The Employment trend of RTU Employees in the next ten years (2013-2022):
Basis for Plans and Programs

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ABSTRACT

The objective of this study is to determine the employment trend of the Rizal Technological University employees in the next 10 years, 2013-2022 as basis of plan and program development. The researchers used the descriptive method. The Rizal Technological University has a total of 393 employees with plantilla positions with at least 54% female dominating the male population. At least 14% of the employees are aged 21-35, 20% are between ages 36-45, 149 or 38% with age ranging from 46-55 and 110 or 28% are between the ages of 56-65. 92% of the RTU employees are in permanent status and only 8% are on temporary status. A good number of these employees are Masters Degree holder at 35%, 16% are Doctoral graduates while the remaining populations have units in their advanced studies. There are more retirees in the academic than those in the administrative positions. 6% of the faculty members will be retiring in 2015, 49 or 13% in 2017 and by year 2022 a total of 110 or 28% of employees will exit from the university by compulsory retirement, mostly female, from the College of Education. 13% of retirees in 2015, 16% by 2017 and 22% by 2022 are holding supervisory functions. Comparatively, only 4% among the administrative employees and 17% from the quasi-administrative employees. Plans and programs for the retirees include pre-retirement program, retirement supplemental plan, retirement savings program and retention of valued employees.

Keywords: Employment trend, Retirement, Plans and Programs, and Plantilla of Personnel

INTRODUCTION

The retirement of the first wave of baby boomers in the workplace in almost all sectors, including public or private educational institutions, have been global problems despite the issues of unemployment. Dohm (2000), an economist, claimed that as the age of the labor force increases, a greater number of people will leave the workforce due to death, disability, or retirement. As more and more baby-boomers reach retirement age, the impact of their retirements will continue to grow. With their departure, the work characteristics that define the Baby Boomer generation — results-driven, ambitious, idealistic, competitive, optimistic, and people-oriented — may be lost unless companies creatively develop strategies to simultaneously retain older workers and transition their knowledge to younger workers (Morton, Foster, & Sedlar, 2005).

Factors that affect and influence the retirement of faculty and staff among public and private agencies differ. Generally, employees in the private sector retire earlier however they can be offered to retain employment unlike those in the public sector that upon reaching aged 65, retirement is mandatory. Leaving the workplace is not always caused by retirement but by other factors such as higher pay offered by the competitor, flexibility of work schedules, which will be more attractive to the employee. Selecting the right person to a position or designation is one of the decisions of the administration that has never been more important than it is today. Obviously, Generation X (1961 – 1980) and Generation Y (1981 – 2000) can take the lead in the present workforce. However, identifying individuals that have a passion and talent that will match those required by the work and with values in sync with the values of the organization is a difficult task and takes extra time. Aside from the
employee’s cognitive abilities and interests, he should also have a positive orientation on the nature of
the work to be performed to be fully engaged.

The Rizal Technological University is only one of those affected in this concern. It is worth note
taking that in the next ten years many of the baby boomers designated in highly specialized positions
are retiring. Understandably, these may temporarily bear a negative impact to the current
administration considering that some of the post-baby boomers themselves are not far from retirement
age. These issues prompted the interest of the researchers to conduct the study with the objective to
determine the employment trend of Rizal Technological University employees in the next ten years

Retirement may not always be based on what is mandated by law. Multiple factors besides retirement
programs may influence an employee to seek employment, stay or leave the current job and retire that
can be too critical for an institution to retain its employees. To mention a few, an early retirement
incentive plan, higher salary offered by a competitor, greater flexibility of work schedules or more
so, a support elsewhere may be too attractive to an employee, specifically those whose age is too far
from retirement can hardly resist.

The number of individuals aged 60 and older is increasing 60% faster than the population overall. This
trend has a tremendous impact on the ratio of retirees to workers, which is estimated to reach one
retiree per every four workers by 2050. As a result, the shrinking of the labor pool in proportion to the
number of retirees will have a bigger impact on retirement than almost any other factor. Some
countries will reach this point earlier than others.

