



## CHAPTER FIFTY-SEVEN

---

# HOW OLD YOU ARE MAY DEPEND ON WHERE YOU WORK

---

Barbara S. Lawrence

*Lockheed Martin has had four Titan launch failures in the last few years. We're losing our experience base with retirements and incentives for older employees to leave.*

ANONYMOUS AEROSPACE ENGINEER, JULY 1999

*In three years he [Reuben Singh, 21-year-old CEO, Miss Attitude] had gone from nothing to a turnover of 215 million with 700 staff. He started with his own money but, when he went to the banks for backing, they said they liked the idea but there was no way they would back such a young management team.*

CHRIS HUMPHRIES, BRITISH CHAMBERS OF CONGRESS, DECEMBER 1998<sup>1</sup>

*I'm asking that people don't stay in a rut and say I've got to have a bigger accelerator. . . . Take a look at the age distribution of the particle physics community and see if you see the vibrancy. I want to stir the pot.*

DAN GOLDIN, NASA DIRECTOR, JULY 1999<sup>2</sup>

To many managers, the preceding comments represent a familiar refrain. They also represent age effects—any event that can be attributed, either directly or indirectly, to the ages of employees. A company's age distribution

influences strategic human-resources planning and the success of its intraindustry or business-unit relationships. Today's dot-com, global, and FBC (faster, better, cheaper) business arena requires having the right people, in the right place, and at the right time. Success demands tight links between business objectives and people-planning activities, and studies consistently show that people of different ages have distinct commitments, needs, expectations—even values.<sup>3</sup> Thus, a critical strategic concern, one that influences a company's success in achieving its ultimate mission, is not just to design organizations that enhance employees' productivity but to design organizations that enhance employees' contributions *throughout their lives*.

*A critical strategic concern, one that influences a company's success in achieving its ultimate mission, is not just to design organizations that enhance employees' productivity but to design organizations that enhance employees' contributions throughout their lives.*

Addressing this concern seems a simple task. Aging is an unchangeable fact of life; thus, solutions that are workable in one company should work in others. However, recent research shows that age influences behavior in ways that have nothing to do with clock time.<sup>4</sup> First, age means something different to people in different organizations, occupations, and industries. People view a middle-aged proposal writer in aerospace as "having experience," whereas a middle-aged scriptwriter in Hollywood is "over the hill." Second, age distributions influence opportunity and interaction. A large group of people who don't retire inhibits job opportunities for everyone else, potentially increasing frustration and turnover. The result of these age effects is that some age-related employment problems are actually *created* by organizations rather than the other way around. Indeed, how old you are may be determined by where you work.

---

## Organizations Define, and Get Defined by, Their Employees' Ages

The fact is, people expect employees' contributions to be predictably age-related.<sup>5</sup> People expect young employees to be idea producers, hotshots, and

enthusiastic as well as inexperienced, immature, and arrogant. People expect middle-aged employees to be more mature and experienced as well as stuck in their careers and resentful. And although people expect older employees to be important decision makers and diplomats, people also see them as on-the-job retirees who sit around gazing out windows. These stereotypes come to mind easily and show how closely we associate an employee's age with his or her productivity.

A reasonable first reaction to these stereotypes is that they are unfortunate but true and that nothing can be done about the productivity issues they raise. After all, aging is aging; no amount of hair color, face-lifts, or pectoral implants can change an employee's age. Consistent with this assumption, researchers have worked to identify and describe the invariant effects of age on employees, recommending that organizations adapt to their employees' age-related needs. The results of such adaptations are easily observed, for instance, in the increasing number of companies that house day-care facilities, encourage on-site exercise programs, phased retirement plans, and the like. However, the opposite also appears to be true: employees may adapt to the age definitions of their companies. As unusual as this sounds, it suggests that companies add a question to their tool kit for long-range planning: "How do firm-specific, as opposed to employee-specific, age factors influence my ability to implement business strategy successfully?" A look at the aerospace industry over the past 30 years, with TRW as an example, provides some insight on this question.

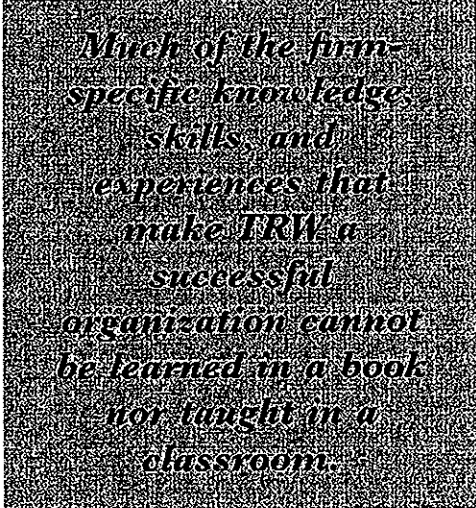
### **Example: TRW**

Let's start with some background. The aerospace industry has ridden an employment roller coaster over the past 30 years. During the late 1960s and early 1970s, the end of the Apollo program resulted in layoffs and limits on hiring young research and development engineers. The late 1970s and early 1980s witnessed a dramatic increase in government defense spending and a concomitant expansion in aerospace employment. However, as the Reagan years ended in the late 1980s and early 1990s, defense spending declined rapidly, and this resulted in downsizing once again. The 1990s result of these economically induced employment patterns is that age distributions in these firms are bimodal: there are younger recent hires and older long-tenured engineers and managers, but relatively few in the middle. The numbers problems this creates are simple to see, yet their ramifications extend considerably beyond the numbers.

