

Untapped Talent:

Can over 50s bridge the leadership skills gap?

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Introduction

UK workplaces will soon have up to five different generations working together side by side for the very first time (Meister & Willyerd 2009). From Traditionalists, born before 1945, to the incoming Generation 2020s, born after 1997, people from 17 to 70+ will be working in the same organisations and collaborating in the same teams. Managers will be faced with the challenge of leading staff from across these five different generations in a dynamic, fast-moving and challenging work environment.

The UK is heading into a management skills shortage. Government figures show that an estimated 12 million jobs will be created over the next 10 years (UKCES 2014b), but that there will only be a projected 7 million young people available to fill these positions.

The number of young people coming into the workforce is insufficient to meet the needs of the future, while the number of older people remaining in work for longer periods grows with the abolition of the default retirement age (DRA) – around 90% of the current workforce will still be in work in the next decade (UKCES 2014a). If the demand for new, skilled and educated talent will outstrip supply by 2020 in the UK and many parts of the world (James 2013), are older workers a potentially untapped source of future labour – the nation's hidden talent pool?

For this research, we looked most closely at the three generations occupying most of the current management positions – Baby Boomers (born 1945–1964), Generation X (born 1965–1979) and Millennials (born 1980–1997). These groups range from managers leading their first team to those leading whole departments and organisations. We wanted to discover how these generations worked together and what, if any, discrimination is occurring – as well as finding out if any of them held the key to tackling the looming talent gap.

Our research – why now?

Our population is getting older

Over 50s are predicted to make up more than a third (36%) of the UK workforce by 2020. Between 2012 and 2022, there will be a fall of 700,000 in the number of people in the UK aged between 16 and 49, but a rise of 3.7 million in those aged between 50 and State Pension age (DWP 2014).

Baby Boomer workers are currently under-utilised in the UK workforce. We know that two-thirds of those aged 50–64 are currently employed (up by 5% points since 2001) compared to 81% of 25–49 year olds. The abolition of the default retirement age (DRA) and changes to the State Pension mean that people are likely to continue to work for considerably longer in years to come.

Early exits from the labour market are bad for individuals, the UK and business

We know that we are living a lot longer. In 1981 a 50-year-old man would be expected to live to an average age of 79, while today he can expect to live to around 86, and by 2050 to an average age of 91 (Office for National Statistics 2012). Pensions need to last longer, and spending a longer time in work raises living standards for people in retirement. Individuals who leave the workforce early will suffer financially, with less earned in salary over the course of a working life, less contributed to a pension scheme and more years living on a pension. Working later into life also has numerous benefits for keeping older people active, and intellectually and socially engaged.

Early exits from the workforce are equally bad for the Exchequer, resulting in fewer income tax and VAT receipts, plus higher benefits payments. Halving the employment gap between older people aged 50–State

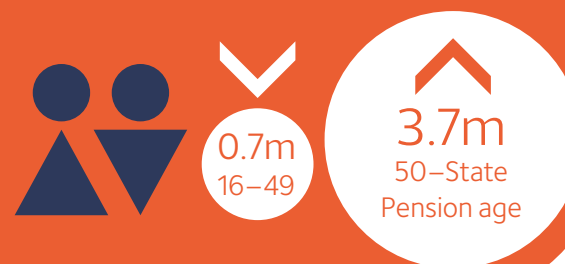
There are more people over 50 in employment than ever before



Source: ONS, 2012

Demographic change means employers need to recognise the changing age profile of the labour force

In the next 10 years there will be 700,000 fewer people aged 16–49 but 3.7 million more people aged 50–State Pension age.



Pension age and those in their 40s could have seen income tax and National Insurance receipts 1% (just under £3 billion) higher, and nominal Gross Domestic Product (GDP) up to 1% (£18 billion) higher in 2013 (DWP 2014).

Finally, losing older workers early is bad for business. It means a loss of valuable skills and knowledge, and higher recruitment and training costs to replace them from an increasingly competitive market.

Generations at work

	Age	Born
Baby Boomers	51–70	1945–1964
Generation X	36–50	1965–1979
Millennials	18–35	1980–1997

