Organizational Dynamics, Vol. 34, No. 2, pp. 153–167, 2005

www.organizational-dynamics.com
ISSN 0090-2616/$ – see frontmatter
doi:10.1016/j.orgdyn.2005.03.002

Establishing the Positive Contributory Value of Older Workers:

A Positive Psychology Perspective

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INTRODUCTION

There is growing evidence that the aging of the global workforce will be the dominant factor for business and organizations in the next two decades. According to renowned management expert Peter Drucker, this is because the rapid growth of the older population and the rapid shrinking of the younger generation will result in a growing scarcity of knowledgeable and competent professionals in our global labor pool.

Indeed, many key industries are already experiencing an inability to supply enough technically qualified people to replace those who are retiring. For example, approximately half of the aerospace industry workforce will become eligible to retire in the next ten years, leaving a significant gap in skills for the industry as a whole. More specifically, the National Aeronautics and Space Administration (NASA) has been cited as having more than twice as many workers over 60 years of age than under 30 years of age. This jeopardizes the program's ability to ''hand off'' leadership roles to the next generation.

Higher education faces similar challenges with the retirement of many ''older workers,'' e.g., full professors who have worked over lifetimes to become experts in their chosen disciplines. Other examples include government, where nearly 65 percent of middle managers are within three years of potential retirement; nursing, with shortages that could lead to the closure of many hospitals just when we need more health care; and the consulting industry, where the loss of older workers is creating a ''brain drain'' never seen heretofore. Recent data revealed by Deloitte Consulting suggests the number of partners over age 50 has doubled in the last five years. In a grueling profession marked by demanding travel schedules and pensions that vest at 50, many of those partners are heading straight for the exits — leaving a huge experience hole in key positions.

Despite these realities, few organizations are currently preparing for the loss of knowledge and experience when workers retire. Nor are they actively seeking to retain these workers. As Greller and Stroh point out in a recent *Organizational Dynamics* article, this is due primarily to inaccurate perceptions that older workers are of less value than their younger counterparts.

We suggest that these flawed perceptions exist in part because organizations have yet to fully understand (or be convinced) of the contributions and value of older workers. Therefore, the purpose of this article is to analyze and explain that which constitutes what we term the positive contributory value of older workers. We take a positive psychology approach to older workers, focusing on leveraging the strengths and talents of older workers for organizational success. We make the argument that organizational leaders have yet to turn their full attention to attracting, developing, and retaining older workers, primarily because of the negativity surrounding older workers.

Threats aimed at warning organizations of the negative legal, social, political, and economic consequences associated with inattention to older workers have not been an effective means of convincing organizations of the value of older workers. We suggest that a positive approach would be better received and more effective. As a representative for PricewaterhouseCoopers recently noted, ''Warnings of the boomer crisis are being ignored primarily because most companies are not in enough pain yet, and are still in the mindset that there are too many people at the water cooler, not too few.''

We suggest that a positive approach to the management of older workers would be better received and more effective. Drawing from recent research findings, our approach focuses on older workers as valuable assets and highlights the positive consequences associated with appropriate attention to these workers. Said differently, instead of focusing on the problems associated with mismanaging the careers of older workers, a positive psychological approach makes a business case for focusing on the opportunities related to the proper management of the careers of these workers.

In particular, we suggest that older workers may contribute equal if not more value than younger workers, because their overall human capital contribution, defined as the sum of psychological, intellectual, emotional, and social capital or PIES, is greater than the overall human capital contribution of younger workers. After laying the groundwork for a positive psychology approach to older worker management, each form of capital will be described in detail in the sections that follow.

POSITIVE PSYCHOLOGY VIEW OF OLDER WORKERS

Past research on older workers has taken a negative psychology approach focusing on what is wrong with older workers and the problems and burdens associated with *having* to (or else face discrimination lawsuits) manage the careers of older workers. Moreover, organizational leaders have been bombarded with media reports detailing the threats of not responding to older workers and examples of the failures associated with those who are not yet responding. While the impending demographic shift in the global workforce is a problem in need of recognition, we believe a new way of looking at older workers (i.e., as an opportunity) is needed.

