

## ORGANIZATIONAL CONDUCT OF THE AGING WORKFORCE IN PAKISTAN

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### ABSTRACT

*The problem of aging workforce is a rising concern in the developed countries. We wanted to assess the magnitude of this problem in Pakistan. To do so literature survey was done but literature on this issue from underdeveloped countries could not be found. The literature from developed countries identifies this as a major concern. For Pakistan we conducted research survey involving companies of pharmaceutical industry based in Karachi. The findings confirmed our hypothesis that aging workforce is not a problem in Pakistan. The small percentage of aging workforce does not affect the industry performance in any way. The quality performance of aging workforce was found competitively better than their younger counterparts while in quantitative performance the younger employees were better. In contrast the aging workforce was found to act as mentor of their younger colleagues.*

### INTRODUCTION

The problem of aging workforce is a development of this millennium, more so when the baby boomers are getting grey hairs. The new breeds of employees are entering into the mainstream sidelining the aging population. This is also the era of increased longevity. Modern medicines have increased the lifespan and quality of the aging population. The problem of aging workforce cannot be ignored. If we do, it is going to catch up us sooner than we would realize. The aging workforce problem needs to be clearly defined in market specific terms. The first facility of old age work force was pension. This was won by labor movements, campaigning and uprising of labor unions. Since then pension has many dimensions and categories. Facilities like leave and medical came later. Aging population as a workforce is unlike any other. Although aging population and the workforce is an increasing issue in most of the developed countries like Japan, in Pakistan it may be a lesser problem. In comparison to western

countries we wanted to assess the trend of aging workforce in Pakistan.

## **LITERATURE REVIEW**

Syedain (2010) reports that during the recession, older workers performed relatively better. Although it is not easy for people of more than 55 years of age to enter into the workforce, their proportion of losing jobs as compared to newer generation was also proportionately equal. The report says that almost half of the employees in manufacturing sector reaching the retirement age 12 months to April 2009 were asked to continue with their jobs and as high as 84% of them were absorbed by their employers. According to findings 71% workers aged 55 or more plan to work past the retirement age as compared to 40%.

According to Beatty and Burroughs (1999) the aging workforce is being specifically affected by the critical demographic trends of today and tomorrow. Societal institutions, particularly higher education should prepare for the demographic shift. Aging workforce should also be included in the human resource development. Ekstrom, Ingman and Benjamin (1999) say that a growing involvement of older adults contributes to individual empowerment. Through this, the authors add, the empowerment would change the rightful roles as stewards by contributing future sustainability. Nancy (2003) says that the different segments of the society and employers i.e. the governments, employers and the community are increasingly aware of the aging population. The factor has given rise to expected labor shortages and increased health care needs. Its impact in business and economy is being felt worldwide. The global demographic trend of declining fertility and increasing life expectancy has contributed to the aging workforce. In this connection she quoted certain statistical figures based on survey result. In US total labor force and active job seekers increased approximately by 720,000 in 2001 and 950,000 in 2002. This was mainly due to people aged 55 or more. Since 1950 the figure in terms of percentage increase was from 8% to 12%. Age wise the older workers in the labor force aged 55 – 64 increased by 62.9%. This indicates that there is a potential shortage of labor force that the global economy is going to face. By 2020 the number of people

aged 55 or more will increase by 73% while the number of younger workers will grow only by 5%. By 2030, as high as 20% of the entire population will turn 65 years or more.

Leonard (2005) say that the retirement of baby boomers is going to create problems. As high as 40% of all US workers would be 55 years or more by this year and the workforce would grow less than 0.5% annually for the next several decades. The transformation of the workforce has begun. The working environment is also changing. The new bloods are in scarce supply and they need to be attracted by potential employers. The key factors include once again declining birth rate. The education system is also to blame since it failed to turn qualified workers. There was a hiring boom during sixties and seventies. Although it continued till 1995 but with much slower rate and fell by 20%. During 1990s career in retail and utility businesses was exciting. The internet era has made other sectors less charming and less attractive. There has been a rise in employee mobility. Competition for qualified workers within and across industry has increased. More women are part of the workforce today. This has substantially contributed to the number. In education, dropout rate is rising; the schools have failed to give the students a solid mathematical background, indicating right qualification cannot be substituted. It is realized that schools need to change with time as well. They need to develop curriculum and syllabi that are needed by the industry. If education and training cannot meet the industrial requirements, the problem of the society would not be solved.

