "normal retirement age" expect to continue to work. Furthermore, a recent survey conducted by the Society of Human Resource Management (SHRM) found that two-thirds (68%) of the workplaces reported that their workforces included employees who had retired from other organizations (Collinson, 2003: 7).

A recent survey of Baby Boomers (i.e., people born between 1946 and 1964) conducted by Merrill Lynch found that while most older workers want to continue to work, only 6% want to work as full-time employees.



Source: Merrill Lynch cited in Varchaver, 2005

There are many factors that will determine how many of these older Americans do, in fact, continue to participate in the labor market. Personal and family circumstances, such as the income needs of older Americans, will affect the choices that some Baby Boomers make about work. Public policies, including regulations that act as either incentives or disincentives for continued work will also have an impact on the employment decisions made by older workers. In addition, attitudes at the workplace about older workers will influence the employment decisions made by some older workers.

One set of variables which can affect older workers' decisions about work that is often over-looked is the availability (or lack of availability) of flexible work options. This Brief outlines why it is important to acknowledge the mismatch between the preferences of today's older workers for flexible work options and the limited availability of these options at the workplace.

### Do jobs available at most workplaces match the needs and preferences of older workers?

In an effort to maximize efficiency, productivity, and profits, businesses adopt different strategies for organizing the work they do. Decisions about work structures determine, for example, what types of tasks are completed in which ways during specific hours of operation. Once employers structure work in particular arrangements, they typically start to make assumptions about the characteristics of employees who are the most appropriate and desirable.

How do employers tend to think about the ideal employee?

The topics discussed in this Brief reflect conversations that took place during a meeting convened by the Sloan Work & Family Research Network and Workplace Flexibility 2010 in December 2004, "Flexible Work Options: A Pathway to Healthy and Productive Aging." The following individuals were in attendance: Andrina Buffong, Kathleen Christensen, Chai Feldblum, Patti Giglio, Robert Hudson, Robert Hutchens, Jacquelyn James, Jim Lubben, Ellen Mahoney, Tasia McCullough-Johnson, Jean McGuire, Phyllis Moen, Alicia Munnell, Pamela Perun, Marcie Pitt-Catsouphes, Joseph Quinn, Catherine Reynolds, Stephen Sass, and Michael Smyer.

**What do we mean by “retirement”?** It used to be fairly easy to tell the difference between being “an older worker” and “a retiree.” Today, some older Americans talk about their “retirement jobs,” so these distinctions have become blurry. One expert has noted: “Retirement most often is defined with reference to two characteristics: nonparticipation in the paid labor force and receipt of income from pensions, Social Security, and other retirement plans.... However, (there) are those who might be considered to have “retired” based on one part of the definition but not the other...In such cases, having retired from a particular occupation does not mean that a person has retired from the workforce...not everyone who received pension income is retired, and some people who work for pay are actually retired.” (Purcell, 2003: 30-31)

For much of the 20th century, it was widely assumed that employees who wanted to work on a full-time basis and those who would be able to work the standard work week would be the best match with the demands of career jobs. However, business leaders across the country began to challenge this assumption in the late 1980s and throughout the 1990s when increasing percentages of women entered the labor force. Some employers found that these women – and also increasing numbers of men – were committed to their jobs, but they wanted to work in a different way than the traditional 9 to 5, five days-a-week employment structure.

Today, the aging of the U.S. labor force has once again precipitated a shift in employers’ assumptions about the “ideal” employee. Realizing that older workers could add value to their businesses, some business leaders are re-thinking how they structure work. These innovative employers understand that older workers want more flexibility at work; some of them also recognize that the availability of flexible work options is limited. When the preferences of older workers for flexible employment arrangements are juxtaposed against the full-time, full-year structure of most quality jobs, it is fair to say that the structure of work is mis-matched with the needs and preferences of increasing percentages of older workers (Christensen & Gomory, 1999).

For the past several decades, most older workers have had only three “real” options with regard to their labor force participation: they could either continue full-time employment in their pre-retirement situations, they could take career dis-continuous “bridge jobs” that were often lower in pay or status than their prior career jobs, or they could withdraw entirely from the labor force and move abruptly into full-time retirement. But times have changed, and the lines between being employed and retired are a bit blurry. Some research suggests that 4 of every 10 men and 3 of every 10 women between the ages of 55 and 64 who receive income from private pensions (one indicator of being retired) were also employed. (Purcell, 2003: 43). That is, a substantial percentage of retirees are actually working.

Why are so many people of retirement age continuing to work? As discussed in the Brief, “Perspectives: Priorities and Preferences of Older Workers” prepared by Michael Smyer & Marcie Pitt-Catsoupes, some older Americans have to work for needed income, whereas other want to work because employment offers them rewards and benefits.

