

Bridging the Generations:

Redesigning Workplaces to
Prosper from an Aging Workforce



THE
GRAHAM | LOWE
GROUP

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This report presents extensive polling data from EKOS Research Associates. The report was written by Graham Lowe, Ph.D., with input from Frank Graves, James McKee and other EKOS staff.

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Executive Summary

This report examines key trends defining today's aging, multi-generational workforce. How employers, human resource professionals and policy makers manage the generational transitions now underway will shape the future workplace – and Canada's prosperity.

Generational equity

- In the wake of the Great Recession, Canadians have become more pessimistic about the possibility of a continuously improving quality of life.
- Many Canadians expect increasing social inequality and declining living standards for the next generation.
- These trends feed a growing sense of generational inequity, also reflected in the belief that current government policies favour older generations.
- Alleviating generational inequity and reducing the potential for inter-generational tensions in workplaces should be priorities for employers and governments.

Why we need to work longer

- If more people do not work during their 60s and 70s, Canada could experience lower productivity, slower economic growth and declining living standards.
- Extending working life can help to reduce inter-generational inequities. If older workers remain employed, this will ease the fiscal burden baby boomers are going to place on the shoulders of younger workers to help care for them in old-age.
- A prolonged transition into retirement can also reduce the risk of losing core knowledge possessed by experienced baby boomers.
- However, as employers retain older workers they also will have to address the needs of Gen X and Gen Y workers to grow, contribute and feel more engaged.

Redefining retirement

- Baby boomers already are redefining retirement. Mandatory retirement is a relic of the past and we are moving toward 70 becoming the new 60.
- The Great Recession accelerated the trend to delaying retirement. Between 2004 and 2012, retirement plans shifted in the direction of working longer.
- For employers, the good news is that many of the older workers who are planning to stay in the workforce are motivated and looking for new challenges.

Moving up

- A significant challenge for employers is renewing the workforce through orderly succession from older to younger workers.
- Canadian workers are more interested in taking on management responsibilities in their current organization, rather than switching to a new line of work or a new employer. This aspiration to move up is found across all age groups.

Moving on

- There also is a shift underway in Canadians' career plans. Today, workers are less likely to consider switching careers than they were a decade ago.
- The Great Recession pushed Canadians to 'hunker down' in their careers, putting to rest the myth that we can expect many careers in a lifetime.
- Employers need to rethink their approaches to talent and performance management, given that sizeable numbers of workers of all ages want more responsibility in their organization.

Work motivation

- While employers need to be open-minded about hiring and promoting older workers, this must be part of an age-inclusive workforce strategy that also is fair for younger workers.
- Older workers are more motivated in their jobs than younger workers. The lower engagement level among younger employees needs attention by management.
- Older workers' strong sense of work engagement could be a source of positive energy, especially if they have regular interaction with junior employees.
- Another approach to bridging the generations is two-way mentoring, which values the unique perspectives and contributions of the different generations.

Work values

- The potential for intergenerational misunderstandings can be reduced if we accept that an individual's perspective on work changes as they go through life.
- Baby boomers are more likely than Gen X or Gen Y workers to think that their work already makes a useful contribution to society.
- Generational differences in work values are overstated. There is basic agreement between Gen Y and baby boomers regarding what matters most in a job.
- The three most sought-after job characteristics by Gen Y and baby boomers are: challenging work that gives a sense of accomplishment; good pay and benefits, and a flexible schedule that allows a good work-life balance.
- However, older and younger workers put different emphasis on these issues.

Flexible work design

- Flexibility is a powerful concept for redesigning work and retirement.
- As employers respond to the needs of an increasingly diverse workforce, they are reconsidering the 'one size fits all' approach to work schedules, employment arrangements and career paths.
- Employers who give priority to cultivating their human capital recognize that an effective way to attract, retain, engage and develop talent is through customized employment deals.

Age-inclusive workplaces

- Comprehensive employer strategies for older worker recruitment and retention can benefit individuals and organizations.
- Employers who attract older workers tend to be equally welcoming to workers of all ages and backgrounds. That's because their HR practices, leadership and culture aim to be inclusive.

Policy options

- Population aging provides promising opportunities to update existing work-related policies, programs and practices.
- Canada's policy regime affecting work-retirement transitions has evolved in ways that support older worker retention. Yet more must be done, such as eliminating discriminatory attitudes and stereotypes toward older workers.
- Also crucial for managing generational transitions are a range of age-neutral human resource strategies. Above all, employers can better utilize older workers' talents by ensuring that age does not matter in the workplace.

Conclusions

- Employers must address the twin challenges of keeping productive older individuals in the workforce while also expanding opportunities for younger workers to contribute more.
- In the context of today's slow-growth economy, the end of mandatory retirement places even more pressure on employers to ensure that merit – not seniority – is the basis for recruitment, promotion and job assignments.
- For Canada to thrive in the new digital knowledge economy, it is imperative that the potential creativity and IT savvy of younger workers is quickly and fully utilized.
- Canadians are planning to work longer. Whether this happens depends in part on how well employers meet the needs and expectations of older workers for work that is challenging, interesting, flexible and offers decent economic rewards.
- In terms of work values, Gen Y and baby boomers describe the ideal job as challenging, providing a feeling of accomplishment, offering decent pay and benefits, and enabling work-life balance. These characteristics define the ideal job of the future for workers of all ages.
- How society manages the generational transition will go a long way to addressing the bigger public policy issues of generational equity, the sustainability of public health and pension systems, and Canada's future economic prosperity.

Introduction

Demographers claim that demography explains two-thirds of everything.¹ While this point is boldly overstated, there's no question that population aging is a huge challenge for employers, governments and society. National productivity, living standards and the sustainability of social programs – from healthcare to pensions – could be threatened unless Canada quickly adapts to the reality of fewer younger people and more seniors.

So far, adapting to this demographic reality has focused on how to change retirement. However, there are three generations in the workforce today: baby boomers, generation X and generation Y.² Some workplaces may even have four generations, if there are employees born before 1946. This report examines what employers, human resource professionals and policy makers can do to smooth the transition of each of these generations through their life course. Using evidence from Rethinking Work surveys, conducted in 2004 and 2012 by EKOS Research Associates in partnership with The Graham Lowe Group, we address the following questions:

- As boomers enter their 60s, will they stay working or leave the workforce altogether?
- Are Gen Xers ready to move into leadership roles vacated by boomers?
- Will Gen Y have decent chances to launch their careers?
- How can these generational transitions be managed effectively, fairly and in ways that maximize the contributions of workers of all ages?

The ideal future workplace will support all workers to thrive, regardless of age or any other personal characteristic.

