1. Managing an aging and multi-generational workforce: challenges and opportunities*

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INTRODUCTION

Someone once said that the only sure things in life were death and taxes. We can now add two more sure things – an aging workforce and an increasingly multi-generational workforce. This chapter reviews factors contributing to, and the effects of, an increasingly aging and multi-generational workforce on individuals, families, organizations and societies. It sets the stage for the chapters that follow, which address these in significantly more detail. There has always been age diversity in the workplace, but age diversity is greater today. There have always been several generations in the workplace, but generations were more similar to each other in their work attitudes, work values and life experiences in the past than they are today.

The first half of this chapter examines the aging workforce, and the second half reviews the multi-generational workforce. It considers the following content: why the population and workforce are aging, potential benefits and risks of an aging workforce, age and job performance and work outcomes, managing an increasingly aging workforce, definitions and characteristics of four generations in the workplace (Veterans, Baby Boomers, Gen Xers and Gen Y/Millennials), potential benefits and concerns of a multi-generational workforce, actual versus perceived generational differences, and managing a multi-generational workforce.

The aging workforce has become an important issue for individuals, organizations and societies (Cappelli and Novelli, 2010; Feinsod and Davenport, 2006; Field et al., 2013; Hedge and Borman, 2013; Hedge et al., 2006; Kuebler et al., 2009; Leibold and Voelpel, 2006; Leibold et al., 2007; Shultz and Adams, 2007; Smedley and Whitten, 2006). As it was ignored until relatively recently, few organizations and societies are well prepared. Lower birth rates coupled with better health care that reduced
mortality rates resulting in women and men living longer, raising of the retirement age, removal of mandatory retirement for most jobs, and aging Baby Boomers contributed to the aging workforce. These factors, along with a trend towards earlier retirement by some, have created a labor shortage in many developed countries, termed a “war for talent” by some (Dychtwald et al., 2006; Michaels et al., 2001). Several industries have noted both the aging workforce and the multi-generational workforce as sources of both interest and concern (e.g., IT, manufacturing, the legal profession, hospitality and tourism).

There are likely to be several implications of an aging workforce for organizations. First, workplace cultures may change as older workers used to working in particular ways retire and younger workers with different skills and values replace them. In addition, this may increase levels of tension between older and younger workers (Burke et al., 2013). Levels of job demands and job stress may also increase as workers age (Barnes-Farrell, 2005). Second, organizations will lose leadership skills and knowledge, levels of talent and tacit knowledge, and relationships as older workers leave (DeLong, 2004, 2009).

The importance of this topic has led several national governments (e.g., Government of Canada, 2012; Government of South Australia, 2012; United States Government Accountability Office, 2009), advocacy and research groups (e.g., American Association of Retired Persons, 2007; Boston College Center for Work and Family, 2009; Society for Human Resource Management, 2007) and consulting organizations (e.g., Adecco, 2013) to offer implications and solutions. These will be considered in later chapters in this volume.

WHY WILL AGE DIVERSITY IN ORGANIZATIONS INCREASE?

There are several forces operating here. First, there is an increase in the legally mandated retirement age or its total abandonment. Second, organizations are recruiting and hiring both older and younger workers to address worker shortages. Third, many countries have reduced years of required educational schooling before one can enter the workforce, so there is now an increase of younger workers seeking employment.
IMPLICATIONS OF AN AGING WORKFORCE AND GREATER AGE DIVERSITY IN ORGANIZATIONS

Dychtwald (2000) notes the following age-related changes over the past several decades:

- Through 99 percent of human history the average life expectancy worldwide was less than 18. People died, not aged.
- But for the past 100 years there has been a dramatic increase in longevity.
- Developed countries are becoming “gerontocracies.” Older people are the wealthiest, have the most power and are the best-connected, most influential group.
- Humans have the biological potential to live 120 to 140 years.
- People over 50 (or 60) consume 77 percent of all the pharmaceuticals sold in the US. Many of these pharmaceuticals are believed to reduce or delay the effects of aging.
- There are currently 100,000 research projects on-going to address aging and well-being.
- There are now dramatically new and different views on nutrition.
- Hormone infusion is becoming acceptable and more common.
- There is organ cloning.
- There are new technologies and computer implants in people to prolong health.
- We will not get old as our parents did.
- People today don’t want to be seen as aging or old but just enjoying their lives. They return to school at all ages of life, and retirees go back to work. There are more second and third marriages.
- But much of societal infrastructure is not set up for an increasingly large group of older people.

Conventionally, workforce and societal aging is often thought of as “bad news.” People tend to assume that younger people are more productive, energetic and flexible, while older people are slower, more feeble and more dependent. Yet older people are also a resource, and can contribute a great deal to the workplace and community. It is important to examine evidence of demographic trends as they impact on workplaces, and identify aspects of well-being and performance among older adults, particularly those who are vulnerable through the onset of disability, and determine an overview analysis of costs and benefits. Age diversity can potentially have positive as well as negative effects.
Kunze and Boehm (2013) write that age diversity has emerged as another dimension of employee diversity along with gender, race and ethnicity, yet we know relatively little about the effects of age diversity in the workplace, surprising since age diversity has increased more strongly than other diversity dimensions. As a result, organizations know little about ways age diversity will affect their performance, how to manage increasing age diversity or how to deal with a multi-generational workplace. There are several reasons for increasing age diversity in today’s workforce. These include changes in retirement support, resulting in employees working longer (hence older), changes to higher education (universities), resulting in more younger workforce entrants, and, because of talent shortages, companies hiring more older workers and making efforts to retain these older workers.

An aging workforce is seen as having at least three major implications for organizations: first, the possibility of real culture change as older, longer-tenured people used to working in particular ways leave the workplace; second, a loss of knowledge, talent and long-term relationships as older workers leave; and, third, a loss of leadership knowledge, abilities and skills as well as personal contacts and relationships as these experienced people leave (Leibold et al., 2007; Vickerstaff et al., 2003).