We need to tackle the talent and skills gap

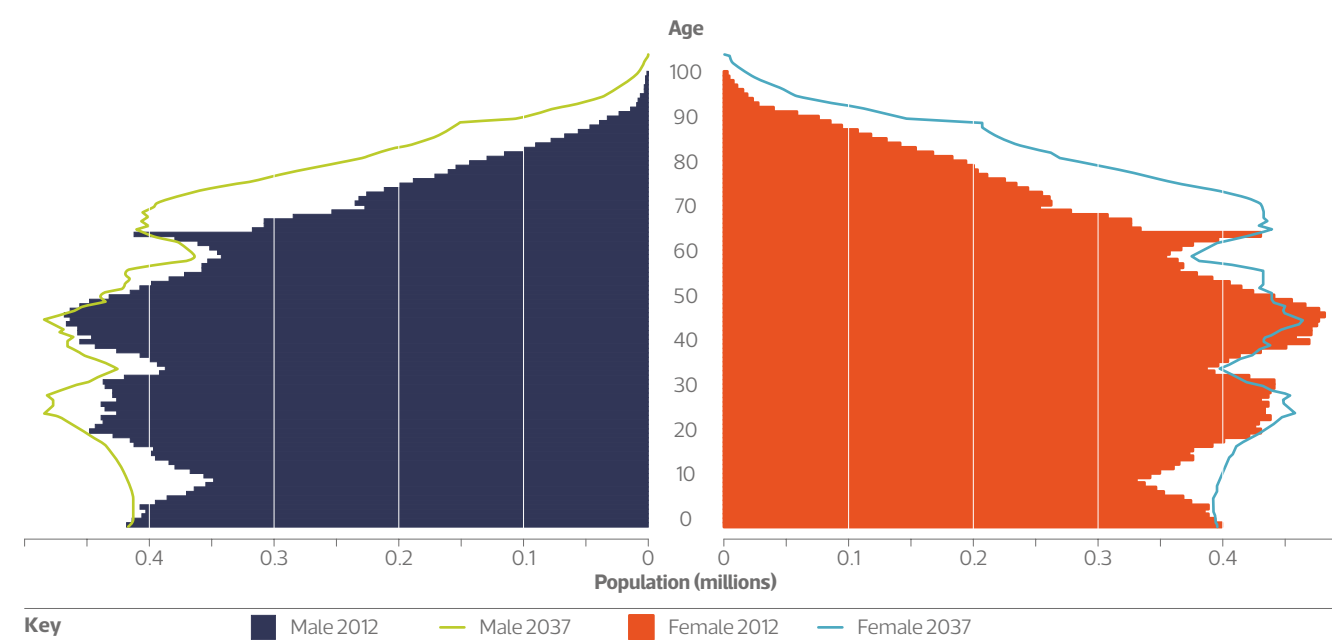
More than half of British businesses say that young people are lacking in the skills they need to succeed at work. The European Commission is predicting that Europe is heading off a 'Workforce Cliff', (from the Financial Times, 2014), suggesting that our current rate of 1% employment growth is unsustainable beyond 2019 (Groom 2014).

We're working in a multi-generational world

Research from the Chartered Institute of Personnel and Development (CIPD) shows that four in ten (44%) managers of small and medium enterprises (SMEs) believe that younger managers often find it difficult to manage more mature employees (McCartney & Worman 2009), while a 2013 article published in Human Relations proposes that age similarity preference (ASP) among employees increases workplace difficulties when teams are made up of multiple generations (Standifer et al. 2013).

We know that managers are increasingly being asked to lead these inter-generational teams as new generations join the workforce and older generations work for longer. We wanted to find out more about the experience of these five generations working together and improve the collaboration, understanding and co-operation across these groups.

Figure 1: The future workforce demographic



Summary

Baby Boomers (aged 51–70) are seen as loyal, skilled and knowledgeable members of the workforce – but they aren't viewed by their colleagues and managers as the 'organisational stars' of the future, and they are perceived as having little potential for further progression or development in their organisations.

Baby Boomers have vital knowledge and talent, and score consistently highly across the majority (but not all) of the skills and attributes we asked about, including occupation-specific knowledge and skills and their understanding of the customer. They are seen as being the most loyal to the organisation and best at coping with setbacks – key attributes for succeeding in a modern workplace. Despite this largely positive view of Baby Boomer employees, our research showed that millennials have the highest potential for progression across all three groups.

Generation X appear to be the most critical of all groups – including their own

Generation X managers stand out as the most critical of all groups across the board, suggesting they are tougher on peers, team members and managers overall than the other generations. They are particularly critical of the leadership potential of Baby Boomers, rating just 28% of them as having high leadership potential compared to ratings of 47% from Baby Boomer managers and 50% from Millennial managers.

It may be that more critical perceptions are related, in some way, to a sense among Generation X that they are at their peak, their younger colleagues have still to learn and their older colleagues are somehow past their best. Generation X managers, like their older and younger manager peers, also rate themselves more highly than their reports, reflecting a sense that they are better than their reports in most if not all skills and attributes.

