

Older Workers (1948)

**PLACEMENT OF THE OLDER EMPLOYEE**

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AUGUST 1948**

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## Placement of the Older Employee

### Introduction

One of the phases of employer-employee relations which deserves great attention is the question of what to do with employees whose usefulness at their customary occupations has declined due to irreversible physical or mental changes - that is, to aging.

Most organizations recognize the fact that many older employees, if continued in their regular jobs, will cause losses in productivity and, therefore, are a challenge to good management.

Surveys designed to ascertain what provisions various organizations are making with regard to older employees have been made by Policyholder Service Bureau of Metropolitan Life Insurance Company<sup>(1)</sup>, by the Research Division of National Industrial Conference Board<sup>(2)</sup>, and by a public utility company. The information contained in these surveys has been studied and is summarized in this report.

### Older Employees are Dependable

The NICB survey indicates that a number of the companies who took part in the survey asserted that, in general, older workers are as dependable and cooperative, or more so, than younger employees. The majority reported that the quality of work produced by older employees is superior to that of younger workers. But with respect to quantity of production, this superiority exists in only one out of three companies.

------(1) The Older Employee in Industry - Policyholders Service Bureau Metropolitan Insurance Company, New York 1933.

------(2) The Conference Board Management Record, October 1947, Vol. IX No. 10

A significant number of cooperators hesitate to compare the work of older employees with that of younger men and women. These replies emphasize that the situation varies considerably with the individual as well as with the type of work. A summary of these observations seems to indicate, however, that the value of the older worker tends to diminish less in skilled than in unskilled jobs, less in work requiring judgment and experience rather than vigor and enthusiasm, and less in nonrepetitive than in repetitive jobs.

According to the survey, aging workers who begin to "slow down" are, as a regular procedure, shifted to suitable jobs in practically all of the cooperating companies. In most instances, the rate of pay is adjusted to conform to the new job although several companies have the policy of paying the top rate of the new job under these circumstances. In about 10% of the companies, the aging worker who is transferred continues to receive his regular rate. In two of the companies, diminishing efficiency among older employees is "overlooked" with no transfers or rate adjustments being made. In one large retail establishment, older employees "tend to leave the company."

#### Loss in Productivity

Doctor George Lawton, a noted psychologist specializing in the adjustment problems of older men and women in industry, said on the subject of production losses in an article in the New York Times Magazine, April 27, 1947:

"As for losses in productivity which may be due to "irreversible" physical and mental changes - that is, to aging as such - we must face this realistically. Every worker should be worthy of his hire. The employer has the right to supplant an incompetent worker at a task with another who is competent. Job reallocation is then

in order; the worker is placed in another job which he can do, perhaps with a shorter working day. He is "transmoted," not demoted, and not thrown out as so much junk. This may mean a reduction in wages difficult for unions and workers to accept; and there must be a flexible attitude toward seniority rights.

Reallocation may also mean a change in job title which can be taken care of diplomatically. But let's try to be mature about this. A job, even at reduced status and wage, is better for the older worker who has measurably dropped in competence, than no job, no status, no rights and no wages at all."

#### Relation of Age to Accidents

Statistics prove that the older worker is involved in fewer accidents. The reason for this is that the older worker is more careful and has had more experience. However as is pointed out by the Bureau of Labor Statistics<sup>(1)</sup>, although the older worker has an advantage over the younger worker with a lower injury frequency experience, his lessened recuperative powers place him at a very definite disadvantage as to the severity of injuries. He is injured proportionately less frequently, but once injured, his injury generally is more severe. Injuries from which a younger worker often recovers without any after-effect, in the older worker may lead to permanent impairment, and sometimes death. Also, when the older worker does recover fully, his healing period, on the average, is longer.

----- (1) Relation of Age to Industrial Injuries - From the Monthly Labor Review of the Bureau of Labor Statistics, U. S. Department of Labor, October, 1940 issue.

#### How Problem Cases are Discovered

The Metropolitan Life Insurance Company points out that generally the foreman or superintendent is the first to discover problem cases. The supervisor usually realizes something is wrong when an employee produces less than formerly, spoils more work, is prone to accidents, or loses more time from illness. In some cases, the employee himself may be the one to bring his case to the attention of an executive. It is stated that in some companies, problem cases may be brought to light by the medical department, the personnel department, the safety department, as well as by foreman or employees themselves.

#### Discovery Through Medical Examinations

The Metropolitan survey states that medical examinations are an important factor in both the discovery and treatment of problem cases. Many companies provide for such examinations at the time of hiring, but report that only physical tests conducted after employment are of assistance in dealing with problem cases. One company examines employees annually and thus brings to light cases needing special attention. Another company requires an annual physical examination of all employees past 45 years of age. It is believed by the management that, if the impairments of age are brought to light at an early stage, efforts at rehabilitation have a greater chance of success.