Streb et al. (2008) identified the most important implications of the aging workforce for both research and practice. They highlighted five organizational action fields: managerial mindset – include the individual’s view on work and views of older workers; knowledge management and learning; health management – integrate health management into the management of an aging workforce; work environment and ergonomics; and human resource management.

Challenges of greater age diversity also include more communication and coordination problems, subgroup formation leading to more tensions and conflicts, less employee satisfaction and commitment, and negative age biases and stereotypes. Stereotypes about older workers influence others’ behavior towards them. Common stereotypes see older workers as poorer performers, less willing to learn and try new things. Ageism may be the most tolerated form of discrimination in many parts of the world, applying to both old and young.

Wolff et al. (2009) address the coming leadership gap facing organizations as senior managers retire from their organizations over the next decade. Organizations need to examine the leadership skills that are important but will be lost as well as the new skills that will be required in the future. Other surveys indicated that organizations identify talent quality and organizational culture, followed by recruitment and being competitive, as most likely to be affected by an aging workforce. A
knowledge gap exists, along with a leadership gap, as older employees leave their organizations.

This is, though, not a straightforward process. It raises serious questions over how to sustain the physical and cognitive abilities of older workers, how to enable adaptation by older workers to new technologies, how to reduce tensions between workers from different generational backgrounds, and how to create opportunities for downshifting from particularly stressful and demanding roles. It also involves serious social and financial challenges. At present, labor market evidence shows overwhelmingly that employer support for training and development declines rapidly as workers age, with minimal investment in those who are approaching the statutory retirement age.

Older employees are also likely to face prevalent myths about older people, usually associated with negative attitudes towards aging. Many of these myths are exactly that – based on prejudice rather than evidence. However, addressing these deep-rooted and pervasive attitudes represents a considerable challenge.

AGING SOCIETIES

Population aging is widespread in the world today, reflecting a number of social and economic factors that are common to many different societies. In many countries, it is associated with voluntary falls in the birth rate, which in turn can be attributed to the changing position and aspirations of women. It is also a product of historically unprecedented growth in average life expectations, partly caused by changes in lifestyles, partly by a shift away from physically risky forms of work, and above all by developments in health care and its provision. There is no foreseeable prospect of these tendencies being reversed.

At the general level, there is widespread awareness not only of these trends (e.g., U.S. Census Bureau, 2005), but also of the main implications for public policy (Reday-Mulvey, 2005; Riley et al., 1994; Saraceno, 2008). As well as initiating debates about the future of pensions arrangements, governments have anticipated, and to some extent are experiencing, changing requirements for public services such as health care, personal care, housing and policing. At the same time, older people constitute a growing proportion of the electorate, and elections data show that they are far more likely to vote and to join and run political parties than are younger electors. Moreover, as well as its role in public policy, government has an important role to play as an employer, facing similar challenges to those outlined above.
Guillemard (2013) shows how different countries adopt labor market policies in the second part of the careers of aging workers. She identified four public policy approaches based on both labor market needs and levels of welfare coverage. Thus Japan “retains” older workers; France “depreciates and ejects” older workers; Sweden “integrates or reintegrates” older workers; while the US either “rejects or retains” older workers based on labor market needs.

AGING POPULATIONS AND ECONOMIC GROWTH

There has been some debate on whether an aging population will impact both societal and organizational economic growth. Canadian economists have projected slower economic growth over at least the next 20 years as a result of an aging population and aging workforce (McKenna, 2014). Economic growth rests on productivity, labor and investment, all of which will be reduced as the population ages. This is compounded by increasing health care costs and lower government revenues.

At an organizational level, Schimke (2014) has shown that firms having an older workforce also indicated lower employment growth in a longitudinal study of 2100 German firms.

THE IMPORTANCE OF THE LARGER CONTEXT

The larger national and international economic and political context serves as a backdrop for the content of the present volume. Space limitations prevent a full examination of contest factors, but some are addressed in the chapters that follow. These include heightened global organizational competitiveness, organizational restructurings and downsizings, increasing levels of job insecurity, high levels of youth unemployment reaching 30 to 50 percent in some countries, inability of university graduates to find jobs, growing income inequality between “haves” and “have nots,” immigrants and immigration, political instability or gridlock in some countries, increasing of the retirement age, government concerns about pension funding, and increasing health care costs as populations age.

THE CHANGING NATURE OF WORK

The nature of employment and work has changed over the past 50 years as well (Burke and Ng, 2006). More work is now service oriented, and less
dangerous and less toxic. Service workers are both older and healthier and have greater work ability. This was also accompanied by greater flexibility in terms of both work and employment relationships. Thus healthy work has increased, and healthy work is associated with older employees working longer, in some cases past normal retirement age (Siegrist and Wahrendorf, 2013). But work intensification and competition levels have also increased for some.

Changes in the nature of jobs and work make it easier for older workers to remain in the workforce longer (no mandatory retirement, increasing the age of pension receipt). There have also been changes in work arrangements – more flexibility, and bridge employment. There has also been an acknowledgement of the important role of work in health, greater financial needs, and increased interest among older workers in post-retirement employment. These factors have created huge increases in the numbers of workers over 45 in the workforce now. But older workers have to acquire the skills to obtain and hold these new jobs.

INCREASING USE OF TECHNOLOGY

Technology is changing industries and eliminating managerial and professional jobs as well as lower-skilled jobs. This puts a premium on education. More workers will need university or college education. In addition, these educational institutions will have to do a much better job producing graduates with the knowledge and skills needed in this workforce.

In an aging workforce, there are significant potential efficiency gains from the use of new technologies. Guidelines for older users are now being developed by standards bodies and are implemented in domains such as Web design. Much of the focus of human factors research has been on improving efficiency in the performance of aging adults in the workforce, but reducing errors and increasing comfort and satisfaction in health-related activities should receive greater attention. Thus it is important to look at the relationship between technological change and workforce aging, as well as developing healthier and more stress-free workplaces.

THE CHANGING NATURE OF RETIREMENT

Wang and Shultz (2010) identify four conceptualizations of retirement: decision making, an adjustment process, a career development stage, and a part of human resource management. They present a comprehensive model of antecedents (individual, job and organizational, family,
socio-economic) and the retirement process (planning, decision making, early retirement, bridge employment).