Historically, retirement benefits are part of the employment package to attract and retain employees
and as a reward for long and loyal service. This is true for the public and the private sector (Bejasa,
2005). Lifetime income has been the norm and the prospect of getting a pension upon retirement has
been an incentive. Retirement schemes established by the government are paid from general revenues
and shared by employees through salary deductions. The system is not without fiscal problems
because funds are merged into government funds. While there may be investments, these are not
without losses, thus affecting availability of funds for retirees as what had happened to some retirees
who had to wait for their benefits for some time. Reform policies directed towards efficient
management of retirement funds and expenditures are in order.

According to Anthony Carnevale, Director of the e Georgetown’s Center on Education and the
Workforce (CEW) as the baby boomers retire, there will be a shortage of college-educated workers
despite predictions that 31 million jobs will open up as baby boomers retire, and another 24 million
new jobs will be available by 2020, barring any unforeseen economic or political surprises.

In some countries, the government retirement schemes adopt the following strategies:

- Longer service requirement, i.e. from age 65 to 68
- Designing systems that allow greater pension portability - this means integrating
government pension systems with national security systems. This allows
mobility benefitting both the individual and organizations.
- Increasing employee contributions
- Shift from wage to price indexation so that increase in pension goes with price
increase instead of salary increment.

In the Philippines, for meritorious cases, the services of an employee who has reached compulsory
retirement age of sixty-five years may be extended for a period of six months. Such extension shall be
at the maximum period of one year for those who will complete the fifteen years of service required
under the GSIS Law. Request for extension shall be filed with the Commission prior to the date of the
official/employee's compulsory retirement."

The services rendered during the period of extension, for those who shall complete the fifteen years of
service required under the GSIS Law, shall be credited as part of the government service. Otherwise,
the same shall not be credited as government service for purposes of retirement (Memorandum
Circular No. 15, s. 1999 - Additional Provisions and Amendments to CSC MC # 40, s. 1998 MC No. 40, s. 1998.

For improved, efficient delivery of services the government introduced the Rationalization Program. While it is not mandatory, Constitutional Offices, the Legislature, Judiciary, and State Universities and Colleges may voluntarily apply the parameters of the Program, if they opt to review their respective operations and organization, which, in a way may also be regarded as an optional retirement for government employees.

In another research-study, the Philippine Retirement Authority claimed the Philippines is the retirement Haven for Baby Boomers because of the following reasons: (1) State of the Art Medical facilities and World Class Healthcare Service Providers; (2) Tropical Climate and Natural Attractions; and (3) Affordable Cost of Living and Amenities.

From a study commissioned by HSBC to examine attitudes towards aging and retirement from at least 10 countries that contain half of the world’s population, it revealed that the world-wide attitude towards aging is positive.

However, Butrica, Iams, and Smith (2013) in their article in the Social Security Bulletin of the US Social Security System identified that the characteristics of retired individuals will change over the next 20 years. Retirees are less likely to be married or widowed at age 67 and more likely to be divorced or never married, also less likely to be high school dropouts and more likely to be college graduates. They will spend more years in the labor force and have higher lifetime earnings (both as individuals and together with their spouse(s)). As a result, a higher percentage of baby boomers will be entitled to their own Social Security retired-worker benefits.

A study conducted by Davidson (2007) explores the efforts organizations are undertaking to understand and monitor their workforce like how they anticipate changes due to potential increase in retirement and how these changes impact the organizations’ operations and abilities to achieve over-all missions or to deliver vital services. It also looks into the possibility if institutional knowledge will be lost if workers will retire and if key positions will remain vacant due to decreasing pools of applicants. With this background, the researchers came up with the main purpose of the study.

Significance of the Study

The results of this study will enable the administration to reexamine their employment practices, hiring processes and benefit structure to meet the needs of the older employees as well as address the impact of retirement like labor shortages and other organizational needs. Further, study can be utilized also as a tool in planning and developing programs to remain competitive with other universities and colleges. Likewise, retiring employees can strategically prepare for the challenges and opportunities there might be upon their retirement and can provide input as to the programs and plans of the University for their Well-being and to other employees they will leave behind.

METHODOLOGY

The study made use of the descriptive design specifically the descriptive –survey type, using the Personnel Data Sheet (PDS) to gather the needed data from the respondents. It was deemed appropriate as it is devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation.

