

Age Distribution of IBM STG Employees Laid Off

Statistical Analysis of Age Data included in IBM STG Resource action package.

By Anonymous
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On the morning of Tuesday, January 27, 2009, there were a total of 19,226 employees in the IBM Systems & Technology Group (STG) in the United States. By the end of that day, 1,213 of those employees (or **6.3%**) were given notice that they were being laid off. IBM did this quietly (without public announcement) executing this as part of a series of what IBM calls “Resource Actions” (RA) during January of 2009 affecting STG and other divisions. IBM did not announce this since they considered this “not a material event.” I would argue that laying off 6.3% of a division of almost 20,000 employees is a material event.

Included in the document package given to every person terminated is a list of the number of employees cut by job title, and the age of each person cut – and in addition there is a longer list of employees NOT cut, also with ages and by job title.

This report analyses the age data in this report. It is a factual analysis. I use only the data included in this report, do not import other data and do not overlay subjective analysis. I do not speculate on how IBM chose employees for termination. I am not claiming here that IBM chose employees for layoff based on age. There may have been other reasons – but the end result is that older workers were laid off. I reserve my personal opinion for another report.

It is not my intention to bring a personal suit against IBM for age discrimination. My goal here is only to make employees aware that the IBM management practice of selecting older IBM’ers for cuts (for whatever reason) is happening and so that they may plan their future accordingly. And by this, I mean that if you are an IBM worker over the age of 50, understand that your chance of being laid off at IBM is now 3 to 4 times (or more) than what it was when you were younger. IBM employees over the age of 50 should begin to plan an exit strategy, or backup career plan, which should include having a current updated resume, a solid retirement savings plan, little debt, and should begin to think about what you might want to do for a living for the rest of your working life.

Age Discrimination

The introduction to the Age and Title Information report provided by IBM states a number of reasons that an employee may have been selected for layoff, and these reasons include staff reductions. For staff reductions, it says decisions are based on “Total assessment of an employee’s relevant skills and performance within a job group, with seniority used as a tie-breaker.” My analysis shows that what IBM must mean by “age as a tie-breaker” is that older workers were selected for layoff. My analysis will demonstrate this.

The Age Discrimination in Employment Act of 1967 (ADEA) protects individuals who are 40 years of age or older from employment discrimination based on age. The ADEA’s protections apply to both employees and job applicants. Under the ADEA, it is unlawful to discriminate against a person because of his/her age with respect to any term, condition, or privilege of employment, including hiring, firing, promotion, layoff, compensation, benefits, job assignments, and training. The ADEA

permits employers to favor older workers based on age even when doing so adversely affects a younger worker who is 40 or older.