Topa and her colleagues (2009) undertook a meta-analysis of 341 independent samples of relationships between retirement planning, the retirement decision, and their antecedents and consequences. Poor health, negative working conditions and positive attitudes towards retirement had positive relationships with retirement planning; work involvement and job satisfaction had negative relationships with retirement planning. Fewer antecedents predicted the retirement decision. Engaging in retirement planning was positively related to considering and undertaking bridge employment; the retirement decision was positively related to volunteering and to retirement satisfaction. Both “push” and “pull” factors predicted retirement planning and the retirement decision.

Other research has shown the role of both push and pull factors in the retirement process as well. De Preter et al. (2013), using European longitudinal data from 11 countries, examined the effects of individual and institutional push and pull factors as predictors of retirement decisions. At the individual level, health problems were push factors, while wanting to spend more time with grandchildren was a pull factor. At the institutional level, financial incentives due to high taxes on remaining employed were a pull factor.

In a longitudinal study of 992 early retirees, Shultz et al. (1998) studied the role of push and pull factors on voluntary and involuntary retirement decisions and retirement adjustment. They reported that both push and pull factors were significant differentiators on early retirement decisions. Following retirement, push (negative) factors became even stronger differentiators. Individuals retiring voluntarily had more life satisfaction and were physically and psychologically healthier.

In two studies of German employees, Wohrman, Deller and Wang (2014a) reported that positive cognitive expectations of post-retirement, including health, potential job opportunities, and social approval of others of the retirement decision, predicted post-retirement work intentions. In a different sample, Wohrman et al. (2014b) found that physical demands of one’s job reduced intentions to work post-retirement, whereas social support at work increased intentions to work post-retirement.

Ligaya (2014) writes that retirement is changing dramatically for Canadians. Ligaya cites a Statistics Canada study showing that 60 percent of workers who left a long-term job (1994 to 2010), defined as lasting 12 years or more, when they were 55 to 59 returned to work, with 44 percent of those between 60 and 64 returning to work. Data were collected from over 265,000 Canadians over a 28-year period. A large number of Canadians were returning to the workforce after retiring from their long-term jobs.
And an increasing number of Canadians, as well as workers in many other countries, are working past traditional retirement ages, for a variety of reasons.

**BENEFITS TO ORGANIZATIONS FROM AN AGING WORKFORCE**

- Forty-two percent of Boomers want to keep working because it will keep them young, not for financial reasons.
- Twenty-two percent of Canadians are already working past the age of 65 (Canada Revenue Agency, cited in Shea and Haasen, 2006).
- Forty-six percent of people who retired between 55 and 60 went back to work (Statistics Canada, cited in Shea and Haasen, 2006).

Older workers have lots to offer (Shea and Haasen, 2006). Their value added includes lots of wisdom, experiences and contacts, an understanding that things don’t last forever, an ability to see when people are lying, and knowing that violating one’s principles will eventually cause damage. But older workers have more heterogeneous needs, skills and abilities than do younger employees. Older employees need tasks and factors focusing on development (Armstrong-Stassen and Schlosser, 2008) and learning. There are also potential benefits of greater age diversity, including better leadership, better understanding of diverse customers and clients, heightened innovation and creativity, and more effective problem solving.

**LIMITED ORGANIZATIONAL READINESS FOR AN AGING WORKFORCE**

Human resource management policies and practices need to adapt to changing circumstances. The province of Ontario ended mandatory retirement in December 2006. Templer and Armstrong-Stassen (2008) reported, based on a study of 415 HR managers, that organizations that had already done away with mandatory retirement had more HR policies and practices in place than organizations with mandatory retirement still in place. The latter had to create new HR policies as well as changing existing ones.

Armstrong-Stassen and Templer (2005) surveyed senior-level HR managers in Canada in 2001 from a wide range of organizations to determine their organization’s responses to an aging workforce. Only 42 percent saw the issue of an aging workforce as somewhat to extremely important. A second study conducted in 2003 involved another sample of senior-level
HR managers in Canada (n = 426), again from a wide range of organizations and sectors. More HR managers now saw the issue of an aging workforce as somewhat to extremely important. However, few organizations provided access to training for older workers, few customized training methods to fit older workers, and few presented age awareness training in both 2001 and 2003. It appeared that Canadian organizations were not well prepared to meet the training needs of an aging workforce in the early 2000s. The management of age diversity is just emerging in organizations and in management training and development activities.

**BENEFITS TO INDIVIDUALS FROM CONTINUING TO WORK**

Work is important in the lives of older people. Mor-Barak (1995) identifies four functions that work provides for older workers: social contacts, financial advantage, health benefits, and personal needs for pride, self-esteem and generativity – the passing of one’s wisdom, knowledge and skills to younger colleagues.

Kalata (2010), based on findings from a 13-country study, reported that continuing to work provided benefits for workers such as retaining social skills and social contacts, maintaining daily routines, being reliable and trustworthy, and filling an important identity role and sense of purpose.

But some individuals also benefit from retirement. Westerlund et al. (2010), in a large study of retired employees who had worked previously at a large French national energy company, found that retirement was associated with decreases in mental and physical fatigue and depression. Retirement, however, had no effect on rates of chronic diseases.

Similarly, Insler (2014), in a sample of 6276 US older workers and retirees, addressed the association of poor health with retirement, and found that retirement had positive effects on individual health.

