



The 'Silver Tsunami': Why Older Workers Offer Better Value Than Younger Ones

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Just a decade ago, experts warned of labor shortages in the United States and other countries as the baby boomers marched into retirement en masse. But with an aging population facing the prospect of living for decades on shrunken retirement funds, graying individuals plan to keep on working.

This "silver tsunami" has received a mixed response in the workplace. On the one hand, many employers have been slow to adapt to the changing needs of older workers and perceive them to be costly and troublesome to hire. Data show that people over the age of 55 find it harder to land jobs than their younger counterparts, even though age discrimination is illegal in many countries. On the other hand, some far-sighted companies around the world are working to recruit, retrain and otherwise engage older workers.



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Such workers bring a lifetime of skills to their jobs and can be highly motivated and productive members of the workplace, according to Wharton professors. Many of the stereotypes that prevent employers from hiring and making good use of older workers are merely myths, they say. Among the most frequent ones:

Myth. Older workers cost more than younger ones and are less productive on the job.

Reality. Both concerns are untrue. While older workers may take longer to recover from injuries, studies show that they use fewer sick days on the whole than their younger counterparts, says management professor [Peter Cappelli](#), who directs the Wharton [Center for Human Resources](#). Health care costs are actually less for older workers, according to Cappelli, because most no longer have small children as dependents on their health care plans. Workers also become eligible for Medicare at age 65, which can further reduce an employer's health care bills.

When it comes to job performance, older workers frequently outdo their younger colleagues, says Cappelli. Older workers have less absenteeism, less turnover, superior interpersonal skills and deal better with customers. "The evidence is unbelievably huge," he notes. "Basically, older workers perform better on just about everything."

Myth. People at or near retirement age tend to lose interest in their jobs.

Reality. Studies find the opposite to be true. In a report titled, "Working in Retirement: A 21st Century Phenomenon," the Sloan Center on Aging & Work at Boston College reported that those who worked past retirement age became more, rather than less, engaged and satisfied with their jobs. And contrary to the belief that older workers resist learning new things, older workers ranked "job challenge and learning" as a top source of satisfaction with their work, says center director Marcie Pitt-Catsouphes.

Myth. Older workers in the workforce keep younger ones from getting jobs.

Reality. While it may be "a widespread belief that you have to get older people to retire to open up the career ladder and jobs for young people," the opposite again is true, according to Wharton insurance and risk management professor [Olivia S. Mitchell](#). Ignorance of this fact caused many French college students to join the massive street protests last fall against raising the retirement

age from 60 to 62.

Policies in countries that encourage workers to retire early actually have a damaging impact on youth employment, Mitchell says. This is because the growing number of retirees forces governments to finance their rising pension costs by raising taxes, which causes employers to scale back hiring or pay workers less. In such cases, "employers don't want to hire the young," says Mitchell, who directs Wharton's Pension Research Council. "It's all very intertwined. The old notion of a fixed sum of jobs is just absolutely wrong."

Many myths about older workers reflect 20th century views of retirement that have proved to be short-lived. "Historically, the idea of people working full-time and stopping completely is an anomaly of world history," says Cappelli. The notion of retiring at age 65 came in with the Social Security system and employer-based pensions, he says. But full retirement was never what most employees wanted, he notes, adding that "what they want is to keep working in some fashion. They want to change the way they work, but not stop altogether."

New Stage of Life

Such feelings reflect a new career stage that is not yet well understood, says Pitt-Catsouphes of the Sloan Center. Its studies show that older workers are looking for flexible jobs that have "a climate of respect, work-life fit, supervisor support and learning opportunities." Employers who fail to realize this may be missing the chance to "create environments to leverage the skills and competency" of older workers, Pitt-Catsouphes adds. "Organizations in general pay attention to these things in their early career employees, but may be taking their eye off the ball for people in their later career."

Although many employers do recognize the strengths of older workers, they often harbor negative views as well. When the Society for Human Resource Management conducted its most recent survey of attitudes toward older workers in 2006, 60% of the 308 personnel managers surveyed said that older workers are more reliable and 59% said older workers have a stronger work ethic than younger ones. On the flip side, 49% said that older workers do not keep up with technology and 38% said such workers cause health care costs to rise.