TRW, for instance, is similar to many established aerospace firms: profitability depends on its ability to obtain and successfully complete large contracts. Managers running these contracts require many years' experience, because,

cradle to grave, projects may take 10 years or more. Traditionally, project know-how has been passed from one generation of managers to the next. The firm entrusts older, 30-year veterans to train middle-aged, 15-year managers and middle-aged, 15-year managers to develop younger, 5-year engineers. This process maintained TRW's expertise with managing projects and contracts for many years. Now, however, the big gap between young and old employees is seriously damaging the firm's informal mechanisms for training and development. The 30-year veterans have few midlevel managers to teach, and there are insufficient numbers of midlevel managers to train promising entry-level engineers. As a result, TRW is losing its experience base.

The company has not ignored this management gap and loss of experience base. ISO 9001, additional registrations, and increased numbers of employee-training programs are helping TRW capture and pass on its formal processes. Moreover, the company is addressing its management gap by "filling in the middle." It promotes young engineers, hires outsiders, and rehires retired employees as consultants. Although these solutions help, they do not address the more difficult side of the problem. Much of the firm-specific knowledge, skills, and experiences that



*Much of the firm-specific knowledge, skills, and experiences that make TRW a successful organization cannot be learned in a book nor taught in a classroom.*

make TRW a successful organization cannot be learned in a book nor taught in a classroom. If this were possible, any company could quickly imitate the capabilities that distinguish TRW from its competitors.

It is these hard-to-capture capabilities that are in jeopardy. Filling in the middle mitigates the short-term missing-body problem, but it does not address the long-term experience issue. Moreover, this strategy creates new employment concerns that may indirectly sabotage its success. The young engineers are skilled, but they are being placed in positions for which they have insufficient experience and for which they receive little guidance. Consequently, the risk of failure is high, and when it occurs, it labels these employees forever. Hiring outsiders runs counter to TRW's long-standing culture of development from within. Current employees who lose their career opportunities to these outsiders get frustrated and angry. Finally, although rehiring retired employees as consultants works as a stopgap measure, consultants don't run projects. Thus, although TRW's response to losing its experience base fills slots, it is high risk,

it may destroy promising young employees, it angers long-term employees, and it doesn't solve the experience problem.

Why hasn't TRW turned to its older, more experienced managers to help resolve this crisis? Prevailing wisdom states that if an older manager is any good, he or she is already unavailable. End of story. This unspoken, potentially inaccurate, age-related evaluation is a potent deterrent to utilizing older employees. Yet many older managers are available, not because they aren't qualified but because they belong to a large cohort of employees who, over the years, have been competing for a relatively small number of jobs. Thus, bypassing these managers not only ignores underutilized social capital; it produces irritated, discouraged employees who take early retirement or become disinterested observers. As one older manager commented, "If they don't like it, they can go stuff themselves. I'm 53, and they won't fire me because of age-discrimination suits." One way or another, TRW loses the assets of their experience.

In this company and others in the aerospace industry, economic slowdowns and industry reconfigurations have produced a distinctive employee age distribution that influences a wide variety of employment concerns. The situation is making it difficult to maintain the past 30 years of aerospace experience, and this problem can no longer be fixed by a steady stream of new, eager, young employees. TRW doesn't have a large pool of experienced managers, nor is it planning to capture the experience of employees soon to retire. How can employment problems like these be better understood, and what can be done about them? A first step is to identify the firm-specific elements of an organization's age: age distributions and age norms.

### Age Distributions

Age distributions are the number of employees of each age in a given position, organization, or industry. The TRW example above shows that age distributions influence employees' opportunities, not just at the top but at all levels within an organization. Who gets promoted when, who gets left where, and what jobs will become available are strongly influenced by the distribution of ages in each position. When we consider turnover, retirement, and organizational growth or retrenchment, we can predict what a company's age distribution will look like in five

On a broader scale, the age distribution of the workforce is also predictable. The fact that American baby boomers are reaching the end of their careers in the 2000s was easily predicted in the 1960s. The impact of this large group on job opportunities for younger employees was also predictable. As noted by Ron

Zemke of *Training* magazine, “78 million baby boomers are standing between every Generation Xer with senior management aspirations and the mahogany goal box in the corporate maze.”<sup>6</sup> The age distribution at any given time is directly related to the age distribution at a previous time as well as to the distribution at a later time. The direct impact of age distributions on employment problems is straightforward. The middle-management gap TRW is experiencing could have been anticipated and planned for 20 years ago.

