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Age-Related Workplace Practices from a Management Perspective

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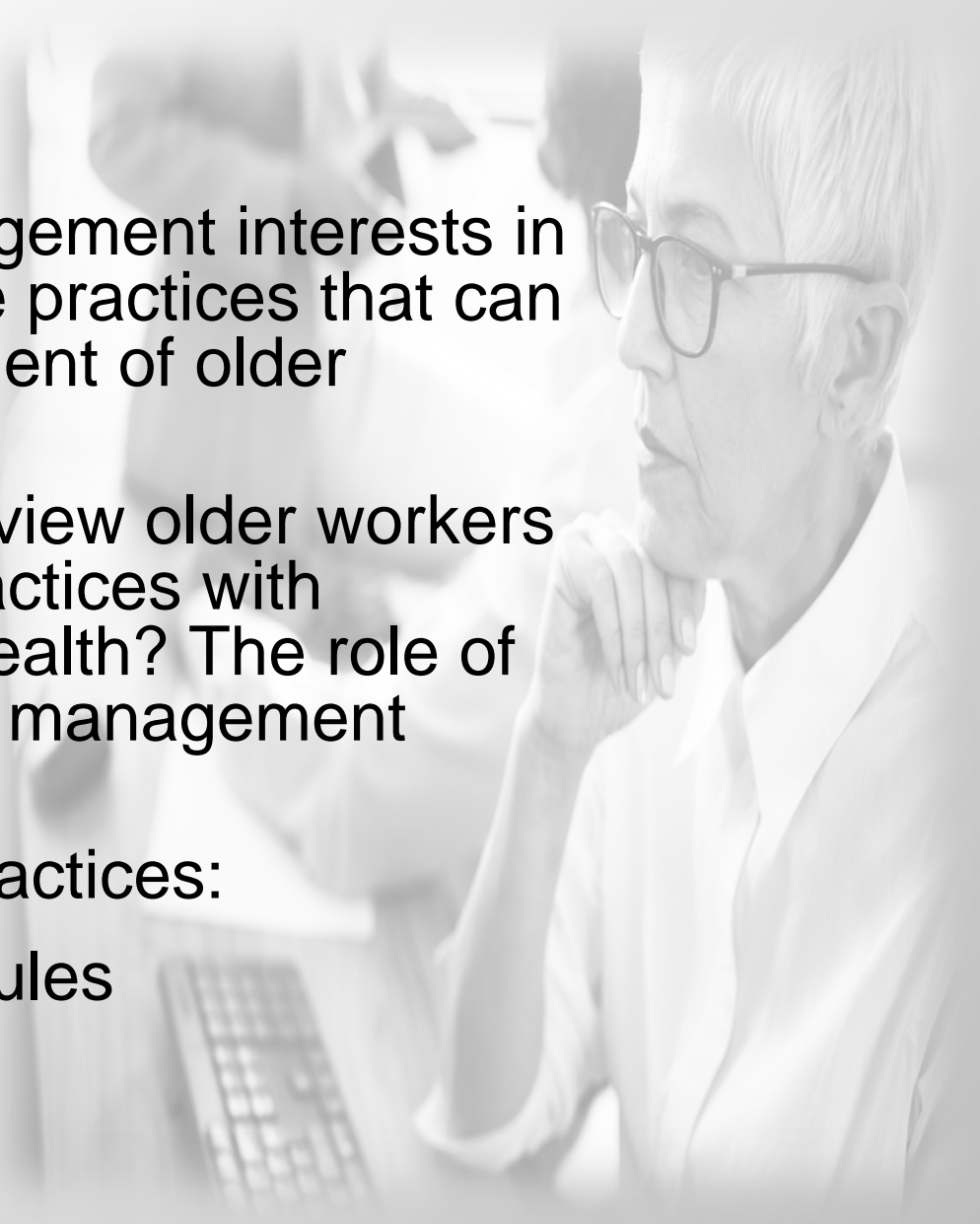


OUR SCIENCE **TRANSFORMS THE HUMAN EXPERIENCE**
AND INSPIRES LEADERS



Outline

- The importance of management interests in understanding workplace practices that can enable or deter employment of older workers
- How does management view older workers and age-related work practices with implications for worker health? The role of institutions in influencing management actions?
- Focus on two types of practices:
 - Flexible work schedules
 - Mixed Age teams





The Importance of Management Interests

- Organizations implement age-related work practices
- The interests of organizational actors shape practices that have implications for worker health
 - Importance of levels
- Much of the literature treats workforce aging as a largely homogenous threat and does not distinguish between organizational characteristics and institutional factors that may affect the extent to which an organization experiences challenges resulting from workforce aging



