

Action plan: Reaping the benefits of the multigenerational workforce

Employers are living in a period of great uncertainty. Some of the changes sweeping across the world are predictable such as rapid population ageing while others are less certain such as the exact pace and nature of the digital revolution, let alone the far less predictable and devastating impact of the COVID-19 pandemic. Responding to these changes requires a sharper focus on building resilience within organisations and bringing on board the full potential of their talent pool irrespective of age. With the right employer practices and tools, organisations can be more agile, more inclusive and more productive.

The mega trends shaping populations and the labour market

The populations in major advanced economies across the world are ageing rapidly. By 2050, there will be one person aged 65 and over for every two persons aged 20-64 (i.e. the old-age dependency ratio) in OECD economies compared to one for every three today, and the share of the population aged 50 and older will increase from 37% in 2020 to 45%. This will mean greater numbers of older workers in the workforce in the future.

The dynamics of transitions over the lifecycle are also changing; people stay in full-time education longer, marry later, have children later and their working lives continue beyond what have been considered traditional retirement ages. And societies are striving for greater gender equality – increasingly shared responsibility for parenting and caring between men and women means that more women than ever before work – although COVID-19 has set back some of this progress in many countries. It has become increasingly clear that people's engagement with work varies far more according to their life stage and individual circumstances and preferences than to their biological age, and that employers' success increasingly depends on fully mobilising the potential contribution of older as well as younger people in the workforce.

Beyond these demographic shifts, digitalisation and globalisation are changing the nature and geographic distribution of work, leading to individuals making more frequent career changes and changing the skills needs of employers. Nonetheless, despite older adults now being healthier and better educated than ever before – a trend that will continue despite health shocks such as COVID-19 – their talent often remains underutilised and overlooked.

Living standards across the OECD would be improved substantially by increased participation of older workers in employment. Extending working lives could boost GDP per capita by 19% in 2050 on average in OECD countries if employment rates of older workers everywhere caught up with the best-performing

countries like Iceland and New Zealand. This would not only be good for societies and governments – in terms of generating additional income and reducing pension spending – but also for individuals, not least since many older workers want to remain active and continue to work while they are in good health.

What is the multigenerational workforce?

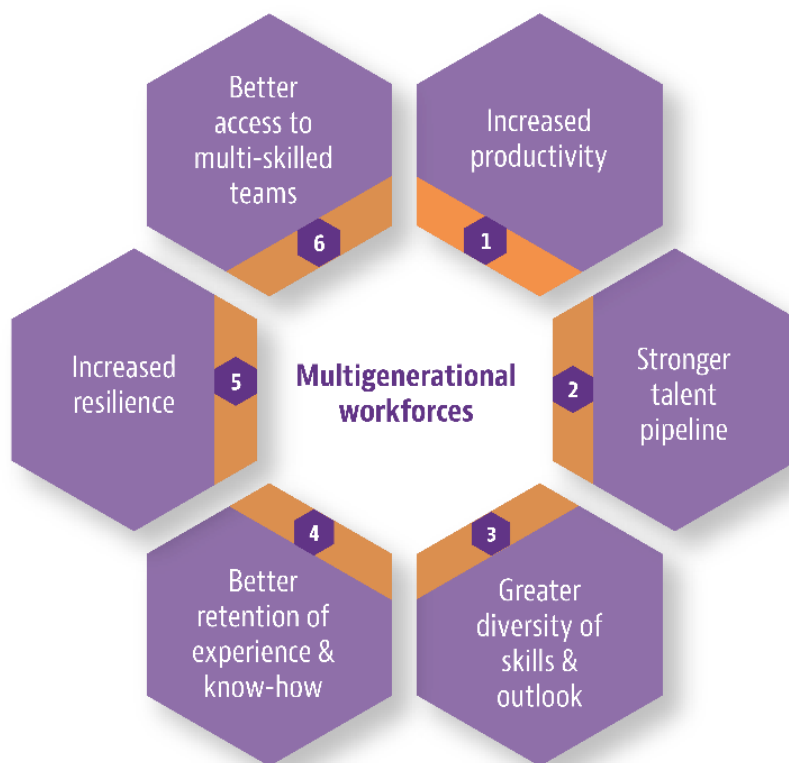
The multigenerational workforce brings together a greater mix of workers at all ages than in the past when workplaces typically consisted of larger numbers of younger workers and relatively few older workers. It includes people with a diverse range of perspectives depending on their life stage and their different experiences of education, work, technology, family life, health, coping with setbacks and making important decisions. Some (but not all) of these may be linked to age. However, despite the widespread belief that each generation has a distinctive and fixed set of needs and motivations concerning work, there is much more evidence that workers of all ages broadly value the same things. Of course, differences between ages do exist. In general, older workers tend to have more chronic health problems, requiring more support to manage symptoms and stay active at work. By contrast, many younger workers have grown up using digital technologies which for older generations might require more effort in learning and adaptation. But even within age groups there are large differences. Tailoring policies so that they are adapted to different individual circumstances and contexts is more effective than designing by age.