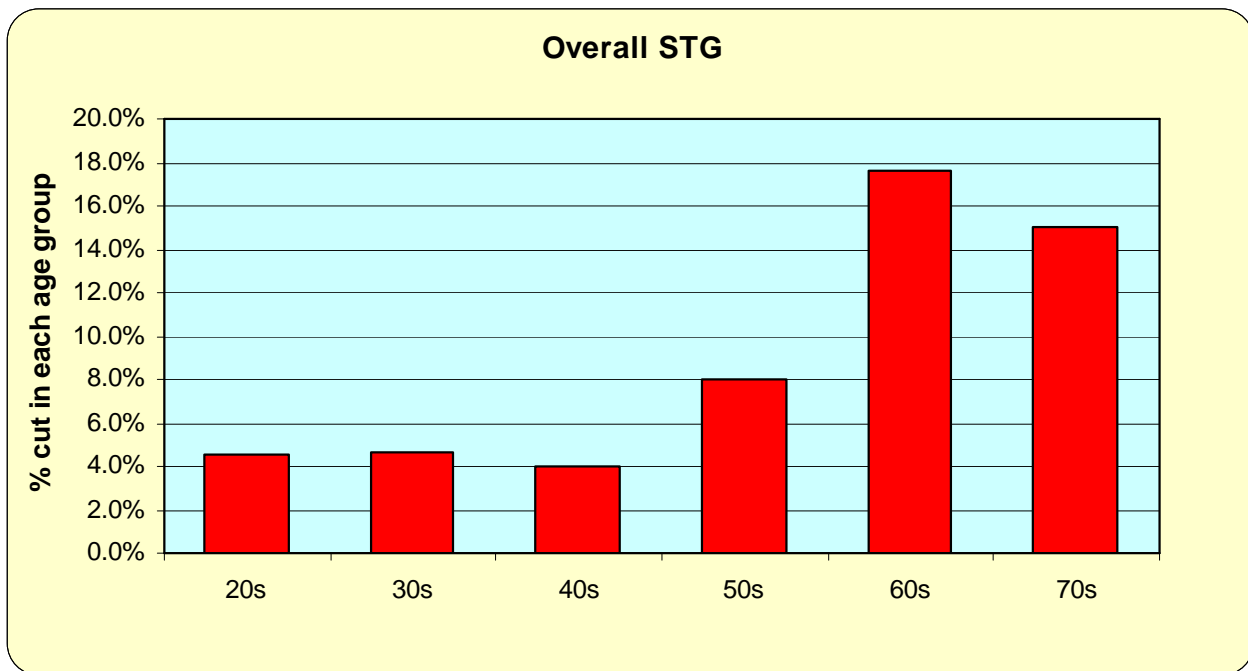
It is also unlawful to retaliate against an individual for opposing employment practices that discriminate based on age or for filing an age discrimination charge, testifying, or participating in any way in an investigation, proceeding, or litigation under the ADEA.

Analysis of Overall Numbers

It can be claimed by IBM that the IBM STG division does have a senior, experienced workforce. IBM may claim that older workers were laid off within STG simply because most workers in STG are older. This in part is true, but does not tell the true story. The truth is that a higher percentage of older workers were selected for layoff.

On the morning of January 27, the average age of the 19,226 STG employees was 45.6 years old. This is a seasoned, experienced workforce. The average age of the 1,213 employees laid off was 49.5 years old, or almost 4 full years older than the average. Of the 1,213 laid off, 727 of them were 50 years old or older, or 60% of the cuts. The net effect of the layoff was to make the STG workforce younger. After the layoff, the average age of an STG employee is now 45.4 years old – marginally lower.

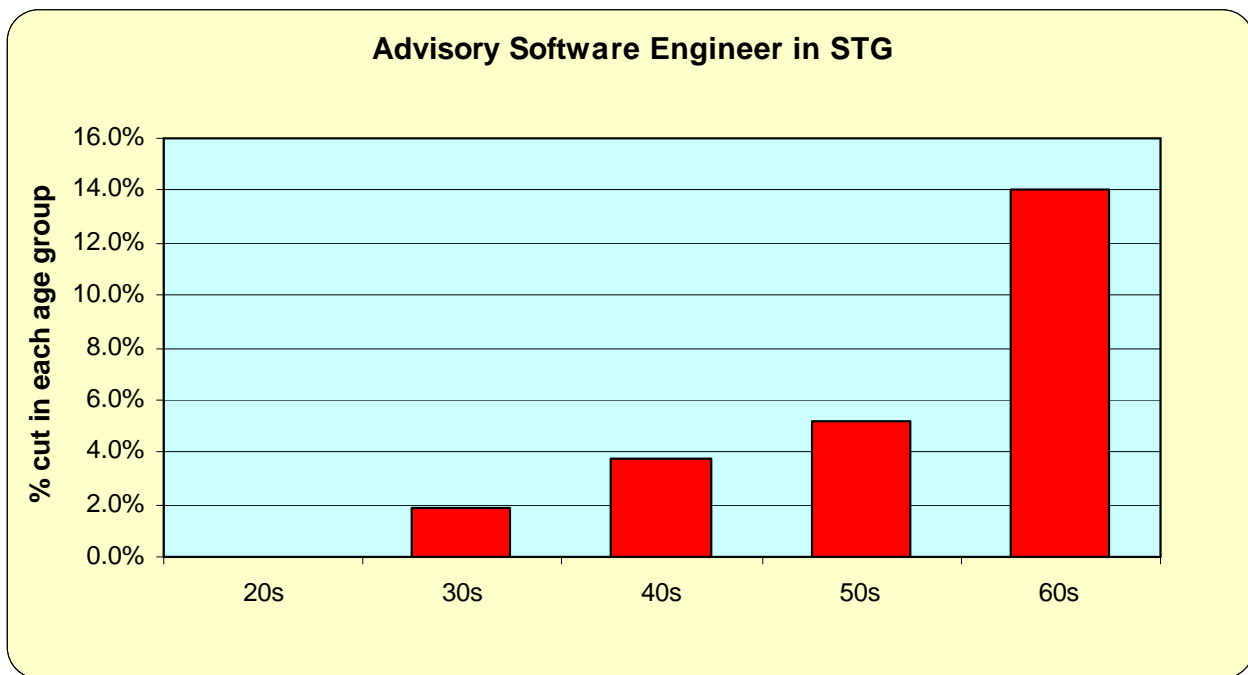
A look at the distribution of the overall numbers shows a more startling picture. The chart below shows the percentage of employees in each age group (in their 20's, 30's, 40's etc.) that were laid off. In round numbers, about 4% of workers in the age groups of 20's, 30's and 40's were laid off. The number jumps up to 8% of workers in their 50's, and jumps up again to almost 18% (17.60% to be precise) of workers in the 60's. There is a slight decline then for those in their 70's.