**AGE AND JOB PERFORMANCE**

Considerable attention has been devoted to examining the relationship of employee age and a wide range of work attitudes, behaviors and outcomes. The earliest studies (Avolio and Waldman, 1990, 1994; Avolio et al., 1990) found very weak and inconsistent correlations between age and various indicators of job performance across a range of jobs. Ng and Feldman (2013), based on a review of 98 empirical studies, found that age and job tenure had no relationship to innovation-related behavior. Ng and
Feldman (2010), based on more than 550 research articles, considered the relationship of age with 35 job attitudes. They found that age was generally significantly and positively related to these work attitudes, but these relationships were only weak to moderate in strength. Ng and Feldman (2008), again using meta-analysis, reported that age had little relationship with ten aspects of job performance. Ng and Feldman (2012) undertook a meta-analysis of 380 research articles relevant to six age stereotypes. These age stereotypes were that older workers are less motivated, less willing to engage in training and career development programs, more resistant to change, not trusting, more likely to experience health problems that affected their work, and more vulnerable to work–family conflicts. Only one of these six age stereotypes received support: older workers were less interested in engaging in training and career development programs and opportunities. This result is not surprising, since most training and career development offerings are targeted to younger employees. Thus age has been found in various literature reviews to have only small relationships with a variety of abilities, job attitudes and indicators of job performance.

THE RELATIONSHIP OF AGE WITH WORK ATTITUDES AND WORK OUTCOMES

Not surprisingly, given the prevalence of stereotypes about older workers, research attention has been devoted to the association of age with a range of work outcomes. Kunze and Boehm (2013) more recently examined the literature on age diversity and work team performance. They reported the following conclusions. Employee age was unrelated both to work team innovation and to absenteeism and turnover among team members. Employee age showed inconsistent relationships with levels of work performance in work teams, performance in top management teams specifically, communication and conflict.

Let us now consider the relationships of age and workers’ stress and safety. Do older workers experience more workplace stress and more strain and exhibit poorer safety attitudes and behaviors? Adams, DeArmond, Jex and Webster (2013) reviewed the literature on the relationship of chronological age and occupational stress (role stressors, social stressors, career-related stressors, and strains – physical, psychological and behavioral strains) and safety (safety attitudes, safety behaviors, safety performance, occupational accidents and injuries). The findings were mixed: age was not associated consistently or strongly with these important work outcomes.

Finally, research has also examined the association of employees’ age
and their work motives and needs (Kooij et al., 2011). Kooij et al. (2011) found, using meta-analysis, that employee age was positively related to valuing intrinsic motives and negatively valuing both extrinsic motives and growth motives. The expected positive relationship between age and valuing social relations and security was not universally present but existed only in particular subgroups of workers. Rudolph et al. (2013) reviewed the literature on the relationships of employee age and three broad categories of work motives or needs: growth, social and security, considering both intrinsic and extrinsic foci. They found support for the following:

- Age was negatively related to need for advancement or promotion.
- Age was inconsistently related to extrinsic motives.
- Age was positively related to the need for security.
- Age was negatively related to the need for affiliation.

OLDER EMPLOYEES AND COMPANY INNOVATION

Verworn and Hipp (2009) found that the percentage of older workers in an organization’s workforce had no relationship (a negative relationship was anticipated) on an organization’s innovativeness. But firms having a higher concentration of older workers invested less in their training. Organizational innovativeness was positively related to having a higher share of highly skilled employees, regardless of their age.

In a different study, Verworn (2009) examined data from the suggestion systems of two German units of a large European company. A total of 633 suggestions led to financial rewards in almost a two-year period. She hypothesized that number of ideas and value of these ideas would decline with employee age. She found no support for these hypotheses, with age associated with an increase in the quality of suggestions or ideas in one of the two sites.

CREATING AN AGE-FRIENDLY WORKPLACE – A CENTRAL ROLE FOR HUMAN RESOURCE MANAGEMENT

Workplaces and jobs were designed without regard to the needs and capabilities associated with worker age. New human resource management policies and practices need to be developed to respond to these changes. The retirement of large numbers of Baby Boomers requires organizations to develop strategies to retain tacit knowledge and memory.
(DeLong, 2004, 2009). In addition, quality of work has been shown to have an influence on retirement intentions (Ilmarinen, 2006a, 2006b; Ilmarinen and Rantaqnen, 1999). Organizational changes such as increasing workplace flexibility to better meet employee needs keep employees in the workplace longer (Bal et al., 2012; Rousseau, 2005).

Kunze et al. (2011) examined the relationship of organizational age diversity, perceptions of age discrimination climate, employee affective commitment, and firm-level performance. Data were collected in 128 companies and involved 8651 workers. Increasing age diversity was associated with higher levels of age discrimination climate in these companies, which lowered company performance as a result of lower affective commitment. Perceptions of age discrimination climate were assessed by items such as age-discriminatory behavior regarding job assignments, promotional opportunities, performance evaluation, opportunities for personal and professional development, and the daily behavior of senior management. Managers need to know that increasing age diversity is likely to result in a higher risk of perceived age discrimination, and that perceived age discrimination reduces levels of worker involvement and can lower job performance.

This increases the need for organizations to do a better job at human resource planning for all levels of employees. Until recently, most research, writing and consulting has addressed succession planning for senior-level jobs and retention, along with succession planning, at middle management levels as individuals retire. Organizations will have to spend more time “knowing” all of their employees. How many employees are likely to retire, and when? Organizations will need to engage in retention planning, succession planning, targeted recruitment and selection of newcomers, and addressing potential changes in their cultures as their workforce “grays.”

OLDER WORKERS IN A UNIONIZED WORKPLACE

Pitt-Catsouphes et al. (2009), based on data from 578 US organizations, reported that the presence of a union generally provided important benefits to older workers, but unions were less likely to use flexible work arrangements and less likely to offer health insurance to workers and their families. Some older employees work under collective agreements developed by unions or professional associations. These typically lay out rigid terms of work and retirement. Collective agreements covering older employees will need to change in order to accommodate those who want to continue working. These changes might deal with supporting older workers who want to continue working, offering training and retraining
to them, providing work arrangements better suited to them (no shift work, job sharing, transferring to a less demanding job, work–life balance initiatives) and providing pre-retirement provisions such as reduced work weeks, working part time and pre-retirement leaves.

INITIATIVES TO ADDRESS AGEISM

Since significant age stereotypes exist, organizations might seriously consider reducing their presence. Actions might include recognition and awards to companies making efforts to reduce ageism through their policies, training, and provision of flexible work arrangements, and offering age diversity training, training in communication, training in team building and training in cross-generational relationships. All employees would benefit from training that challenges these inaccurate stereotypes. Cross-generational discussions would usefully tackle negative age stereotypes the generations have about each other.

