Work Force Age Matters  
Three Essential Considerations for Work Force Strategy and Planning

As organizations develop post-recessionary work force strategies and plans, they will want to carefully consider the age demographics of their work forces. Analysis of APQC’s HR Organization survey data reveals that today’s work force is young, dominated by Generation X, and made up of similar numbers of Millennials and Boomers. These demographic characteristics pose a challenge to work force productivity, knowledge transfer, product innovation, employee retention, and organizational leadership. Organizations can create strategies and plans for mitigating these demographic-driven risks. When executed effectively, such work force strategies and plans will generate a demographic-based competitive advantage.

The Gray Ceiling

APQC’s research shows that today’s work force is young. At organizations that have responded to APQC’s HR Organization survey, over half the work force is under 40 years of age. For consumer products and services organizations the number is higher—67 percent and 63 percent, respectively. These young workers, members of the Millennial generation and Generation X, have a reputation for wanting fast career advancement. This was a reasonable expectation a few years ago when experts predicted a looming leadership crisis on the eve of Boomer retirements.
Today, however, the recession has emerged as a significant obstacle to the anticipated career trajectory of Millennial and Generation X workers. A recent Pew Research Center study concluded that 63 percent of workers ages 50 to 61 are considering postponing retirement in response to the recession. Watching older workers remain in jobs that they have long coveted may be enough to drive tomorrow’s managers and leaders away from their current employers. Organizations are at risk of not having the managerial and leadership talent they need when the Traditionalist and Boomer generations eventually retire. Service organizations are especially at risk as they have high proportions of young workers who are developing customer relationships and customer service expertise that cannot be easily replaced.

Organizations will want to tackle this threat to younger worker advancement as they set their post-recessionary work force strategies and plans. Potential solutions to consider include offering younger workers continuous leadership development opportunities, pushing decision-making authority lower into the organization, and emphasizing tasks and performance over titles and age. Another approach for consideration is to directly address the gray ceiling issue with Millennial and Generation X workers, asking them to brainstorm agreeable solutions.

Service organizations that rely on large numbers of entry-level, customer-facing workers will want to consider recruiting older workers. Research shows that retirees are re-entering the work force and that many older workers are planning to retire and seek entry-level jobs. They are not looking for career progression, but instead supplemental income minus the stress and rigidity of a higher-level job. Their years of work experience could be a significant boon to the service industry.

**Forgotten Generation X**

APQC data shows that Generation X represents 41 percent of the work force, significantly more than other generations. At consumer products organizations, Generation X makes up 50 percent of the work force. With the majority of media attention going to Millennials and Boomers, organizations may have forgotten that Generation X is the major cohort in the work force today and a critical factor for organizational leadership tomorrow.

2009 research conducted by consulting firm Deloitte found that organizations are more focused on retaining Generation Y than Generation X.\(^1\) As a result, Generation X workers may feel passed over. Deloitte reports that, in comparison to Millennials and Boomers, more Generation Xers plan to change employers after the recession.\(^2\) Only adding to Generation X discontent and bolstering the risk of Generation X turnover are commonplace recessionary job and benefit cuts.

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\(^1\) *Managing Talent in a Turbulent Economy: Keeping Your Team Intact.* Deloitte. 2009.

\(^2\) Ibid.

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Perhaps even more threatening, however, is the potential for Generation X to take the skills and expertise developed at one organization and use it to find alternative paths to advancement elsewhere. Small employers and entrepreneurship are potentially big attractions for dissatisfied Generation X workers, offering them a chance to use their comfort with innovation and technology to develop new business models that will directly compete with established organizations and industries.

Even Generation X workers who stay with their organizations post-recession can cause damage to their employers if they feel neglected. Conflict and competition between Generation X and Millennial workers stand to hinder productivity and innovation, while disengaged Generation X managers could negatively affect the engagement and productivity of the workers they manage.

In setting post-recessionary work force strategies and plans, organizations will want to give immediate attention to their Generation X employees. Hesitating could have swift repercussions as many in Generation X are just waiting for the labor market to improve before exploring other employment options.

Lacking the accomplishments of the Boomers and the time horizon of the Millennials, Generation X is impatient for good reason. It will be important for organizations to address this impatience. Organizations will want to develop retention plans for critical Generation X employees. In cases where Generation X cannot be retained, organizations should maintain strong ties to former Generation X employees (through organizational alumni groups, for example). In addition, organizations will want to quickly rectify any job and benefit cut mistakes that may have been made with regard to Generation X during the recession.

**Millennials and Boomers at Odds**

APQC data indicates that the Millennials and Boomers each make up over a quarter of the work force. Industrial products organizations mirror this demographic characteristic more closely than any other industry. A few years ago, the similar size of these groups was cause for relief, as organizations could expect that the large Boomer work force would eventually be replaced by a similarly large Millennial work force. Today, however, the recession is turning these proportions into an unexpected negative. Millennials and Boomers are learning that they will be together in the work force for much longer than anticipated, competing in ways that were once unthinkable.

The stage is set for animosity. Millennials are struggling to enter a labor force that outnumbers available jobs. Bureau of Labor Statistics data indicate that younger workers have been hit especially hard in this recession in terms of job loss and unemployment. Some Millennials may perceive Boomers as having unfair job protections from the Age Discrimination in Employment Act. For their part, Boomers are working hard to remain employed and are worried that they will be forced to retire sooner than they can afford. They may feel threatened by younger and cheaper Millennial workers.

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Furthermore, unemployed Boomers and Millennials are directly competing in the job market as retired or recently unemployed Boomers apply for entry-level jobs that were once the purview of younger workers. Competition between Millennials and Boomers for scarce jobs threatens collaboration, knowledge sharing, productivity, and innovation. Research conducted by WorldatWork for Randstad USA found that the different generations are not interacting at work and do not value what the other generations have to offer.  

In setting work force strategy and plans, organizations will want to address the potential for animosity between the Millennial and Boomer generations. Key will be establishing communications that promote inter-generational understanding. Organizations might hold “revising career plans” workshops at which workers of different generations share their career challenges and learn that all generations are being forced to adjust their employment expectations.

Organizations will also want to find ways to communicate core beliefs and values that are common across generations. A recent survey by AchieveGlobal found that the different generations value some of the same things, including financial security. After all, both cohorts face a decline in expected lifestyle. Millennials have educational loans and credit card debt. Boomers have mortgage debt and face retirement saving deficits. Other generational commonalities revealed by AchieveGlobal include the desire to be respected and to have new work experiences.

Organizations will want to tap into these common values as they set work force strategies and plans. One strategy is to tie rewards such as job security to desired behaviors, including collaboration and knowledge sharing.

Summary

Knowledge of work force age demographics at an organizational, industry, and national level is essential for setting effective work force strategies and plans. Knowledge of work force age demographics is also something that many organizations do not possess. A recent study conducted by Boston College’s Sloan Center on Aging & Work found that over two-thirds of organizations do not know their age demographics. Organizations that address age-based demographic threats in their work force strategies and plans can establish a significant competitive advantage as the economy emerges from recession.

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ABOUT APQC

For over 30 years, APQC has been on the leading edge of improving performance and fostering innovation around the world. APQC works with organizations across all industries to find practical, cost-effective solutions to drive productivity and quality improvement. We are a member-based nonprofit currently serving more than 500 organizations in all sectors of business, education, and government.

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