Analysis of Specific Job Titles (Large Groups)

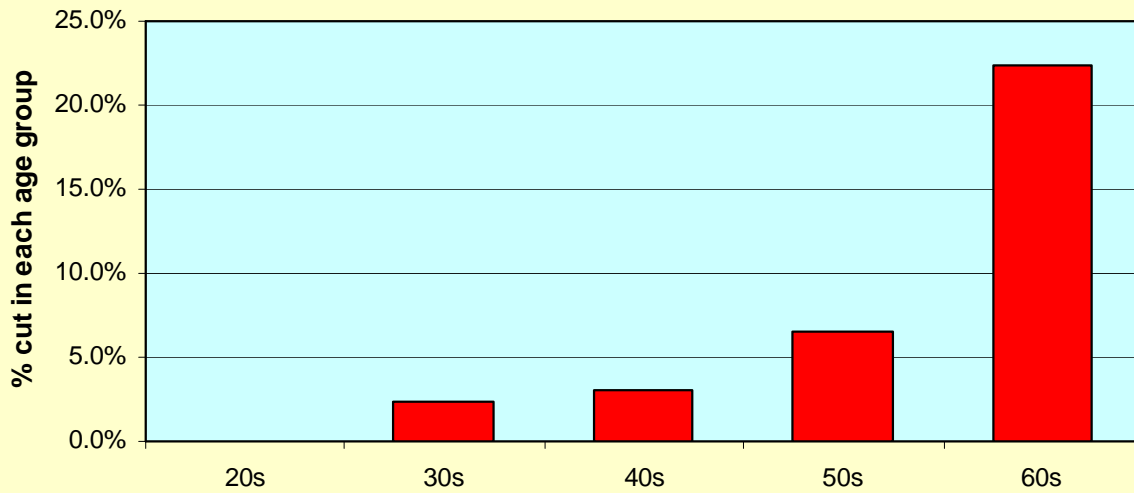
When I saw the overall distribution, I was startled. I began to wonder if there was a consistent pattern of selecting older workers across the STG organization, or was the above chart a compilation of varying distributions that led to an “accidental” distribution. I decided to next look at the age distribution in specific job titles, selecting the largest groupings first. I looked at the 10 Job Titles with the largest numbers of employees. This gives a large enough sampling to see clear distributions, yet begins to drill down to see if the “age selection” method was used consistently across STG. It also had the effect of excluding management roles. This is important for two reasons. First, the average age of staff in IBM management is higher than the overall average. Second, the percentage of managers that were laid off was much lower than the overall percentages. More on that later.