Bernard and Kristine (2005) say that 95% of American over sixty five years is either working or willing to work. The pattern resembles European data as well. Futurists and business consultants view this trend as demographic storm. The term is convergence of demands and requirements of aging workforce. The social and economic impacts demand that employee assistance should go beyond assistance to self and family since the transition of altered state of employment may create certain implications. Employees become competitive with the changing knowledge management challenge. Skills gap between the generations may be filled by employers and labor organizations. Communication at the workplace is a global challenge also. There is a need for commitment and a sense of loyalty found lacking in the younger

workforce. The business culture trend of merger, acquisitions, LBOs, layoffs, bankruptcies have affected loyalty, particularly in the younger workforce. In today's world, the word human capital is coined with the work force. This capital is considered an asset for the employer. The average age of workforce in UK has increased over the last thirty years. It set to increase in future also. This factor is responsible for affecting organizational productivity in almost all western industrialized nations and is considered potentially disruptive to the national economy. Workforce of ages 65-70 were one million in 2007 which is expected to rise to three million in 2030, a rise of 46%. The population of age 65 or more grew by 31% between 1971 and 2006.

In UK, US and Canada the demographic structures are changing mainly due to Asian immigrants (Robson, 2001). The aging workforce is caught between fulfilling their official duties and family obligations simultaneously. Employers expect and demand that aging employees remain open to new skills and expertise. They should remain flexible on issues that need to be managed and controlled through team efforts. The expertise and skills are more related to the number of years a person has served under specific conditions and situation. This however should not be compromised with the social security benefits the employee is entitled. Age of the workforce is rising due to low birth rate and the aging population. Additionally the population of women in the employment scenario is rising too. This demands adopting the work schedule to accommodate the age wise senior workers and immigrants. They need to match the workers profiles and job descriptions more effectively for desired results. The aging workforce though have enough experience, sometime their experience do not match the job offer. In such cases the commitment is not that high unless they are offered proper training and knowhow of that particular job functions.

### **NEED TO MANAGE WORKFORCE**

Managing the workforce effectively needs strategies. For effectively utilizing the workforce of all age groups including the aging ones need better strategies. According to Drucker (1974) prime task of managers is strategic management and strategic management is thinking through the overall mission of a business.



The mission guides the business to decide where to go and how. The strategies should thus include a high degree of productivity and human consideration. The strategies should be successful for giving the desired results. Thus it is risky and degree of uncertainty and risk is directly related to the soundness of the strategy. Holton (2004) explains two ingredients of risks: uncertainty and utility of the outcome. With reference to aging workforce strategy the above mentioned factors should be considered.

David (2009) has explained three stages of strategic management: Formulation, Implementation and Evaluation. For utilizing the aging workforce the company needs to formulate the strategy of having employees of the kind that suit them better. They may be from their internal pool as well as from external sources. The implementation phase includes matching of expertise and skills. As mentioned above in a good number of cases the aging workforce is not fully capable of meeting the increased demands of sophisticated technology and software. In case, they need to be trained either before the implementation process or at the time of strategy formulation. Once the strategy is implemented and the aging workforce is hired, the evaluation process starts. Evaluation is the judgment of productivity and output of the desired standard. The context and contents of corporate strategies are choice showing the level of commitment, Analysis doing for the pros and cons as well as risks and returns on investments and finally the implementation-the action part (Johnson & Scholes, 1993). In 1809 German scholar Wilhelm founded the University of Berlin with a new theory of research and scholarship (Drucker 2006). The theory is accepted worldwide today. The aging workforce needs to be trained and groomed by the universities before they are hired by the industry. Alternatively tailor-made customized programs may be developed by the universities to meet the needs and demands of the industry. Thus a new concept of adult learning is emerging in the society.