To provide answers, we also use 2012 Rethinking Work survey data to examine Canadians' reactions to the economic forces shaping generational transitions. In a post-recession world, generational equity is front and centre. Gen X and Gen Y think baby boomers have a lock on the good jobs. But at the same time, some boomers perceive bias against older workers as they seek employment opportunities in their 60s. More broadly, we show that many

Canadians worry about declining living standards for future generations. Lurking behind this pessimism is the collision of workforce aging with the relentless push of a global, knowledge-based economy.

The report proposes an inclusive and flexible approach to managing generational transitions in the workforce. Employers need to maximize the contributions of all age groups by focusing on three priorities:

- 1) Smoothing the ascent of Gen X and Gen Y into positions of responsibility now held by baby boomers – a slower process because older individuals are staying in the workforce longer.
- 2) Tapping into the ideas, digital savvy and creativity possessed by younger workers, because this is a huge potential source of business innovation.
- 3) Utilizing the experience and knowledge of baby boomers. However, this will be selective, presenting the challenge of retaining or recruiting those older workers who add the most value – which in some organizations will require more robust merit-based performance management systems.

The ideal future workplace will support all workers to thrive, regardless of age or any other personal characteristic. And as our evidence shows, conditions are right for employers to make this happen.

About the Rethinking Work Surveys:

This report uses comparable *Rethinking Work* surveys conducted in 2004 and 2012 by EKOS Research Associates in partnership with The Graham Lowe Group.

Rethinking Work 2004 was conducted using EKOS' computer-assisted telephone interviewing (CATI) system. The field dates for this survey are August 24 - October 7, 2004. In total, a random, stratified sample of 2,002 members of the labour force ages 16 and over responded to this survey. The margin of error associated with a sample of this size is +/- 2.2 percentage points, 19 times out of 20.

Rethinking Work 2012 was conducted exclusively online using Ekos' unique, hybrid online/telephone research panel, *Probit*. This panel offers exhaustive coverage of the Canadian population (i.e., Internet, phone, cell phone), random recruitment (in other words, participants are recruited randomly, they do not opt themselves into our panel), and equal probability sampling. All respondents to our panel are recruited by telephone using random digit dialing and are confirmed by live interviewers. Unlike opt-in online panels, *Probit* supports margin of error estimates. We believe this is the only probability-based online panel in Canada.

The field dates for this survey are January 27 - February 8, 2012. In total, a random, stratified sample of 2,891 Canadians aged 18 and over responded to the survey, including a sub-sample of 1,922 members of the labour force. The margin of error associated with the total sample size is +/- 1.8 percentage points, 19 times out of 20. For the labour force sub-sample, the margin of error is +/- 2.2 percentage points, 19 times out of 20.



Unless indicated otherwise, the EKOS polling data presented in this report are from the 2004 and 2012 *Rethinking Work* surveys.

Generational equity

When many Canadians look into the future, they see rising social inequality and declining living standards for the next generation.³ These trends feed a growing sense of generational inequity. If younger workers think the employment system is stacked against them, they will have less trust in labour market institutions and perceive them to be unfair. This creates a problem for employers, because fairness and trust are pre-requisites for a motivated and productive workforce.

How employers and policy makers address the needs of different generations in the workplace affects each generation's opportunities and quality of life.

Generational equity is not a new issue. Canadians have been debating since the 1990s how fairly different generations are treated and can access opportunities.⁴ This public concern about generational equity was initially sparked by fears that the Canada Pension Plan (CPP) would run out of money unless contributions were increased. Paul Martin, finance minister in the mid-1990s, increased employees' and employers' CPP contributions. As a result, Canada's public pension plan is solvent today. Contrast this with the US and some European countries, where public pensions are running huge unfunded liabilities.⁵

The solvency of the CPP is a glimmer of brightness in an otherwise gloomy outlook. Today's younger workers can expect it to become more difficult to support themselves in old age. According to calculations by CIBC, close to 6 million people – mostly Gen Y – may see their living standards decline by at least 20%.⁶

Contributing to this bleak prognosis are changes to the pension system. The federal government recently increased the eligibility age for receiving old age security for future retirees. Employers have switched from defined benefit to less generous defined contribution pension plans. There is a slow but steady decline in employer pension plan coverage, down to about one third of workers today. And younger workers who are able to sock money away in RRSPs won't see the financial returns that their parents did, given today's rock-bottom interest rates.

How employers and policy makers address the needs of different generations in the workplace affects each generation's opportunities and quality of life. On one hand, bureaucratic organizations move people up the career ladder into jobs with more pay and power based largely on age. The retirement of baby boomers can set off chain reactions of younger workers moving up. Or if boomers delay retirement, the career mobility of younger workers could be further limited, regardless of their capabilities. Yet on the other hand, some employers are alleviating skill shortages by encouraging older employees to keep working. And since the Great Recession, a growing number of older workers need to keep working to bolster their retirement savings.

Declining living standards

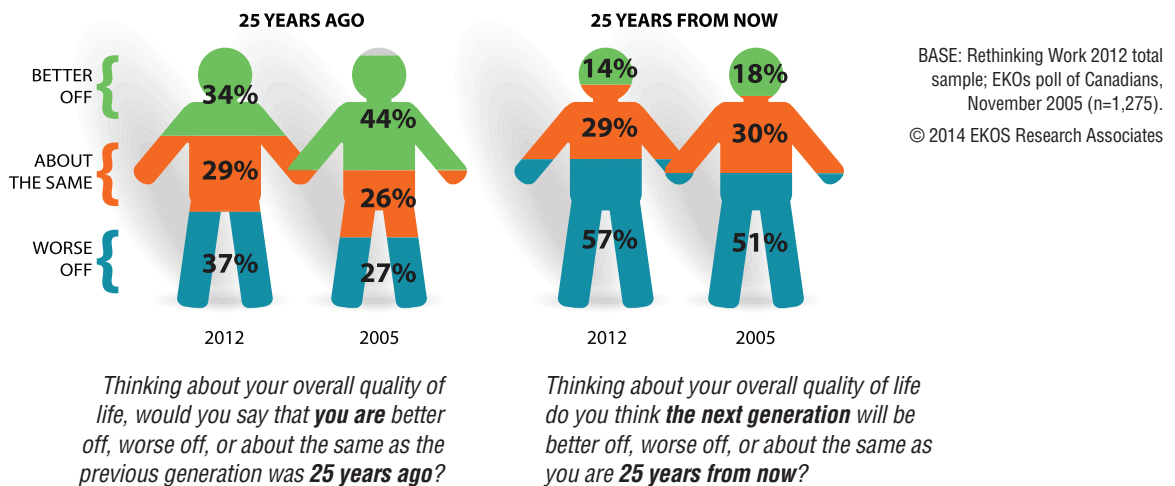
In the aftermath of the Great Recession, Canadians have become more pessimistic about the possibility of a continuously improving quality of life. According to EKOS polling, people believe that their quality of life has declined over the past 25 years. Furthermore, the same polls show that Canadians expect the next generation to be worse off 25 years in the future (see Figure 1). When EKOS polled adult Canadians in 2012, 37% thought they were worse off than the previous generation, while only 34% believed they were actually better off. When the same question was asked in a 2005 poll by EKOS, the “better off” group outnumbered the “worse off” group.

