

The Unintended Consequences of an Aging Workforce (Part 1)

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One of the most important shifts in the early 21st Century is the aging of the American workforce. This demographic phenomenon, sometimes referred to as the “Silver Tsunami,” is unstoppable as 78 million Baby Boomers (individuals born between 1946-1964) become eligible for retirement over the next twenty-years. The Boomers comprise about 40 percent of the workforce and in this case size matters. Here is what else we know.

- *For the first time in our national history, adults outnumber youth (there are more people over 65 under age of 25);*
- *Statistically, there are not enough younger workers to replace retiring Boomers. Also, workers aged 35 to 44 (upper management candidates) are predicted to decline by 19% in the years ahead.*
- *As Boomers leave the workforce in increasing numbers, with them goes a generation’s knowledge, work ethic, and technical know-how. Skilled labor shortages are already predicted for energy, health care, technical, and scientific fields, and no doubt there will be others;*
- *By 2010, half of all federal civilian workers will be eligible to retire;*
- *As the generational mix of the workforce become more diverse in the future, with proportionally fewer Boomers, the relationship between employers and employees will also evolve. CEO’s are already noticing a change in corporate citizenship: younger workers are creating more retention problems and, at the same time, reducing both their employment longevity and loyalty.*

The American workforce is in the throes of fundamental change. Companies that understand these forces of change and their unintended consequences, and respond with effective hiring, retention, and management strategies have the greatest likelihood of flourishing.

Older Workers and Retirement

The mass exodus of Baby Boomers from the workforce, however, may be delayed somewhat. In a series of national survey over the past four years, 78 percent of older workers approaching the traditional retirement age have been saying they plan to work a little longer. The reasons most frequently cited for this change of heart are a desire to stay connected to the workforce and co-workers, inadequate financial planning, an unpredictable economy, rising health costs, and unexpected family obligations to ailing parents and adult children. What this means is that Boomers could very well soften the restructuring of the American workforce by extending their working years. In addition to benefiting employers this could also be good for the country by extending the financial solvency of Social Security, Medicare, and Medicaid. However, this possible remedy has not yet been matched