The research data was generated from the Personal Services Itemization and Plantilla of Personnel (PSIPOP), Fiscal Year 2013. For profiling purposes, the academic and administrative employees whether temporary, casual or permanent with plantilla item are included in the study. With the total number of Three Hundred Ninety Three (393) employees, only those with regular or permanent employment status aged 55 and older were included in the study since they are the expected retirees in the next ten years, from 2013 – 2022. While it is true that an organization can monitor employee eligibility for retirement, it can still be difficult to predict when an employee will actually retire, thus the source of data gathered was based on the assumption that employees will reach the mandatory age of retirement – 65. Data were analyzed using descriptive statistics such as frequency counts, and
percentages. Frequency and percentages was used to describe the subject of research with respect to their profiles and explain the meaning of data so inferences and conclusions were formulated.

RESULTS AND DISCUSSION

Profile of the Respondents
Majority of the RTU employees are female, aged 16-55, 55-65 or the Baby Boomer generation. They are the employees who are results-driven, ambitious, idealistic, competitive, optimistic and people-oriented. With this projection of increase in retirement or turnover, it may also cause an increase in demand of HR services; especially if younger, less experienced employees will be sourced require additional training and orientation to be successful in their placements. In terms of nature of employment, most of the respondents are in permanent status, classified as full-time academic and with Masters degree. In response to Commission on Higher Education (CHED) Memorandum Order (CMO) No. 40 S. 2008 which requires all higher education institutions (HEIs) faculty to have at least masters degrees, the administration provided encouragement and assistance to faculty pursuing master’s level.

Retirement rate in the next 3, 5, and 10 years
Faculty members who are about to retire in 2015 are 23 or 6%, by the year 2017, 49 or 13% and 110 or 28% by the year 2022. Looking at the big picture of this retirement rate, the RTU community will surely experience a host of changes which may include an increase of job openings due to retirement of this baby boomer generation. Identifying and attracting new talents to fill vacancies who will meet the qualification standards set by Civil Service Commission (CSC) and Commission on Higher Education (CHED) is another challenge not to mention the current employees who will take on additional tasks and responsibilities to close gaps and maintain operations.

Retirement rate of employees with supervisory designation in the next 3, 5, and 10 years
Twenty-two percent (22%) of employees who are about to retire in the next years are holding supervisory positions. As employees in key positions begin to exit, organizations also need to be concerned about the potential loss of critical institutional knowledge. Unfortunately many organizations do not realize their loss until impact is felt, often resulting in a loss of efficiency or setbacks for important strategic goals. Even with a seemingly less number of people with designation who will retire in the next ten years, our institution should be prepared enough because their loss will put institutional knowledge at risk and may increase the need for an effective knowledge management strategy. As Catsouphes & Matz-Costa (2009) pointed out that as these workers exit the organization, they will also take with them the decades of accumulated organizational knowledge that could result in the loss of key information about customers or practices that could be devastating to organizations.

Profile of retirees according to gender, employment classification, and home college / department
Employees who are about to retire in the next ten years are mostly female, classified as full-time academic employees and mostly from the College of Education. This result coincides with the study conducted in the US Social Security System implying that more women are working today than ever before, which make them better able to contribute to their own pension plans, earn eligibility for Social Security worker benefit, acquire their own health insurance, and build their own net worth. On the other hand, full-time academic and quasi-administrative employees are both holding a plantilla item in instruction; seemingly, the organization will be facing growing challenges not just in attracting qualified pool of faculty members but also in retaining younger workers. It will also lead to a shift of leadership and experience that has shaped the organization for many years. As McPherson and Winston (1988) noted: “An important aspect of the technology of university production, the result of the specialized human capital possessed by academics, is that it is rarely as easy to substitute employees among jobs as it is to hire new employees from outside for those particular jobs”. An increasing number of faculty members from the College of Education and Laboratory High School will
be approaching retirement in the next years. The number of faculty who retire (or do not retire) in a given discipline or college depends not only on the number of faculty old enough to retire but also on the propensity of faculty in that discipline. A study by Fernandez & De Guzman (2005) stressed that teaching might not be the most popular profession in the world but it is undoubtedly the most populated. There are indeed some 57 million teachers in the world, about two thirds of whom work in the developing world countries like ours. Seemingly, it would not be too difficult to recruit and fill the positions that will be vacated by the retirees; in addition, newly graduates with academic honors in the absence of Masters Degree are also considered for employment on temporary status.