In the aftermath of the Great Recession, Canadians have become more pessimistic about the possibility of a continuously improving quality of life.

This pessimism goes even deeper when Canadians are asked whether they think the next generation in 25 years will be better off, worse off, or have about the same quality of life as they do.

Even in the mid-2000s, when the economy was growing and there were lots of jobs available, most EKOS poll respondents foresaw the next generation becoming worse off. This view became more widespread after the Great Recession, a reaction no doubt to the gloomy outlook for the global economy.

Figure 1: Perceived changes in quality of life over time



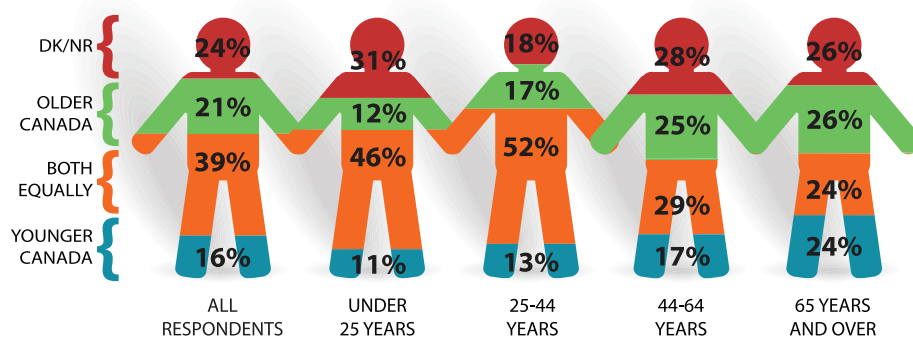
The consensus today is that young people can look forward to a lower living standard in the coming decades. This reflects the belief that current government policies favour older generations. In 2012, EKOS asked Canadians the following question: “About half of Canada’s population, younger Canada, is under the age of 42, while the other half, older Canada, is over 42. Do you think the Government of Canada focuses more on the values and interests of younger Canada or older Canada?” Responses to the question, presented in Figure 2, reveal clearly divided opinions on this point. ‘Younger Canada’ thinks that the government favours older people, while ‘older Canada’ perceives more equal treatment of the different generations.

The consensus today is that young people can look forward to a lower living standard in the coming decades.

Societal concerns about generational equity play out within workplaces. The view among Gen X and Gen Y that employment systems are geared to the needs of older Canadians can have a particularly corrosive effect in workplaces. If employers' human resource policies and practices are seen as favouring older workers, this could undermine young workers' sense of fairness – or what's called 'organizational justice' – and their trust in management (who often are baby boomers). That's why it is so important for employers to strive for age-inclusive work environments, based on the fair treatment of all generations.

Figure 2: Perceived treatment of older vs. younger Canadians

Q. About half of Canada's population, younger Canada, is under the age of 42, while the other half, older Canada, is over 42. Do you think the Government of Canada focuses more on the values and interests of younger Canada or older Canada?



BASE: Rethinking Work 2012 total sample
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There are concrete steps employers and governments can take to alleviate this generational inequity and, at the same time, reduce the potential for inter-generational tensions in workplaces. Above all, three things are required:

1. Employers must factor into long-range workforce planning the career aspirations of each generation.
2. Employers and governments can promote an inclusive approach to workforce management.
3. Employers can introduce flexible HR policies and programs, giving employees more choice over benefits and work schedules throughout their working life.

Why we need to work longer

We can expect the future workforce to have many more people working into their 60s and 70s. This is a clear trend, being pushed by a combination of demographic and economic changes that will affect all generations. Work is less physically wearing, each generation is healthier than the previous one, and with longer life expectancy and less generous pensions there will be financial pressures to continue earning income into our senior years. Furthermore, many individuals want to keep working for the satisfaction, meaning and connections it provides. This is especially true for well-educated knowledge workers.

Consider these basic demographic facts. Life expectancy is rising; individuals who are age 65 today can expect to live another 20.2 years, on average. By 2026, individuals age 65 and older will account for 21.4% of Canada's population, up from fewer than 14% today.⁷ Decades ago, when there were more than two younger workers for every older worker, the replacement of one generation by the next was fairly orderly. Now, there are far fewer younger workers to move into the places occupied by baby boomers, or to pay the taxes and make the pension contributions needed to support the growing population of seniors. An inevitable feature of population aging is that each year the average age of the workforce rises. It is this stark demographic reality that leads to predictions of skill and labour shortages in some occupations, industries and regions.

One way to adapt to these societal shifts is to work longer. Canada could be facing a future of lower productivity and slower economic growth due to a smaller working age population. If productivity declines so will living standards. As individuals, we can better maintain our living standards if we delay retirement. Based on current retirement patterns, half of middle-income baby boomers will experience a drop in living standards of 25% or more in retirement.⁸ That alone is a strong incentive to work a few more years.

We can expect the future workforce to have many more people working into their 60s and 70s.

Extending working life also will address inter-generational equity. Workforce aging will result in fewer workers and businesses paying the taxes needed to fund social programs necessary to support a much larger elderly population. If older workers stay in the labour force longer, earning income and paying taxes, this will help alleviate – at least for a few years – the fiscal burden baby boomers are going to place on the shoulders of younger workers to help care for them in old-age. Governments are addressing this problem. For example, the 2013 federal budget changed CPP rules so that anyone claiming benefits between ages 60 and 65 while still employed must continue paying into the CPP.

Finally, a prolonged transition into retirement will reduce the risk of losing core knowledge possessed by experienced baby boomers when they do retire. Knowledge retention solutions must bridge a firm's knowledge management, talent development and HR strategies.⁹ Long-range workforce planning can guide organizations as they craft solutions, identifying knowledge that is critical for achieving future business success. New roles for experienced workers will give them time and support to be coaches and mentors to junior staff.

These kinds of solutions are welcomed by workers of all ages. That said, employers still must take steps to ensure that delayed retirement is not perceived by younger workers as further reducing their career opportunities. One challenge in this regard was ushered in by the ending of mandatory retirement in Canada. This poses two practical questions: First, how can employers retain those older workers who are most essential to achieving future business goals? Second, what adaptations in HR policies and practice are needed to ensure that all older workers in the organization are as productive as possible? Finding answers to these questions clearly will be more difficult in organizations with seniority-based career systems. Moving to merit-based performance management systems could take years, while the need to resolve these workforce transition issues is immediate.

Redefining retirement

Baby boomers already are redefining retirement. Mandatory retirement is a relic of the past; most Canadian jurisdictions have eliminated this barrier to older worker employment.¹⁰ But will 70 become the new 60?