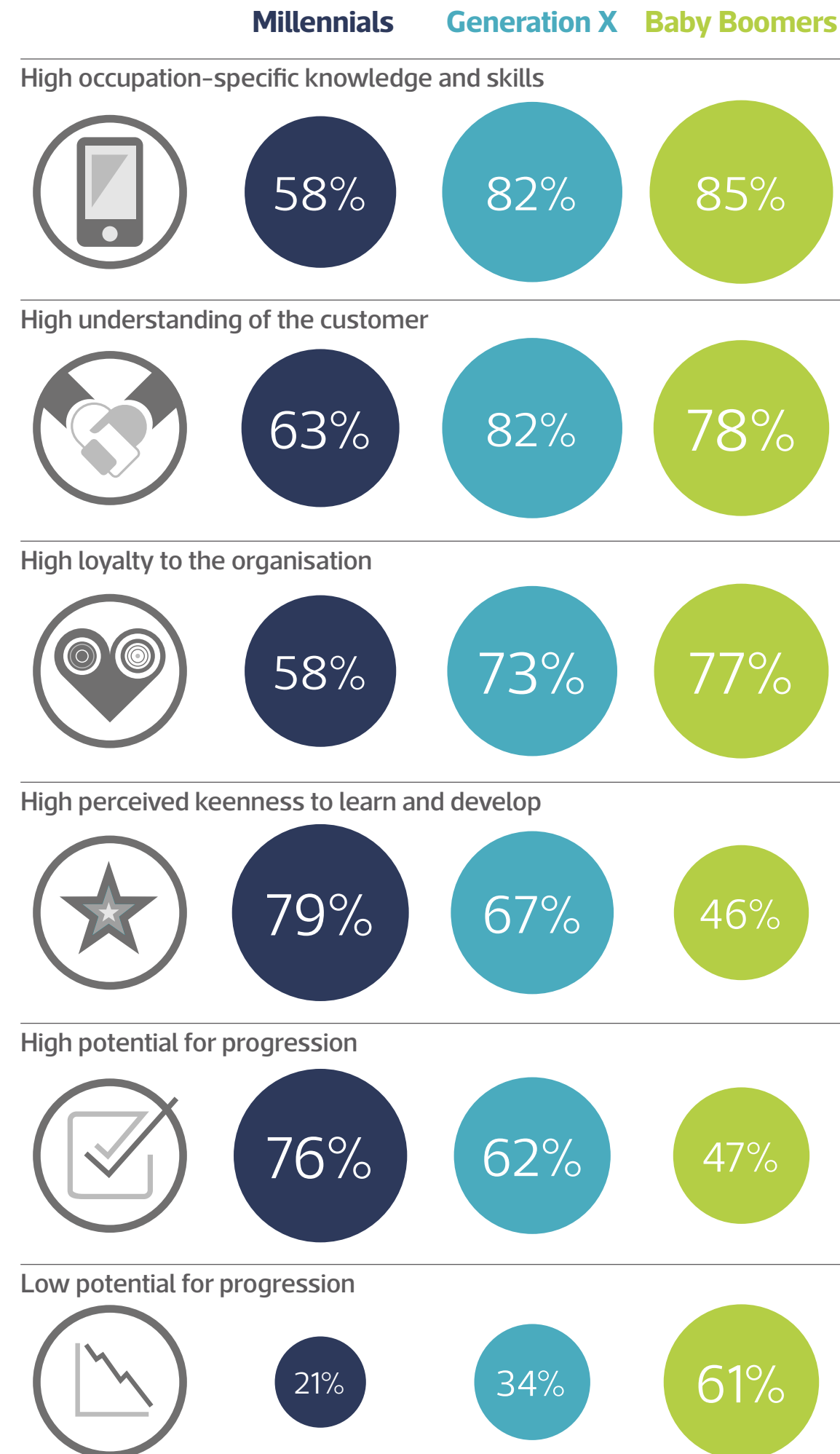
Multi-generational teams aren't an issue

Over a third (35%) of managers lead teams composed of three different generations of staff members, and a further third (36%) have two generations working together. Just a quarter of managers have teams made up of just one generation – and with people working longer into retirement, the number of single generation teams looks set to steadily decrease. The generation mix of a manager's team members had little or no impact on their comfort in managing them, suggesting multi-generational teams don't in themselves present their own set of specific problems.

But there are perceptions that different generations have different skills

While there is little evidence for differing skills between generations, our research shows that different generations are seen as being strongest in certain skills and attributes. Millennials are rated lowest for commercial and financial awareness and having difficult conversations but highest for using social media and working with systems and software. Baby Boomers are rated highly for their occupation-specific knowledge and skills and their understanding of the customer. They are seen as being the most loyal to the organisation and best at coping with setbacks, but low for adapting to new ways of working, using social media and keenness to learn and develop. Generation X are rated highest for their understanding of the customer.

Highly skilled and respected



Low potential for progression

Report findings

Despite the looming leadership talent gap, older workers are often being overlooked when it comes to potential to progress through an organisation. Over 50s are rated highly across the majority of skills and attributes, but their potential for further progression is seen as low (20%), or very low (41%).

The Baby Boomer paradox

Baby Boomer reports are generally viewed very positively by their managers. They score consistently highly across the majority of the skills and attributes we asked managers to rate, including occupation-specific knowledge and skills (85%) and understanding of the customer (78%). They are seen as the most loyal to the organisation (77% rated their Baby Boomer reports as highly loyal, compared to 73% of Generation X and 57% of Millennials) and best at coping with. Areas where they score poorly are for their perceived skills in using social media for work and for adapting to new ways of working (44% for over 50s compared to 63% Generation X, 75% Millennials) and keenness to learn, develop and progress.

Despite this largely positive view of Baby Boomer employees, their perceived potential for progression was rated as either low (20%) or very low (41%). While they rate the same or higher than Millennials for nine out of the 15 measures we asked about, their potential for further progression in their organisation is much lower. We defined 'progression' in our research as 'promotion or increased responsibility in the next three years'.

The perceived potential for progression declines as employees get older. Millennials have the highest potential for progression across all three groups, while Baby Boomers are thought to have the lowest level

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Wisdom is what clients seek and that can only be found in those who have learnt their trade and served their time. Limitless information is but a mouse-click away, yet clients are hungry for recommendations founded on knowledge and sound judgment.

Simon Chalk of Age Partnership

of potential to progress – 61% of managers say their Baby Boomer reports have low or very low potential to progress in their organisation in the next three years.

There is evidence that perceptions of Baby Boomer managers do not match the reality. Managers say that their Baby Boomer employees score low for their keenness to learn, develop and progress (46% scored high compared to 67% of Generation X and 79% of Millennials). However, Baby Boomer managers actually rate their own keenness to learn, develop and progress as second highest out of all three generations – 94% say their keenness was high, beaten only by Generation X at 97%. Millennials trailed in last place with 87% rating themselves high for their eagerness to learn, develop and progress.

Figure 2: Who has the right skills?