### **GENERATION GAPE ISSUE**

In the changing era, age management is a new concept. Although employers are aware of the problem and opportunities of the aging workforce, their management does not seem to be very

easy. An elderly man managed by an executive much junior to him in age does not provide a very conducive environment as such, unless both of them remain flexible in attitude and performance demand and respect each other's domain. Young mainstream manager may act assertively or become too humble to the man who is as senior as his grandfather. Both are injurious to the organization. A balance is needed for effective organizational results. It is obvious that the elderly people are going to play a major role in the labor market in the coming years. Future-oriented companies may make their plans and handle the issue on a more professional manner, while the smaller companies may hit and try. The healthcare is another issue for the aging workforce. The medical leave and facilities are a major consideration for the aging workforce. With reference to Pakistan pharmaceutical industry, the rehiring of retired personnel is a policy for a good number of companies. They are right in their philosophy that competence should alone be the main criteria for aging workforce employment consideration on merit in competition to the younger workforce and women. The management keeps itself alert of the situational demands and requirements to solve the problem. Planning should be driven by specific goals in terms of business profitability and growth. The plan include company specific attrition data, succession and development strategies and the current and future workforce requirements. The retirement of aging workforce with the replacement of new ones is overlapped with sufficient duration for an effective and complete knowledge transfer. Effective motivational workforce program should include the senior workers particularly. It needs a fair appreciation of the values and norms of the senior workforce. The incoming employees should be trained and groomed by the senior workforce through formal classroom training as well as hands on experience.

Syedain (2010) reported a case study of J.D.Wetherspoon Pubs and Restaurants. In J.D.Wetherspoon Pubs and Restaurants the management believes in keeping a combined workforce of employees of all age groups. They are creating the awareness and benefits of having employees from a diverge age groups. They groom their people and show how to perform better in the changing business climate. They found older employees more loyal and dedicated as compared to their younger counterpart.

They act as a mother figure or father figure of the team and motivate the other team members for increased performance. Syedain (2010) also reported a research work conducted by Linda Alker in which she mentioned four categories of workers: mainstream workers, specialists, high skilled workers and low skilled workers. Mainstream workers, who are the full time regular employees of the company and are knowledge workers. Specialists are the senior worker having skills and expertise and have already gone through the learning curve and are, therefore, more productive than others. Their role among the peers and colleagues are as mentors and advisors. Highly skilled workers are also full time employees who do the work of contracting and conducting the job. The low skilled employees need training and development for optimum productivity and performance. The extents to which old age workers are attracted and they stay on the job are the nature of job itself and its quality. The contribution of the individual employees nevertheless is an important criterion indeed. In this research survey all the average exit age, both for men and women, was 63 or more.

## **METHODOLOGY**

To assess the impact of aging workforce in a Pakistani environment, Pakistan Pharmaceutical Industry was chosen. Some pre-survey assessment was made. In Pakistan, multinational pharmaceutical companies have an age limit for employment and it was found that other than exceptional people beyond sixty years are not employed in multinationals. Therefore multinationals were excluded from the survey. It was found that those retired by multinationals are hired by the national companies. They mostly either head their departments or are in advisory capacities in the national pharmaceutical companies. Therefore, national companies were focused for the survey. Twenty companies were randomly selected for personal interviews. Face to face or telephonic personal interviews were conducted with the human resource managers or their representatives of twenty selected pharmaceutical companies of Karachi. The companies also included marketing companies who do not have a manufacturing base and market their products through import.

Objective of the survey was to assess the prevalence and impact of aged workforce in a Pakistani environment. In view of our objectives the following hypotheses were formulated:

H1: The prevalence of aged workforce (of more than 60 years) is low

H2: The prevalence of aged workforce (of more than 60 years) does not affect the normal working of the organization.