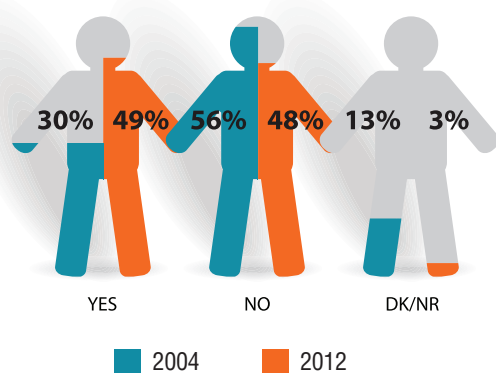
We are moving in this direction, albeit very slowly. Comparing pre- and post-recession data, the median male retirement age nudged up from 61.7 to 62.4 years.¹¹ Among females, the median retirement age has hovered around 60 since 1996. However, these numbers only measure individuals who have exited the workforce.

In recent years, there are signs of greater diversity in work-retirement transitions. Retirement no longer can be defined as a permanent exit from paid work. So just looking at changes in the median retirement age won't tell us how retirement behaviour is changing. Indeed, more people are retiring and then returning to the workforce or delaying retirement altogether. Statistics Canada's survey of older workers, conducted before the Great Recession, confirmed the emergence of these new work-retirement patterns.¹²

Until now, there has been no reliable national data showing how the recession affected retirement decisions. To fill this gap, the 2004 and 2012 Rethinking Work surveys offer a pre- and post-recession comparison of just how Canadians' retirement plans are changing. And they leave little doubt that the Great Recession has accelerated the trend to delaying retirement.

Figure 3: Plans for retirement

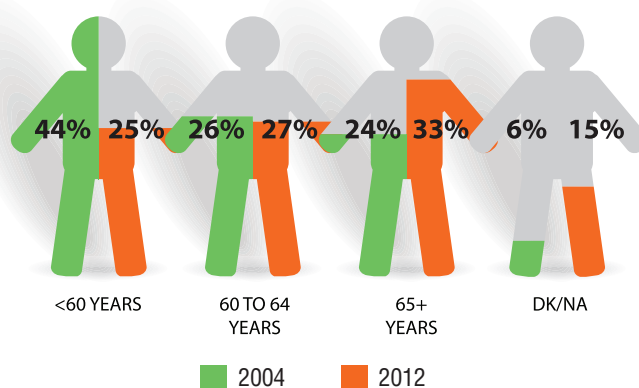
Q. Do/Did you plan to officially retire from your (last) employment or career?



BASE: Rethinking Work 2012, labour force sub-sample
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Figure 4: Planned age of retirement

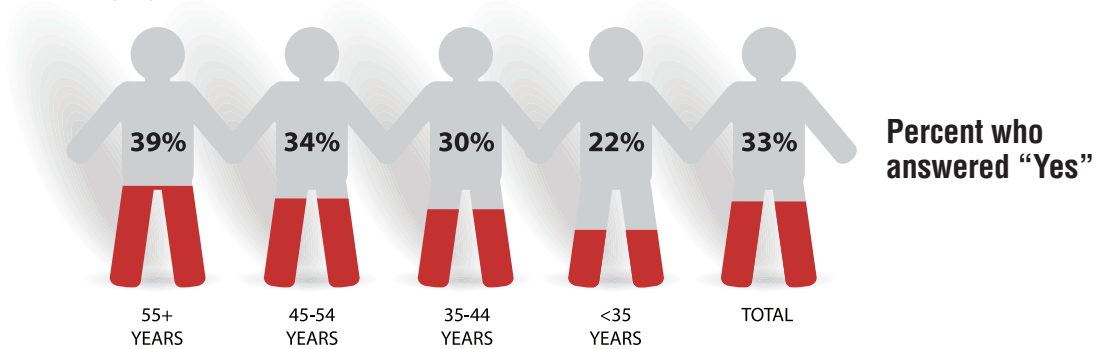
Q. [IF YES] At what age do/did you plan to officially retire from your (last) employment or career?



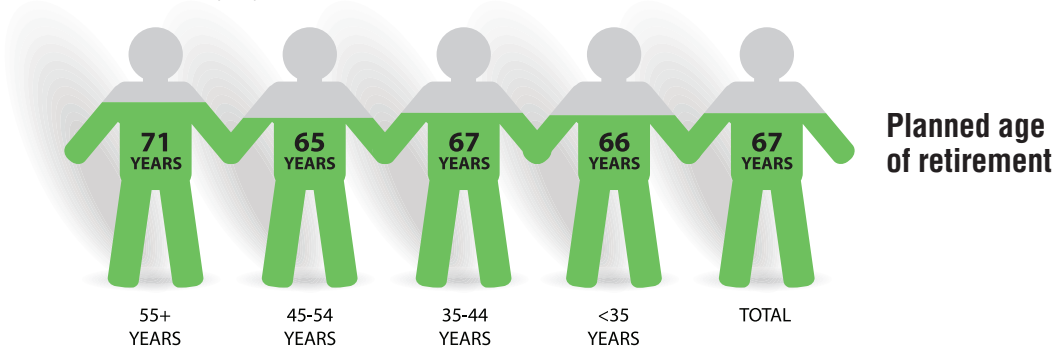
BASE: Rethinking Work 2012, labour force sub-sample
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Figure 5: Retirement plans by age group

Q. Do/Did you plan to officially retire from your (last) employment or career?



Q. [IF YES] At what age do/did you plan to officially retire from your (last) employment or career?



BASE: Rethinking Work 2012, labour force sub-sample

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Between 2004 and 2012, retirement plans shifted in the direction of working longer (see Figure 3). While about half of EKOS poll respondents had retirement plans in 2004, this number had declined to 30% in 2012. Looking into the future, over half (56%) of those in the workforce do not have retirement plans and another 13% are undecided about whether or not they will retire.

The dream of "Freedom 55" is fading (see Figure 4). In 2004, just under half of poll respondents (44%) planned to retire before age 60, yet by 2012 early retirement was planned by just one in four of those polled. We also see more individuals planning to work beyond age 65. Indeed, younger and older workers alike expect to work longer. Young workers, in particular, have grasped this new reality. Only 22% of those under age 35 expect to retire. In the workforce as a whole, the new planned retirement age is 67, and over 70 among workers who are 55 or older (see Figure 5).

Between 2004 and 2012, retirement plans shifted in the direction of working longer... Canada's workforce will be transformed if today's workers follow through on these plans.

Canada's workforce will be transformed if today's workers follow through with these plans. For employers, the good news is that many of the older workers who are planning to stay in the workforce are motivated and looking for new challenges. For policy makers, it is important to recognize the diversity of needs and capabilities among older workers.