The contemporary reliance on generational labels which contrast the needs and motivations of, for example, so-called “Millennials” versus “Baby Boomers” have an undoubted popular appeal, but they can underplay the greater similarities in work needs shared across the generations. Employers who can successfully combine the talents and diverse outlooks of their employees – whatever their age – generally find that their workforce is enriched and more productive as a result.

The business benefits

Optimising the benefits of a multigenerational workforce increases productivity (i.e. raise the value added per worker of the firm). Based on a unique dataset that links employer and employee characteristics, new analysis highlights that a firm that has a 10% higher share of workers aged 50 and over than the average is 1.1% more productive (Chapter 2). These benefits accrue from older workers being more productive than other workers on average as well as productivity-enhancing complementarities between employees of different age e.g. through teams where younger and older employees work together and spillover of knowledge and experience. Building a multigenerational workforce also yields a stronger pipeline of talent, increases resilience and improves workforce continuity, stability and the retention of know-how. Many employers already have a mixed-age workforce, presenting opportunities in terms of a diversity of ideas and knowledge, and skill sets (see Figure 1).

Figure 1. Business Benefits of a Multigenerational Workforce



Nonetheless, the use of generational or age labels continues to be common when designing policies within employing organisations and governments. Instead, a more effective and productive workforce strategy is to set in place inclusive, all-age and life stage policies covering the employment life-course from recruitment, assessment, retention, compensation, to life-long learning, health, wellness and retirement. Longer lives means shifting age-specific features towards more lifecycle- oriented approaches.