The largest group of employees fell under the job title of “*Advisory Software Engineer*.” Out of a total of 2,044 employees with that job title, 90 were laid off, or 4.4%. The average age of an Advisory Software Engineer was 46.4 years old before the cuts. The average age of those laid off was 51.3 years old. 53 of the 90 (59%) laid off were 50 years old or older. The chart below shows the percentage of each age group that was laid off with this job title. None of the 36 staff in their 20’s were laid off, zero percent, ramping up to 14.1% of those in their 60’s.



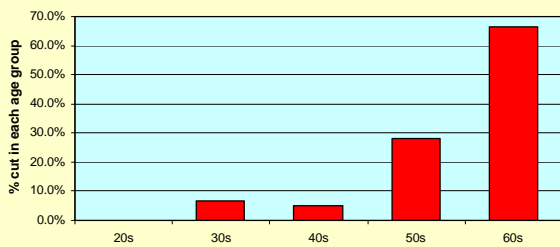
The next largest group fell under the job title “*Advisory Engineer*.” Out of a total of 1,879 employees with that job title, 84 were laid off, or 4.5%. The average age of an Advisory Engineer was 43.7 years old before the cuts. The average age of those laid off was 50.3 years old. 51 of the 84 (61%) laid off were 50 years old or older. The chart below shows the percentage of each age group that was laid off with this job title. None of the 3 staff in their 20’s were laid off, zero percent, ramping up to 22.4% of those in their 60’s

Advisory Engineer in STG

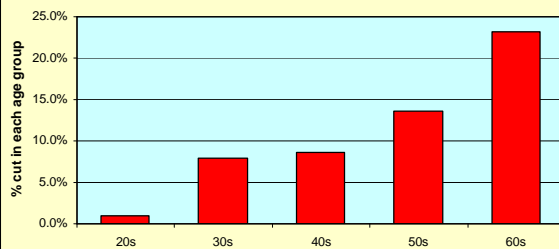


I won't show the details of the other 8 job titles I looked at, but I will show here age distribution charts for each below. The chart tells the story. With the exception of the job title "Engineer," all job titles show a skew towards laying off older workers. The chart for "Engineer" can be explained easily: this is an entry level position. 73% of the workers are in their 20's. Only 5% were in their 50's. Thus there was little opportunity to select workers 50 years old or older.