Given the trends of increased labor force participation by older Americans, it is important that business leaders and

public policy makers view older Americans not only as workforce “exiters,” but also as workforce “stayers” and, in some situations, workforce “entrants.” As a country, we have a unique opportunity to construct a new paradigm of employment for older workers – a way of thinking that provides for a range options to *remain* in the labor force, *return* to the labor force, and to *cycle in and out* of the labor force.

There is widespread consensus among the experts that older workers want more choice with regard to their employment situations. If older workers are offered more flexibility, they are more likely to stay in the labor force longer and contribute their experienced talents to the workplace. If older workers are not able to find the type of flexibility they need at the workplace, at least some are more inclined to retire.

The Cornell Careers Center, one of the Sloan Centers for Working Families, found that:

- Approximately half of the older workers expressed an interest in working “significantly fewer hours...” than they actually did (Moen et al., 2000: 6).
- Among those older workers who retired and then decided to work, a majority (71%) reported that the reason they “retired” was a desire more flexibility than their pre-retirement jobs afforded (Moen et al., 2000: 16).

#### **What are flexible work options and why are they important to older workers?**

There are many different types of employment structures that could be appropriate for the diverse population of older workers. Flexible work arrangements offer older workers options and choices with regard to:

- the *scheduling* of full-time work hours, including flextime and compressed work weeks
- the *amount* of time spent working, including part-time jobs, part-year jobs, or job-sharing
- *career flexibility* with multiple points for *entry, exit, and re-entry* over the course of a career, including formal leaves and sabbaticals, as well as taking time out of the paid labor market, with the ability to re-enter.

In addition to these forms of flexibility that offer employees choices about the timing of work, employers sometimes provide other types of flexibility. Some older workers have options to pursue alternative career paths and, in some cases, career changes. At other workplaces, older workers may have choices about the places where they can work, including teleworking from home or

working at alternate work locations. The success of many flexible work arrangements often depends on redesigning the tasks assigned to jobs. Ideally, work redesign would take into consideration older workers' experiences, abilities, and preferences.

Older workers may seek flexibility at the workplace for a number of different reasons. In some situations, older workers might be able to anticipate their needs for flexibility and they can make arrangements with their employers in advance. Other times, such as when family or medical emergencies arise, the need for flexibility cannot be anticipated.

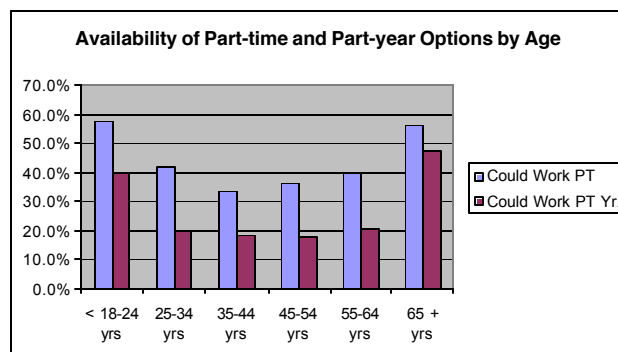
Some older workers want flexibility so that they can become more involved in volunteer activities, avocational interests, or religious organizations. In fact, 28% of the older workers who responded to a survey recently conducted by The Conference Board said that their desire to "contribute to society" was a factor in their decisions to retire (Parkinson, 2002: 32). Other older workers prefer to accept temporary assignments or contract work so that they can help with family obligations as needs arise, such as providing care to a spouse or elderly relative. Moen et al. (2000) found that a majority of older Americans (70% of men and 69% of women) state that the reason they have retired is to "do other things." (p.5). Older workers with jobs that offer them sufficient flexibility may be able to continue to work as well as to pursue other interests.

The good news about flexible work options is that they are often win-win; that is, flexible work options can be advantageous to businesses as well as beneficial for older workers and their families. Recent research by the BOLD Initiative (2005) – a project based on interventions in ten major U.S. firms – has shown that flexible work options can serve as a tool for increasing corporate performance, reducing paid time off, and improving employee retention and morale. Forthcoming research by Corporate Voices for Working Families, with WFD, also indicates important business outcomes from flexibility. Flexible work options, therefore, not only make "common sense" but they can also make "business sense."

Two flexible work options can be especially important to older workers: the ability to work full-time on flexible schedules and the ability to work less than full-time. These two options are often identified as effective strategies for attracting and retaining older workers (Parkinson, 2002). Unfortunately, the percentage of older workers who want access to flexible schedules appears to exceed the percentage who have this option available to them. The U.S. Bureau of Labor Statistics reported in 2001 that only 26.4% of workers between the ages of 55 – 64 years had access to flexible schedules. There is a similar mismatch between older workers' preference for reduced hours and the availability of this option. The Cornell Retirement and Well-Being Study found that a majority (79%) of older workers aged 55-74 prefer to remain working, but most of them do not want to work full-time (Moen et al., 2000: 6).