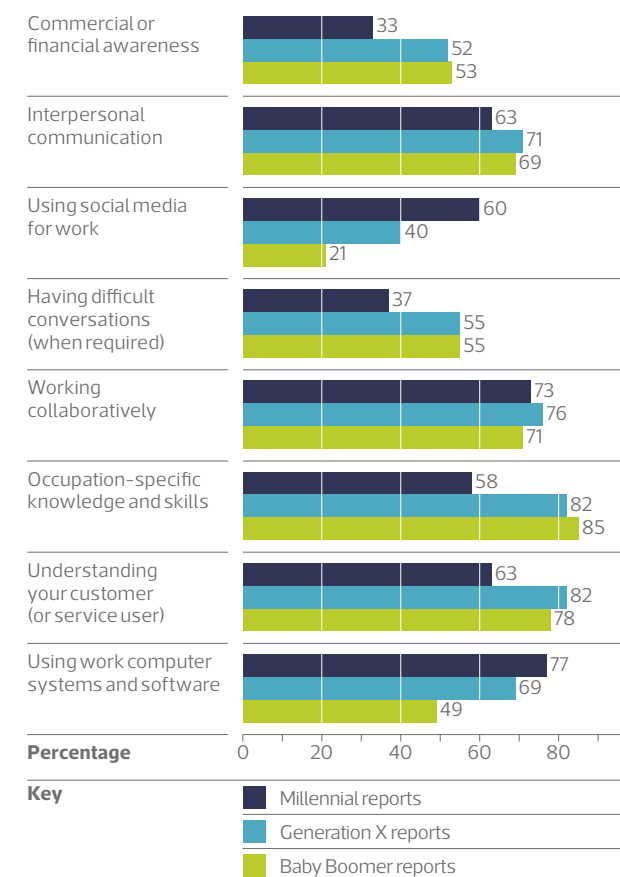


Figure 4: What do I think of my team member's potential to progress?

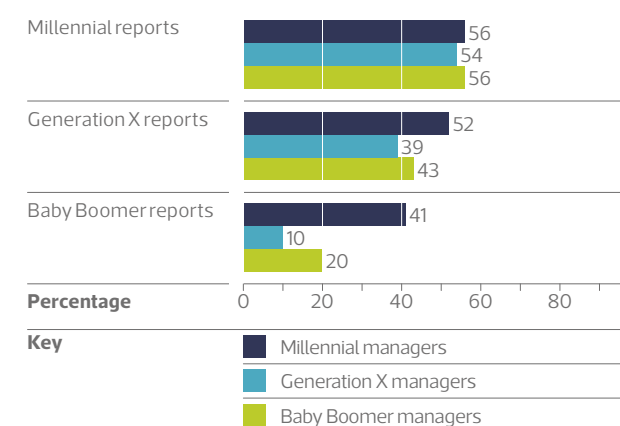


Figure 3: Who has the right attributes?

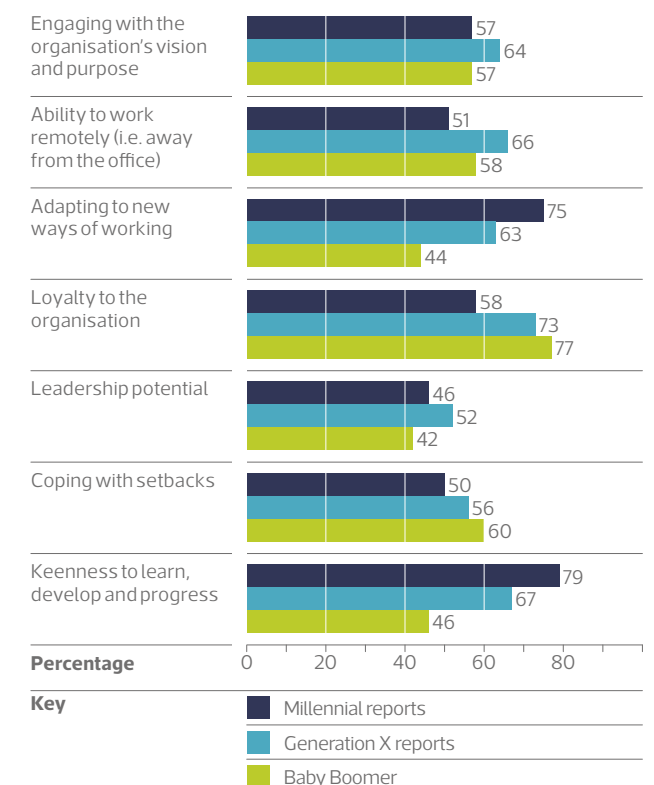
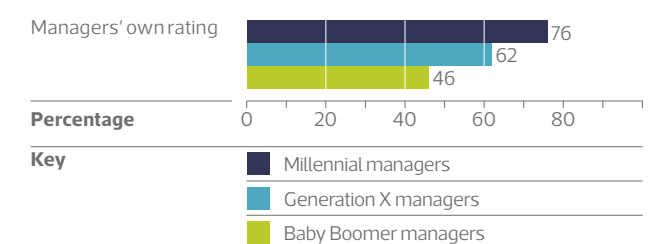


Figure 5: What do I think of my own potential to progress?



Not so different after all

Multi-generational teams are now very much the norm, with three-quarters of managers (75%) leading teams with members from different generations.

Over a third (35%) of managers lead teams composed of three different generations of staff members, and a further third (36%) have two generations working together. Just a quarter of managers have teams made up of just one generation – and with people working longer into retirement, the number of multi-generation teams looks set to steadily increase.