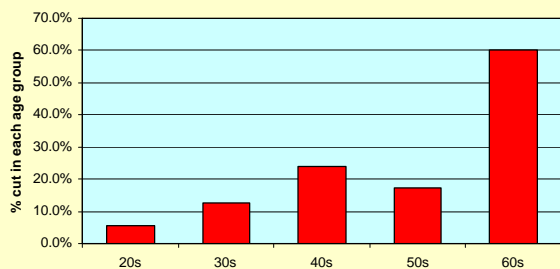
Senior Engineer in STG



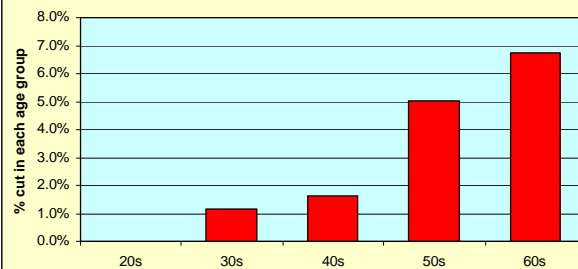
Staff Software Engineer in STG

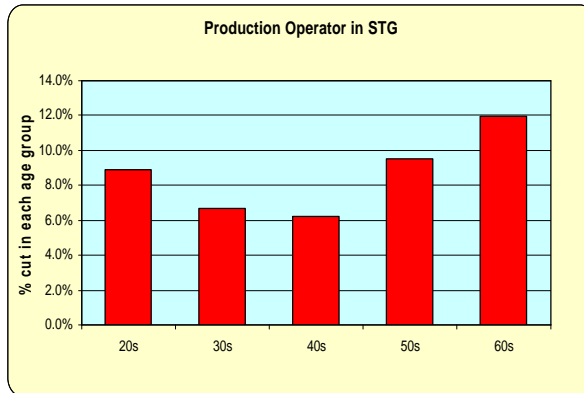
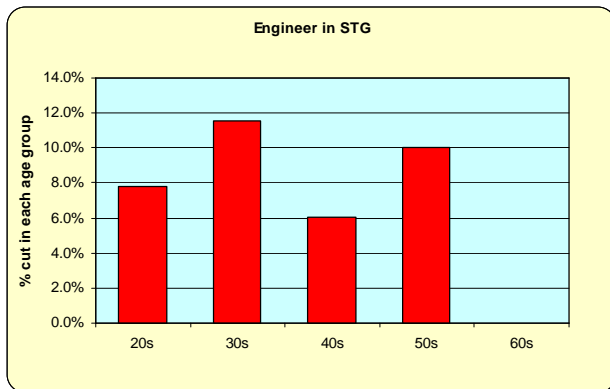
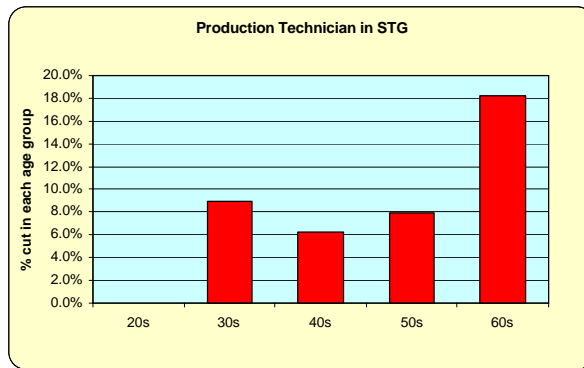
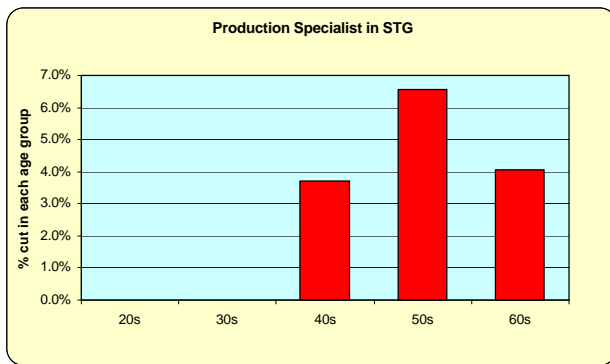


Software Engineer in STG



Senior Software Engineer in STG





Conclusion: Whatever method was used to select staff for layoffs, the end result was that older workers were selected consistently across all job titles.

Analysis of Specific Job Titles (Small Groups)

When I saw these specific distributions, I was even more startled. I began to wonder if perhaps the reason for these age distributions had nothing in fact to do with age, but rather with some other factor such as specific job or position elimination. Each of these “large bucket” job titles, such as “*Engineer*” or “*Technician*” is very generic, and the job responsibilities for each employee within that title can vary widely. So next I decided to look at highly specific job titles – roles that are very highly defined, and thus there are only a very small handful of employees within that job title. Thus each of these employees is much more likely to have the exact same responsibilities and assignments. This eliminates the job role or position elimination factor, and now becomes just simply *Workforce Reduction*. I highlight that term because IBM clearly states that for *Workforce Reduction*, “seniority (is) used as a tie-breaker.” Well, let’s see how seniority was used as a tie breaker. I chose to look at job titles of small groups of about a dozen or less, where only one worker was laid off, and then compare that to the ages of those that were not laid off with the same job title. As you can imagine, since I have been startled all along so far, I was once again startled. The chart on the next page shows the job title of a staff member where they were the only one with that title laid off, as then shows the number of non-laid off employees with that same title who were older and younger respectively. What it shows is that, when decisions were made on who to lay off in a small group of highly specialized jobs, one of the oldest, if not the oldest, worker was consistently selected. Simply astonishing. And IBM has published this data for all to see.