## Age Norms

Age norms are people’s shared beliefs about the typical ages of individuals within a given position and the shared meanings those beliefs generate within an occupation or organization. Age norms have been observed in all social systems ever studied, from the Yako tribe of Nigeria to U.S. and Japanese corporations. Everyday events provide evidence of such norms.<sup>7</sup> When meeting a new person, one of the first things we do is assess his or her age. This very basic information provides us with a set of expectations and thus with a rough idea of how to communicate. What kind of experiences is this person likely to have had? How similar to or different from us is he or she likely to be? Age norms influence behavior *indirectly*, because the precise age itself is not the issue. Age acts only as a coartrack on which we hang our expectations, and it is these expectations that influence behavior. We are surprised only when our expectations are violated—for instance, when the “young” person sitting next to us on the airplane turns out to be the CEO of an established company or when the “old” flight attendant serving us lunch is a trainee.

*Age acts only as a coartrack on which we hang our expectations, and it is these expectations that influence behavior.*

In organizations, the most common age norms are those that employees develop around career progress and position. People assess their own progress and that of others by evaluating the typical ages of employees in a given position. Employees who are seen as “young” for their position invariably have an easier time getting good evaluations than employees who are seen as “old” for their position. Such evaluations can be observed in comments so commonly heard as to be clichés, such as “How did she get that job? She’s so young!” and “If they don’t give him his promotion now, he can forget it. He’s too old

for another chance.” In the TRW example, age norms are making it difficult for senior management to reconsider the value of its older managers, because “If they are available, they mustn’t be very good.”

Over time, such informal, age-related assessments create career timetables.<sup>8</sup> In occupations in which success means moving up a career ladder, everyone knows which employees are on schedule, ahead of schedule, or behind schedule. The fast-trackers are easily distinguished from the also-rans. In occupations in which success means higher status rather than higher position, first choice for training in a robotics conversion, control over daily work schedules, or highest number of grants awarded may indicate who is ahead of and behind schedule. No matter what jobs people hold in an organization, employees develop expectations about where people should be and in what tasks they should be engaged at every given age.

The result of an organization’s age is that how old you are is determined by where you work. Far from being predictably identical in all organizations, age-related behavior is distinctively firm-specific. The character and impact of age distributions and age norms on employees varies from one situation to the next. In order to make these elements useful for predicting and resolving strategic problems—that is, problems that endanger a firm’s ability to achieve its mission—we need to know more about where an organization’s age comes from and how it influences behavior.

---

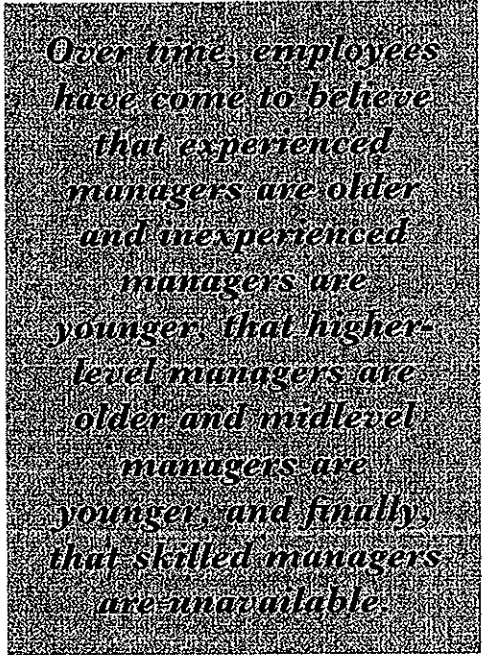
## Where Do These Age-Related Features Come From?

Almost all organizations have age distributions that span the age range, from young entry-level employees to older employees close to retirement. The shape of these distributions depends on factors both internal and external to the organization. Internal factors that influence organizational age distributions include an organization’s past and present recruitment, retention, and retirement policies. Many companies—such as IBM, TRW, and Arco—have offered special retirement packages to encourage older employees to retire early, and this decreases their employees’ average age. Other companies, such as investment banks and consulting firms, prefer 22- to 24-year-olds for entry-level associate positions, and this creates an extremely narrow age band for these employees. External factors that influence organizational age distributions include technological changes, economic conditions, the social desirability of occupations, and the age distribution of the workforce. For example, dying occupations such as elevator operator tend to have more older workers than relatively new occupations such as computer programmer. The 1998 Annual Employment Aver-

ages from the U.S. Current Population Survey shows that 50 percent of U.S. elevator operators are 55 years old or older, whereas only 4 percent of U.S. computer programmers fall in the same age category.<sup>9</sup>

Age norms appear to evolve at least in part from these age distributions. People look around and make some assessment of the ages of those in a given position or occupation. When these judgments are widely shared among a group of people, they become norms. Traditional retirement ages provide an example. Because people typically retire between 62 and 65 in the United States, a widely shared perception is that working people are younger than these ages and, conversely, that retired people are older than these ages. Thus, when we see older employees, we either assume they are younger than retirement age or categorize them as “exceptions” to the norm—perhaps superhigh performers, eccentrics, or the boss’s uncle. But we do see them as different. Such norms for older employees also exist in Japan, but the age at which they occur differs. In Japan, the typical retirement age in many large firms is around 50 years old. With the Asian economic downturn, Japanese workers are being “encouraged” to retire even earlier by bullying and other exclusionary social practices.<sup>10</sup> Thus, although the age norms for older employees might be similar in Japan and the United States, the age at which these norms are applied differs.