Retirement decisions are influenced by one's health, education and financial status.¹³ Well-educated older workers with adequate retirement savings have the luxury of choice regarding continued employment. For them, the non-financial rewards of work are a priority and they also have needed human capital – reasons that retention strategies must understand and respond to this group's needs. The situation is starkly different for older workers with low incomes and the least education. While financially they need to keep working, poor health may be a limitation. And if they can find employment, they'll take as many hours as they can get. This group of less-advantaged workers raises public policy issues related to the future adequacy of old-age income support programs.

Moving up

The much larger issue for employers and the economy is being able to renew the workforce through orderly succession from older to younger workers. Workforce renewal requires worker mobility, which takes two forms. People can move into positions of greater responsibility as they gain experience, or they can switch careers or lines of work as a route to increased work opportunities and rewards.

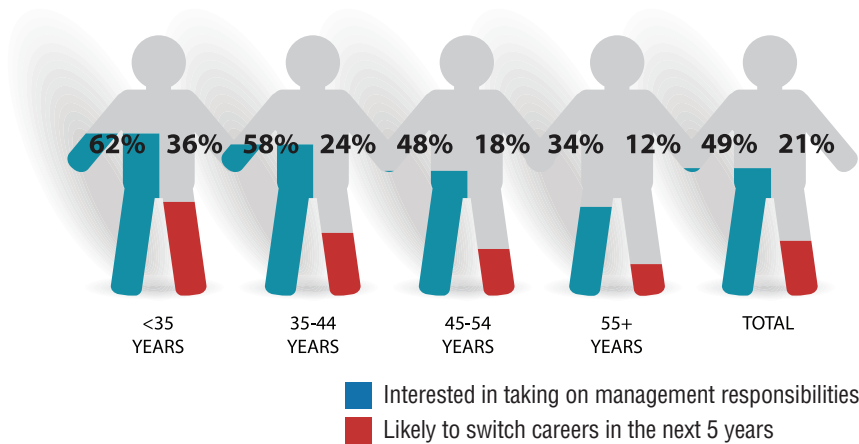
Canadian workers seem far more interested in making a career transition that involves taking on management responsibilities in their current organization, rather than switching to a new line of work or a new employer. About half of Rethinking Work 2012 respondents agreed with the statement *"I would be interested in taking on management responsibilities (or taking on greater responsibilities if already a manager) in my organization"* (see Figure 6). The recession clearly did not dampen workers' ambitions in this regard. When EKOS asked the same question in 2004 only 35% of those polled expressed interest in becoming a manager in their organization.

Canadian workers seem far more interested in making a career transition that involves taking on management responsibilities in their current organization, rather than switching to a new line of work or a new employer.

What's more, this aspiration to move up is found across all age groups. About 60% of workers under age 45 would take on management responsibilities. Surely this tells employers that the talent pool is deeper than they thought.

However, the management talent pool is not limited to younger workers. Indeed, close to half of the workers between 45 and 54 years of age also are willing to take on more responsibility. Moreover, one in three workers 55 or older are interested in managerial responsibilities. According to Rethinking Work data, the assumption that older workers want less responsibility as they approach retirement plainly is wrong. Some of these older workers are seeking new and bigger challenges.

Figure 6: Age differences in career transition indicators



*Age group differences are statistically significant ($p < .001$)

BASE: Rethinking Work 2012, labour force sub-sample

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Moving on

A significant shift is underway in Canadians' career plans. Today, workers are less likely to consider switching careers than a decade ago.

In 2004, about 30% of Rethinking Work respondents said it was very likely they would “switch careers or enter a new line of work” in the next 5 years. In 2012, 21% expected a career change in the near future (see Figure 6). This is not restricted to young workers. Indeed, 12% of workers 55 and older are considering a career change, which fits with the earlier scenario we described of some of these individuals planning to work into their 70s. Older workers with no set retirement age are more interested in having greater responsibility so are open to new opportunities in this regard.

Today, workers are less likely to consider switching careers than a decade ago.

The majority of workers want to stick with what they have, rather than move into a new line of work. In short, the global financial crisis and Great Recession may have pushed more Canadians into a ‘hunkering down’ mentality when it comes to considering their career options. The fact that only 1 in 5 workers are contemplating a career change deflates popular claims that we can expect to have ‘7 careers’ in our lifetime.¹⁴ Nobody seems to know where the prediction of 7 careers came from, but let’s take it as another way of saying ‘many’. Both the 2004 and 2012 Rethinking Work surveys found that 60% of respondents had ever switched careers at all. This means that 40% had stayed with the same job or line of work. So rather than having many careers, ‘few’ careers would be a more accurate description of how work life actually unfolds.



The fact that only 1 in 5 workers are contemplating a career change deflates popular claims that we can expect to have 7 careers in our lifetime.

In light of these findings, employers need to take a fresh look at their approaches to performance appraisals and talent management. Most workers want to stay in their current jobs. But sizeable numbers of workers in all age groups want more responsibility in their organization. Companies' talent management strategies and succession plans therefore should consider workers of all ages when promoting or recruiting into management positions. To achieve this, more robust performance management systems are needed so that actual job performance – merit – is the basis for moving up. Doing so will inject a greater sense of fairness into workplaces.

Work motivation

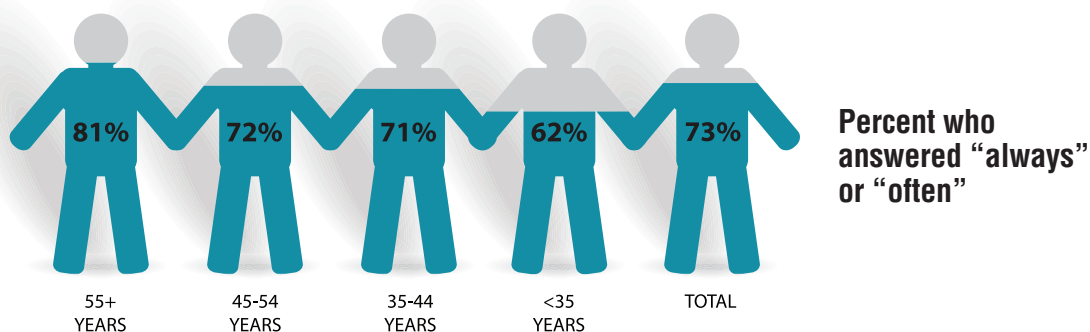
Basically, older workers are more motivated in their jobs than younger workers.

There's another reason for employers to be open-minded about hiring and promoting older workers. To emphasize, this must be part of a workforce strategy that is age-inclusive so that younger workers do not perceive unfairness.

Basically, older workers are more motivated in their jobs than younger workers (see Figure 7). Among the Gen Y cohort, 62% look forward to going to work always or often – a basic indicator of the level of an employee's engagement in her or his work. Compare this with the 81% of baby boomers who are enthusiastic about going to work.