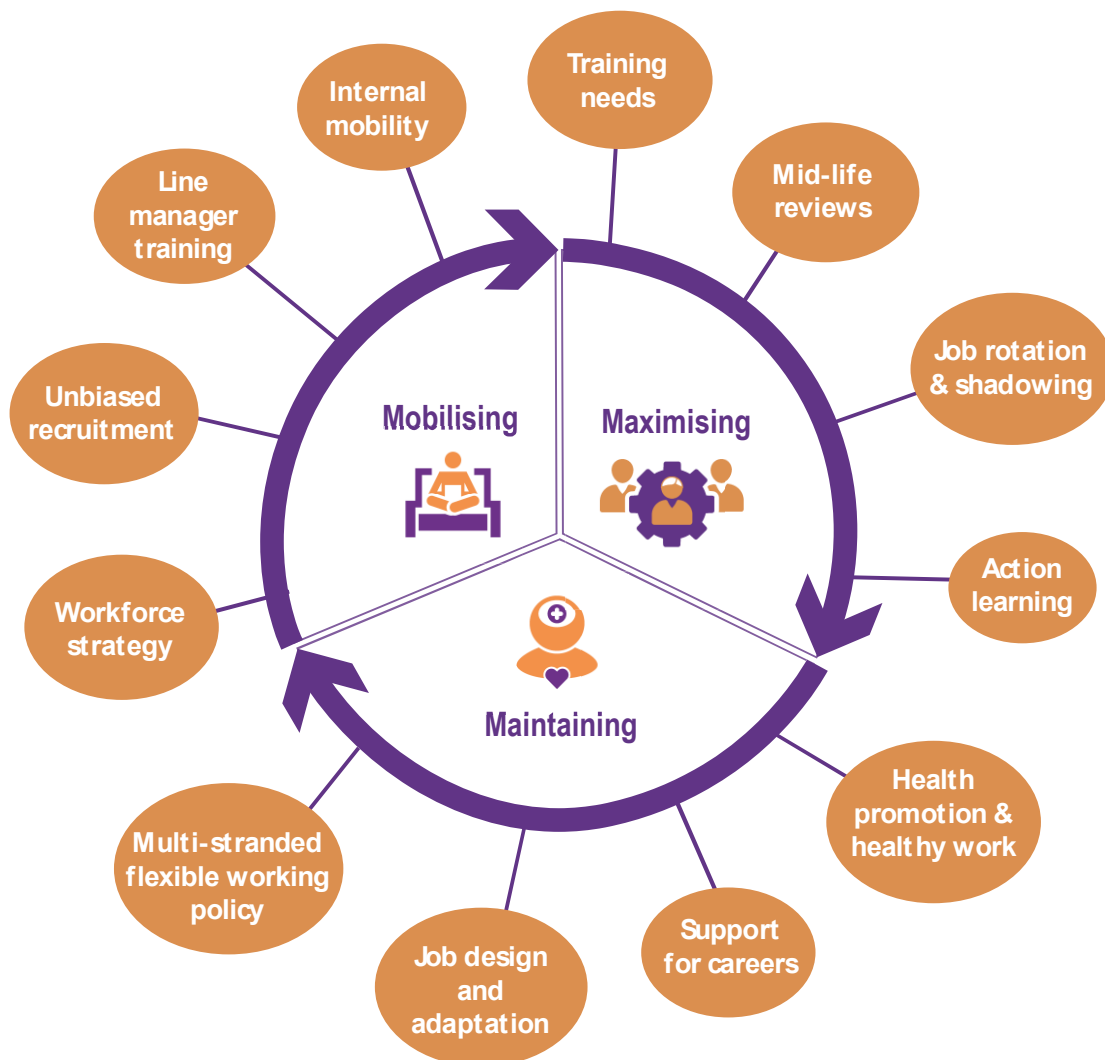
Getting it right

There are three critical domains across which organisations need to act in order to make the most of their multigenerational workforce. Strategies and policies across these three domains are mutually supportive and in combination enable employers to increase productivity, reduce costs of recruitment and absence management, and to benefit from more diverse perspectives that their customer base also recognises. Moreover, employer action in these areas can be reinforced by complementary public policies and effective social dialogue and collective bargaining to better manage a multigenerational workforce and fully utilise its potential to promote firm competitiveness and well-being of workers.

These three domains are:

- recruitment and retention strategies (mobilising)
- job quality (maintaining)
- training and development (maximising)

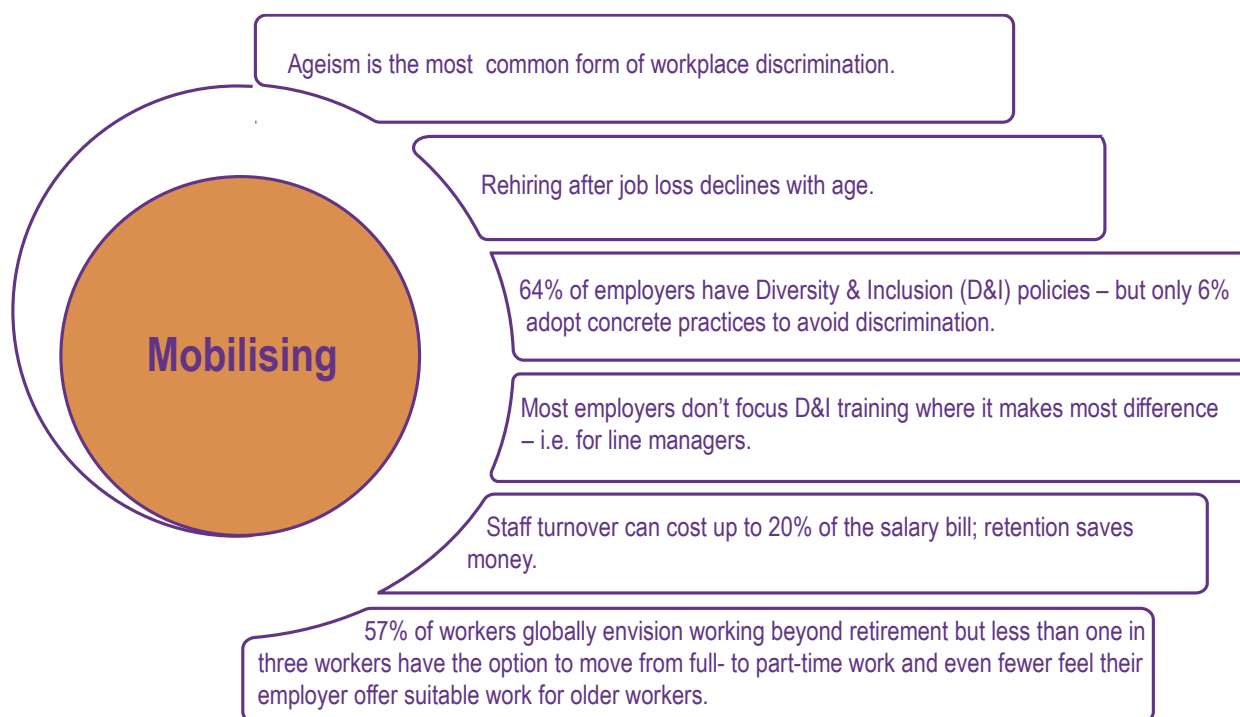
Figure 2. Making the most of the multigenerational workforce