Having a generationally diverse workforce encourages diversity of thought and potentially mirrors an organisations’ customer base, which is also going through a demographic shift. Building and developing a diverse workforce is the right thing for business to do both commercially and ethically.

Our survey shows there is little impact on how comfortable managers feel about managing a team member according to their generation, and in fact were fairly comfortable managing all of their reports, whatever their generation. 68% of managers rate their comfort level as high or very high for managing Generation X and Baby Boomer staff members, and 71% rate their comfort levels as high or very high for managing Millennials.

However, a manager’s own generation does have some bearing on their comfort levels. Millennials are least comfortable in managing people generally, and are actually most comfortable managing Baby Boomer staff members (83% said they were very or highly comfortable). The feeling is mutual – Baby Boomers are also most comfortable managing Millennial team members (90%), suggesting there is a mutual respect and understanding between the two generations.

Rather than age being a divisive factor, it is just one of a series of differences that need to be accommodated by adapting the way you manage and lead your teams. The more diverse the team, the more time leaders

and managers need to devote to understanding the varying needs, motivations and personalities of their team members rather than simply focusing on the generational group they belong to.

A perception problem

Our research found there is a clear shared perception among managers that different generations have different strengths and weaknesses, and all generations can learn and develop (Yeomans 2011).

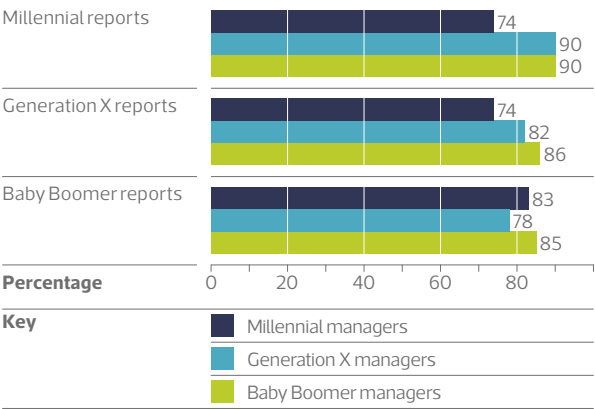
Millennials are rated lowest for commercial and financial awareness (33% were rated high for their skill in this area) and having difficult conversations (37%), with Generation X most critical of them in both of these categories. Generation X are also most critical of Millennials for their commercial or financial awareness (22%), their ability to have difficult conversations (29%), their ability to work remotely (46%) and their commercial or financial awareness (22%).

Millennials are seen as the best at adapting to new ways of working (75%) compared to Generation X (63%) and Baby Boomers (44%).

Our results indicate that Millennials’ significant perceived weaknesses do not appear to impede their perceived potential to progress, but Baby Boomers’ significant perceived strengths are seemingly disregarded when it comes to considering potential for progression.

While scores for leadership potential were modest across the board, older workers were seen to be lacking when compared to their colleagues – just 42% were seen to have high leadership potential compared to 46% of Millennials and 52% of Generation X. This is despite rating their own leadership potential as very high (98%), on a par with Generation X managers and higher than Millennial managers (85%).

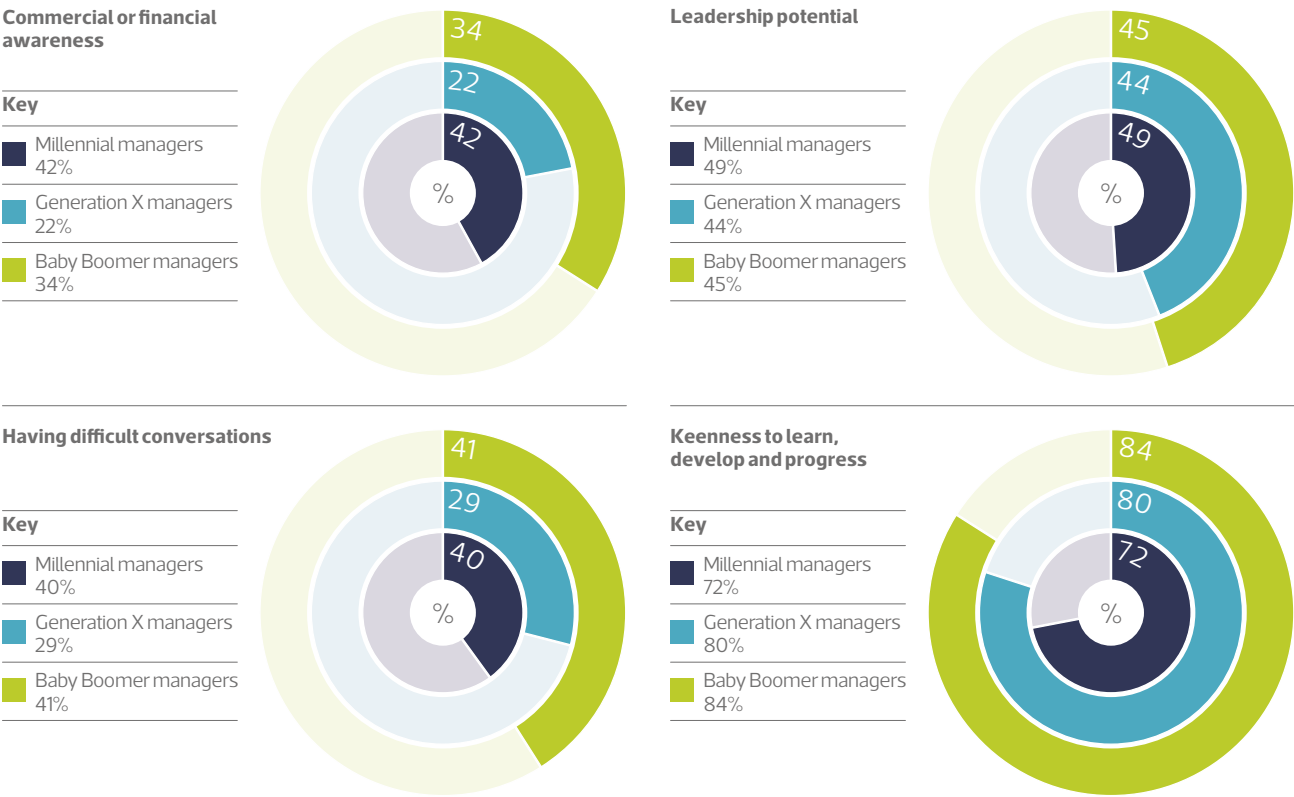
Figure 6: Who do you feel comfortable managing?