H3: There is no significant difference in average percentage of different age group of employees between organizations that have grown more than the industry and the organizations that have grown as good as the industry.

H4: Salary of the aged persons depends upon their current employment position

### **LIMITATION OF THE SURVEY**

The survey was based on the pharmaceutical companies of Karachi only where big multinationals are operating. Therefore retired employees from these multinationals are available mainly in Karachi. For other cities including Lahore, retired personnel to a large number working for national companies are not available. Thus the figures are not representative for Pakistan and are limited for Karachi only.

### **RESULT**

As high as 50% of the workforce of pharmaceutical companies of Karachi are forty years or less. 25% of the workforces are of 41-50 years of age. 15% of the workforce belongs to the age group of 51-60 years. Only 10% of the workforce found to be sixty years or more.



Based on the findings H1 is accepted  
(H1: The prevalence of aged workforce (of more than 60 years) is low)

Age of Employees	Mean Percentage	Cumulative Percentage
40 and Less	50.0	--
41 – 50	25.0	50
51 – 60	15.0	75
More than 60	10.0	90
<b>Total</b>	<b>100.0</b>	<b>100</b>

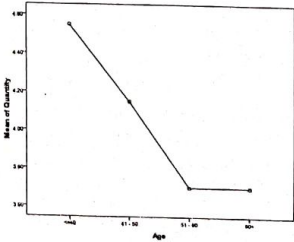
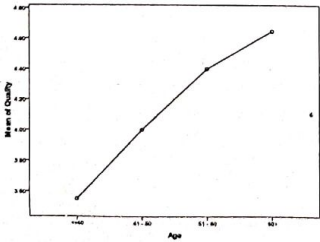
The quality of work and quantity of output were assessed within the different age groups. It was found that the quality of work was better among the aged workforce while quantity or output was higher among the junior employees (of 40 years or less). In other words, higher the age, higher the qualitative output and lower the age, higher the quantitative output. Cumulatively the difference in quality and quantitative output had no significant impact on the organizational productivity.

Based on the findings the hypothesis is accepted  
(H2: The prevalence of aged workforce (of more than 60 years) does not affect the normal working of the organization).

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Quality	Between Groups	13.900	3	4.633	9.194	.000
	Within Groups	38.300	76	.504		
	Total	52.200	79			
Quantity	Between Groups	10.050	3	3.350	4.397	.007
	Within Groups	57.900	76	.762		
	Total	67.950	79			

Multiple Comparisons							
LSD							
Dependent Variable	(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
Quality	<=40	41 - 50	-.45000*	.22449	.049	-.8971	-.0029
		51 - 60	-.85000*	.22449	.000	-1.2971	-.4029
		60+	-1.10000*	.22449	.000	-1.5471	-.6529
	41 - 50	<=40	.45000*	.22449	.049	.0029	.8971
		51 - 60	-.40000	.22449	.079	-.8471	.0471
		60+	-.65000*	.22449	.005	-1.0971	-.2029
	51 - 60	<=40	.85000*	.22449	.000	.4029	1.2971
		41 - 50	.40000	.22449	.079	-.0471	.8471
		60+	-.25000	.22449	.269	-.6971	.1971
	60+	<=40	1.10000*	.22449	.000	.6529	1.5471
		41 - 50	.65000*	.22449	.005	.2029	1.0971
		51 - 60	.25000	.22449	.269	-.1971	.6971
Quantity	<=40	41 - 50	.40000	.27601	.151	-.1497	.9497
		51 - 60	.85000*	.27601	.003	.3003	1.3997
		60+	.85000*	.27601	.003	.3003	1.3997
	41 - 50	<=40	-.40000	.27601	.151	-.9497	.1497
		51 - 60	.45000	.27601	.107	-.0997	.9997
		60+	.45000	.27601	.107	-.0997	.9997
	51 - 60	<=40	-.85000*	.27601	.003	-1.3997	-.3003
		41 - 50	-.45000	.27601	.107	-.9997	.0997
		60+	.00000	.27601	1.000	-.5497	.5497
	60+	<=40	-.85000*	.27601	.003	-1.3997	-.3003
		41 - 50	-.45000	.27601	.107	-.9997	.0997
		51 - 60	.00000	.27601	1.000	-.5497	.5497

\*. The mean difference is significant at the 0.05 level.



