

Older workers (1953) ✓ c.2

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## Utilization of Older Employees in Minnesota\*

By

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*Persons over 65: are they a nuisance or an ace in the hole? Apparently more and more firms are retiring individuals at that age. Frequently retirement allowances permit only a meager scale of living. Many men and women have no developed hobbies to supply healthful activities after retirement. On the other side of the ledger, in these days of high employment, the older persons may constitute an important labor reserve if and when it becomes necessary to speed production for defense or war. At least these are points frequently referred to in current writings.*

*The staff of the Industrial Relations Center of the University of Minnesota recognizes a lack of objective information on these and other points concerning older persons in our communities. Consequently, a series of studies has been instituted to supply such information. The present paper is a progress report on these studies. It is presented as illustrative of the problems being studied and the methods being used by the Center.*

*The Industrial Relations Center is affiliated with the School of Business Administration of the University of Minnesota. Its director, Dale Yoder, is Professor of Economics and Industrial Relations in the School of Business Administration.*

Minnesota faces a future in which an increasing proportion of the population will belong to older age groups. The trend in Minnesota follows the national trend since 1900 when only 4% of the population were over 65 years old. Today, the national figure is 8.2%

(twelve million persons) and the corresponding figure for Minnesota is 9.0%. This basic change in the demographic picture carries with it many social and economic implications. Of chief concern to the staff of the University of Minnesota Industrial Relations Center is the manner in which this population change has affected employment.

With regard to employment, national measures of labor force participation show that a constantly decreasing proportion of older persons (those 45 or older) are labor force participants. Although the proportion of men in the labor force has declined somewhat for all men 45 and over, the most marked decline has been for those persons 65 and over. In 1920, nearly 60% of men 65 and over were in the labor force; by 1940 this per cent had dropped to 40%. During World War II, participation rose to 50% but since has declined to 45%, indicating that the general trend of declining employment for men 65 and over has continued.

These two trends pose crucial questions to employers in Minnesota. How are increasing numbers of older persons to be supported? Will they be given opportunity to work in their old age and thus contribute to the economy? Or will they be pensioned off and thus become a growing economic burden to society? Finally, if employers do seek

to retain older employees, will they need to reserve or design special jobs or working conditions for these older employees? And will any such special arrangements for older employees result in social and personal frictions among employees of different age groups?

Discussions of these questions bring out sharp differences of opinion based, apparently, on incomplete information. Because of this, the Industrial Relations Center instituted a series of pilot studies designed to provide descriptive data concerning utilization of older employees, and tentative answers to the above questions. These studies extended from October, 1949 to September, 1952. The studies dealt mainly with the following major areas:

(1) Management personnel policies and practices. A number of firms has been surveyed in Minneapolis, Duluth, Austin and St. Paul and throughout the country in order to define and analyze individual and firm characteristics which affect, favorably or unfavorably, continued employment after 65.

(2) Union policies and practices. Union leaders in Minneapolis and St. Paul have been interviewed in order to discover union opinions and practices which may affect continued employment after 65.

(3) Job characteristics. Job-age distributions have been compiled and specific jobs have been analyzed in an effort to determine what, if any, job tasks are difficult for older persons.

(4) Interpersonal relations. Social relations of young and old have been studied, with particular emphasis on the measurement of attitudes of employees and union and management officials toward employment of older

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persons. These measures help to show the possible effect of personal friction on the utilization of older employees.

### Management Policies and Practices

Surveys of industrial policies and practices made by the Metropolitan Life Insurance Co. and by the National Industrial Conference Board agree in finding few formal programs directed toward utilization of older employees. When utilization does occur, it appears generally to result from a very informal process. It seems possible, however, that various individual and firm characteristics have an important bearing on the extent of utilization. If this is the case, knowledge concerning such characteristics will aid materially in developing concrete programs of older employee utilization.