An illustration of what this holistic approach looks like in practice is given in Figure 2 and more information is provided in the following sections for each domain on why employers should take action (incentives), what benefits this reaps (opportunities) and the policies that are proving effective to achieve this (employment practices).

Mobilising a multigenerational workforce

Key facts: why action is needed?



What are the opportunities?

Evidence shows that companies expend disproportionate effort and incur additional recruitment costs if they do not mobilise the multigenerational workforce. Thanks to past reforms workers aged 55-64 years are more active in the labour market than ever before. Nevertheless, in recruitment, many companies prioritise young people and new skills over older ones with more experience. The focus on recruiting younger people in the context of population ageing can be expensive. The reasons given for doing this are often based on well-entrenched negative attitudes towards older workers which remain a prime barrier to hiring. Given older workers face greater health risks from the pandemic, this may further damage their hiring prospects. However, companies that see beyond these stereotypes are able to access a greater talent pool despite shrinking cohorts of younger people.

In fact, discrimination and negative employer attitudes towards different age groups are obstacles to long and productive working lives. Older workers are often perceived as experienced and wise but also as less adaptive and having outdated skills. Younger workers are deemed dynamic and high skilled but are believed to lack leadership ability. Age-related stereotypes can thus be positive or negative. However, the negative stereotypes have much larger effects on company behaviour.

Long-standing employees carry valuable company-specific know-how, skills and experience which support the integration of new hires and ensure that their “tacit” knowledge of the business, its procedures and customers can be passed on to less experienced colleagues. Older workers are far less likely to quit and move to other companies than their younger counterparts, providing stability and continuity. And while long careers in the same company can carry the risk that inefficient routines get deeply entrenched and work methodologies become outdated, effective employer policies to foster a life-long-learning culture can counter this risk.

What are good employment practices?

Diversity and inclusion (D&I) strategies have gained importance as a means to recruit and retain suitable workers from a range of backgrounds. They are also a way to overcome ageism by defining an inclusive corporate culture. Some employers now link their workforce diversity to measures of company performance. These strategies send positive signals about organisational culture and values both to the current workforce and potential recruits. An increasing number of D&I strategies now include age as an explicit element, a promising development in recent years. But creating a D&I strategy alone is not sufficient for ensuring an inclusive workplace that supports a multigenerational workforce. Other concrete policies are needed alongside, such as unbiased recruiting processes, phased retirement programmes and lifelong-learning opportunities.

Eliminating age discrimination in recruitment and hiring is an important area for corporate policy and practice. It is difficult to completely remove unconscious bias from decision making, but several measures can be implemented to de-bias the various stages of the recruitment process. The starting point is to age proof the wording and imagery used in advertisements and job descriptions which can influence who applies for a position. Recruitment software that effectively ignores advertisements for buzzwords related to age and other personal characteristics can help diversify the candidate pool by systematically removing risk of bias which may influence both shortlisting and selection. Using application forms, rather than a traditional CV, for instance can also remove triggers in the first place – for example by asking for relevant experience against competencies rather than chronologically.

Strategic workforce planning involves evaluating the skill set of the current workforce, identifying future skill needs to avoid shortages, and the monitoring and planning of internal promotions and cross-functional job moves. This can allow an employer to benefit from first-mover advantages in areas of the labour market where the supply of high-quality candidates may be constrained and help recruit in terms of talent rather than age.

Many employers invest in **diversity training programmes** to tackle conscious and unconscious biases. However, evidence shows that in relation to age, promoting awareness of stereotypical views and biases is not sufficient, by itself, to eradicate bias. Instead, **appointing a manager or committee** with responsibility for change and accountability, whether in relation to gender, race or age diversity, is more effective than diversity training on its own. Engaging line managers can be particularly effective as they have a pivotal role for creating an age-inclusive work environment.