As recently as 1998, renowned psychologist Martin Seligman introduced the positive psychology movement. Positive psychology has emerged and gained momentum as an approach that redirects focus from what is wrong with people or organizations toward one that emphasizes human strengths that allow individuals, groups, and organizations to thrive and prosper. The overall goal of positive psychology is to create organized systems that actualize human potential. The first step toward a positive psychological approach to the management of older workers is to accentuate the positive by dispelling two key myths associated with older workers:

Myth #1: *Older workers are not top learners*. It has typically been perceived that ability and skill decrease with age. Moreover, it is thought that older workers can't learn new technological changes, can't keep pace, are less flexible and adaptable, have a lower zest for life, and are at a stage in life where they are experiencing social and psychological withdrawal from society. These are fundamentally flawed perceptions. In 1999, Harris Interactive conducted a nationwide survey of 774 human resource (HR) directors and concluded the following about older workers:

- 80% have less turnover
- 75% have higher levels of commitment
- 74% are more reliable
- 71% have as much ability to acquire new skills
- 62% are more creative and innovative
- 80% have less absenteeism

- 48% are more flexible/adaptable
- 49% are more motivated

In response to this report, the Committee for Economic Development (CED) concluded that increasing the work participation rate of older workers would only add to the learning and productivity of the workforce. The CED further suggested that any noticeable decline among older workers in the areas measured by Harris Interactive was more likely due to a cycle of improper stereotypes, contributing to an older worker self-fulfilling prophecy of lower abilities, adaptability and motivation.

Myth #2: *Older worker are not top performers*. Examination of several meta-analyses examining the relationship between age and performance has generally revealed that there is no significant difference in job performance between older and younger workers. In fact, in many cases, older adults appear to have slightly higher job performance than younger adults. Moreover, research has shown that occupational injuries occur at a lower rate to older workers than to younger ones. Accident frequency declines steadily up to age 64 and then drops even more sharply for workers over 65. These findings underscore what Michael Sturman has pointed out . . .. ''It is not age but what the person brings to the table that matters in terms of employee performance . . .. The question is not whether older workers bring something of value, but what they bring, and why they are not recognized for bringing it.''

Based on the evidence, there is reason to believe that members of the over-50 generation have the potential to be exceptional learners and performers. However, in a follow-up report by Harris, surprising discrepancies emerged. While fully 92 percent of HR directors cited older executives as a valuable resource for their companies, only five percent indicated that it is ''very necessary'' to encourage older executives to defer retirement and remain with the company for longer periods. Less than 50 percent said that it is ''somewhat necessary,'' and over 40 percent said it is ''not necessary at all.'' It appears there is a disconnect between the expressed values of HR directors and their actions surrounding these values.

Even if organizations do acknowledge that older workers are valuable, how do they quantitatively measure their contribution or value? That is, how do they make the business case for older workers? As Fitz-enz argued, ''If we are ill-equipped to measure on organization's primary value producing asset, we can't manage it.'' While some organizations have attempted to quantify the value of their human assets, they have fallen short of capturing the depth of human assets. How do we capture one's capacity to innovate? How does a university count the real world experience that a person brings into the classroom? How do you count relationships, connections, networks, the quality of management, creativity or the energy and passion that an individual brings to a place of employment?

Meyer and Davis tell an interesting story that is emblematic of what they coin as ''The Picasso Principle.'' As they tell it, ''A beautiful woman once approached Pablo Picasso in a Paris café. She asked him to sketch her and offered to pay him fair value. In a few minutes, the artist created a drawing — and asked for 500,000 francs. 'But it only took you a few minutes,' the tourist protested. 'No,' Picasso supposedly replied, 'it took me about 40 years.''

Picasso knew what his talent and value were. Picasso's value represented the sum of all his years of experience, his skills (current and potential), his knowledge, relationships, study, travel, observations, etc. adjusted for the supply (or scarcity) of his talent and the demand for the same. Meyer and Davis state, ''All you know, all you've done, all your contacts and relationships, and the intelligence you bring to future work give you a value in the marketplace.'' We have termed the sum of these talents one's *Positive Contributory Value*.