Some of TRW’s problems result from age norms. The company’s pattern of hiring, retention, and promotion has tightly coupled an employee’s career level, skill, and experience with his or her age. Over time, employees have come to believe that experienced managers are older and inexperienced managers are younger, that higher-level managers are older and midlevel managers are younger, and finally, that skilled managers are unavailable. These beliefs have become age norms: employees accept these age-status-experience-skill relationships as the way things work, and this helps explain why it’s so difficult for TRW to see alternate solutions for its experience-base problems. Solutions that require thinking outside this box are difficult to contemplate. In this way, age distributions have produced age norms that are obstacles to the firm’s finding solutions to a problem that threatens its competitive



*Over time, employees have come to believe that experienced managers are older and inexperienced managers are younger, that higher-level managers are older and midlevel managers are younger, and finally, that skilled managers are unavailable.*



advantage. On first glance, age norms appear difficult to separate from age distributions. However, age norms differ from age distributions in at least two respects. First, age norms are based on employees' *perceptions* of actual ages, whereas age distributions are the actual ages. Second, age norms characterize only the *most likely* age perceptions of a given position, occupation, or organization. They represent employees' translation of objective information into their own subjective understanding of "how things work around here." In contrast, age distributions portray the actual range and variation across all ages.

Both kinds of firm-specific information about age are difficult for employees to access. Unless they routinely handle such information, most employees require help to detect their firm's age distributions. Even routine handling doesn't seem to guarantee accuracy. In an electric utility studied by the author, a human-resources manager, when presented with the age distribution of middle management (his own position), was shocked to find that he was actually "ahead of schedule," younger than the typical age for his position, rather than behind schedule as he had expected. This is a surprising reaction for someone who should be aware of his firm's age distribution, yet such misperceptions appear to be common. Employees have even more difficulty identifying age norms. If asked directly, they are likely to say, "Age exerts no impact at our firm. We just hire and promote the best people we can find."

---

## How Do These Age-Related Features Impact Organizations?

The examples thus far show that an organization's age influences firms and their employees in many ways. In order to make sense out of these diverse effects, it helps to draw contrasts across *contexts* and *time periods*.

Age distributions and age norms may vary in different areas within an organization, say, by functional area or occupation. This may occur because some jobs require more training than others and thus tend to have older workers. It may occur because "new" jobs, such as those involving Web-based programming, appeal to younger workers. Or it may occur because changing market and economic conditions alter the occupation's age distribution.

In many utilities, for example, operations employees are older than finance and marketing employees. Twenty years ago, the top positions in American utilities were held by operations employees in their late forties and fifties because this background was considered critical for running a successful utility. The years required to obtain operations expertise in combination with a stable, regulated industry produced long, slow careers and older senior managers. Today, this is no longer the case. Deregulation has made finance and marketing

more central to a utility's survival, and people with these backgrounds now hold the top-management jobs. One result is that senior managers are younger than they used to be: expertise in finance and marketing requires fewer years of training than expertise in operations. Another result is that age norms for management careers have changed dramatically. Employees now expect valued managers to be younger and to experience faster promotions than they once did.

Even two companies within the same industry may have widely different age distributions, and this may influence the success of their interactions. Consider the following story about a failed merger attempt. The top executives in the first firm were in their early forties, whereas the top executives in the second firm were all around 60. The two groups started negotiating amicably enough; however, it soon became clear that the younger executives viewed the older executives as "old fogies" and, conversely, that the older executives saw the younger executives as "young upstarts." Each group unconsciously evaluated the ability of the other group against the age norms in its own firm. These unconscious evaluations impeded talks to the point that important differences could not be resolved. (P.S.: The merger failed, not for reasons that had anything to do with business but because of age differences.)

In addition to organizational age differences across and within contexts, managers must also consider the likely duration—past, present, and future—of organizational age and the reasons why the organizational age is defined the way it is. For example, the organizational age that characterizes a professional baseball team is relatively permanent and unlikely to change. Be-

ing a successful baseball player requires physical skills limited to individuals who are approximately 20 to 40 years old. Unless medical advances change the years of our peak physical abilities, the past, present, and future age of a baseball team is unlikely to change. Similarly, an established company in a stable market is likely to have a relatively permanent organizational age.

When change occurs, it may result from an evolution, such as the aging of current employees over time, or from a revolution, such as major changes in leadership or the economy. Microsoft provides an example of evolution. As is typical of most software firms, Microsoft started with a truncated age distribution: it was populated by young employees in their twenties. This lopsided age distribution was reflected by corporate pastimes such as team sports.



*An established  
company in a stable  
market is likely to  
have a relatively  
permanent  
organizational age.*

However, as the company has aged, its employees have aged with it. Many now have families, and this has increased concerns for day care and balanced work lives, concerns that would once have been greeted with some scorn. Yet employees have accepted these changes with relative ease for two reasons. First, there were no existing age norms for "older" employees and thus no age norms to violate when the changes occurred. Second, the changes were led by high-status employees, those with the longest organizational tenure and at the highest career levels.