Information gathered by The National Study of the Changing Workforce, conducted by the Families and Work Institute, indicates that workers in the 55-64 age group – older workers who are often at a critical point in their lives

for making decisions about retirement – are *less* likely than those 65 years+ to feel that options for reducing their work hours are available to them. Future research should explore the factors (including but not limited to the reduction in income) that restrict those who are 55-64 years old from working on a reduced-hours schedule.



Source: Bond et al., 2002

Furthermore, we need to gain a deeper understanding of the extent to which part-time jobs that are career continuous are, in fact, available to older workers or if their choices for employment are limited to career discontinuous jobs (most of which are hourly-wage rather than salaried jobs).

#### Why is the availability of flexible work options for older workers an important policy issue?

Purcell has observed, "The number of people retiring each year affects the size of the labor force, which has a direct impact on the economy's capacity to produce goods and services. Other things being equal, fewer retirements in any given year would result in a greater supply of experienced workers available to employers and fewer people relying on savings, pensions, and Social Security as their main sources of income. Consequently, changes in the age profile of the population or the average age at which people retire have implications for both the national income and the size and composition of the federal budget." (Purcell, 2003: 30)

Increases in the labor force participation of older Americans will reflect whether there is a good fit between the preferences of older workers and the employment options that are actually available at the workplaces. The availability of flexible work arrangements will have a significant impact on the decisions that older workers make about their participation in the labor force. The Conference Board reports that, "One-quarter of the (older worker) respondents (to its survey) indicate that *they are continuing to work* because the company provided them with the *flexibility* that they need, and nearly half say that more flexibility would prevent them from retiring." (Parkinson, 2002: 22).

Many countries around the world that are examining the social implications of early retirement have already acknowledged that flexible work options need to be an important part of public discussions (Platman, 2004). As the mosaic of U.S. policies that focus on older Americans is re-crafted, it will be important to examine how public policies might affect workplace flexibility.

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**The Workplace, Workforce and Working Families Program at the Alfred P. Sloan Foundation**, directed by Kathleen Christensen, Ph.D., consists of three parts: conducting research on working families and everyday life; developing industry-specific approaches to workplace flexibility by developing projects in specific firms to increase workplace flexibility; and making workplace flexibility a visible and discussed issue through projects with business, labor, advocacy groups, and media.

The Foundation's **Workplace Flexibility Initiative** is a collaborative effort designed to make workplace flexibility the American standard. In an effort to reach that goal, the Foundation funds a variety of projects at the national, state and local levels that coordinate with business, labor, government and advocacy groups to advance flexible work arrangements. Each project is driven by a common set of principles: workplace flexibility requires both voluntary employer and employee action as well as public policy reform; change must take place at the federal, state and local levels; the outcome of workplace flexibility must be proportionately fair to employees and employers; and successful flexibility efforts take into account the changing needs of individuals throughout the course of their professional and personal lives and across different income groups.

Many of our research investigations have revealed a profound mismatch between the needs and priorities of working families and the availability of flexibility and choice at the workplace. We note that while the demographics of the American workforce have changed dramatically over the last thirty years, the American workplace is organized in very much the same way as it was when the workforce consisted almost entirely of men providing most of the financial support to their families. It is not surprising, therefore, that our research shows that significant percentages of working Americans want more flexibility at work.

Over the last 11 years, the Foundation has funded six **Centers on Working Families**, one **Workplace Center**, and one **Center on Older Workers**, in addition to nearly 200 other research projects that have examined issues faced by working families. By providing the only source of sustained funding for researchers in sociology, psychology, anthropology, political science, labor economics and industrial relations to conduct interdisciplinary research on issues faced by working families, the Sloan Foundation has played a vital role in developing this new field of work-family scholarship.

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**The Sloan Center for Flexible Work Options and Older Workers at Boston College** is a unique academic center established in 2005. The Center works in partnership with decision-makers at the workplace to design and implement research investigations that will help the American business community to prepare for the opportunities and challenges associated with the aging workforce. The Center focuses on flexible work options because these are a particularly important element of innovative employer responses to the aging workforce. The studies conducted by the Center's multi-disciplinary research team will examine employers' adoption of a range of flexible work options, the implementation of these arrangements at the workplace, and their utilization by older workers.

The SENIOR Advisors is a group of HR decision makers, representatives of employee groups, and members of trade and business associations that provides guidance to the Center about all of its core activities, including the identification of key research questions, assessment of the feasibility of data collection, the interpretation of findings, and the preparation of reports for practitioners.

The Center is directed by **Michael Smyer, Ph.D.** and **Marcie Pitt-Catsouphes, Ph.D.**

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**Contact us:** Marcie Pitt-Catsouphes – [pittcats@bc.edu](mailto:pittcats@bc.edu) & Michael A. Smyer – [smyer@bc.edu](mailto:smyer@bc.edu)