MEASURING POSITIVE CONTRIBUTORY VALUE

Webster's Unabridged Dictionary defines *contributory* as ''having a share in bringing about a result'' and *value* as ''the quality of something that is more or less desirable, useful, estimable, important, or worthy.'' This expression of value is often referred to in the management literature as human capital. According to Luthans and Youssef, human capital is the sum of explicit knowledge (knowledge, skills, abilities, or competencies derived from education and experience) and tacit knowledge (organization-specific knowledge acquired through socialization into an organizational culture). In their article, Luthans and Youseff distinguish between human capital and other forms of capital, namely social and psychological capital. We too recognize and will address these different forms of capital and seek to build upon the concept of human capital. In particular, we believe types of capital such as psychological and social capital are dimensions or subsets of human capital.

We agree with Weatherly that a company's human capital is the collective sum of personal attributes, life experiences, knowledge, inventiveness, energy, and enthusiasm that its employees choose to invest in their work. Stated similarly, Jac Fitz-enz wrote in his book *The ROI of Human Capital* that in business terms human capital is a combination of the following factors:

- The traits one brings to the job; intelligence, energy, a generally positive attitude, reliability, commitment.
- One's ability to learn: aptitude, imagination, creativity, and what is often called 'street smarts,' savvy (or how to get things done).
- One's motivation to share information and knowledge: team spirit and goal orientation.

Summarizing Fitz-enz's conceptualization of human capital combined with what Luthans and Youssef have suggested about other forms of capital, we believe human capital to be a core construct comprised of four subsets of capital: psychological capital, intellectual capital, emotional capital, and social capital — or what we have termed PIES. The aggregation of these forms of capital determines the positive contributory value of a worker. Fig. 1 represents our model of positive contributory value and suggests that by creating positive contributory value, positive organizational outcomes will result. In the following sections, we define each subset of human capital and describe how it relates to older workers. We finish with a discussion of the implications of older workers' positive contributory value and how organizations can best retain this value.

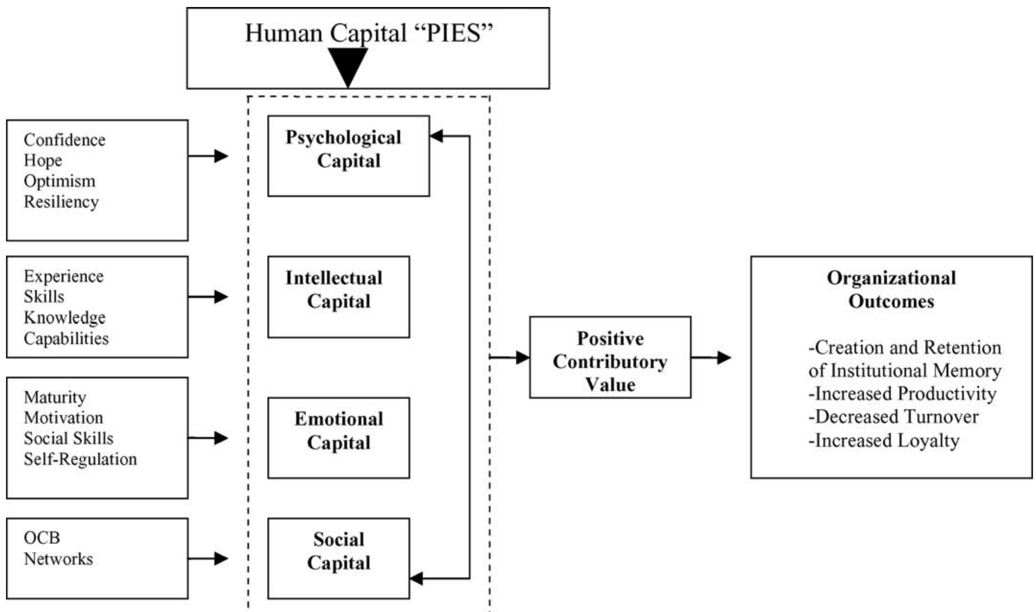
PIES: PSYCHOLOGICAL, INTELLECTUAL, EMOTIONAL, AND SOCIAL CAPITAL

''P'' is for Psychological Capital

Based on the premise of positive psychology, Fred Luthans proposed positive organizational behavior or POB. POB applies positive oriented human resource strengths and psychological capacities that can be measured, developed, and managed for performance improvement in today's workplace. These POB capacities include confidence, hope, optimism, and resiliency, each of which is described below.