Figure 7: Work motivation increases with age

Q. How often do/did you look forward to going to work?



BASE: Rethinking Work 2012, labour force sub-sample
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These findings about engagement send three messages to employers:

- The lower engagement level among younger employees needs attention. It may be partly a function of young people's entry-level jobs. Even so, optimal engagement levels among young workers surely can be higher. Understanding why young workers are less inspired by their jobs than older workers could be one of the keys to a more fully engaged workforce. One way to do this is to ensure that young workers don't get trapped in low-quality, precarious employment.
- If indeed the average older worker is more motivated, this should be reflected in their job performance. If it isn't, then employers need to find out why and remove any barriers to older workers' job performance.
- Older workers' strong sense of work engagement could be infectious, in a positive way. Imagine it being a source of energy in the workplace, especially if older workers' roles are designed to give them regular interaction with junior employees. One way to do this is by using older workers as mentors, trainers or coaches. Younger workers who are new recruits, just promoted to a management position, or who are team members could benefit.

Another approach to bridging crossgenerational work experiences is two-way mentoring, which values the unique perspectives and contributions of the different generations.

Another way to bridge cross-generational work experiences is two-way mentoring, which values the unique perspectives and contributions of the different generations. The result would be greater inter-generational understanding, which surely is needed. According to US human resource experts: "Much of the difficulty that older workers have in getting hired and then functioning successfully in the workplace appears to center on the relationship with younger supervisors."¹⁵ Two-way mentoring could go a long way to preparing younger managers to supervise older workers. Given retirement plans, this will become a much more common scenario in tomorrow's workplaces.

Meaningful work

There's much talk in HR and management circles about clashing generations in the workplace. For example, the *Harvard Business Review* (HBR) identifies generational conflict in work teams revolving around where and when to work, how to communicate, how to arrange meetings, and how to learn new things.¹⁶ As the HBR recommends, employers need to dispel negative stereotypes of co-workers from other generations and bring these diverse perspective into the light so they can be understood by all.

In this regard, the potential for intergenerational misunderstanding can be reduced if we accept that

Minor improvements in entry-level jobs to expand opportunities for applying and developing skills will give younger employees a greater sense of purpose in work.

our perspective on work changes as we go through life. We adapt to our changing circumstances, become more accepting of limit possibilities, and recalibrate our expectations accordingly. Case in point: the quest for meaning in work increases with age. Indeed, it takes on a special urgency among baby boomers as they confront their unrealized dreams. As Daniel Pink argues in *Drive: The Surprising Truth About What Motivates Us*: “When the cold front of demographics meets the warm front of unrealized dreams, the result will be a thunderstorm of purpose the likes of which the world has never seen.”¹⁷

Ironically, baby boomers are more likely than Gen X or Gen Y workers to think that their work already makes a useful contribution to society. Rethinking Work 2012 asked respondents if they agreed or disagreed with the statement, “*The work I do in my job makes a useful contribution to society.*” Close to 80% of workers 55 and older agreed, compared with only 62% of those under age 35.

While younger workers are over-represented in lower-quality jobs, this alone won’t explain the gap in perceived meaning. Minor improvements in entry-level jobs to expand opportunities for applying and developing skills will give younger employees a greater sense of purpose in work. Above all, for employees to feel that their job makes a difference to society they first must understand how their job contributes to the goals of the organization and, furthermore, see tangible results in this regard.

Convergent work values

The key point, then, is that the meaning of work can change through a person’s working life. This has less to do with the sentiments of a specific generation and more to do with aging and the life-course. In fact, actual generational differences in work values are overstated.

Basically, older workers are more motivated in their jobs than younger workers.

Indeed, when it comes down to what really matters in a job, there is fundamental agreement between Gen Y and baby boomers. We discovered this in Rethinking Work 2012 when we asked respondents to select the most important characteristic to them in deciding which job to choose. The top three most sought after job characteristics by Gen Y and boomers are identical. These are:

- challenging work that gives a sense of accomplishment;
- good pay and benefits; and
- a flexible schedule that allows a good work-life balance (see Figure 8).

What sets older and younger workers apart is their relative emphasis on these issues, measured as the percentage of each group rating a characteristic as most important. So when it comes to challenging work that gives a sense of accomplishment, 29% of Gen Y respondents consider it to be most important, compared with 36% of boomers. The generation gap is even greater when it comes to pay and benefits, with far fewer older workers considering these features most important (18%, compared with 28% of workers under 35). When it comes to flexible schedules and work-life balance, the 2 generations are similar, with around 15% selecting this as their priority job characteristic.

Rethinking Work 2012 also presented respondents with the same list of job characteristics and asked them to choose the one that for them is least important in deciding which job to choose. Perhaps most telling, boomers are divided on the importance of having a flexible schedule that provides work-life balance. About the same percentages of respondents (14%) ranked this as the least – and the most – important

consideration in deciding what job to take. Given the boomer's life stage, it's no surprise that 'job security and career advancement' is most frequently mentioned by this age group as least important.

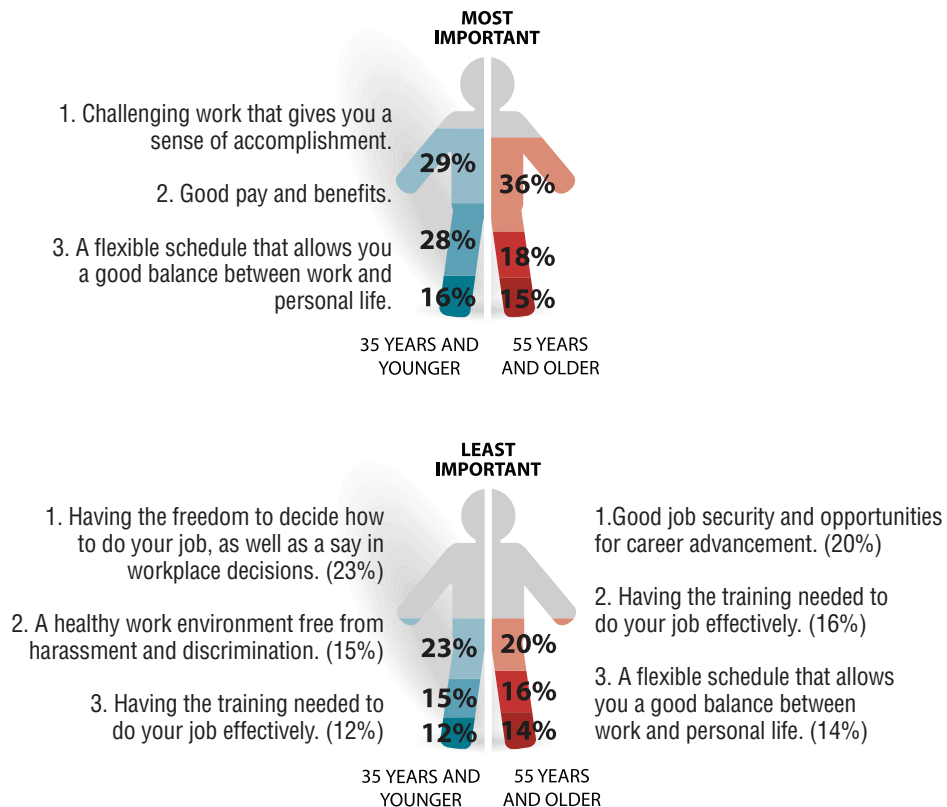
One especially notable finding is that for Gen Y and boomers alike, job-related training is one of the least important job features. The generally low value placed on training should be a concern for policy makers and employers alike, because it poses an attitudinal barrier to skill development strategies.