Faster, dramatic change in an existing firm or industry is revolutionary. Current employees find it difficult when age norms that represent their psychological contract with the firm are discarded. According to Al Barnes, provost of IBM's Advanced Business Institute, industry competition has dramatically reshaped IBM's age distribution. Unlike the Microsoft example, this reshaping has occurred with considerable pain through massive reductions in workforce, multiple reorganizations, and massive hiring of a new "style" of employee. Ten years ago, a manager's career timetable was well specified by both age and number of years in position. Managers were groomed from within the ranks, and when promising managers got "off schedule," efforts were made to get them "back on track."

Today, much of the lore of an IBM career has been replaced. Careers at IBM are more diverse, and to some extent, age has been decoupled from career progress. Young employees are not necessarily groomed for managerial careers from the moment they arrive. A "career" may involve only a few years during an employee's twenties. IBM still tries to hire the best and brightest young employees, but it hires them with the expectation that they may, and are even likely to, leave for high-tech start-ups after a few years. Some middle-aged managers are still groomed for senior-management jobs, but it's a much smaller, more select group. Moreover, with geographic dispersion, increasing use of home offices, and reliance on e-mail and Lotus Notes, an employee's physical appearance no longer provides the powerful indicator of age and experience that it once did. Despite the difficulty of the transition, IBM is entering the world of Orson Scott Card's *Ender's Game*,<sup>11</sup> in which two children change world politics through Internet communication: their words are mature, and their ages can't be seen.

---

## Organizational Implications

Up to this point, I have described age distributions and age norms, how they influence business operations, and how they vary in different settings. However,

an important question that remains is how to assess and make use of these differences. Research suggests that “homogeneous” and “heterogeneous” age groups located within an age distribution influence the age norms that evolve.<sup>12</sup> Homogeneous age groups are age distributions with clumps of employees of similar ages. These age groups are likely to produce rigid age-specific norms.

In contrast, heterogeneous age groups, age distributions with wide variation in employees’ ages across the life span, are likely to produce weak age norms. If employees of all ages are hired for a given position, no employee stands out. In most organizations, reality lies somewhere in between; however, these extremes provide us with a way to examine how organizations create their own problems through age distributions and age norms. Age homogeneity holds some distinct advantages for achieving specific strategic goals; over the long run, though, age heterogeneity provides a more flexible organizational contribution.

### Advantages of Age Homogeneity

When everyone seems similar in age, a bond develops that eases interaction and provides support for group members. This happens by chance in some organizations and by intention in others. The design staff of 30sixty, a graphics firm, are in their twenties and thirties. They work well together and are “up” on the latest design trends and computer-graphics techniques. CEO Henry Vizcarra doesn’t try to keep the age distribution narrow; it just ends up that way. There are few older job applicants. And when asked what happens to current employees as they grow older, he responded, “They do seem to get itchy in their early thirties. Some of them go out and start their own companies. Some of them just disappear.”

Health Scope Direct, a natural-cosmetics company, provides an example of a more directed approach to age homogeneity.<sup>13</sup> Fraser Hay, CEO and founder, recognizes the importance of having a mixed-aged, mixed-experience management team, but he finds it easier to work with others of his own age. “It would be good to have the advice and experience of somebody who has been doing it for 20 years, but I’d prefer to work with like-minded individuals. And I am aware of the problems of a cocky 30-year-old trying to tell a guy of 50 what to do.”

A second advantage of age homogeneity is that it simplifies and reduces the cost of hiring. Consider why accounting firms and investment banks hire young college graduates straight out of college. These young employees work in relatively low-level jobs for two years and are then encouraged to go back to school and get an advanced degree, frequently an MBA, before continuing

in their accounting or investment-bank careers. Hiring from this age group decreases the cost of finding a pool of job candidates with the right characteristics. These young graduates tend not to have heavy family commitments; thus, they find a two-year position, with possible relocations, easy to accept. The job can be viewed as a test by both the employee and the employer: it doesn't require a long-term investment. Further, the typical enthusiasm of young college graduates works well for both the company and the employee.

*Age homogeneity may be useful for specific industry environments.*

Third, age homogeneity may be useful for specific industry environments. For instance, homogeneous age groups can provide a competitive advantage to firms in volatile environments. High-risk start-ups, for instance, are looking for bright, ambitious employees willing to work hard in return

for fast promotions, high salaries, and stock options. The speed and agility required by these start-ups are most easily obtained with age-homogeneous employees who don't have to work through the initial difficulties of cross-age-group communication. Moreover, the visibility of these rigid age norms is likely to attract other similar employees, and this reduces the hiring difficulties faced by a risky venture. Another strategy for which homogeneity becomes desirable is matching service workers with customers. One British grocery chain specifically hires checkout clerks who match the profile of its shoppers, reasoning that this increases its customers' in-store comfort. SeaWorld, an Anheuser-Busch theme park, has turned to older service workers, partly because of their availability and dependability, but partly because their attitude works well with the families who visit.

### Disadvantages of Age Homogeneity

In many cases, however, the rigid age norms produced by homogeneous age groups create more problems than they solve. Rigid age norms are great for those who fall in the "right" age range, but they exclude everyone else. Further, these norms create barriers among age groups, making mentoring and other cross-generational training experiences more difficult. A group of young computer engineers reinforces itself in ways that one or two young computer engineers do not. As a result, the group has more problems than the individuals in accepting advice from outsiders. One older manager described the problem in (mock) despair: "My young nerds and nerdettes don't seem to realize that they have to wash their hair if they expect to get into management! There are so many of them working together, they think it [dirty hair] is normal."