“It is very difficult to put (the skills that experienced workers bring) in a job spec.”

Rebecca Boden, Professor of Critical Management, Roehampton Business School

Figure 7: What managers think of Millennials



In the eye of the beholder

Generation X managers stand out as the most critical of all groups when rating both skills and attributes, suggesting they are tougher on peers, team members and managers overall than the other generations.

When it comes to self-rating, Millennials rate themselves consistently lower than Generation X and Baby Boomers across all skills and attributes (apart from in using social media). Rather than being over-confident in their abilities, this shows they are actually quite self-aware regarding their limitations. Generation X, in comparison, rate their own skills and attributes on a par with Baby Boomer managers – considerably higher than the Millennials rated themselves.

Generation X are particularly critical of the commercial and financial awareness, social media skills, ability to

have difficult conversations and leadership potential of all of their reports, whichever generation they are from.

They rate Baby Boomers at just 48% for engaging with their organisation’s vision and mission compared to the Baby Boomers and Millennial managers, who rated them at 61%. Generation X are also particularly critical of Millennials’ commercial and financial awareness (rating them just 22%, compared to 34% of Baby Boomers and 42% of Millennial managers), and the leadership potential of Baby Boomers, rating them just 28% compared to 47% Baby Boomers and 50% Millennials.

This suggests that it isn’t really the generation of those you manage that is an issue, but a manager’s own generation may affect how easy/hard they find it to lead other individuals and how they rate others, with Generation X shown to be most critical and negative of all of their direct reports, whatever their generation.

Figure 8: How managers see the skills of each generation

Millennials			Generation X			Baby Boomers		
Seen as best at		▲	Seen as best at		▲	Seen as best at		▲
Keeness to learn and develop	79%		Understanding the customer	82%		Occupation-specific knowledge and skills	85%	
Using systems and software	77%		Working collaboratively	76%		Loyalty to the organisation	77%	
Adapting to new ways of working	75%		Interpersonal communication	71%		Coping with setbacks	60%	
Using social media for work	60%		Ability to work remotely	66%		Commercial and financial awareness	53%	
Seen as worst at		▼	Seen as worst at		▼	Seen as worst at		▼
Understanding the customer	63%		Engaging with vision and strategy	64%		Using systems and software	49%	
Occupation-specific knowledge and skills	58%		Leadership potential	52%		Keeness to learn, develop and progress	46%	
Commercial and financial awareness	33%					Adapting to new ways of working	44%	
Having difficult conversations	33%					Leadership potential	42%	
						Using social media for work	21%	

