

# The Power of an Older Workforce



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**Older workers are an abundant, valuable and largely unrecognized resource. As aging accelerates worldwide, it's time to update our views about older workers.**

We already know the answer to the big question facing an aging America: Will we have the savings to retire as early as our parents and grandparents did? We won't. People will work longer because both individual finances and government capability are falling short of what's needed to support decades-long retirement.

How can employers best utilize older workers' talents and take advantage of increasingly age-diverse workforces? Older workers are an abundant, valuable and largely unrecognized resource. Negative stereotypes, unsupported by evidence, lead many employers to overlook their unique ability to increase productivity and competitiveness. As aging

accelerates worldwide, it's time to update our views about older workers.

We know that baby boomers want to stay in the workforce longer, both for financial reasons and because work provides stimulation and satisfaction. But a report from the Stanford Center on Longevity finds that large employers are more interested in graceful exits than in ways to recruit and retain older workers.

Employers cite two concerns in their lack of enthusiasm for older workers: costs and sluggish productivity. Policy changes can address cost. John Shoven and George Schultz of Stanford and the Hoover Institution have proposed a "paid-up" Social

Security category in which FICA payments are waived for both employee and employer once a worker has paid into the system for 40 years. This change would incentivize people to work longer and companies to employ mature workers. Flexible and part-time work arrangements also reduce cost burdens. Many older workers are eager to exchange high salaries for flexible schedules and phased retirements.

The more insidious challenge involves widespread beliefs that older workers are slow, unmotivated and out of date. Empirical evidence shows these liabilities are exaggerated, while older people's strengths are generally unacknowledged.

While older people do not share younger workers' strengths, neither do they fit the profile of earlier generations. When most jobs required brute strength, young people did outperform their older counterparts. But the physicality of work decreased with the transition from agricultural to service economies, and with it the importance of physical might.

Education is another evolving characteristic. As young people increasingly pursued higher education in the second half of the 20th century, they became more effective workers, not because of age, but because of knowledge. Today older people are as likely to be college-educated as their young colleagues.

As well, older adults enjoy vastly improved physical health and fitness. For the past 50 years, each U.S. cohort arriving at old age was healthier than the previous one.

Young workers certainly hold appeal. They typically learn new tasks faster and are more technologically savvy. They are relatively open and energetic, entering the workforce with optimism, idealism and aspiration to succeed. They also are laser-focused on advancement and attaining experience and resources for life in a complex society. They compare themselves to others and compete to stand out, qualities that can work well for employers, but may decrease loyalty and promote workplace tensions.

In contrast, the typical 60-something worker is healthy, experienced and more likely than younger colleagues to be highly satisfied with his or her job. Older workers tend to be less starry-eyed about their positions, and more comfortable and realistic as a result of their years of experience. With a strong work ethic and loyalty to employers, older workers stay the course longer than other age groups.

Older adults are adept at resolving social dilemmas, especially emotionally heated conflicts. They care increasingly about meaningful contributions and less about advancement. More likely to build social cohesion and mutual gain, older workers are inclined to share information and organizational values. Their emotional stability enhances workplace environments.

Older workers also have an edge in good mental health, and they take fewer sick days. Research shows that older construction industry workers have a lower frequency of workplace injuries.

The elephant in the room — cognitive decline — is grossly exaggerated. Experience more than compensates for the declines in

speed and efficiency at new learning even into the 60s and 70s. Virtually no evidence links such declines to degraded work performance.

Nor should we mistake speed of learning for knowledge. Job performance more often is based on acquired knowledge than on the need to quickly learn new material. Here research points to linear improvement with age, especially where relationships with customers and co-workers are involved.

Motivation, for both employers and workers, arguably creates the most striking differences between age groups. Employers tend to invest far more in young employees, and generally do not train workers over 50. Workers, regardless of age, tend to disengage when they perceive shrinking time horizons on the job. Both factors likely contribute to young-old performance differences. Mandatory retirement for professors was linked in one study to a gradual reduction in publications and grants. When the mandate was lifted, older professors emerged as the best-funded and most productive workers.

A promising workforce resource lies in intergenerational collaboration, combining young workers' energy and speed with the wisdom and experience of age. Emerging literature suggests that mixed-age teams may outperform both exclusively-young and exclusively-old groups, making the bottom-line case for age diversity.

It's time for employers to respond to the compelling evidence. Older workers represent a fountain of age — a massive human capital resource, ready to contribute to employers, younger colleagues and a vibrant economic future.