The management of one company considers employees as problem cases from the standpoint of disability rather than age. At the time of hiring, each employee is examined. The physician, taking into consideration the physical condition of the applicant and the health hazards of the job to which the employee is to be assigned, sets a date for follow-up of

each case. Furthermore, every employee who has been ill must be re-examined before returning to active duty; and, similarly, after this examination is completed, a follow-up date is assigned. Through this procedure, those most likely to become problem cases are the ones examined most frequently, and the employment department is notified whenever the doctor believes a change in occupation is necessary. This procedure also serves as a check upon the supervisors, who are expected to report special cases requiring attention.

#### Discovery by Review of Employees' Records

The industrial relations, medical, or production departments (the choice depending upon the plant organization set-up) of some companies make systematic reviews of employees' records. These include records of production, attendance, sickness, accidents, earnings, and service ratings. For example, the industrial relations department of one company develops, on the basis of its annual rating of employees, a file of problem cases. The annual rating evaluates the quantity and quality of work as poor, good, or excellent.

#### How Cases are Handled

The Insurance Company survey indicates that before a workable plan for each individual can be agreed upon, most companies find it advisable to consult those in the organization most likely to be of assistance. In almost all the companies conducting medical work, the plant doctor is consulted. If there is a safety director, he also, is generally asked to contribute his advice. If a transfer is under consideration, the foreman of the department to which the transfer may be made is likely to participate.



In other words, although there is no hard-and-fast rule as to who shall be consulted, each official whose department or function may be affected by the decision as to a problem case, or who can contribute information bearing on it, usually has an opportunity to express his opinion. Two typical procedures may be of interest. A manufacturer of rubber products, for example, states that cases are referred to the personnel division for investigation. There, the individual's records, as compiled by the medical, safety, and production divisions, are studied. The decision in each case is reached by the personnel division in consultation with the other divisions which are affected. When a conclusion has been reached, the employee is assigned to his work in the same manner as a newly hired employee.

According to a company in the textile industry, cases are brought up by department heads. When it is apparent that action must be taken, the personnel department investigates and, in conference with the department head, decides upon a suitable solution.

Once a problem case has been discovered and investigated, the action to be taken on the case is determined. In most organizations, the president either reserves the authority to pass upon problem cases or delegates it to one of the line executives-to the vice-president in charge of production, the general manager, the plant manager or the plant superintendent. In other instances, responsibility for decision is delegated to the personnel, industrial relations, labor or employment manager, rather than to the line officials.

There is a third type of procedure which may be called committee action. In its simplest and commonest form, committee action consists of an agreement between the personnel manager and the interested foreman, although, occasionally, other department heads may serve. To illustrate: In a certain automobile plant, action is determined by the foreman and personnel manager;

in a rubber products company, the personnel manager and plant physician jointly agree upon the proper disposition of each case. In the latter company the personnel and medical divisions are separate units of equal rank. An abrasive company reported that it has a personnel committee, composed of the personnel director as chairman and the three division managers who are responsible for production. After receiving reports from both the interested foreman and the personnel department, this committee determines the action to be taken in each case.

The NICB survey, while it does not reveal company names, contains excerpts from replies as to what companies are doing about their older employees. Excerpts are:

"As regular duties become too arduous or taxing for older workers we almost invariably find lighter duties for them. Older workers who are thus transferred are paid the rate of the new job."

"We are intimately acquainted with the physical demands of each specific job in the plant, and we have been able to juggle our employees, the handicapped and over-aged, into jobs where they can fairly well give value received for wages paid. The union cooperated with us in this respect. We have a physical examination and classifications. Employees are classified, physically, as A, B and C. A indicates that the employee is physically able to perform any job in the plant. B serves as a flag that we should take a look at the person in relation to the job so that we get the employee into the kind of a job that he or she can perform to the maximum. C is a classification which has great limitations and unless the job is one for which the employee is physically equipped to perform satisfactorily it must be adjusted to fit the

particular need of that employee. Performance is a requirement on all jobs."

"When an employee is unable to perform his job because of illness or other disability, we may find it necessary to recommend early retirement. This is done only with our physician's sanction. In the case of other types of "slowing down," we make an effort to transfer the individual to jobs of less demanding requirements. Sometimes this means a lower rate for the job, and it is conceivable that if the employee is over sixty, he may choose an early retirement instead."

"Older workers who slow down before they reach retirement age are assigned to lighter work loads, usually at correspondingly lower pay rates."

"A provision in our current labor agreement says, 'the company shall make every effort to transfer those employees, who for medical reasons are no longer able to perform satisfactorily their current job duties, to work commensurate with their capabilities. In the event such transfer is to a low-rated job, the employee shall take the rate for that job.'"