The IRC effort to discover factors related to the retention of older workers took the form of a survey of 1,069 firms employing about 634,000 persons. The survey in Minneapolis was conducted in the spring of 1950. The surveys in St. Paul, Duluth, Austin, and throughout the country were conducted during the spring of 1952.

Utilization of older employees in these firms was studied with respect to four major factors: firm size, presence

Figure 1—Firm Size as Related to Utilization of Older Employees

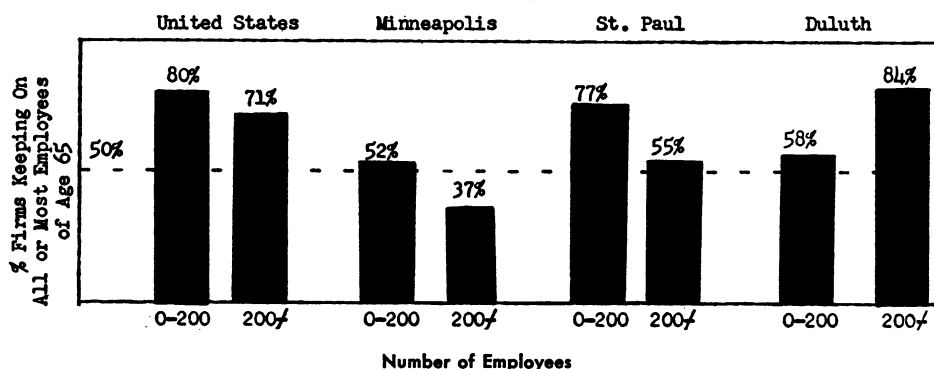


Figure 2—Employee Ability as Related to Utilization of Older Employees

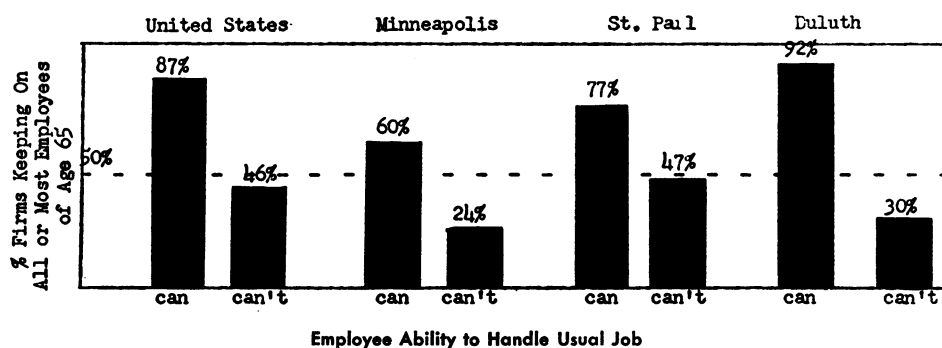


Figure 3—Type of Wage Payment as Related to Utilization of Older Employees

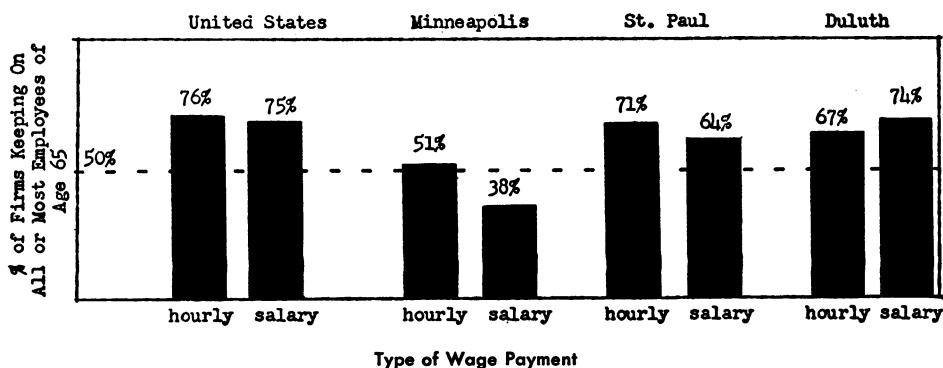
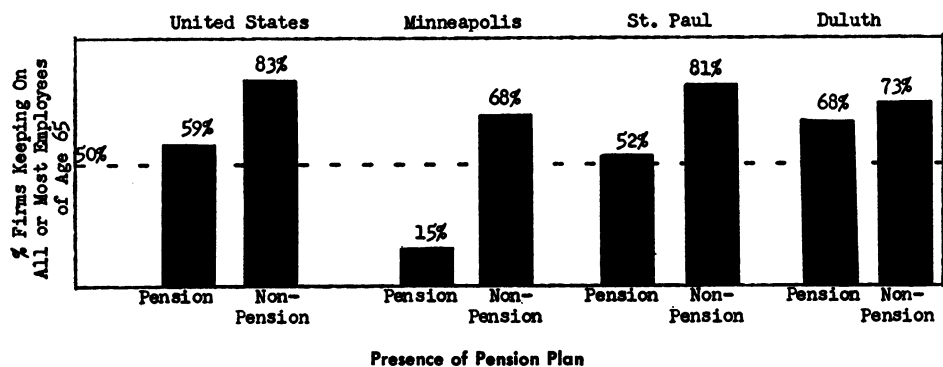


Figure 4—Presence or Absence of a Pension Plan as Related to Utilization of Older Employees



or absence of a pension plan, manner of wage payment, and the ability of an individual older employee to handle his or her regular job. Figures 1-4 show the effects of these factors on whether or not firms retain employees beyond age 65. Examination of these figures shows that presence of a pension plan and individual employee ability are important determiners of utilization practices.

The presence of a pension plan appears to affect utilization adversely. In all cases, a larger per cent of non-pension firms keep on all or most employees at age 65 than do pension firms. This finding undoubtedly reflects the fact that many pension plans contain compulsory retirement age provisions. In the various areas surveyed, from 30% to 47% of firms with pensions had provisions requiring compulsory retirement at some arbitrary age—usually age 65. For non-pension firms, on the other hand, less than 1% of the firms in the national survey required compulsory retirement and only 27% in Duluth had such provisions. Perhaps management believes that the pensions give reasonably good provision for old-age living and that therefore there is no need for the firm to accept the risk of lower productivity on the part of older employees.