Strategies that effectively promote **employee engagement and buy-in** go a long way in developing an age-inclusive culture. Employee Resource Groups (ERGs) involve groups of employees in promoting accountability, engagement and increased contact among the diverse groups and are a relatively inexpensive way to promote employee engagement and participation. Similarly, providing social opportunities to bring employees together in a non-work setting as well as consultations with worker's representatives can build understanding and more inclusive views.

Internal mobility with workers moving between roles to fill vacancies fosters development and transfer of skills within companies. Structured processes to move people between positions can improve succession planning, better match candidates and jobs, and increase retention rates. Some employers put together temporary cross-functional project teams to address specific projects. These can be a useful way of ensuring a mix of employees with different professional or technical backgrounds, from a range of demographic profiles, are brought together to learn from each other, including across generations, while solving specific problems.

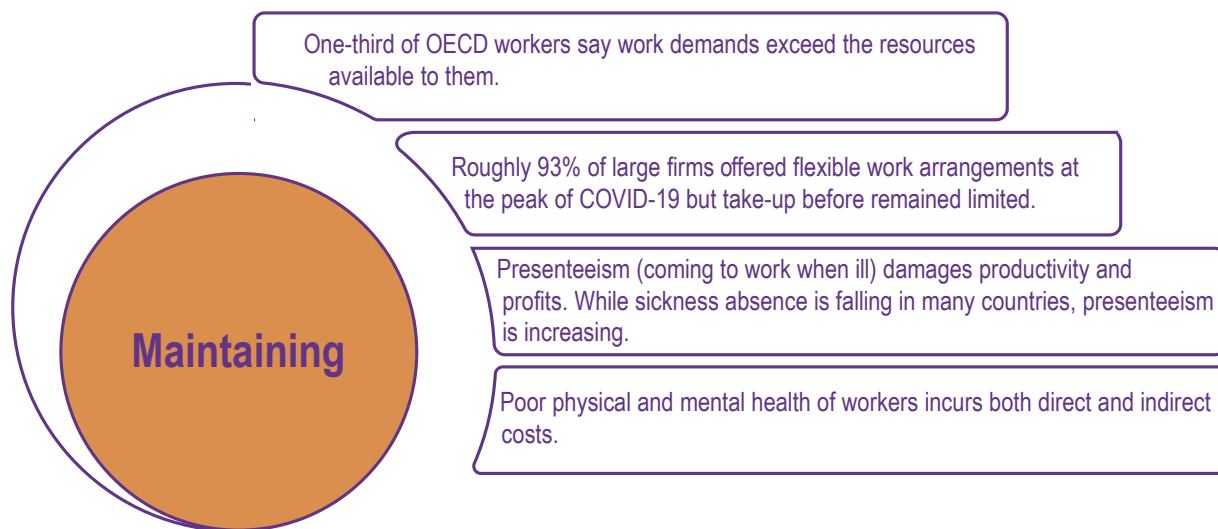
Formal **returner or re-entry programmes** involve hiring returnees on a systematic basis and offering in-house support to bridge any skills gaps that develop during a career break. This can involve induction sessions, mentoring and coaching, role-specific training and feedback and review sessions.

Many employers adopt a life stage approach to career planning as an effective means to retain workers and offer **Midlife Careers Reviews**. This identifies employees' potential next career steps as part of annual employer-employee conversations on individual development, including lifelong learning and skill building goals. From mid-career onwards, workers are often keen to plan for their eventual retirement requiring a flexible response from employers. However, it is not only older workers who need this support. Growing concerns about the financial well-being of employees throughout the lifecycle has prompted more employers to offer such support to workers of all ages and in all life stages.

A way to retain older workers are **phased retirement programmes**. These comprise a broad range of informal practices and formal workplace policies to allow employees approaching the statutory pension age to phase into retirement by working for their employers in a different capacity, instead of switching abruptly from full-time work to full-time retirement. Providing such opportunities for older people can help employers retain valuable institutional knowledge while responding to employees' preferences.

Maintaining a multigenerational workforce

Key facts: why action is needed?



What are the opportunities?