Second rank college in terms of the total number of employees about to retire in the next 3, 5, 10 years is the College of Engineering and Industrial Technology. It has been said that “No profession unleashes the spirit of innovation like engineering”. However, RTU as Technological University as it is, is currently experiencing a difficulty in recruiting and attracting Engineering faculty members. In part, it can be attributed to a high qualification standard set byCHED for faculty members in Higher Educational Institution, and most Engineers are able to find more tempting and better paid jobs than teaching. With this current scenario, we will expect to feel more of these challenges as more of the current professors will be retiring in the next few years.

College of Business and Entrepreneurial Technology (CBET), on the other hand will have the most number of employees about to retire in the later part of the next 10 years, about 19 or 17%. With the infusion of younger blood who will replace retiring faculty, the College will be able to keep up with developments in the market or meet up the challenges of the competition having been exposed to specialized training and education. College of Arts and Sciences will have 1 or 4% faculty to retire then, 7 or 14% and 14 or 13% in the next 3, 5 and 10 years respectively. Institute of Physical Education will feel the loss of 5 faculty members which is more than 50 percent of their regular faculty; however, it will be felt only in the latter part of the next 10 years. In a government institution like ours, the average time to fill the vacant position is dependent on the type of vacancy. CAS and CBET for example who will be looking for new faculty with special skills (for courses with licensure exam) in addition to qualification standards or management role, these positions may require more time for an extensive search.

The number of administrative employees who are about to retire in the next 10 years is not so alarming provided that the University will retain an active pool of talents with necessary skills to replace the would be retirees.

**Plans and programs that can be developed for the employees**

- **Pre-retirement planning program.** The University's Human Resource Development Center should develop pre-retirement seminars aimed at assisting retiring employees in identifying their standard of living, state of health, work and inter-personal relationship, after leaving the institution. Such programs would likewise help the retirees in developing strategies for the proper management of their retirement income.

- **Retirement Supplemental Plan.** This Program will enjoin participation from both the administration and retiring employee. In availing this program, an employee between the age of 55 to 65, may choose to contribute a certain amount (as agreed by both parties and in compliance to policies to be drawn-up), that will be matched by the university. Such fund can only be withdrawn by the employee upon retirement. Non-members are automatically disqualified.

- **Retention of Valued Employees.** Employees who made valuable contributions to the University may be retained through developing alternative work assignments as mentors, researchers, consultants and part – time lecturers. Likewise, opportunities for the retiring employees to continually update their skills will be provided in this program.

**RECOMMENDATIONS**

Based on the conclusions, this study suggests that the University should invest more in training and development including opportunities for employees to pursue education higher than Master’s level to boost employee skill levels. Maximize the skills, talents and abilities of the baby-boomers by
encouraging them to transfer knowledge, by coaching and mentoring younger generation. With the ageing population of RTU community, adequate retirement income, health care, and lowest long-term cost of retirement to the institution be looked into. Also, a strong HR person, HR systems and programs, particularly in recruitment and training and development should be in place. Retention efforts and succession planning and career pathing are tools that should develop to help retain employees by creating a direct promotional opportunity. Institutional quality will decline if the overall quality or quantity of faculty work declines. It is then recommended that the College of Education (CED) and other colleges in conjunction with the Human Resource Development Center (HRDC) identify potential recruits for the college. Strengthen the level of passers for the licensure examination for teachers so that the graduates are the first pipeline of recruitment, even more so for other departments. Moreover, employees in key positions who will retire will also take decades of accumulated organizational knowledge with them, and to avoid the so called “brain-drain” the administration must continue to attract and retain the best and the brightest faculty member and administrative personnel. Competitive incentives if not salaries are a must along with a well-constructed benefit package. Academic administrators must understand what motivates individuals to select a career in higher education, what factors will keep them in the academia and prepare new hires and current employees to take on new roles, succeed in these roles and stay with the organization. In addition, other researches along this line are also recommended like understanding the relationship between retirement and factors affecting retirement behavior, retirement policies and practices.

REFERENCES