Modified by this tendency to retire on a pension, a major factor associated with utilization is individual employee ability. An employee of 65 who is able to handle his regular job has a good chance of continued employment regardless of other factors in the employment picture. Those who can no longer handle their regular jobs have much less chance of continued employment. Even so, several firms do utilize such employees. This is usually done by reducing the employee's duties or by effecting a job transfer. These job changes are accompanied by pay decreases about as often as not. It is important to note that firms that do retain persons who have demonstrated decreased job effectiveness do not often do so by retention of the employee on the same job. Instead, it is necessary for these employers to devise special methods usually involving procedures of selective placement. Few firms have written policies for such matters as this, and it is rare for a firm to have a set method on which management uniformly agree. The manner of utilization is decided on an informal and individual basis. Even though methods are often based on trial and error, the final solution is often fairly satisfactory to both employer and employee. However, it is evident that employers would save time if they could develop and institute "one trial" methods of job change.

One other important finding should be mentioned. A quick glance at figures 1-4 shows that older employees are being utilized to a greater extent in the areas recently surveyed than they were in Minneapolis before the Korean War. Sectional and inter-city differences may partially explain this increased utilization. However, the primary determiners are probably (1) increased manpower requirements stemming from expanded armed forces and defense production needs, and (2) publicity during the past two years which has shown the need for a program of post-retirement age utilization of employees.