Making work attractive to the multigenerational workforce ensures that there is an adequate supply of skilled, healthy and motivated workers. Evidence suggests that factors that make work fulfilling are similar across age groups and generations, with age playing a minimal role. Older workers look for employment that is personally meaningful, flexible, intellectually stimulating, sociable, age-inclusive and which offers the adjustments needed to take account of health conditions and disabilities. They are more likely to stay in work and with the same employer if they think that their work matters, their employer supports them and their needs are taken seriously. They value opportunities for learning, mentoring others and career progression. These factors support a positive work-life balance and strengthen connections to employers, colleagues and customers. Fulfilling work helps to promote self-esteem, confidence, engagement and performance. The principles for managing older workers effectively are the same as for staff of any age. To reap these benefits, employers must devise working conditions that support workers to retain their physical and mental health, motivation and productive capacity at all ages.

What are good employment practices?

Offering **flexible working options** delivers benefits to employers. Employees are less prone to burnout, and it enables workers at different life stages to manage their work-life balance and better respond to the needs of their household as well as their employer. These practices range from flexitime options (such as starting and finishing work at different times) to working “compressed” weeks (working an extra hour each day to get Friday afternoon off) or using “time accounts” to spread working hours across weeks or months. Flexible working also includes working from home or teleworking.

There are external drivers to implementing a flexible work policy: a growing proportion of customers also want businesses to be flexible and agile in the way they provide access to products and services. Organisations which can “flex” to provide 24/7 services or use both face-to-face and online access to products are most likely to achieve a competitive advantage over their rivals.

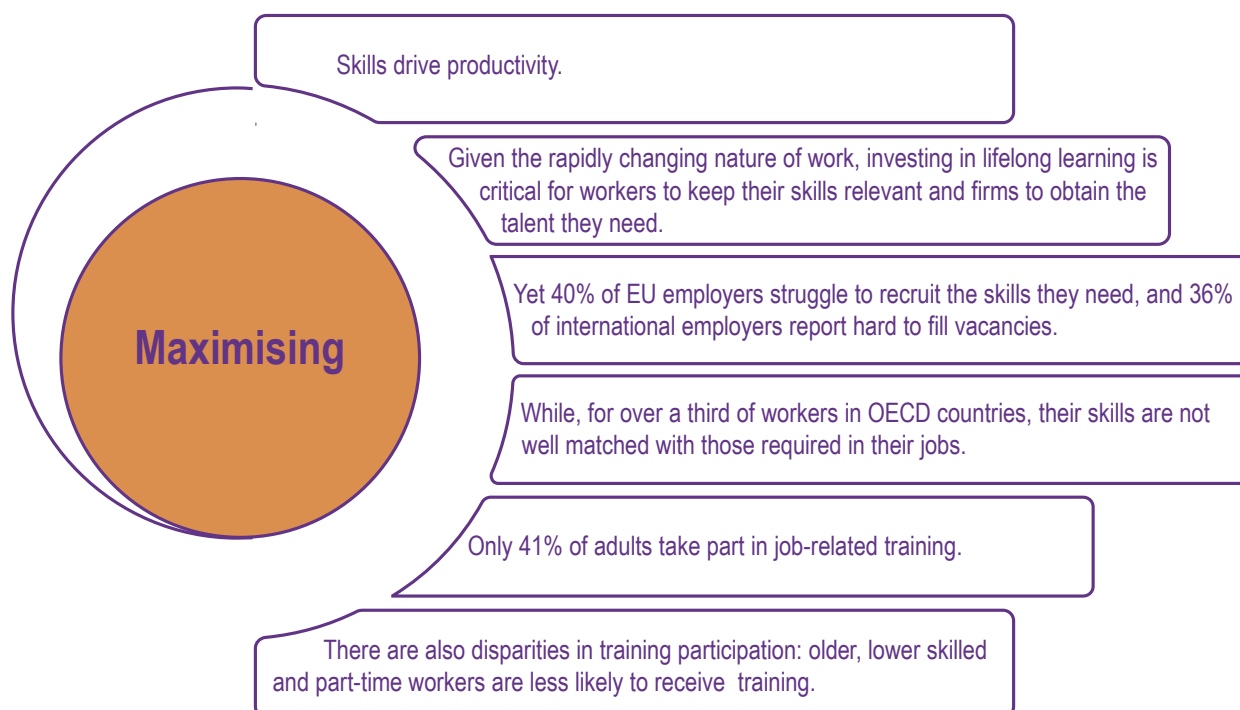
Evidence suggests that to implement a flexible working policy effectively, many employers are keen to avoid too many highly individualised arrangements. Therefore, providing a limited “menu” of flexibilities which suit different groups of employees with different needs may be preferable from a business perspective. At the same time flexible working arrangements also need to be carefully designed and promoted to ensure take-up and maximise worker well-being and productivity. The COVID-19 pandemic has accelerated the shift by many companies towards offering more flexible work arrangements. However, to be effective, regulations need to be accompanied by support from social partners and ensure that workers at all ages need to have the digital tools and skills to work from home.