Workplace stereotypes are stereotypes that are ascribed to employees based on their age; they are attributed characteristics and judgments about individuals based on what is believed to be a group characteristic. Negative age stereotypes discriminate against older workers, causing organizations to underutilize the full potential of their older workers (Posthuma and Campion, 2009; Posthuma et al., 2012). Posthuma and Campion (2009) cite as common age stereotypes that older people are less motivated and competent at work, are harder to train and retain, and are more expensive (higher salaries and more health care costs). Age stereotypes exist worldwide but are stronger in some countries than others (e.g., North America versus China).

They raise these concerns about age stereotypes: they may be incorrect; they may apply only to some members of a stereotyped group and not others. Interestingly, age stereotypes can be positive (older workers are more dependable) as well as negative (investing in training older workers has lower value in that they will work fewer years).

Negative stereotypes have resulted in age discrimination (engaging in unlawful behaviors, such as not hiring based on age), age biases (rating performance of older workers lower) and ageism (the result of age discrimination and age biases creates a culture of ageism). Chiu et al. (2001) found less age stereotyping and discriminatory attitudes towards older workers in organizations having anti-age discrimination policies.

We must tackle the question of changing attitudes towards aging in organizations worldwide. Legislation against age discrimination is not enough. All stakeholders need to appreciate the facts of aging – the
positive and the negative consequences in workplaces. Addressing the links between aging and health in the workplace requires health promotion, preventing illness and diseases, better support for disabled workers, and the promotion of work abilities during aging.

AGE VERSUS AGING

“Age” refers to being a member of a particular group, whereas “aging” refers to a developmental process. In addition there are various ways that age or the sense of who is old is defined. These definitions include chronological age, psychological age (how old one feels), functional age (determined by the number and types of functions still capable of being performed), legal age (e.g., being able to drive a car at 16), career stage (e.g., early or mid-career, related to both chronological age and years spent at a particular career stage), and generation as a function of year of birth and age cohort (e.g., Baby Boomers, Generation X).

WHY AGE MATTERS

Age matters because, although jobs and workplaces are designed without reference to worker age (i.e., are age neutral), with increased age some employee characteristics do change. Thus paying attention to age, whatever way it is operationalized, has relevance for designing jobs and person–job fit to better accommodate older employees and in the development of more “age-friendly” workplaces (McMullin and Marshall, 2010).

SUBJECTIVE AGE VERSUS CHRONOLOGICAL AGE

Chronological age is objective and refers to time since one’s birth. But individuals age at different rates. One 50-year-old may behave like a 40-year-old while another 50-year-old behaves like a 60-year-old. One’s subjective age, how old one feels, has been shown to be a better predictor of level of psychological well-being and health outcomes and a lower mortality rate (Barrett, 2003; Boehmer, 2007; Kotter-Gruhn et al., 2009; Stephan et al., 2013). Positive self-perceptions have been shown to predict health behaviors, psychological and cognitive well-being, and longevity (Levy, 2003; Levy and Myers, 2004; Levy et al., 2002a, 2002b). Subjective age is a function of older people’s beliefs about their performance, how
young they think they act and look, or how other people comment on their behavior, performance and looks.

CHANGES THAT OCCUR DURING AGING

Barnes-Farrell et al. (2002) propose four dimensions of psychological age: feeling older than one’s chronological age, looking older than one’s chronological age, acting older than one’s chronological age, and preferring or identifying with an age older than one’s chronological age.

Aging results in the loss of some functional abilities such as strength, flexibility, aerobic capacity, cardiac function and sensory perception, particularly in hearing and vision. Many cognitive abilities have begun a slow decline by the late 50s, but again with a large variance in these abilities at older ages. There are readily observable changes in physical health as one ages, with increasing risk of chronic illness. The number of employees with some form of chronic illness increases linearly with age.

Beier and Kanfer (2013) examined the literature on age-related changes in abilities, attitudes and motives. In order to understand age-related changes in these areas one must also consider possible changes in job characteristics, workplace factors such as organizational culture and ageism and age discrimination, and cohort and family influences. They reviewed the literature on age and various abilities and reported the following: age was associated with a decline in some cognitive abilities (e.g., creativity, learning) and stable or increasing levels of other cognitive abilities (e.g., knowledge); physical abilities (e.g., psychomotor, speed, sensory) declined with age; age was positively associated with more favorable job attitudes; age was positively associated with wanting to help other people and society but negatively correlated with working directly with others; and age-related biases and discrimination were negatively related to the performance of older workers.

Some personality attributes, motivation factors and work attitudes increase with age while others decrease. Older people are generally more job satisfied and organizationally committed, pay less attention to extrinsic rewards and have more interest in intrinsic rewards, are more concerned with the quality of their social relationships, and are more emotionally stable but less extraverted. Employee age is generally unrelated to levels of job performance, being positively correlated with performance in professional jobs and negatively correlated with performance in some technically oriented jobs. Older employees are less likely to quit, are absent less often but for longer periods of time, and have lower numbers of injuries but more severe injuries requiring a longer time away from the

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job to recover. Barnes-Farrell et al. (2002) noted that psychological age, controlling for chronological age, was negatively correlated with work and non-work stressors and strains.

FACTORS INFLUENCING THE DECISION TO RETIRE

Retiring early has been dashed in the minds of many because of the global economic recession that started in 2008 and cut into whatever savings and investments individuals had and inadequate retirement planning. The National Post (2014) reported the results of two recent Canadian surveys undertaken by ING Direct indicating that about 30 percent of retired Canadians have returned to work as a result of financial need. The Boston College Center for Retirement Research (Chevreau, 2011) reported that 60 percent of Baby Boomers planned to keep working past the traditional retirement age of 65.

Sun Life International, in a 2009 study of US employees, reported that 65 percent expected to delay their retirement by at least one year, 11 percent more than was reported in 2008 (see Chevreau, 2011). And 27 percent of US employees thought they would have to work at least five years past the traditional retirement age of 67 for economic reasons; working longer for them was a necessity not a choice.