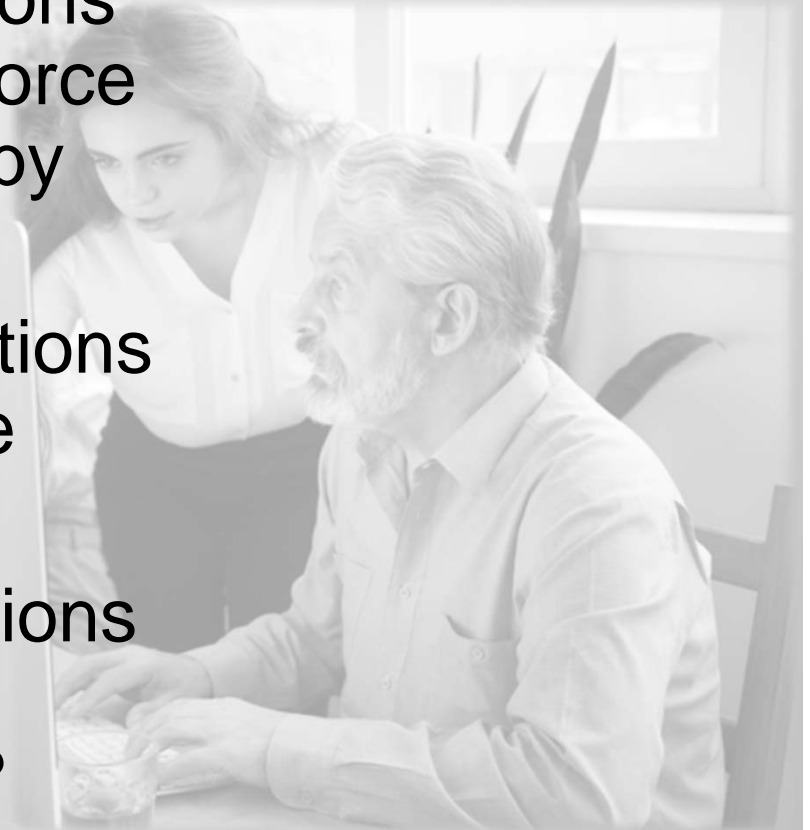
Further Gaps in the Literature

- Many studies to date on the organization-level effects of workforce aging often focus on what practices should be without an in-depth investigation linking age related practices to any specific organization-level problems
- Particularly, lack of investigation into skill management practices
 - Human capital quantity and quality



Research Questions

- To what extent do organizations perceive a threat from workforce aging? How does this differ by levels in the organization?
- What practices are organizations actually using to manage the skills of aging workforces?
- How do country-level institutions affect the way organizations respond to workforce aging?





Method

- Conducted interviews with 43 organizational leaders and 8 employee focus groups across 8 facilities in three multinational manufacturing organizations in the United States and Germany
- Our sample was comprised of chemical manufacturing, electronics component manufacturing, and auto manufacturing plants in the USA and Germany
- We talked with the general manager, HR manager, two supervisors, a union/works council leader (where applicable) and a focus group of employees at each site



Theory of Human Capital Flows

- Context emergent turnover theory argues that collective turnover results in the depletion of both quantity and quality of human capital in an organization (Nyberg & Ployhart, 2013).
- Human capital flows in and out of an organization must be properly balanced to maintain sufficient quality and quantity of human capital and are essential to organizational performance.
- In the aging context, it is important not just to look at the flow of skills out of the organization through retirement or the extension skills through working longer, but the flow of skills into the organization as well.



THE IMPORTANCE OF LEVELS:

Perceptions of Workforce Aging

- Differences across the organizational hierarchy
- High-level leaders only care about human capital quantity
 - 6/8 leaders were not concerned with workforce aging (yet)

“I don’t worry about knowledge transfer too much provided it’s a trickle and not a tsunami of people leaving that’s been predicted. Is there ever going to be a tsunami?” – GM, Chem A

- High retirement eligibility, but no mass retirement
- Most coming off of long hiring freezes
- With some variation, able to find employees fairly easily



THE IMPORTANCE OF LEVELS:

Perceptions of Workforce Aging

- Supervisors were worried about losing key older workers with high-quality human capital
 - Legacy products only senior employees had worked on before
- **“I don't know when these guys are gonna leave and if they left tomorrow I'm done.” –Sup, Electro A**
- Difficult-to-automate work that required experience
 - E.g., controlling the size and shape of an electrical arc in a component
- Bimodal age distribution: Younger employees forced into leadership roles with limited experience



Factors Influencing these Perceptions



Retirement
Predictability



Skill Tracking
Practices



Practices

Outflow Delaying Practices

- Wellness initiatives
- Flexible work schedules
- Documentation
- Special positions
- Contract work

Outflow Increasing Practices

- Partial retirement
- Working time accounts

Inflow Increasing Practices

- Recruiting/Hiring
- Mixed-age teams
- Formal education

Inflow decreasing practices: Hiring freezes (not currently used)



Country-Level Differences

	USA	Germany
Legal environment	<ul style="list-style-type: none">• Difficult to discuss retirement	<ul style="list-style-type: none">• Slightly less difficult to discuss retirement
Practices	<ul style="list-style-type: none">• Contracting post-retirement	<ul style="list-style-type: none">• Partial retirement• Working time accounts
Employee representation	<ul style="list-style-type: none">• Unions focused on wages, jobs, healthcare, etc.	<ul style="list-style-type: none">• Works councils often involved in addressing aging• Partial retirement negotiated in industry agreements
HR planning	<ul style="list-style-type: none">• Headcount model	<ul style="list-style-type: none">• Full-time equivalent model