Job Title	Age of person laid-off	Group size (# staff)	Number of staff remaining younger than this worker	Number of staff remaining the same age as this worker	Number of staff remaining older than this worker	Comment
Adv Applications Programmer	57	6	3 younger than 57	1 the same age	1 older than 57	second oldest
Adv Proj Mgr (Mgmt Info Access)	55	4	3 younger	none	none older	the oldest
Adv Sales Operations Spcl	60	8	7	0	0	the oldest
Advisory / Lead Financial Analyst	65	9	8	0	0	the oldest
Advisory IT Architect	60	12	10	1	0	the oldest
Bus Operations Manager (Mgr)	58	5	4	0	0	the oldest
Chair Assignment - band 7	54	3	2	0	0	the oldest
Chair Assignment - band 8	47	3	1	0	1	second oldest
Communications Manager - band 10	53	9	6	1	1	second oldest
Customer Fulfillment Prof	52	7	5	0	1	second oldest
DM Manager - band 7	51	4	3	0	0	the oldest
Master VSLI Chip Designer	57	4	3	0	0	the oldest
Mgr of Tech Resolution Mgrs - band 9	61	4	2	1	0	the oldest
Programmer Specialist	49	7	2	0	4	
Sr Conslt Sales Operation Spcl	61	9	8	0	0	the oldest
Sr Conslt Tech'gy Bus Dev Prof	54	12	8	0	3	
Staff Information Developer	63	3	2	0	0	the oldest
Sw Product Prof Mgr - ast Line - band 9	61	11	9	0	1	second oldest
Sw Product Professional - Staff	50	4	3	0	0	the oldest
Tg Client Manager	52	13	11	0	1	second oldest

Management Level Layoffs

A brief comment on the layoff numbers in management: There were 154 staff with the title of "Director." Only 3 of those 154 were laid off, or less than 2%. There were 101 staff with the title of "Vice President." Only 1 of those 101 were laid off, or about 1%. The percentages of management level employees that were cut is much lower (1 to 2%) than the rate at which staff level employees were cut (about 7%). This contradicts with the pattern of laying off older workers, since management workers are typically older than the average.

My messages to different groups

IBM Employees: IBM is cutting older staff, for whatever reason. If you are young, in your 20's or 30's, odds are you are fairly safe. If you are in management, you are relatively safe. If you are over 50, you have a greatly increased risk of being laid off, no matter how safe you may think your position is. Prepare yourself as if you are on the list of those next to be laid off.

IBM Employees laid off: You may have been discriminated against based on age, especially if you were in a small group with highly specialized skills (in other words, very few people could do your job, and in that group you were the oldest). When you consult an attorney regarding the separation

agreement, ask them about this, and also ask them about the WARN act that IBM may have violated by not giving you 60 days notice.

Prospective IBM Employees: If you are considering joining IBM, you should plan that your IBM career will end at age 50. Plan your retirement savings accordingly. Plan your IBM career accordingly. Make sure you have an idea of what you would like to do once you are away from IBM.

IBM Customers: IBM is purging experienced workers. The level of service you will receive will be from less experienced domestic IBM Employees and will be affected accordingly. This does not factor in the other consideration that IBM is at the same time offshoring jobs, so your level of service will also be affected by receiving more service from foreign workers who are also likely to be less experienced, have time zone, language and customs knowledge challenges.

IBM Investors: IBM is cutting older workers, thus costs will go down which should have the short term affect of increasing earnings. However, IBM will be hurt in the long run since they are purging their most experienced workers. I believe that the smart competition will scoop up these top talent experienced workers, which will hurt IBM's competitiveness.

Federal and Local Governments: IBM continues to hold out its hand for corporate welfare from governments in the form of tax breaks and direct (cash) business investments. The latest request is from Sam Palmisano to Barrack Obama suggesting that the government buy IBM products and services. In return, IBM promises to create jobs. Governments, especially states, and especially the State of New York, should understand that IBM is not only reducing staff levels in the US, but they are reducing the average salary by letting older workers go. Reduced salaries means reduced tax income for the state. Reduced staffing levels means reduced tax income for the states. States should rethink their tax breaks and cash handouts to IBM.

Federal regulators and law enforcement: Age discrimination is against the law. Do your job and investigate IBM to see if they are discriminating against employees based on age. The data shows that for whatever reason, older workers are being laid off.