Finally, there's a paradox in what Gen Y considered most and least important. On one hand, Gen Y wants challenging work and a sense of accomplishment. Yet on the other hand, 23% of these young workers also consider decision-making autonomy and having a say in decisions to be unimportant – despite these job features being central to a challenging and meaningful job. For employers, this paradox has implications for employee engagement strategies. Specifically, what changes are needed to make work more personally rewarding and productive for younger workers?

Figure 8: The three most and least important job characteristics for younger and older workers

Q. Which of the following characteristics is MOST / LEAST important in deciding which job to choose?

*Having the freedom to decide how to do your job, as well as a say in workplace decisions;
Challenging work that gives you a sense of accomplishment; Having the training needed to do your job effectively; A flexible schedule that allows you a good balance between work and personal life; A healthy work environment free from harassment and discrimination; A good supervisor who gives you recognition for work well done; Senior management you can trust; Good pay and benefits; Good job security and opportunities for career advancement.*



BASE: Rethinking Work 2012, labour force sub-sample

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Flexible work design

Flexibility applies to more than just work schedules. Indeed, flexibility is a powerful concept for redesigning work and retirement. As leading demographers suggest: “In an ideal world, flexible retirement would allow

employees to move in and out of the workplace seamlessly, without ever choosing a moment to retire.”¹⁸ Yet we’ve shown that some, but far from all, older workers and younger workers seek more flexibility in when, where and how they work. Gradually, employers are responding to the needs of an increasingly diverse workforce by reconsidering the ‘one size fits all’ approach to work schedules, employment arrangements and career paths.

As an HR strategy, designing work to be more flexible has the potential to address the needs of all age groups, and in doing so, encourage older workers to remain employed.

Among the leading employers of older workers, phased retirement often is the only age-specific flexibility option. Phased retirement is emerging in Canada, albeit slowly.¹⁹ Typically, it is one option within a menu of flexible work arrangements available to all workers. Included here would be flexible daily work hours, compressed work weeks, job sharing, telecommuting (only relevant for certain types of jobs, of course), reduced work hours for full-time employees, temporary or project-based assignments in other areas, and unpaid short-term or long-term leaves.

In an interesting variation, some UK retail businesses that face annual peaks have set up permanent seasonal employment pools consisting mainly of older individuals and young students, but open to workers of all ages. Managers and colleagues of seasonal workers require training in order to ensure the program’s success. These UK cases demonstrate the importance of educating other workers and managers, so that concerns about flexible options and perceptions of unfairness can be addressed.

As an HR strategy, designing work to be more flexible has the potential to meet the needs of all age groups, and doing so will encourage older workers to remain employed. As the Conference Board concluded, companies need to revamp their work-life approach to better engage and retain all employees. It recommends that employers move beyond flex-time, adopting a holistic approach that reflects an employee’s commitment to their community, family and personal life, and career.²⁰

Customized employment relationships

Organizational experts also advocate greater use of individualized employment relationships to meet the needs of an increasingly diverse workforce.²¹ Employers who give priority to cultivating their human capital recognize that an effective way to attract, retain, engage and develop talent is through customized employment deals.

This concept is already being used by some Canadian employers to retain older workers, customizing the employment relationship based on what best meets the needs of the employee and the employer. However, it does raise two HR challenges. The first is how to discuss options with older workers in ways that are consistent with prohibitions against age discrimination in federal and provincial human rights legislation.

The second is having in place a performance management system that can identify those older employees whose capabilities are crucial for the future success of the business.

Basically, these deals are negotiated one at a time. Managers and supervisors would have to be trained to have conversations with older staff to gain an understanding of their retirement plans and needs. The key to making this work is finding a 'win-win' arrangement that meets both the employer's and the older worker's needs. So while access to this opportunity can be available to all older workers, the onus is on both parties to make it viable. One challenge is preserving a sense of fairness. On this point, it is interesting that a customized retention model has been negotiated into some collective agreements with unions.²² This is a promising sign, because unions often oppose selectively applied HR practices.

Employees of all ages value flexibility in their jobs and work schedules.

A related trend is cultivating stronger relationships with retirees. Some of the award-winning companies for older employees have full-time coordinators of retiree relations. This practice is found among companies that have been on the AARP (American Association for Retired Persons) Best Employers for Workers Over 50 list.²³ An array of social and recreational programs is offered. Retirees and their families are included in corporate events. Sometimes company fitness and other facilities are open to them. Employers can achieve a number of goals in this way: maintaining active connections with retirees who, at some point, may return for short periods of employment; fostering a positive image of the organization in the community, especially among retirees' peers; and signaling to younger employees that it cares for workers even after they have retired.

A flexible employment policy must consider all of these needs and balance them with what is realistic for the business. Employees of all ages value flexibility in their jobs and work schedules. This principle must guide how organizations respond to the challenges of workforce renewal. Not only will flexibility be essential for managing the downside of workforce aging, it also will have an upside, if employers take advantage of opportunities for more flexible approaches to work schedules, benefits packages and careers.

Age-inclusive workplaces

Comprehensive employer strategies for older worker recruitment and retention can benefit individuals and organizations. For example, companies designated by AARP as a Best Employer for Workers Over 50 foster a culture that supports older workers to succeed.

In fact, workplace culture is one of the assessment criteria for the AARP awards. To be a 'best employer' of older workers, an organization actively cultivates a work environment that is inclusive, supportive, respectful, and which provides all groups of workers on-going opportunities for learning and development.

A key insight is that employers who attract older workers tend to be equally welcoming to workers of all ages and backgrounds. That's because their HR practices, leadership and culture aim to be inclusive – in short, they transcend demographics. Here are some examples of age-inclusive HR practices:

A key insight is that employers who attract older workers tend to be equally welcoming to workers of all ages and backgrounds.