Figure 9: What managers think of Generation X

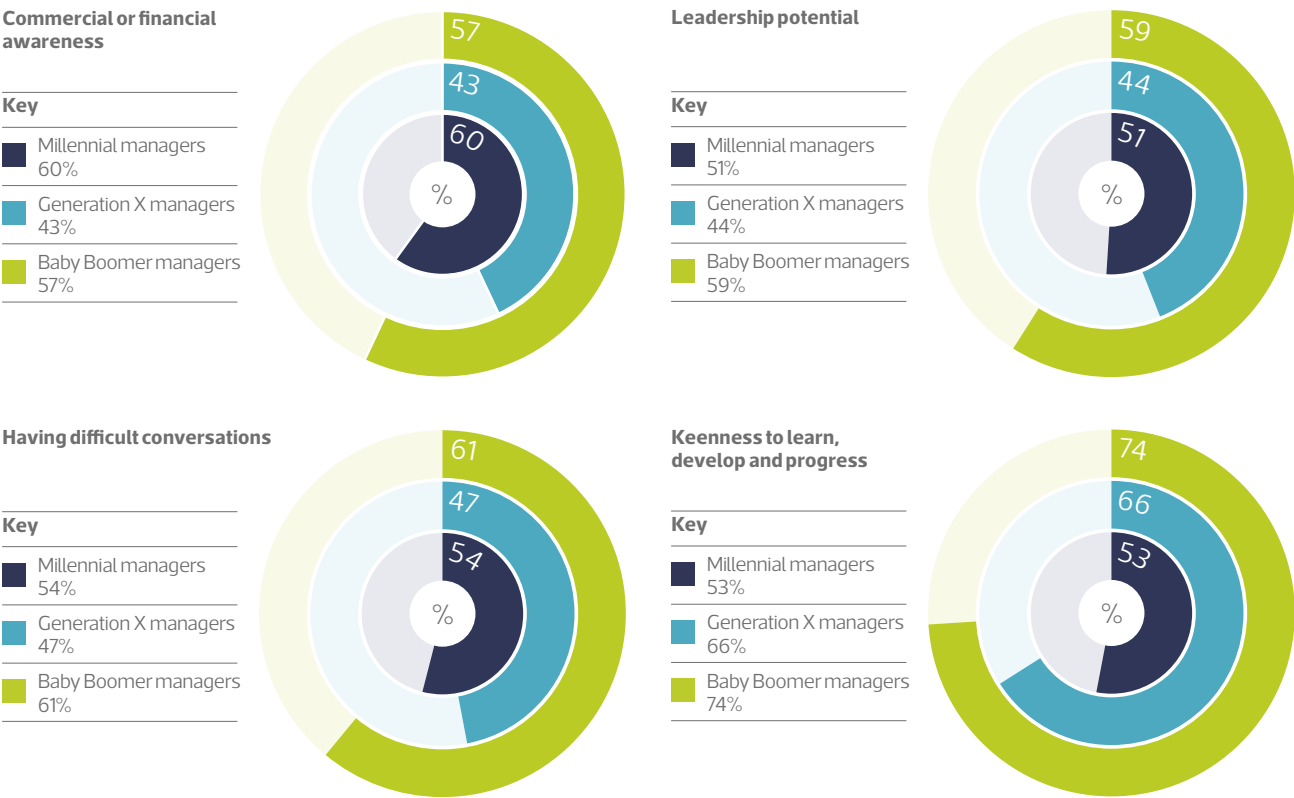
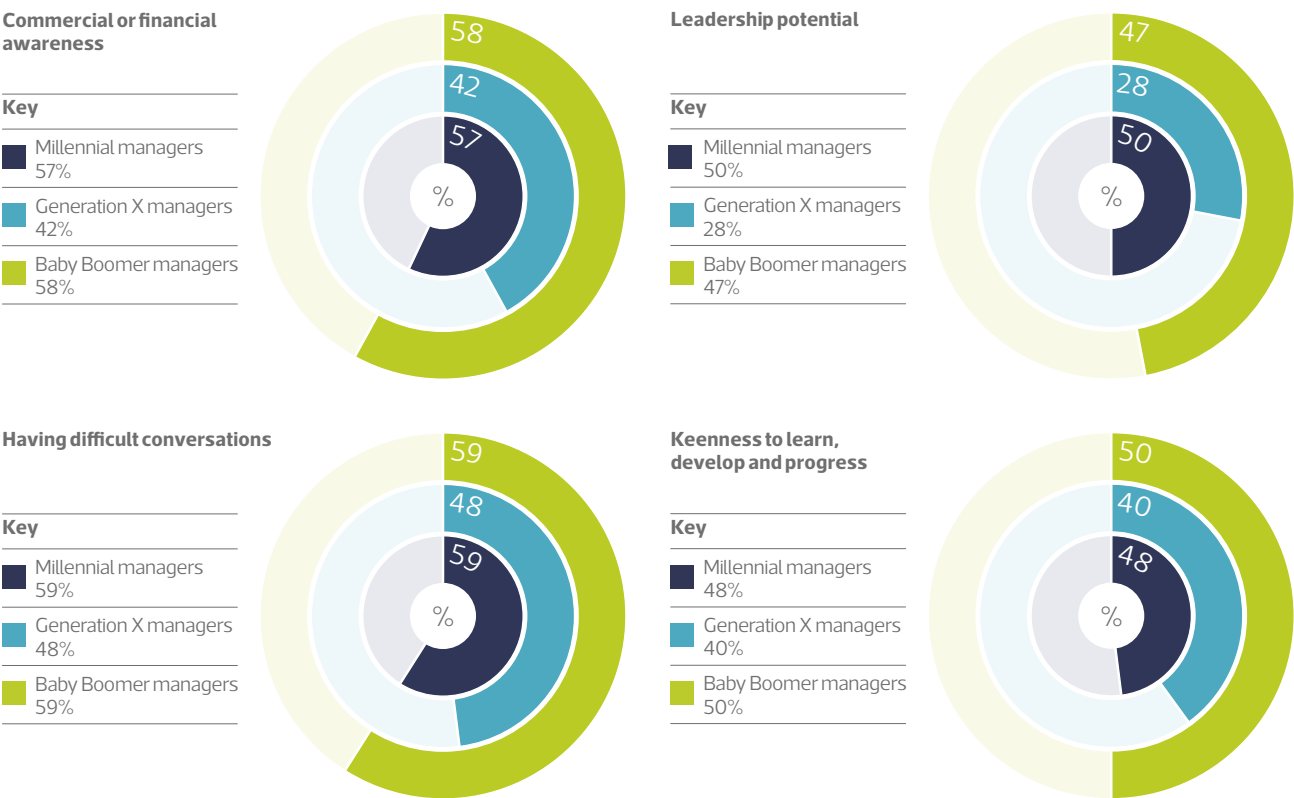


Figure 10: What managers think of Baby Boomers



Methodology

The research was conducted during February 2015. The aim of the research was to find out how common multi-generational teams are, and whether the skills and attributes of managers and their team members vary across the generations.