Such negative perceptions can make it harder for older individuals to find work. In October, job seekers age 55 and older had been out of work for 44.3 weeks on average, according to AARP, which lobbies on behalf of older Americans, compared with 33.2 weeks for persons younger than 55. Some older job seekers have been looking as long as two years, says Deborah Russell, AARP's director of workforce issues.

Older individuals frequently attribute such problems to bias in the workplace. Nearly 60% of the 1,500 workers aged 45 to 74 that AARP surveyed in 2008 said they had faced or observed age discrimination on the job or during the hiring process. Fighting bias became harder last year when the U.S. Supreme Court ruled that workers who bring complaints must show that age was the sole reason for the alleged mistreatment, rather than simply a contributing factor. "For older workers," says Russell, "it just adds to the already long list of barriers that they face in securing and retaining employment."

Age discrimination occurs most often in hiring, says Cappelli, usually because younger supervisors are afraid to manage more experienced older workers. As co-author of a new book titled, *Managing the Older Worker: How to Prepare for the New Organizational Order*, Cappelli urges supervisors not to be intimidated by the expertise of older subordinates, but to collaborate with them instead. "It's the job of the supervisors to structure the relationship," says Cappelli. "They need to say, 'Here's how we'll work together.'"

Attitudes toward older workers do appear to be gradually changing. In a survey of more than 30,000 employers in 31 countries that Milwaukee-based Manpower Inc. conducted from October 2006 to April 2008, 13% of the firms said they actively recruited older workers and 20% sought to retain them past the normal retirement age.

Singapore and Japan led the pack in recruitment and retention, respectively. In Singapore, 48% of employers had strategies for recruiting older workers and 53% had policies for retaining them. In Japan, no fewer than 83% of employers sought to retain such workers.

Employers in other parts of the world are starting to eye older workers as well. When researchers at the Gippsland campus of Australia's Monash University surveyed some 600 employers between February and June in 2010, 40% of the private-sector respondents and 50% of those in the public sector said they would recruit workers over the age of 55 in response to labor shortages.

German luxury automaker BMW has gone beyond talk to test ways to accommodate an aging workforce. In an experiment in Dingolfing, Germany, that may soon be duplicated in other plants, BMW has modified a division of one assembly line. The company spent the equivalent of about \$50,000 to make some 70 changes that include installing larger computer screens with bigger type, providing employees with special shoes to ease aching feet, and adding chairs to some parts of the line so workers can perform tasks while sitting down.

In the United States, outdoor apparel retailer L.L. Bean recruits older workers for seasonal jobs in the company's call centers, distribution facility and flagship store. Ads targeting such workers often mention the benefit that the age group values most: flexibility. One former ad invited recruits to "Use our employee discount to shop for your grandkids."

Retirement doesn't end ties between employees and the Freeport, Maine-based company, which encourages retirees to return to work on a seasonal basis. "We find that many retirees bring a high level of maturity," says a company spokesperson. "They understand the importance of a good work ethic" and have no problem with flexible schedules. "More than half of our seasonal workforce comes back year after year."

More Jobs to Fill

Employers that accommodate older workers can find a ready pool of talent for jobs that might otherwise go unfilled. A study sponsored by the MetLife Foundation and Civic Ventures, a think tank that helps people find "encore careers," predicts as many as five million job vacancies by 2018 if the baby boomers retire at the same rate and age as current older workers. Many of these vacancies will be in social service fields such as health care, education and non-profit positions. Not only will there be jobs for older workers to fill, says the study, "but the nation will absolutely need older workers to step up and take them."

Boomers who cannot find the right fit may create their own jobs, says Philip D. Gardner, director of the Col Collegiate Employment Research Institute at Michigan State University. "There are a lot of people out there who want to stay engaged," Gardner says. If no employer will hire them, "they will create businesses for themselves. They may well be employers and not just workers."

Gardner spends his days studying recruiting trends for college graduates. Even as the weak economy slows the departure of older workers, he says, new jobs are being created in fields such as e-commerce, information systems and social media that young people are adept at.

Gardner envisions partnerships and mentoring relationships between older workers who seek meaning in phased retirements and younger individuals who are looking to build their careers. Gardner himself has no plans to step down from his job researching the college labor market and recruiting trends. "At 64, people are asking me to stay until I'm 70," he says. "I'm having fun with what I do, so why quit? Why give up a job I love?"

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