

Older Workers More Loyal to Employers

Workers 55 to 64 have been in their current jobs roughly three times as long as their younger counterparts.

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Employers who are looking to reduce turnover might want to consider hiring older workers, not recent college graduates, according to a new study.

The study, released Friday by the Bureau of Labor Statistics, shows that workers ages 55 to 64 have been with their current employers a median of 9.3 years, while workers ages 25 to 34 have a median tenure of only 2.9 years.

HR professionals say the mix of a [tight labor market](#) and baby boomers postponing retirement has encouraged employers to hire and [retain](#) experienced older workers.

"We've definitely seen that older workers are more loyal," said Sara Jung of the Astra Group, an Overland Park, Kan.-based company that provides back-office HR services including recruitment. "Younger workers are more likely to jump ship if they get a more attractive offer."

Jung said she suspects that younger workers are lured to new opportunities by higher salaries and greater responsibility, because retirement benefits and other non-salary compensation matter less to them than to their older counterparts.

"Younger workers care more about the upfront compensation," Jung said. "They don't care as much about the benefits that come along with the salary."

Kevin Marasco, vice president of marketing at Jacksonville, Fla.-based Vurv Technology, a provider of Web-based workforce-management systems, explained that younger employees manage their careers as they would an investment. Just as they want to buy and sell a stock at the right time, younger workers want to build career equity by joining and leaving the right jobs at the right time.

"They are also diversifying their portfolio in many cases -- trying to get experience at large and small firms or U.S. and international firms," Marasco said. "They are taking a strategic approach to building their career by using one job as a launch pad for the next."

Workers over 50, however, cite health-care coverage and competitive retirement benefits as their greatest financial incentives, according to a 2005 survey conducted by Towers Perrin for the AARP.

Michael Alter, president of SurePayroll, a Glenview, Ill.-based firm that offers payroll services for small businesses, said that trends in the marketplace lead him to believe that older individuals have more job opportunities now than they may have in the past. However, he suspects the tenure statistics are partially an

artifact of aging.

"Job tenure for 9- to 15-year-olds will be zero," Alter said. "They just haven't had the years to accumulate any tenure. Because older individuals are older, they have had more opportunity to secure a longer tenure."

Alter speculates that older workers also have longer tenure because their past experiences help them choose positions that better suit them.

"For young workers, there's a process of learning what they like and dislike in a job," he said. "Older workers are more discriminating in choosing jobs. They are more likely to be happy with the employer they choose, and that will lead to longer tenure"

The expenses associated with employee turnover cost companies an estimated 25% to 150% of an individual's annual compensation. Aside from the actual cost of hiring and training new employees, turnover can also contribute to customer-service disruption, declines in morale among remaining employees, and loss of "corporate memory." Turnover has the highest cost in jobs requiring specialized skills, such as nursing and information technology.

While older employees' loyalty may reduce turnover costs, hiring managers still view older workers as a double-edged sword, according to Jennifer Pearce, director of corporate development at Clovis, a Bethesda, Md.-based recruiting and staffing firm.

Pearce noted that although older workers' loyalty, stability, and knowledge are very attractive to organizations, many employers still fear losing older employees to [retirement](#).

"There is an internal struggle within many organizations on whether to invest now in Generation X and Y employees, or to reap sometimes more immediate returns on their investment with the boomers," Pearce said.

Yet, as baby boomers begin to retire, the stage is set for an acute labor shortage. As the pool of qualified workers dwindles and the race for talent intensifies, employers may come to perceive older workers' loyalty as an irreplaceable asset.

"A huge part of the workplace is disappearing at a rapid rate," Alter said. "For those individuals who are older, this creates more opportunities."

And Marasco noted that the shrinking workforce will make employee retention an increasingly important issue.

"Now, more than ever, you have to show [employees] how they can progress and build career equity in your company -- otherwise you better have a good talent pool and succession plan in place," he said.