Another problem generated by rigid age norms is that they may make age a key success factor in situations in which age is really irrelevant for high performance. Such norms frequently create difficulties for older individuals, even those in their thirties or early forties, attempting to change careers. These individuals must perform a superior job of convincing recruiters of their interest and motivation, because their age places them in a category that, under “normal” circumstances, would exclude them from the job. Highly qualified women returning to work after raising children may also experience this difficulty, not because they are women but because they are now the “wrong” age for the jobs for which they apply. And, in another of many examples, middle-aged scriptwriters in Hollywood’s youth-obsessed environment are well known for submitting scripts through young intermediaries. Organizations are uncomfortable with people whose ages don’t fit.

Financing in the entrepreneurial world provides another example in which age becomes a key success—or in this case, failure—factor. Negative age stereotypes, such as the ones discussed earlier, affect entrepreneurs in every age category. In Silicon Valley’s world of dot-com companies, entrepreneurs are seen as over the hill once they reach 30. The United Kingdom’s financial sector doesn’t like to finance entrepreneurs under 30 because they don’t have sufficient experience.<sup>14</sup> And the U.S. government initiated a 3rd Age Enterprise and Employment (3AEE) group to help entrepreneurs over 45 years old who have been unable to get financing because venture-capital groups see them as too old.<sup>15</sup> The young are inexperienced, the middle-aged are over the hill, and the old don’t have enough energy. Any way you slice it, age is a criterion in financing start-ups.

Another serious problem is that rigid age norms produce “deadwood.” We are familiar with individuals’ having self-fulfilling prophecies; however, organizations can also create prophecies that are self-fulfilling for employees. Although restrictive age norms are good for competitive positions, they define all others as either too young or too old. Such norms may keep up the hopes of the young, but for older employees, they leave no hope. Moreover, it becomes more difficult for managers to see these people as top contributors. As a result, older employees tend to get less positive feedback in the form of good performance ratings, pats on the back, choices of good projects, selections for important committees, and all the other rewards that organizations use to let employees know they are valued.

*Organizations with age norms that label many employees as over the hill are organizations that are creating their own deadwood.*

norms, they appear to influence the norms that develop. Thus, examining age distributions within career ladders permits some cautious predictions about organizational age effects.

Figure 57.1 shows the age distribution of two hypothetical companies. Both have the same number of highly trained mechanics, yet the two companies face distinctly different age issues. Sanding Tool Company's mechanics represent a homogeneous age group. They are nearly all between the ages of 30 and 40. We can make several predictions. First, this firm has rigid age norms for mechanics. This limits its new hires, because it tends to exclude qualified applicants who are too "young" or too "old." Second, in 30 years, when this group retires, the firm will have to completely replace its workforce in a short time period, potentially losing significant company-specific knowledge and skills. Third, if new technology sweeps through the industry, this firm will respond more slowly than others whose balanced organizational tenure distributions provide easier access to information and skills.

Millworkers Incorporated's mechanics represent a heterogeneous age group. They have equal representation across all ages. We can also make several predictions about what will happen here. First, this firm has loose age norms for mechanics. As a result, good mechanics of all ages find this a comfortable work environment. Second, in 30 years, this firm will face no replacement problems and no disruption to work as usual because replacement and training occur systematically each year. Third, this company is likely to respond more quickly than Sanding Tool Company to dramatic technological change because, information, ideas, and experience are available from employees of all ages. Age distributions do not always provide an accurate picture of organizational age norms; however, they may be the best predictors in situations in which additional information is unavailable.

One final note on assessment. The questions suggested here are simple to ask but more difficult to answer. The history of research on age shows that age is a commonplace: everyone has one, and everyone "knows" what it means.<sup>16</sup> However, the meaning that age acquires in an organization is subtly different from the everyday meanings with which we are so familiar. The taken-for-granted quality of these meanings makes it particularly easy to overlook the forest for the trees. As a result, organizational insiders find it difficult to surface and interpret their own organization's age.

*Organizational insiders find it difficult to surface and interpret their own organization's age.*

How do employees respond? If mobile and ambitious, they move or take a job elsewhere. Or more likely, they withdraw from work by changing the balance of their commitments to work and family and engaging in on-the-job retirements. This rebalancing frequently occurs in families in which the father has invested the period of his children's early years at work and now finds his children almost grown up at the same time as his extra investment in work appears less valued. Other "stuck" employees may take out their anger, resentment, and frustration by becoming small-time saboteurs. They exhibit sloppiness in processing accounts, slowdowns in moving decisions through bureaucratic red tape, and disinterest in activities requiring quick turnaround. The point is that organizations with age norms that label many employees as over the hill are organizations that are creating their own deadwood. In many organizations, this includes a large group of expensive employees—those starting at around 40, who receive relatively high salaries and benefits and who intend to remain until retirement.