Immen (2012) cites a Sun Life survey showing that only 30 percent of Canadians plan to be retired by 66, with 48 percent indicating they plan to work part time or freelance after retiring from their full-time jobs. Both satisfaction with their present jobs and financial considerations were key factors in deciding to continue working. Lower-income earners will continue to work for income and higher-income earners to maintain a sense of work identity and to stay mentally active.

Von Bonsdorff et al. (2010), in a longitudinal study of 1101 women and men, found gender differences at baseline and at the one-year follow-up. Among women, negative views on work and low work and life satisfaction predicted early retirement intentions. Among men, negative views on work, low self-perceived work ability, and poor health influenced retirement intentions. Shultz and Wang (2007) reported that poor health influenced retirement decisions. These findings indicated that both health- and work-related factors influenced early retirement intention decisions.

Armstrong-Stassen (2008) compared the experiences of people aged 50 to 65 who had retired and returned to work (n = 90), those remaining in their career jobs (n = 198) and those retired and remaining out of the
workforce (n = 321). Human resource and organizational practices were found to be very important in the decision of retirees to return to work; individuals in post-retirement jobs were attracted to organizations whose HR practices met the needs and preferences of older workers. Those included flexible working options, training and development opportunities, recognition and respect, fair performance evaluations, and adequate and fair compensation (also see Armstrong-Stassen and Schlosser, 2008). Most respondents did not feel that their organizations were doing a good job in providing these HR practices however.

**IMPACT OF AN AGING POPULATION ON YOUNGER WORKERS**

Record youth unemployment leads to fear of a “lost generation.” (*Globe and Mail*, August 12, 2010, B7)

Youth unemployment includes:

- 81 million unemployed youth worldwide between the ages of 19 and 24 in 2009;
- 13 percent of youth worldwide unemployed in 2009;
- 12 million youth remain in poverty despite working.

Young workers today face special challenges (DeFreitas, 2009; Lee and Mason, 2011). Youth unemployment rates grew twice as fast as adult unemployment rates. Most of these youths lived in developing nations (90 percent of the most vulnerable youths). Johnson (2011) refers to the current group of young women and men in Spain with university degrees who cannot get jobs as a “lost generation.” Spanish youth, as well as young people in other countries, took to the streets to protest their position. Given the relatively high unemployment rates in these countries, does encouraging more older employees to remain in the workforce help this situation?

Contenta (2012) notes the rising levels of youth unemployment in Europe. These range from a high of 50 percent in Spain, 48 percent in Greece, 36 percent in Slovakia, 35 percent in Portugal, 34 percent in Lithuania, 31 percent in Italy and 30 percent in Latvia to lows of 8 percent in Germany, 9 percent in Austria and the Netherlands, 14 percent in Malta and Luxembourg and 15 percent in Denmark. Youth is defined here as being under 25 years of age. The average unemployment rate in the European Union is 22 percent currently. In Italy, they have termed this
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whole generation the “precarious ones.” Those lucky enough to land jobs find them temporary and conditional.

Keeping more older workers in the workforce will lessen the financial burden on younger workers to support retirees. But organizations have to ensure that retaining more older employees does not stop the development of younger people. Some of these younger people may leave to pursue opportunities elsewhere if they see no prospects for development and advancement with their current employer.

THE MULTI-GENERATIONAL WORKFORCE

Zemke et al. (2000) note that workforces today are more diverse than ever in terms of race, gender, ethnicity, age and generations. They view generational diversity as having both benefits and tensions – the former including more diverse ideas, better decision making and problem solving, and a closer link with customers, the latter including potential misunderstandings, resentment, and lack of respect between young and old. Many organizations are oblivious to these risks.

Kupperschmidt (2000, p. 66) defines a generation as a cohort of individuals who share “birth years, age, location, and significant life events at critical development stages.” In addition, events in the larger external context, described earlier (high levels of youth unemployment, organizational downsizings and restructurings, career plateauing, incorporating the latest technologies), add to these issues, resulting in a potential “us” versus “them” scenario.

Each generation has different values, beliefs, expectations, learning styles, and preferences. Different generations also have potential strengths and weaknesses that it is important for managers to know about (Patota et al., 2007).

Generational differences may mean pluses and minuses in terms of organizational performance. Pluses include more diverse ideas, more creative problem solving, better decision making and a better reflection of an organization’s customer base. Minuses include higher levels of tension and conflict, different approaches to and preferences for leadership, valuing different rewards, and different views on change and the role and use of new technologies (Bartley et al., 2007; Kupperschmidt, 2006; Taylor, 2014).

Zemke et al. (2000) identify four generations:

- Veterans – born between 1922 and 1943, the smallest of the four generations in the United States;
The multi-generational and aging workforce

- Baby Boomers – born between 1943 and 1960, the largest of the four generations in the US;
- Generation X – born between 1960 and 1980;
- Generation Y (also called Generation Nexters or Millennials by others) – born between 1980 and 2002, and only slightly smaller than Generation Xers in the US.

Other writers (e.g., DelCampo et al., 2010) have noted that these same or very similar generations have slightly different birth ages from the cohorts. In addition, the end points in any of these frameworks may overlap by a couple of years.

Zemke et al. (2000) describe the generations and their characteristics as follows:

- **Veterans:**
  - Veterans’ characteristics – dedication and sacrifice, hard working, conformist, value attributed to law and order, respect for authority, patience, delayed rewards, duty before pleasure, adherence to rules, and honor;
  - Veterans’ on-the-job assets – stable, detail oriented, thorough, loyal, hard working;
  - Veterans’ on-the-job liabilities – inept with ambiguity and change, have difficulty with new technologies, reluctant to challenge the system, uncomfortable with conflict, reticent when they disagree;
  - Characteristics of Veterans’ workplaces entered – division between thinkers (managers) and doers (workers), a clearly defined hierarchy, promotions based on hard work and persistence (seniority), older higher-level organizational leaders, work life and family life kept separate, formal workplace relationships, distance between managers and workers, and a directive leadership style.