Factors such as these, affecting older employee utilization, would be of minor significance in absence of a desire on the part of older persons to continue working. Employers were asked to give us their estimate of the preferences of persons who had reached 65 in their employ. The results were conclusive. According to employers, the large majority of their older employees prefer to stay on the job if they are allowed to do so. This verifies the assumption that older persons constitute an important source of defense manpower. Survey information, as outlined above, gives an over-all picture of utilization practices. In order to study

management policies and practices more intensively, individual firm studies were conducted in three Twin Cities firms. These pilot studies show that non-utilization of older persons is often associated with rational and institutional barriers which may be difficult to overcome. Thus, policies pertaining to hiring restrictions, seniority, placement and training, compulsory retirement, etc., which act to block utilization of oldsters do not exist in a vacuum. Indeed, they are defended with reasons which, on the surface, appear to be logically determined. Usually, however, there is little objective information by which these reasons may be judged. Research has barely scratched the surface in the attempt to establish the relative validity of such statements as: "We have to retire the old employees in order to hang onto our young employees who are eager for promotion;" "It's well known that an old person couldn't handle *that* job;" "People deteriorate rapidly after age 65, both physically and mentally;" "The administrative difficulties of retaining older employees are just too great." Identification of problems giving rise to statements such as these is desirable. Accurate identification of all such barriers and analysis of their relative importance in the restriction of employment of older persons is necessary to the planning and ordering of research in this area.

#### Union Policies and Practices

A survey of unions in St. Paul and Minneapolis was undertaken to discover union feelings concerning employment of persons beyond age 65. A standard interview questionnaire was developed, and interviews were conducted with representatives of 18 Twin Cities unions with 28,508 members.

In general, unions do not push for the continued employment of older persons. In bargaining for pensions, unions have, in a sense, apparently failed to recognize implications of widespread employee retirement at 65. Thus, loss of needed defense manpower and the over-all money cost of pension support has not been of major concern to union representatives. However, an attempt by an employer to retain older employees normally meets with union acceptance if downward wage adjustments or suspension of seniority rights are not involved. Continued resistance in these latter instances may be expected to hinder older employee utilization. There needs to be fuller recognition of the problems resulting from growing numbers of non-productive persons in our economy. Sincere pro-

grams of union-management planning in these matters need to be instituted.

#### Job Characteristics

There is much speculation concerning the relative abilities of older and younger persons to perform certain types of jobs. It has often been stated that there are jobs and job factors which cannot, and others which can be performed effectively by older employees. The general feeling has been, therefore, that researchers need merely to identify these job factors in order to make possible programs of job planning which in turn may facilitate expanded utilization of oldsters.

In order to study the validity of this hypothesis, the Industrial Relations Center has compiled job-age distributions from eight firms in the Twin Cities. An attempt to identify jobs as "older person's jobs" or "younger person's jobs" has resulted in failure to secure true differentiation. Nearly every job is performed by several operators from each age group, and the majority of job-age distributions display a wide range of operators' ages rather than a grouping of ages. This finding in itself suggests that individual differences among persons of any age are so great as to preclude valid generalizations concerning job abilities of persons in a given age group.

However, further attempts were made to identify job factors related to age differences. In two firms, it was possible to differentiate jobs according to the median ages of the operators. Refined methods of job analysis were then employed to compare jobs with high median ages to those with relatively low median ages. These analyses revealed no conclusive differences between the relative occurrence of physical factors such as walking, standing, and stooping and the age of the operators. It appears that job characteristics of the kinds considered do not generally determine whether older people can perform a specific job. It has not yet been possible to identify jobs or job factors, the performance of which is significantly associated with the age factor *per se*. It seems, therefore, that selection, placement, and transfer policies with respect to work abilities cannot be validly based on age alone.

#### Interpersonal Relations

An important factor in the problem of employing the older employee efficiently and humanely is the favorableness of attitude toward that employee held by various groups such as management and co-workers. Findings by the Nuffield Research Unit in England sug-

gest that attitudes of fellow employees toward older employees may affect the performance of older employees on the job. Evidently, such interpersonal relations as this and prejudice against older employees by management could have an important bearing on utilization of older employees.