Similarly, **supporting the health and well-being** of workers is key determinant of workplace productivity. There is overwhelming evidence suggesting that poor-quality work, a stressful job, exposure to hazards, strain or physical exertion can make pre-existing conditions worse. Employers therefore need to support all employees regardless of age or life stage if they have long-term or chronic conditions which may limit their ability to attend or perform effectively at work. High quality employers recognise the concept of “holistic” well-being, and are concerned for the physical, mental, and social lives of their workers. They create work environments where employees feel seen, heard, appreciated and that their work has meaning. For example, a growing number of companies are expanding their well-being programs to include employee financial security, such as access to debt management tools or student loan counselling. Financial well-being in particular is an important well-being pillar as it is hard to engage employee’s wider health needs if they are struggling with managing a budget or large household debts.

Some employers have thought carefully about how they can make adjustments to work which balance job quality, safety, well-being and flexibility. Best practice includes a systematic approach to the analysis of risk exposure; **early intervention** for those with reduced work ability; making adjustments to job-design as well as supporting employees’ ability to manage change and work and non-work demands (e.g. adjusting working hours and making time to see a clinician). In recognition of the large prevalence of mental health problems e.g. depression and anxiety at the workplace and their associated costs, some employers have also illustrated that it is possible to put the psychological health of employees on the same footing as their physical health. Effective approaches include tackling stigma at work, encouraging disclosure of mental health problems among employees as well as practical tools for employees to monitor their stress levels and face-to-face counselling. Finally, in activating policies to mobilise the multigenerational workforce, the **role of line managers** should not be overlooked. Line managers play a crucial role, for example, in supporting employees with common mental health problems to remain in or return to work but need skills development and training to do this effectively.

Maximising a multigenerational workforce

Key facts: why action is needed?



What are the opportunities?

Firm performance is affected where workers do not have the right skills and population ageing limits options for recruiting the needed profiles. Focusing on a skilled talent pool is the optimal way for organisations to maintain sustainability and evidence demonstrates that the most successful organisations spend time on developing their employees. Lifelong learning and training improve overall organisational performance in four key dimensions: a skilled workforce is better able to adapt to changing work environments; higher productivity and efficiency by eliminating inefficient work practices, which leads to improved competitive advantage; better performance on tasks enabling innovation to emerge; and greater motivation leading to lower staff turnover costs. Training approaches can also support skills, experience and knowledge-transfer between workers of different ages and life stages, building resilience for businesses.

An all-age training policy ensures the skill needs of all workers are taken into account. In determining who needs training, particular attention should be paid to the needs of lower skilled workers, older workers and those on part-time or temporary contracts. For older workers, the greater elapsed time since leaving full-time education can be a factor in making decisions on training needs and the choice of training/learning methods which are adopted. For workers of all ages, it is important that training builds on existing skills and has a direct link with enhancing career prospects and offering the employer a rich pool of skills to draw upon as the needs of the business change. It is also important that training is tailored to the learning needs and style of each person. Moreover, active involvement of representatives from unions and employer groups in the planning, delivering and monitoring of adult-learning systems can improve the provision and take-up of skills and training programmes.

What are good employment practices?

There are various tools that enable organisations to understand employees' current competence, capability and aspirations. From the life-course perspective, **regularly reviewing skills and work tasks, as well as capability for current and future roles**, enables the organisation to motivate and maximise the deployment of staff in different contexts. Conducting a training needs analysis (TNA) can underpin effective implementation of an organisation's training strategy. The TNA identifies who needs to be trained, in which skills, and the best approach to meeting this need. This comprehensive approach comprises a job-task element, organisational needs analysis and a person analysis. More recently, some employers are using Artificial Intelligence and machine learning to make assessments of an employee's skills and predict future skills gaps. **Midlife career reviews** can provide the person-focused element, and map competency, capability and in-company ambitions. Similarly, personal development plans and career conversations can surface issues around the match between job needs, individual capabilities and longer-term ambitions for work.

Some training practices aim to improve workers' understanding of tasks performed across the organisation through delivering **experiential learning opportunities**. This leads to increased understanding of the contribution of various roles to the end product or service. On top of that, these practices transmit knowledge from younger generations to older generations and vice versa. Practices that organisations use to do this include job rotation – the lateral transfer of workers between workstations and tasks, where workers are obliged to use different skills and responsibilities, and job shadowing – where an early career worker spends time understanding the work performed by a more tenured worker.