---

## What Can Be Done?

### Perform an Organizational Diagnosis

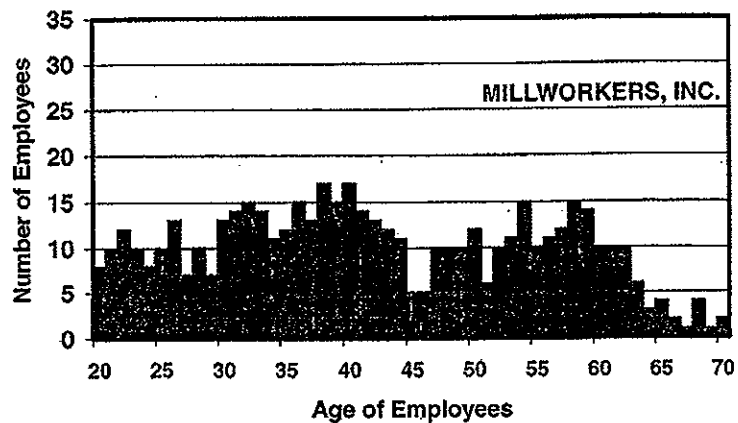
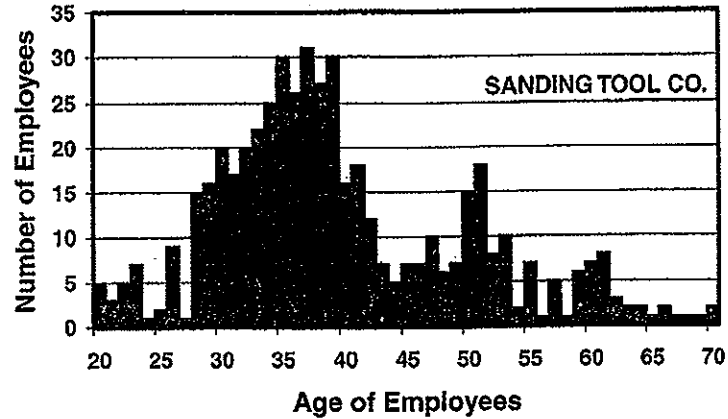
Assessing the impact of any organizational issue starts with corporate strategy. What is it that the company is trying to accomplish, and how does the organization's age help or hinder this accomplishment? A first step is to institute a human-resources assessment. Since age distributions and age norms exist in all organizations, assessment begins not with the question of whether an organization has a certain age but with the question of what that age looks like and what impact it exerts on the firm's employees and external stakeholders.

Reasonable assessment questions include: What does the company's current age distribution look like? What are the implications of this distribution for the next 10 to 20 years in light of the company's corporate strategy and the availability of qualified workers? Can the company maintain sufficient expertise given its current employees? What are the trade-offs between employee turnover and experienced employees? What are the signs of employee nonproductivity that may be related to organizational age issues? Does the company need hotshot individual contributors, and if so, can it afford the cost associated with these employees? What are the costs of deadwood? Organizational age is not inherently good or bad, but knowledge of existing resources and needs is necessary to assess organizational impact.

Age distributions are relatively easy to identify with today's computerized personnel files. And fortunately, although age distributions differ from age



**FIGURE 57.1. AGE DISTRIBUTION FOR MECHANICS IN TWO HYPOTHETICAL COMPANIES (N=510 IN EACH).**



It is much easier for outsiders to assess an organization's age. Outsiders do not begin with the same blinders that insiders acquire after working in an organization for even several years. Outsiders' experiences with different age distributions and age norms in different firms, occupations, and industries provide contrasts that make it easier for them to spot the firm-specific components of another organization's age. Outsiders might include consultants, members of a trade association, new board members, or new senior managers whose external perspective makes it easier for them to "see" what is going on. In a family firm, a grown child's MBA friends from different industries could also

provide the necessary external perspective. In one interfirm example, Barclays Mercantile has initiated a "30 under 30" competition in which successful twenty-something entrepreneurs evaluate the business plans of other twenty-something hopefuls.

### **Match Action Steps to Your Organization**

Obviously, if an organization's age supports a desirable distribution of employees and work expectations, then nothing needs to be changed. However, in today's expanding and hypercompetitive markets, managers must develop strategies that set distributional priorities for the continuing changes that will characterize the economic and political landscape of the 2000s. For organizations in which a change in organizational age seems desirable, various options should be considered.

***Suggestions for Employment Problems Created by Age Distributions.*** One suggestion for age-distribution problems, such as an insufficient number of experienced employees or too few available positions, is simple in principle: modify the age distribution. Modifications are relatively easy during times of organizational growth. Growth gives managers flexibility in creating new positions and providing career opportunities. Hiring more or fewer employees of a given age in a given position ensures that a reasonable number of experienced employees will be available in the future. Conversely, modifications are more difficult during times of stability or contraction. Either way, the organization must consider the impact of internal promotions versus external hiring when making the hiring decisions that "correct" the age distribution.