"We do not believe in creating 'make work' jobs but prefer to explore every possibility in existing categories with a view to placement. Barring placement, provision for retirement prior to the employee's normal retirement date at the company's option is included in our retirement plan."

"When an employee is transferred because of inability to perform his regular work to another job, he receives the rate for the job to which he is transferred. It has been our experience that most of these men are very grateful for the opportunity to continue."

"Where the slowing down is serious or where obvious physical incapacity prevents the employee from performing the full duties of his job, our practice has been to find the best job which the employee can perform with acceptable efficiency and make only whatever salary adjustment is necessary to come within the maximum of the salary range for the new job."

#### How Public Utility Company Cases are Handled

A public utility company recently surveyed 50 utility companies to determine how older employees were handled when they became handicapped. Following is a summary of replies.

#### Placing of Handicapped Employees

39 of 50 companies generally follow the practice of assigning handicapped employees to work which they are capable of performing. Five companies stated that they had no definite or established policy in regard to placing handicapped employees. Five companies handle each case on an individual basis. One company transfers an employee to work he is able to do if he has 20 years or more of service. An employee with less than 20 years of service might be transferred to other work, depending upon availability of work and circumstances surrounding the individual case.

#### Change in Title and Reduction in Pay

41 out of 50 companies generally change the titles and reduce the rates of pay of handicapped employees who are assigned to lower grade jobs.

19 of these companies generally reduce the employee's pay to the maximum or the rate for the job. Many of the remaining companies did not state clearly the extent to which reductions are made. 6 of the 41 companies reported specific plans for exempting certain long service employees from rate reductions or for placing a limit on the amount which a long service employee may be reduced. Three other companies stated that special consideration with regard to rate of pay is generally given in the case of long service employees.

3 of the 50 companies do not generally reduce the rate of pay of any handicapped employee. Six companies consider each handicapped employee on an individual basis with regard to rate reduction.

A summary of the specific plans for exempting certain long service employees from rate reductions, or for placing a limit on the amount which a long service employee's rate may be reduced is as follows:

Two companies provide that a handicapped employee shall receive the rate of the lower classification, except that his reduction in pay shall not exceed the maximum reduction limits shown below:

<u>Service Time</u>	<u>Maximum Reduction</u>
1 through 5 years	No limit
6 " 10 "	25%
11 " 15 "	20%
16 " 25 "	15%
26 " 35 "	10%
36 years and over	5%

Another company provides that a handicapped employee shall be paid the maximum rate for the job but not less than the percentage of his former rate, indicated below, for the years of service completed at the time of assignment.

<u>Years of Service Completed on Date of Assignment</u>	<u>% of Rate of former Classification</u>
35 or more	100
30 - 35	95
25 - 30	90
20 - 25	85
10 - 20	80

One company determines a handicapped employee's adjusted rate of pay by means of a formula which takes into consideration the employee's age and length of service. Employees within 5 years of voluntary retirement age are not reduced in pay.

One company states that handicapped employees with 25 years or more of service are not reduced in pay when transferred to lower grade jobs.

Another company does not reduce the rate of pay of a handicapped employee when transferred to a lower grade job if he is 60 years of age or older.

#### Effect of Length of Service

As indicated above, only 6 of the 41 companies, which generally change the titles and reduce the rates of pay of handicapped employees, reported specific plans for taking length of service into consideration in determining the employee's adjusted rate of pay. Three companies stated that special consideration with regard to rate of pay is generally given long service employees. Twelve companies stated that length of service was taken into consideration or that greater consideration was given to longer service employees. One company reported "no special consideration as to wages as each employee is paid rate for the job."

Two companies reported no special consideration because of length of service. Eight companies reported that they had no definite or established policy. Nine companies reported that each case was handled individually.

Treatment of Handicapped Employees - Company "X"

If, as a result of a physical examination, an employee is found physically disabled for further useful work in his present job, but not totally disabled, the Medical Department reports the types of work functions which the employee should not perform. A survey is then made to determine whether there is a suitable job available for the employee in his own department or elsewhere in the Company. If none is found, the case is referred to a panel consisting of: Assistant to the Executive Vice-President, Assistant Vice-President of Industrial Relations, Personnel Director, Medical Director and the employee's Department Head. This panel will review all the facts of the case and recommend:

- (a) Assignment of employee to some job in his own department in which he can be used, or
- (b) Retirement or Separation Allowance for the employee, even though he is not disabled for all useful work.

If employee is assigned to another job which he cannot fully perform, his record is marked limited. His title may be changed but it is not the practice to decrease pay except in unusual circumstances. If pay is reduced, his rate may be the top rate of the range for his new assignment. A handicapped employee with 25 or more years of service who is assigned to lower grade work, will not be reduced in title or pay for the duration of his employment.