- Inclusive cultures support programs to meet the unique needs of specific groups. A hallmark of being inclusive is accommodating employees' differences, which could include functional ability to perform certain tasks. This principle applies to workplace and equipment adaptations for persons with disabilities. Employers are beginning to respond along the same lines to the needs of an older workforce. A good example is BMW's redesigned factory for workers age 50 and older.²⁴
- Employers need to assess their existing HR programs for built-in age biases. For example, older workers sometimes perceive a bias toward giving younger workers training and development opportunities.²⁵ However, workers of all ages who receive training are more likely to stay with the organization, which for older workers could result in delayed retirement.
- An inclusive approach to recruitment targets all underrepresented labour pools, as advocated by leading employer associations and Sector Councils.²⁶ Firms such as Wal-Mart and Home Depot strive to reflect in their workforce the diversity of the communities in which they operate. However, each group – from older workers to Aboriginals to persons with disabilities – faces unique barriers. Needed, then, is a comprehensive recruitment strategy with approaches tailored to each group.
- Health and family-support benefits can be adapted to the needs of a more diverse workforce. For example, some organizations offering phased retirement options (i.e., reduced work hours) provide full benefits until the employee retires. This can be seen as unfair to younger workers in part-time positions. So a more inclusive approach would be to extend health benefits to all part-timers.

Population aging provides promising opportunities to update existing work-related policies, programs and practices.

- Rather than creating a range of age-specific benefits, it is more cost effective and equitable to design flexibility into an entire benefits plan, offering work-life support options that each employee can access according to her or his needs. This avoids the perception that the needs of one age group take priority. As a result, all employees will be better able to maximize their performance while maintaining a healthy work-life balance regardless of career stage or personal circumstances.

Policy options for a multi-generational workforce

Population aging provides promising opportunities to update existing work-related policies, programs and practices. Canada's policy regime affecting work-retirement transitions recently has evolved in ways that support the retention of older workers. Yet it also is clear that more must be done.

Discriminatory attitudes and stereotypes toward older workers can be addressed by government action. Human rights codes in Canada bar age discrimination, yet it persists. We can learn from other countries that have taken more vigorous steps to eliminate age discrimination and adapt policies to an aging workforce. The UK, some European countries and Australia have adopted an 'active aging' approach. Rather than viewing aging as a problem, it is reframed as an opportunity to tap into the capabilities and experience of older workers.²⁷ Consider these examples:

- The UK's Age Positive program provides guidance and case studies of good practices in an era of no fixed retirement age. These resources address how to manage the performance of older workers,

flexible work arrangements, the health and safety of older workers, and research studies on aging and employment.²⁸

- Nordic countries have promoted 'active aging', which adapts public policies and institutions to an aging population.²⁹ As a result, Norway has one of the OECD's highest employment rates among workers aged 55 to 64.³⁰ Work is designed to encourage life-long learning, offering on-going opportunities for formal and informal training and development.
- Australia's workforce initiatives have been guided by research on the country's intergenerational challenges.³¹ Rather than casting aging as a problem, it is presented as an opportunity to better harness the experience and human capital of older people. The policy goal is increased participation and productivity in an aging workforce. The emphasis on productivity goes beyond simply encouraging older workers to remain working.³²

Two recent reports lay out specific policy options for Canada in this regard.³³ The OECD points out that Canada's spending on active labour market policies (such as the examples above) as a share of GDP is among the lowest of the 34 OECD member countries. A high-priority active measure would be to reduce age discrimination. The OECD also recommends that Canada expand its employment services and supports for older workers seeking to re-enter the workforce or transition to post-retirement employment. The federal government's Expert Panel on Older Workers also recommended a government-led awareness campaign to reduce ageism and negative stereotypes about older workers.

There is some movement in these directions. Notably, Alberta launched a provincial action plan, called Engaging the Mature Worker.³⁴ The action plan is part of a wider provincial labour force strategy designed to improve productivity, encourage economic growth, better utilize the experience and skills of older workers, and avert potential labour shortages. Measures include developing age-friendly work environments, introducing flexible work arrangements and phased retirement, supporting employers with tools for succession planning, providing mature workers employment and career services and post-secondary educational options, raising public awareness of changing expectations for older workers, and changing pension policies to facilitate the continued employment of mature workers.

While employers must consider the needs of older workers, equally vital for managing generational transitions are a range of age-neutral human resource strategies. Above all, employers can better utilize older workers' talents by ensuring that age does not matter in the workplace. The overriding HR goal is to foster an inclusive, welcoming and supportive culture for all workers, regardless of age.

The overriding HR goal is to foster an inclusive, welcoming and supportive culture for all workers, regardless of age.

Conclusions

Population aging is without exaggeration one of the most profound social changes we will experience in the coming decade and beyond. Briefly, to answer the questions we posed at the start of this report, baby boomers are planning to extend their working lives, which will go some way to alleviating labour shortages in key areas. But this is not the panacea to a dwindling labour supply. Employers must do more to enable Gen X and Gen Y workers to more rapidly acquire, and apply, the experience and work-relevant knowledge they will need to fill baby boomers' shoes. An innovative and dynamic economy 10 years in the future requires immediate action to tap the potential of all generations in the workplace.

To summarize the main implications for employers and governments:

- Employers must immediately address the twin challenges of keeping productive older individuals in the workforce while at the same time expanding opportunities for younger workers to contribute more. As we have noted, achieving both goals may require updating how organizations approach performance and talent management. At a minimum, both initiatives must happen in tandem. Otherwise, age differences in opportunities and rewards will only increase, fuelling a growing sense of generational inequity.
- Indeed, today's workers do perceive greater generational inequity. A majority of Canadian workers harbour the bleak expectation that the next generation will be worse off than today. And governments aren't viewed as helpful in this regard, because they are seen to favour the interests of older Canadians. Fairness should be a guiding principle for how employers, and policy makers, take actions to address the diverse needs of a multi-generational workforce.
- There are compelling social and economic reasons to work longer. Our evidence shows that Canadians are planning to work longer and, furthermore, that a growing number do not have a specific retirement date in mind. Whether these plans are carried through depends, in large measure, on how well employers meet the needs and expectations of older workers for work that is challenging, interesting, flexible and offers decent economic rewards.
- We dispelled any notion that older workers just want to coast into retirement. Surely it is good news for employers that a sizeable minority would welcome taking on management responsibilities. Others are looking for a career change, which clearly does not fit the traditional model of retirement planning. And older workers, especially those aged 55 or older, are the most motivated of any age group.
- We also shattered the myth that Gen Y and baby boomers value very different things in a job. These age groups are more similar than they are different. Both groups would describe the ideal job as one that offers challenge and a feeling of accomplishment, pays well, provides benefits, and gives them the flexibility they need to balance work and personal or family responsibilities. Using these values as job and career design principles must, of course, reflect the unique needs and contributions of each generation.
- We also provided examples of how workplaces and jobs can be made more flexible, challenging and age-inclusive. These examples are meant to encourage managers and HR professionals to think about how they can apply work redesign ideas to their own workplaces.

How we manage the generational transition will go a long way to addressing the bigger public policy issues of generational equity, the sustainability of public health and pension systems, and future economic prosperity. A promising step would be to strive for age-inclusive workplaces, which makes generational diversity a business asset.

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