Internal promotions offer one possibility for companies in which the positions involved require company-specific knowledge developed over long periods of time or the disaffection of displaced managers represents a serious short-term problem. Such promotions may be reassuring to employees who have committed their careers to the firm. However, unless seniority is disregarded as a promotion criterion, these internal promotions may repeat the age distribution of large blocks of crucial employees retiring at the same time. And if seniority is disregarded in promotion decisions in order to spread the age distribution, senior employees who are passed over are likely to become angry and resentful.

External hiring provides an opportunity for companies in which turnover presents no long-term problems, management wishes to change norms for hiring and promotion, or the short-term disillusionment of employees is deemed less important than the long-term benefit of a better succession pattern. Such promotions may enable the company to hire good people who under normal

circumstances would be uninterested in the company. The disadvantage is that employees begin to believe that management has contracted a bad case of "the grass is always greener," suggesting that coming in from outside is the only way to get promoted.

Another possibility is to design programs for passing on critical firm-specific knowledge. In most organizations, this is done informally. Older managers teach younger managers with little formal organizational attention to the process. However, as suggested in the TRW example, this informal procedure is not always enough. Companies that suffer from "holes" in their age distribution should develop programs that address this important training role. Both older and younger employees should be rewarded for their participation, signaling to everyone that management considers this a serious and significant contribution. Such a program not only helps resolve the loss-of-experience problem, but it also provides a mechanism for recognizing older employees who may have much to offer even though their career has topped out.

***Suggestions for Employment Problems Created by Age Norms.*** Solving problems created by age norms is a bit more difficult. One corporate group in the United Kingdom has established the Employers Forum on Age (EFA), whose purpose is to help employers reduce managerial age prejudice in the decision-making process, reduce discrimination against younger workers, and increase the motivation of plateaued employees.<sup>17</sup> The EFA sponsors research, gets interested firms together, and serves as a general clearinghouse for firms interested in age-related employment issues. However, other options exist for those without the benefit of a professional association.

In particular, managers should consider the impact of age distributions on employees' expectations for self and others. One suggestion is to encourage and reward different timing for individuals on the same career path. Some individuals wish to progress rapidly, whereas others prefer to progress more slowly. David Thomas and Jack Gabarro, professors at Harvard Business School, report that successful minority managers frequently take the slow progression route.<sup>18</sup> This makes them less-visible targets in an environment in which one failure can end a manager's upward prospects. In our modern world of boundaryless careers and immobility, rewards other than promotions are not only desirable; they are necessary. Examples include pay for performance, critical task-group assignments, new project selections, internal consulting roles, flexible time schedules, and cross-generational training. Once in place, such rewards encourage a culture in which the relationship between age and job moves becomes less important as an evaluation criterion.

*The more age diversity in a position, the less tied the position becomes to age-timing norms.*

Another possibility is to hire, promote, and design for age diversity. The more age diversity in a position, the less tied the position becomes to age-timing norms. This makes it easier for employees of all ages to be seen as key contributors. Managers can also increase age diversity by selecting individuals of different ages for task forces, project groups, or committee assignments. This helps break down communication barriers between younger and older employees, providing a setting in which the young can learn from the old and the old can appreciate the contributions of the young. Further, it may help older, plateaued employees feel valued. In particular, this strategy may help organizations with otherwise rigid age norms avoid some of the disadvantages of their organizational age.

Rewarding age-independent behaviors, however, is more easily said than done. In the late 1990s, IBM tried to identify experienced, older IT employees to help its Y2K reprogramming efforts. Although, on the surface, this looked like a reward for long-term experience, employees saw it as an I-wouldn't-be-caught-dead-in-that-job opportunity. Age is a particularly sensitive issue in information technology,<sup>19</sup> and older employees felt that this job would label them as "old" and thus exclude them from other, more-exciting IT opportunities. However, the old saw is still true: you get what you reward. If a firm wants to attract its skilled older employees for projects like the Y2K reprogramming effort, it also has to make it clear that they will be rewarded—in this case, with desirable job options at the project's conclusion.

Finally, it is important for companies and employees to recognize that everyone gets behind schedule eventually, and almost no one feels good about it. Smart companies will develop human-resources programs that provide opportunity for employees of all ages to be valued.

---

## Looking toward the Future

The baby-boom generation and its aging workforce have focused a great deal of attention on age and its effect on organizations. Yet the organizational effects of age are not just about individual, old people. They are about inter- and intrafirm relationships among individuals of all ages and at all times. They are

frequently subtle and difficult to observe. And they shouldn't be ignored, because they pack a mean wallop on a firm's ability to do business.

*If you know where you are going, you aren't liable to end up someplace else.*

You can't change a person's age, but you can alter the age of an organization. Age effects that inhibit a company's success in achieving its mission need not be unpleasant, inevitable surprises. Lockheed Martin might not now be perceived as having problems with its experience base if, 25 years ago, the firm had anticipated and planned for its future age distribution. Rueben Singh might have experienced better luck in obtaining capital if Barclays new 30 under 30 competition for young entrepreneurs had been launched 10 years ago. The vibrancy in particle physics might have been maintained if, 15 years ago, the science community had recognized the impact of huge project groups, immense budgets, and limited job opportunities on the risk aversion of older physicists and interest among young physicists. The point is, if you know where you are going, you aren't liable to end up someplace else. An organization's age effects can be anticipated and planned for *before* they occur.