Primary data was collected via an online survey and includes the responses of 1,409 people. Respondents were a mixture of ILM members and non-members (managers, provided by a market research agency panel). The questionnaire consisted of mainly closed response multiple choice questions with opportunities to write comments.

The online survey was conducted in line with the Market Research Society Code of Conduct and both the online community participants and the online survey respondents were incentivised. Respondents were allowed to remain anonymous if they wished, and the focus on generational difference was made clear to respondents by the end of the survey.

A round table event was held with representatives from a variety of sectors. Participants were asked to address three key areas: the business case for an age diverse workforce, the particular skills and attributes that older people bring to work, and how the different generations relate in the workplace. These discussions informed the interpretation of the survey and the formulation of the recommendations.

Conclusions and recommendations

While Baby Boomer managers are largely respected and valued in their organisations, there are still common misconceptions concerning skills and attributes. Dispelling these generational myths is an important first step to capitalising on and developing older talent.

Recognise the benefits of an age diverse workforce

Our research shows that although there are still some negative stereotypes concerning older workers, these are outweighed by more the positive ones, which include high levels of occupation-specific knowledge and understanding of the customer. Other studies have identified the importance of experience, sound judgment, commitment to quality, low labour turnover, low absenteeism, and punctuality, but these qualities were identified as not being highly valued by employers (Tishman et al. 2012). The ability of experienced workers to have difficult conversations and moderate their emotions is one that was recognised and appreciated in our survey. Older workers bring experience and valuable organisational knowledge to the team mix.

Give 'experience' a name

Our findings indicate that the experience and skills of older workers are recognised and respected by their managers, but other research highlights how frequently the retention of older workers is not seen as important and that they are 'eased out' rather than invested in (Ropes & Ypsilanti 2012). The collective experience of these older workers is vital organisational knowledge and what that knowledge actually means for the sustainability of the organisation should not only be articulated but valued explicitly. Employers need to be reminded that experience is often only recognised and valued after it has been lost, and so there is a strong case for rewarding it through performance management systems, the passing on of experience being judged as important an objective as any other set during the annual appraisal cycle.

Everyone can keep learning

A clear finding that emerged from our research was the strong opinion held by managers of all ages about the low progression potential of older workers. This lack of potential is not because older workers cannot continue to learn – they consider themselves keen to learn and develop – but that their managers do not share this view. Not only do older workers have the motivation to learn and develop, there is nothing to stop them – numerical ability, word fluency, verbal meaning, inductive reasoning and spatial orientation do not decline until people are in their mid-70s (Crawford 2004, cited in Gosling 2011) and memory, creativity, problem solving, social skills and stress management can be improved through training (Dworschak et al. 2006, cited in Gosling 2011). Despite our finding that managers feel older workers lack skill with technology, older workers are actually becoming increasingly technically competent (Age UK 2013).

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As you get older you've worked through a lot of questions about your identity and get to a point of self-acceptance where you are more effective at work than you would have been when you were younger. The age related changes people have gone through mean they have a stronger focus on quality and the importance of adding value to the job role.

Rachel Saunders, Business in the Community

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You aim to reflect the population that you serve. If you see yourself reflected in the staff, you are more likely to use the services.

Olivia Carlton, Head of Occupational Health, Transport for London

Use coaching to support experienced workers

Although experienced workers describe themselves as keen to learn and develop, their participation in training activities is less than that of their younger colleagues (Gosling 2011). Employers should offer training and development to the whole workforce and not target a particular group. Previous research has shown that men over 50 are the least likely to be offered training by employers and less likely to have access to jobs that offer training (Canduela et al. 2012), despite the fact that training and skills development have been identified (Towers Perrin 2007) as of extreme importance in retaining mature talent. But as well as a lack of organisational recognition of the importance of continuing to train and develop all workers, older workers face additional psychological barriers to participation, a significant barrier being stereotyping about their capability (Gosling 2011). The best training is tailored to the needs of the individual, so rather than attending generic training courses, older workers

can benefit more from specific interventions such as coaching to ensure their learning needs are responded to on an individual basis; they can learn at their own pace and not feel intimidated by more formal learning situations.

Don't lose the experience – create a network of alumni

Although our research did not focus specifically on the different experience of male and female older workers, other studies have suggested that, when they retire, the loss of networks is particularly acute for male workers.

Janet Morrison, Chief Executive of Independent Age, commented in October 2014 on this problem: “Our new research highlights the importance of social contact to older men”. Keeping in touch with recently retired workers and formalising that relationship, through, for example, mentoring, can assist in the transition from working life to retirement. Even better, retaining formal working links with older workers through part-time contracts, freelance/consulting work or portfolio working ensures benefits for the organisation and the individual.

Baroness Sally Greengross, Chief Executive of ILC-UK, has called for “professional bodies [to] consider creating post-retirement clubs for their workforce, especially in male-dominated industries”.

ILM's Head of Membership, Janet Payne, supports this call: “Becoming a member of a professional body such as ILM gives you instant access to thousands of professional leaders and managers. Such networks can be as important in the latter stages of ones career as when starting out. We particularly value the contribution our senior and retired members make to the ILM community, acting as role models, mentors and responding to requests for advice and assistance, and we'll continue to work with them, seeking further opportunities for experience transfer.”

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The Institute of Leadership & Management is a company limited by guarantee (Reg No 601049) and registered as a charity in England and Wales (Reg No 248226) and in Scotland (Reg No SC039693) Published by the Institute of Leadership & Management November 2016.

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