- **Baby Boomers:**
  - Baby Boomers’ characteristics – optimistic, team oriented, seeking personal gratification, interested in health, wellness and personal growth, involved in work, trying to remain youthful;
  - Baby Boomers’ on-the-job assets – service oriented, driven, willing to work extra hard, good at relationships, good team members, having a desire and willingness to please;
  - Baby Boomers’ on-the-job liabilities – uncomfortable with conflict, unwilling to confront peers, may stress process over
results, overly sensitive to feedback, self-centered, judgmental of others who see things differently;

○ Characteristics of Baby Boomers at work: use more consensual and collegial leadership styles, solicit others’ input, value soft leadership skills, do not always “practice what they preach” in terms of leadership approaches (can be mildly autocratic), work well in teams.

- Generation Xers:
  ○ Generation Xers’ characteristics – a diverse group, think globally, want balance in their lives, have high levels of technological skill, want to have fun at work, informal workplace relationships, self-reliant, practical;
  ○ Generation Xers’ on-the-job assets – good with technology, adaptable, independent, willing to challenge authority, creative;
  ○ Generation Xers’ on-the-job liabilities – impatient, limited interpersonal skills, lacking experience, cynical;
  ○ Characteristics of Generation Xers at work – overrepresented in technology-dominated industries, also overrepresented in entrepreneurial ventures, prefer egalitarian relationships, value fair, competent and straight-talking leadership, can work in teams but tension between independence and team membership exists.

- Generation Y (also known as Generation Next, Millennials):
  ○ Generation Y characteristics – optimistic, confident, achievement oriented, high moral standards, a diverse cohort, interested in and value civic responsibilities;
  ○ Generation Y on-the-job assets – optimistic, persistent, highly developed technological skills, able to multi-task, work well in teams;
  ○ Generation Y on-the-job liabilities – lack of experience, low levels of interpersonal skills, need supervision, have a desire for direction and structure. This generation express disappointment with their salaries being lower than they expected. Carrick (2013) reports a Canadian study showing that young adults of 25 to 34 years of age, constituting Gen Y, were now making significantly less money than their counterparts 25 years ago (comparing 1981 with 2006 salaries in Montreal and Vancouver).
DO GENERATIONAL STEREOTYPES EXIST?

Zemke et al. (2000) outline perceptions or stereotypes that each generation has of the others. We will now consider generational stereotypes in some detail:

- **How the other generations see Veterans:**
  - Baby Boomers – autocratic, rigid, reserved, low technological skills, narrowly focused;
  - Gen Xers – inflexible, low capacity for change, low technological skills, have all the resources;
  - Millennials/Gen Y – good managers, can be trusted, courageous.

- **How the other generations see Baby Boomers:**
  - Veterans – self-absorbed, too open about their personal lives;
  - Gen Xers – work too hard, overly political, too invested in latest management fads, words and actions often don’t match;
  - Millennials/Gen Y – work too hard, knowledgeable about Millennial tastes and interests.

- **How the other generations see Gen Xers:**
  - Veterans – lazy, downplay experience, lack organizational savvy, don’t readily follow orders;
  - Baby Boomers – lazy, don’t readily follow orders, lack organizational savvy, pushy and want it now;
  - Millennials/Gen Y – have more fun.

- **How the other generations see Millennials/Gen Y:**
  - Veterans – smart, sometimes crude;
  - Baby Boomers – too self-centered, seeking attention, need more discipline, high technological skill;
  - Gen Xers – too self-centered and spoiled, out of touch with Gen X tastes and interests, too much like Baby Boomers.

But one wonders whether these characterizations might also be creating stereotypes. For example, Deal (2012), writing in *Strategy and Business*, challenges some stereotypes that have been attributed to Millennials, our Generation Ys. Using data from over 5000 workers across the various stages, she found no support for the following “myths”:

- They don’t want to be told what to do.
- They lack organizational loyalty.
They are motivated by perks and high pay.

They aren’t interested in their work.

They want more work–life balance.

ACTUAL VERSUS PERCEIVED GENERATIONAL DIFFERENCES

One can distinguish “actual” generational difference between generations and “perceived” difference between generations, termed stereotypes. More academic research has examined actual generational differences, with less emphasis on generational stereotypes. Both actual and perceived (stereotyped) differences are important. Stereotypes involve judgments about and expectations of another’s attitudes, values and behaviors. In addition, stereotypes can affect the performance of the workers being stereotyped. Thus documenting the existence of generational stereotypes is significant. Generational stereotyping exaggerates the actual or real differences between the generations.

Understanding stereotypes can reduce biases and discrimination in personnel decisions, and negative effects on those being stereotyped. Stereotypes affect selection decisions, promotion, and performance appraisal ratings. Stereotypes can also reduce job performance and increase the levels of stress, anxiety and insecurity of the individuals being stereotyped.

Perry et al. (2013) undertook both a literature review of academic and practitioner writing and an empirical study that supported the existence of generational stereotypes in the United States. Perry and her colleagues considered three generations in their work, the most common generations in today’s US workforce. These were: Baby Boomers, 1943–60; Generation Xers, 1961–81; Generation Y/Millennials, 1982–present. Perry and her colleagues set out to see whether individuals have generational stereotypes and, if so, what they consisted of. They first examined the practitioner literature (64 articles) to determine the nature of these potential stereotypes, and then the academic literature to determine whether there was any support for these stereotypes. The practitioner literature was then content-analyzed. They reported the following:

- Baby Boomers – eight themes emerged, the top five being: hard working, loyal to the company, not technically savvy, resistant to change, and optimistic.
- Generation X – 21 themes emerged, the top five being: value work–life balance, independent, technologically savvy, value learning and development, low company loyalty.
● Generation Y/Millennials – 21 themes emerged, the top five being: technologically savvy, desire frequent feedback, multi-tasking skills, need attention and recognition, arrogant and confident.

There were no themes common to all three generations, although some common themes related to both Generation Xers and Gen Y/Millennials. But there were more differences than similarities between the three generations.