Company growth was attributed to the prevalence of the different age group of the workforce. It was found that as high as 70% of the surveyed companies grew more than the industry growth. 30% of the companies grew as good as the industry. No company grew less than the industry.

Based on the findings the hypothesis is accepted H3: There is no significant difference in average percentage of different age group of employees between organizations that have grown more than the industry and the organizations that have grown as good as the industry).

Group Statistics							
	Growth	N	Mean	Std. Deviation	Mean Difference	t	p value
40 and less	Growth as good as the Industry	6	.4667	.06055	-.05119	-1.434	.169
	Growth more than the Industry	14	.5179	.07748			
41 – 50	Growth as good as the Industry	6	.2667	.06831	.02024	.782	.444
	Growth more than the Industry	14	.2464	.04584			
51 – 60	Growth as good as the Industry	6	.1500	.05477	-.00357	-.130	.898
	Growth more than the Industry	14	.1536	.05706			
Greater Than 60	Growth as good as the Industry	6	.1167	.05164	.03095	1.198	.247
	Growth more than the Industry	14	.0857	.05345			

Salaries of the aged workforce were also assessed. As mentioned earlier almost all of the employees working in the surveyed companies are the retired employees of multinational pharmaceutical companies. 13% of the employees working in the higher level than they used to work earlier in terms of managerial hierarchy get the same salaries at which they retired from multinationals. 45% employees working at the same level that they used to work in multinationals get low salary as compared to their previous employment. 30% of the employees were found to be working in advisory capacities in their present companies – half of

them (15%) get the same salaries as they used to get at the time of retirement, while half of them (15%) get lower than what they used to get in their previous employment at the time of retirement. The findings conclude that the salaries of the ageing workforce depend upon their current employment position.

Based on the findings the hypothesis accepted  
(H4: Salary of the aged persons depends upon their current employment position)

		Employment Position			
		High Level	Same Level	Low Level	Advisory Capacity
Salary	High Salary	-	-	-	-
	Same Salary	5	-	-	3
	Low Salary	-	9	-	3
	Position Demand	-	-	-	-

Pearson Chi-Square Tests		
		Employment Position
Salary	Chi-square	40.000
	Df	4
	Sig.	.000

## CONCLUSIONS

The major factors identified above are as follows:

- An increase in life expectancy and better healthcare maintenance resulted in the availability of aged workforce and their willingness to work matching the productivity of new generation.
- As compared to a higher percentage in the western countries, in Pakistan the proportion of aged workforce in Pakistan was found only 10%.
- The overall performance of the aged workforce was found to be better in quality but lower than their younger counterparts.
- Company performance and growth were found not to be affected to the aging workforce.



- The salaries or compensation package was found to be more related to the position than their salaries in previous positions.

In view of the found factors, aging workforce appears to be a necessity. However, the following changes are foreseen in the labor market during the next five years in Pakistan.

- Aging employees will increasingly remain the part of the active workforce. In most of the cases they would act as advisors and mentors of their junior team members. The junior members will benefit from the skills and expertise of these senior colleagues.
- The leave and medical facilities need to be extended based on the age and health of individuals rather than across the board level. This will be different from other employees of the organization.
- The aging workforce need training on the new technology and skills. For this purpose, in house training as well as sponsored program at university level may be conducted.
- Though the aging workforce will increasingly remain a part of the organization, their importance will be more on an advisory capacity.
- In addition to skills and expertise the senior employees will also teach and groom the junior executives about the responsibilities, accountabilities and commitment to the organization.
- It is felt that workforce of all age groups will be cost effective as compared to single workforce having junior employees alone. The retirement age, if cannot be extended, the useful employees be rehired on a contractual basis.

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