INTERVENTIONS:

Flexible Scheduling and Working Time Control

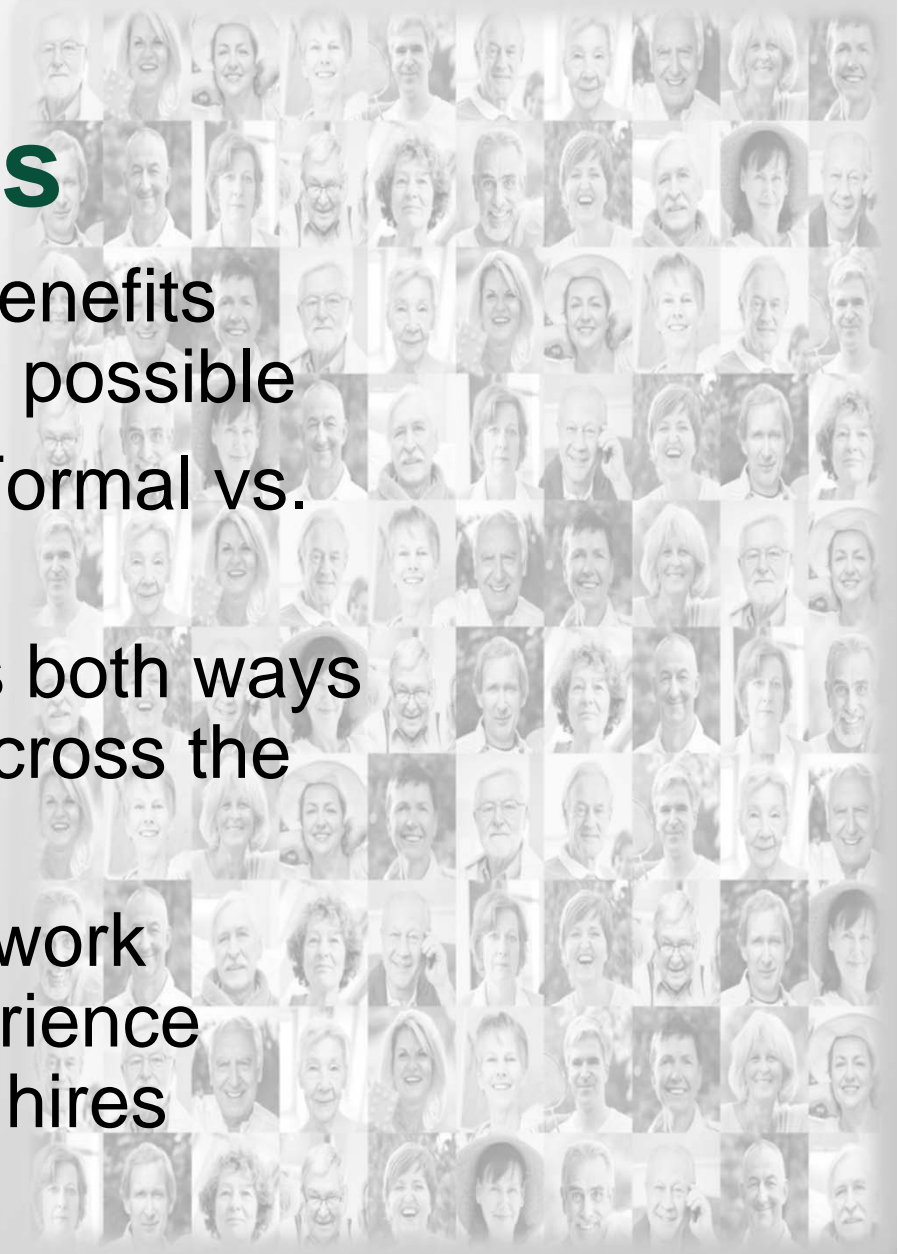
- Known health benefits to workers and older workers show preferences for these working conditions
- Under what conditions (industry and occupation)
- Role of power
- Mandating paid leave
- Practice available to all workers regardless of age
- Comparisons across industries, job characteristics, and occupations



INTERVENTIONS:

Mixed Age Teams

- Productivity and health benefits unclear, but engagement possible
- Under what conditions. Formal vs. informal practice
- Knowledge transfer goes both ways so benefits can accrue across the age spectrum
- Intervention within team work environment where experience matters and regular new hires





Conclusions

- Firms are not committed to a systematic approach to workforce aging by extended working lives. Rather organizations are taking a more reactive, piecemeal approach using a variety of practices of many types that address the needs of small numbers of older workers.
- Firms not pursuing a productive aging approach. Rather framing workforce aging as a human capital flow issue.
 - Management interests: skills, knowledge transfer, and retirement predictability
- Importance of countervailing power to get practices that vulnerable older workers prefer.



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