

Older Workers (1950)

Study of Utilization of Older Manpower

Attached hereto is an interim report on one of the research studies now in process by the staff of the Industrial Relations Center. This report is distinctly interim--the data which have been analyzed are those collected in a pilot study. Analysis is continuing, and several phases of the problem have been marked for further investigation.

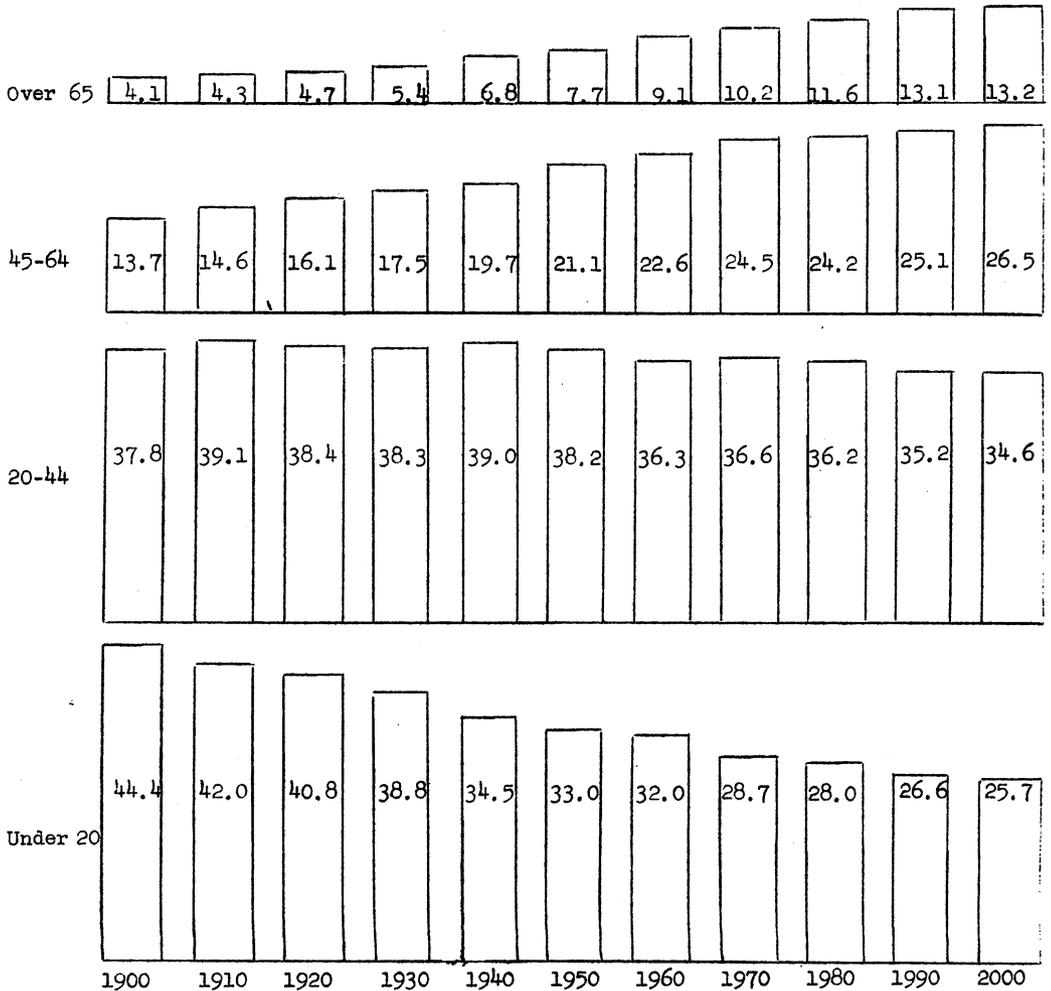
We hope, from time to time, to include similar brief reports on some of the other studies now in process in the Center.

UTILIZATION OF EMPLOYEES OVER 65 IN MINNESOTA

A Survey by the Industrial Relations Center of the University of Minnesota

Report prepared by H. Fox

October 18, 1950



Percent Distribution of Total Population by Age

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INTRODUCTION

The United States faces a future in which an increasing proportion of the population will be in the older age groups. A fundamental question which the nation must answer, therefore, is: how are the increasing numbers of older people to be provided with financial support? One answer which is currently attracting a great deal of attention is to provide these older people with pensions, both private and public.

But many of the men and women who reach 65 today are not "old" in the traditional sense of the word; many have skills and experience which would allow them to make valuable contributions to production were they allowed to do so.

Utilizing these older persons in productive employment would seem to be a more fruitful answer to the problem of support than pensions and arbitrary retirement. Work that older people can do will have to be found--work in which they can be both productive and self-supporting.