In order to discover possible relationships between attitudes and utilization of older employees, a measure of favorableness of attitude toward older employees was needed. To meet this need, a 24-item scale designed specifically to measure attitudes toward the employment of older persons was designed and validated by the Industrial Relations Center. This scale was then administered to persons in two firms.

Results of these administrations were strikingly similar. In Firm A, a commercial laundry, two findings stood out. First, older age groups, on the average have much more favorable attitude scores toward older employees than do younger employees. Second, rank and file employees have more favorable attitude scores than do supervisors and members of top management. In addition, it was found that number of years on the same job and number of years with the firm are related positively to favorableness of attitude toward older employees. Both of these variables are probably functions of the employee's age.

These preliminary findings were duplicated by results of the case study in Firm B, a precision machine firm. Supervisors in this firm have significantly less favorable attitudes toward older employees than do rank and file employees. This finding has even more meaning when the average ages of the two groups are examined. These supervisors are older, on the average, than are regular employees, yet they have less favorable scores toward older employees. From the results in both firms it can be concluded that supervisors show unfavorableness toward older employees. Even older supervisors have this feeling.

In Firm B, age differences were again found in favorableness of attitude among the rank and file employees. Older employees had the more favorable scores toward older workers while younger employees had less favorable attitudes toward older workers.

Similarly, number of years on the same job and number of years with the firm were positively related to the favorableness of attitude score. In addition to these investigations, a more intensive analysis of attitude relationships was attempted in Firm B. The relation between jobs, attitudes, and age was considered. From all information gathered, one interesting idea emerged—

that is, the favorableness of attitude toward older employees may be a relative thing, based on the age of the persons in a work group.

Simply stated, the relatively older persons in a group have more favorable attitudes toward older people in general than do the relatively younger persons. This was noted especially with middle-aged workers who were more favorable toward older employees if they themselves worked with people younger than themselves. In such a circumstance, they were the "old men" of the group. Conversely, they felt less favorable toward older employees if they worked with people older than themselves and were thus the "young men" of the group.

Unfortunately, these results are based on small samples and should not be accepted as universal principles. They do, however, offer important leads to be explored further with larger groups. Such clues as these do give rise to the thought that perhaps separate work groups based on age could be a sound policy for management to follow.

A summary of the interpersonal relationship research performed thus far by the Industrial Relations Center leads to the conclusion that the age of the respondent plays an important role in his favorableness of attitude toward older employees. It also appears that supervisors tend to be less favorable toward older employees. This suggests that a program of education designed to minimize anti-older employee bias may be an important addition to personnel procedures.

Separate work groups, too, may prove desirable. However, this is only a hypothesis that further research must investigate.

The whole field of interpersonal relationships offers a challenge to further utilization of older employees in productive employment. The research done so far suggests that prejudice may exist and that there may be large differences

in the feelings of various groups toward older employees. Further research should and must be done to delineate the exact nature of the relationship between interpersonal factors and the problem of retaining older employees.

#### **Needed Research on Employment of Older Persons**

It is evident that research studies have only begun to answer the questions outlined in an early part of this paper. Continued research is necessary. Experience gained in the Industrial Relations Center pilot studies shows that investigation in the following areas is needed:

(1) There needs to be objective determination of existing barriers to the employment of older persons. It will probably be found that barriers such as pension plans, compulsory retirement age provisions, etc., are the result of other underlying factors as yet unidentified.

(2) Administrative techniques to facilitate the utilization of older employees need to be studied. Such techniques should include the development of worker analysis methods to be used in the evaluation of individual employee abilities. Also, development of simple methods of record keeping should facilitate accumulation of information concerning the effects of an aging population on the work forces of individual firms.

(3) Research should be devoted to the study of the economic effects of pensions on utilization of older employees. Objective data concerning the relative drawbacks and advantages resulting from the pensioning of an increasing portion of the population need to be collected. As a part of such a study, the cost and adequacy of Social Security provisions should be related to provisions of private pension plans and to changes occurring in the economy.

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