Other practices mobilise **individual workers of different generations to provide learning and development to each other**. Practices that employers use within this domain include mentoring (informal, long-term and concerned with career development and progression of the individual), coaching (formal and centred on specific skills and job performance, and addressing individual and organisational needs), and reverse mentoring (revolves around the transfer of knowledge and competences from novice employees to more senior ones).

A final set of practices are based on delivering **group learning**, bringing the multigenerational workforce together within training opportunities, providing mechanisms for the transfer of knowledge and skills across generations, increasing understanding as well as skills levels. Examples include **team development** which encompasses team building and team training. Team building may initially focus on the interpersonal relationships and the social interactions of a team, whereas team training can involve the setting of goals, interpersonal relationship management, role clarification and problem-solving as learning objectives. Another option is action learning which originated as a development approach for managers and leaders – although its use has spread to other staff within organisations. This approach can bring together staff from different departments to work in a solution-focused way to solve organisational problems.

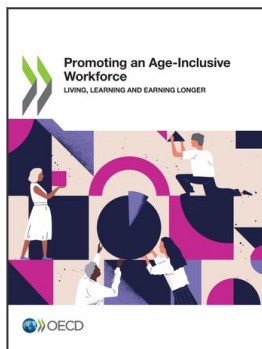
As demonstrated in this report, the real benefit of age diversity comes from the spill-over effect of the mix of ages and life stages within the workforce, collaborating, complementing and learning from each other. Yet, current human resource systems related to performance often incentivise and signal individual contributions only. The current alignment of systems are falling short in two ways: i) they do not capture the collective impact and productivity of an age diverse workforce; and ii) they may even stifle productivity by discouraging collaboration and collective impact, while incentivising internal competition. **Some employers are testing new, experimental approaches to performance systems that better capture the collective impact of an age diversity and inclusive workforce.**

Overall, the evidence suggests that employers who respond positively to the changing needs of employees during their lifecycle and career stages improve their success in attracting, motivating and retaining workers. These workers will in turn exert greater effort on behalf of their company and play a full part in making it efficient and productive. While the ways that employers use to better understand and respond to

changing employee needs will differ between countries and sectors, there are some common principles underpinning them that are likely to have wide applicability to employees of all ages and in all occupations. Furthermore, successful programmes are often co-ordinated within the social partnership framework, usually involving government, employers and unions. The checklist below provides key areas of action and outlines steps employers can take for a more diverse and inclusive workplace.

Check-list for global employers

About your workforce		
What proportion of your workforce are...	Over 50?	Under 30?
What were these proportions 5 years ago?	Over 50?	Under 30?
What is your annual turnover rate for...	Over 50?	Under 30?
How many days lost to sickness (per employee) each year	Over 50?	Under 30?
How many days training (per employee) each year	Over 50?	Under 30?
Multigenerational practices		
Mobilise		
Written D&I strategy that includes age and which the Board reviews	Y/N	Y/N
Clear age friendly recruitment and hiring practices which we evaluate regularly	Y/N	Y/N
Workforce planning practices which allow us to monitor outcomes for older workers	Y/N	Y/N
Succession planning practices which remain open to older workers	Y/N	Y/N
Training opportunities which allow equal access for older workers	Y/N	Y/N
Employee engagement data which allows analysis by age group	Y/N	Y/N
An internal vacancy system which offers open access to older workers and which can demonstrate fairness	Y/N	Y/N
A returner or re-entry programme	Y/N	Y/N
Mid-life career reviews	Y/N	Y/N
Phased or partial retirement scheme	Y/N	Y/N
Maintain		
Flexible working options available to all and regularly monitored	Y/N	Y/N
An active workplace health strategy (with Board-level support) which supports physical and mental health for all and is regularly monitored	Y/N	Y/N
Training for line managers in age management, D&I and inclusiveness	Y/N	Y/N
Maximise		
Regular skill and development reviews for workers	Y/N	Y/N
Open experiential learning opportunities for all workers	Y/N	Y/N
Mentoring and peer learning scheme	Y/N	Y/N
Cross-functional teams use to promote diversity and knowledge sharing	Y/N	Y/N
Aligning performance management systems to incentivise and assess collective impact of workforce in addition to individual contributions	Y/N	Y/N
Group learning or team training opportunities for all workers	Y/N	Y/N



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