A logical first step in answering the many complex problems involved in utilizing large numbers of older persons would seem to be an investigation of the extent to which older persons are being utilized at the present time and the ways in which they are employed. The study summarized here is such a first step. It describes findings in a single city--Minneapolis.

THE STUDY

Objectives

To what extent do employees who are still able to handle their usual jobs at 65 continue in their employment with Minneapolis firms beyond that age?
To what extent do employees who can no longer handle their usual jobs at 65 continue in their employment with Minneapolis firms beyond that age?
What methods have been devised by Minneapolis firms to utilize the services of older employees who can no longer handle their usual jobs?

Method

During March and April, 1950, 168 Minneapolis firms were contacted

- .. 98 by interviews with Industrial Relations Center staff members
- .. 70 by mailed questionnaires

Only firms with 50 or more employees were chosen for study

The list from which the firms were chosen included 85-90% of all Minneapolis firms with 100 or more employees, but only 50% of firms employing less than 100.

Because of these sampling limitations, caution should be used in applying the findings of the study to all of Minneapolis industry.

The Sample

The 168 firms covered by the survey employ 56,749 people

About twice as many hourly employees as salaried employees are employed in the sample firms

In terms of employees, the sample is composed largely of hourly rated employees in manufacturing firms with more than 500 employees

In terms of firms, the sample is composed largely of manufacturing firms with less than 500 employees

Findings

Pension plans

- . 40% of the firms have pension plans
- . Pension plans tend to be more prevalent in larger firms
- . A greater proportion of salaried than hourly employees is covered
- . 56% of the pension firms have a compulsory retirement policy
 - .. only 3 non-pension firms have a compulsory retirement policy

Experience with employees reaching 65

- . 17% of the firms have never had any employee reach 65
- . An additional 32% of the firms have never had a salaried employee reach 65 although hourly employees have reached 65 in the firm.
- . Salaried people are less likely to reach 65 in employment than hourly rated.

Utilization of employees who reach 65 and are still able to handle their usual job

- . Hourly employees are more likely to be kept on past 65 than salaried employees
 - .. 3/4 of the firms keep on most or all hourly employees
 - .. 1/2 of the firms keep on most or all salaried employees
- . Both hourly and salaried employees are least likely to be kept on after 65 in -pension firms and in largest firms.
 - .. 93% of the non-pension firms keep on all or most hourly employees; 87% keep on all or most salaried
 - .. 33% of the pension firms keep on all or most hourly employees; 26% keep on all or most salaried
 - .. 46% of the firms 500 and over keep on all or most hourly employees; 25% keep on all or most of the salaried.
 - .. 73% of the firms under 500 keep on all or most hourly: 55% keep on all or most salaried

- . The major reason for not keeping on all employees past 65 who can handle their usual job is a compulsory retirement policy.
- . One other reason given for not keeping on all past 65 is employee desire to retire.

Utilization of employees who reach 65 and can no longer handle their usual job

- . 27% of the firms reported that they had never had a case of an hourly or salaried employee reaching 65 who could no longer handle his usual job.
- . Hourly employees are more likely to be kept on past 65 than salaried
 - .. 1/3 of the firms keep on all or most hourly employees
 - .. 1/6 of the firms keep on all or most salaried
- . Both hourly and salaried employees are less likely to be kept on in pension firms.
- . A compulsory retirement policy is the main reason given for not keeping on all.
- . Other major reasons for not keeping on all:
 - .. "not enough lower level jobs to which employees can be transferred
 - .. utilizing these employees would be "too costly"

Methods of utilizing employees who can no longer handle their usual jobs

- . 60% of the firms transferred employees to other jobs which they could handle
- . 40% relieved the employee of some of the normal duties of his job
- . 20% used both methods

CONCLUSIONS

Employees reaching 65 in a firm and still able to handle their usual job have a good chance of continued employment with the firm

- .. 3/4 of the Minneapolis firms keep on all or most of their hourly employees
- .. 1/2 of the Minneapolis firms keep on all or most of their salaried employees

Employee who can no longer handle their usual jobs do not fare as well

- .. 1/3 of the firms keep on all or most hourly employees
- .. 1/6 of the firms keep on all or most of the salaried employees

As the above conclusions indicate, hourly employees are kept on after 65 to a greater extent than salaried.

The continued rise of pension plans will endanger the utilization even now existing

- .. pension plans, especially those with a compulsory retirement clause, are the largest single factor in the non-utilization of persons over 65

There is almost a complete absence of formal planning to utilize older workers

- .. yet more and more older employees will be needed for either war or peace-time economy
- .. a greater proportion of our population will fall into the older age groups in the future