Perry et al. (2013) then examined 37 articles published in peer-reviewed academic journals. They reported the following results:

● Baby Boomers – 8 themes emerged, the top five being: value monetary rewards, honest leaders, learning and development, lifetime employment, and loyalty.

● Generation Xers – 11 themes emerged, the top five being: value job advancement and opportunities, work–life balance, learning and development opportunities, monetary rewards, and leisure time.

● Generation Y/Millennials – 12 themes emerged, the top five being: value job advancement opportunities, friendship at work, supportive leaders, honest leaders, and are ambitious.

There were relatively few common themes present in the three generations (usually two, valuing learning and development opportunities and valuing monetary rewards). Generation Xers and Generation Y/Millennials shared only four common themes. Again generational differences were more common than were generational similarities.

Perry et al. (2013) then had 58 graduate students (72 percent female, Generation Y/Millennials 52 percent) write a few things that applied to each of the three generations, allowing two minutes per generation. The researchers then examined the relationship of generational versus age stereotypes using Posthuma and Campion’s (2009) work as the basis for age stereotypes. The practitioner writing overlapped to some degree in their discussion of Baby Boomers and older workers, with three common themes emerging: more loyal to the company, less technologically savvy, and resistant to change. The academic writing also showed some overlap between Baby Boomers and older worker stereotypes, with two common themes: valuing lifetime employment and more loyalty.

A comparison of these findings to the three other sources of data from practitioners, academics and age stereotypes for each of the three generations found some limited overlap between the generations. Thus generational stereotypes tended to be distinct from age stereotypes.

Perry et al. (2013) conclude the following:
1. Generational stereotypes do exist, with the largest differences reported in the practitioner writings.
2. Generational stereotypes were generally different from actual generational differences.
3. Generational stereotypes were only moderately related to age stereotypes.

ACTUAL GENERATIONAL DIFFERENCES

The academic literature has focused more on actual differences than perceived differences (or stereotypes). The practitioner literature (e.g., Erickson, 2009; Watt, 2010) proposes, and supports, the existence of both actual and perceived generational differences, with the distinction between the two sometimes being “fuzzy.” Age stereotypes are obviously related to generational stereotypes, but not perfectly; they are also sometimes confounded in research studies.

Sullivan et al. (2009) compared 463 Baby Boomers with 415 members of Generation X on their measures of authenticity, balance and challenge. Members of Generation X indicated significantly higher needs for authenticity and balance than did Baby Boomers, with both groups indicating similar needs for challenge.

Murphy et al. (2010), in a sample of 4446 respondents, compared generational values of Baby Boomers, Generation Xers and Generation Y members, in separate samples of managers and non-managers, using the Rokeach Values Survey, which assesses 18 terminal or end-state values (e.g., a comfortable life, equality, health) and 18 instrumental values or modes of conduct (e.g., respect, responsibility). They found some agreement in the values between managers and non-managers. They found, however, considerable differences between the generations in both terminal and instrumental values. Greenwood et al. (2008), in an earlier study, reported both similarities and differences in these values across these three generations.

Twenge et al. (2010) identified four real generational differences: work was less central for younger than older employees, older employees had a stronger work ethic compared to younger employees, younger employees valued leisure more highly than did older employees, and younger employees self-reported more workplace individuality compared to older employees.

Research on generational differences comparing responses, both quantitative and qualitative, has produced relatively few generational differences and mixed results (Biggs, 2007; Davis et al., 2006; Gentry et al.,
2009; Sirias et al., 2007; Smola and Sutton, 2002) on measures including self-reports of work values, work outcomes such as job behaviors and organizational commitment, attitudes towards learning and development, individualism/collectivism, and effects of person–environment fit. It seems that perceived differences rather than actual differences may constitute stronger and more consistent generational differences and be the source of whatever cross-generational tensions and conflicts may exist.

THE NEED TO CONSIDER DIFFERENCES IN LOCATION, CULTURE AND CHILDHOOD SOCIALIZATION

Benson, Sandhu, Sastrowardoyo and Scott-Young (2013) argue that a clearer understanding of generational effects would include the role played by location (country), culture, childhood socialization, and technology in addition to chronological age. Their general model looks like this: age leads to generational membership, which in turn leads to values, attitudes and behaviors. There is an American bias to the generational context; American life experiences tend almost always to be used to define a generational cohort. This has resulted in the use of these definitions in vastly different countries. With more immigration and globalization, the workforces in most organizations are now more diverse. Would these labels still be relevant to individuals from other countries having different life experiences growing up? In societies with slow or no changes there might be no generational differences.

IMPLICATIONS OF REAL AND PERCEIVED GENERATIONAL DIFFERENCES FOR MANAGEMENT AND ORGANIZATIONS

What managers need to address:

● How can organizations leverage generational differences for performance advantages?
● How can members of an older generation transfer their tacit knowledge to younger workers?
● How can workplaces manage, communicate with and develop workers from different generations?
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What workplaces need to do:

- They need to reduce the influence of cross-generational stereotypes; some of them may not even be valid.
- They need to develop human resource management policies and practices that address a diverse workforce in order to attract, retain and utilize the talents of each generation.
- Organizations need to offer a wide range of rewards (e.g., time off, training, pay and benefit options) to better meet the needs of various generations of employees.

CONCLUSION

As this chapter has shown, organizations today, in many parts of the world, are facing new demographic realities. These include an aging workforce, an increasingly multi-generational workforce, and potential shortages of talent. Various generations have always existed in workplaces, but today several generations are large in numbers and various generations have views of each other that influence their workplace contributions. These challenges are also taking place in a larger context that itself compounds the challenges facing individuals, families, organizations and societies. These include high rates of unemployment, particularly among youth, a sluggish global economy following the 2008 worldwide economic recession, pressures on organizations and governments to control and reduce costs, and increasing global competition. Fortunately, more organizations and societies are now tackling these issues. The chapters that follow examine these issues in greater detail and offer practical guidance on creating effective “age-friendly” and “multi-generation-friendly” workplaces.

NOTE

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