

Patty Sung

Wolfram Hedrich

Phan Hoang Vlet

Kate Bravery

# The Twin Trends of Aging and Automation

Leveraging a tech-empowered experienced workforce

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*Experienced workers are those above the age of 50 whose tenure in organizations and industries has provided them a wealth of experience and knowledge that companies can leverage to enhance competitiveness.*

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The average age of the global population is increasing. But experienced workers face a growing risk of being displaced by automation, as companies face the pressure to digitalize and/or automate to remain competitive.

To make an older workforce and digital transformation – superficially, potentially incompatible trends – work together, companies will need to understand the economic case for retaining, retraining, and rehiring experienced workers, as well as how to operationalize the value of experienced workers and the efficiency of technology.

## THE CASE FOR AN EXPERIENCED WORKER STRATEGY

Experienced workers have not traditionally been considered a viable investment: In a 2016 World Economic Forum survey of firms, only 4 percent said they considered investing in experienced workers as part of their workforce strategy.

Inclusion of the older workforce is necessary to tackle today's workforce and market challenges (see below). In addition, displacement can put experienced workers in a precarious financial situation and adversely affect their physical and mental welfare. Governments have been paying attention to this serious issue. Now, though, companies are increasingly being called upon to be part of the solution by providing social and well-being protections.

Challenges facing companies in an era of rapid population aging include:

### TALENT SHORTAGE

The labor force is shrinking, due to a rapidly aging population and falling birthrates, and the application of new technologies increases the demand for high-skill jobs or radically different skill sets not provided by the current education system.

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*A workforce strategy that includes experienced workers can help companies advantageously reposition themselves in a new market reality.*

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### LOSS OF INSTITUTIONAL KNOWLEDGE

As many baby boomers approach retirement, mass departure of staff can siphon off valuable knowledge about the organization that enables it to function efficiently.

### SHIFTING MARKETS AND CONSUMER PREFERENCES

Changes in the customer base or market demand from an older population require firms to retain experienced workers, as they offer crucial insights into the "longevity economy."

### REGULATORY PRESSURE

Government policies are working to encourage companies to retain, retrain, and rehire experienced workers and to offer social protection for senior citizens; additionally, legal action from workers is often requiring it.

## BUILDING A TECH-EMPOWERED EXPERIENCED WORKFORCE

Technology effectively complements human input and experience in many instances, such as when tabletop "co-bots" work alongside humans on the assembly line. With a wealth of both institution-specific and industry knowledge, experienced workers are poised to take advantage of this synergy with new technology. This will require companies to understand and respect the unique value that the aging workforce brings. This step will guide the change in mindset needed to form the basis for a tech-empowered experienced workforce strategy, which means redesigning jobs and talent models while fostering an inclusive culture for experienced workers.

## REDESIGNING JOBS

To optimize their journey into a digitally transformed future, companies will need to redesign certain jobs to strike the right balance between machine and human input. Job redesign can range from simply applying technologies to an existing job, to rewriting an employee's entire portfolio of tasks and required skills. This type of effort can help companies maximize older workers' key knowledge and experience, while enhancing the application and value added of new technological investments.

To retrain and upskill experienced workers to optimize the results from redesigned jobs, organizations should:

- Target the skills of the future instead of trying to plug a current gap in the company's capabilities
- Offer training that's tailored to the worker's company or industry
- Be attentive to the needs and learning preferences of experienced workers
- Understand experienced workers' motivation for learning, whether it's to succeed in a new position or to continue contributing in a current role

## REDESIGNING TALENT MODELS

By applying a gig economy model of talent management for experienced workers, companies potentially can achieve a win-win outcome.. Seasoned workers with broad and deep experience can quickly add value to any company or project they join, while workers can enjoy the flexibility the gig arrangement offers.

Despite their attractive aspects, gig arrangements present structural drawbacks that make it potentially unsustainable and unappealing to experienced workers, such as the lack of job protection, benefits, and guaranteed income. Notably, with the right to healthcare and benefits becoming a critical issue in the political climate (particularly in the US), it's important to take a disciplined approach to the gig talent model. Companies should assess and monitor experienced workers' preferences, promptly and adequately address any concerns they voice, and find innovative ways to rectify these underlying problems.

## FOSTERING AN INCLUSIVE CULTURE

To successfully implement an experienced workforce strategy, companies will want to cultivate an inclusive culture for experienced workers by:

- Establishing age as a valued diversity and inclusion dimension
- Demonstrating strong support for experienced workers – from board members, leaders, and managers throughout the firm – to shape general organizational attitudes and mindsets
- Communicating effectively about the positive impact of experienced worker programs, and establishing open channels for timely feedback, while fostering a strong culture of accountability.

### New idea: Talent Pool Consortium

Companies are starting to collaborate to rethink talent models. For example, Mercer organized workshops during which major companies in the UK developed the promising concept of the Talent Pool Consortium. By pooling resources, members of the consortium can leverage an internal gig talent pool while overcoming the structural problems that have made the gig economy unattractive and unsustainable for some experienced workers.

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*Companies can attract and retain an experienced workforce by establishing age-friendly policies such as flexible work arrangements, ergonomic adjustments, age-blind hiring practices, career development programs, and mutual mentoring.*

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