- Confidence: Belief in one's ability to mobilize motivational resources and execute specific course of action within a specific context. Confident people achieve goals and persevere in the face of obstacles.
- Hope: The sum of ''willpower'' and ''waypower.'' Hopeful people have the desire or agency to achieve goals and have the capability to develop various pathways or strategies toward goal accomplishment.
- Optimism: A positive explanatory style that attributes positive events to internal, permanent, and pervasive causes and negative events to external, temporary, and institutional ones. Optimistic people take credit for good things that happen to boost morale and distance themselves from bad things that happen.
- Resiliency: Capacity to bounce back from adversity, uncertainty, failure, or

FIGURE 1 A MODEL OF POSITIVE CONTRIBUTORY VALUE



even positive but seemingly overwhelming changes.

Combined together, these capacities create a form of capital called psychological capital. A unique aspect of psychological capital is that its components are measurable and open to development and change. That is, we can develop interventions or training programs to create psychological capital in people. Recent research has demonstrated that psychological capital contributes to performance improvement and is a sustainable source of competitive advantage. As such, psychological capital contributes positive value to organizations.

Psychological Capital as it Relates to Older Workers

It is hard to imagine an instance when a confident, hopeful, optimistic, and resilient employee would not make a positive value contribution to an organization. We suggest that older workers, when compared with their younger counterparts, often possess more of these capacities. While younger workers are often enthusiastic and idealistic in their early careers, recent research by the Society of Human Resource Management (SHRM) has reported that many younger workers also possess a great deal of apathy toward the idea of work. Years of downsizing combined with economic periods characterized by lackluster job opportunities have led to younger workers' disillusionment with the workplace. The SHRM report suggests that younger workers have a desire to work less for more money, are less loyal to their employers, and are not deriving as much pleasure from work as prior generations.

In contrast, older workers, who maintain a more traditional value of work and view of workplace expectations, are enjoying work more than ever. Projects such as the

MacArthur Foundation Study on Aging have shown that the longer older workers remain in the workforce, the more *engaged* they are at work and in life. Engagement refers to the desire to maintain relationships with others — a form of connectedness; the ability to achieve, to add value; the chance to be intellectually stimulated and challenged; and the chance to make a contribution to a broader community. Thus, it seems that work enhances the quality of life for older adults by keeping them mentally, physically, and socially engaged. Research by leading gerontologists and the Gallup Organization back up these findings, suggesting that work can and should be a positive life experience for personal health and well-being over the years.

The combination of living healthier, longer lives and feeling that their skills and knowledge are valued is contributing to more positive experiences in the workplace for older workers. A recent American Association of Retired Persons Survey (AARP) confirms that older workers choose to keep working because of the thrill of challenging work, the interaction with great people, and the opportunity to keep learning and growing. Older workers remain confident in their abilities to learn, grow, and contribute and are hopeful and optimistic about their futures in the workplace. In addition, having lived longer and gone through many more life experiences than younger workers, older workers have dealt with life's ups and downs and have come to realize that change is a constant. They have survived the bad times and thrived in the good times economically, financially, professionally, and personally. This seesaw of surviving and thriving demonstrates a sense of resiliency that younger workers are less likely to have developed.

A promising aspect of psychological capital pertains to its malleability. This means that if older workers have become demoralized due to past negativity surrounding their employment and have experienced ageism, negative stereotyping, or lack of opportunities, organizations can do something about it. Research has clearly shown that confidence, hope, optimism, and resiliency can be developed. Therefore, organizations wanting to increase psychological capital in older workers can do so with success.

''I'' is for Intellectual Capital

Intellectual capital includes an employee's experience, skills, knowledge, intuition, and attitudes developed over a lifetime. Organizations help to create intellectual capital by increasing the capacity of individual workers through investing significant amounts of time and money to train and develop their workers. Moreover, intellectual capital is rapidly becoming an increasing source of value and competitive advantage, as today's economy becomes more and more knowledge-based. The idea that knowledge can be managed and leveraged for competitive advantage just as a physical or financial asset is a powerful concept. In his book *Intellectual Capital*: *The New Wealth of Organizations*, Tom Stewart describes what it takes for knowledge to become such an asset: ''Intelligence becomes an asset when some useful order is created out of free-floating brainpower — that is, when it is given a coherent form .... Intellectual capital is packaged useful knowledge.'' In other words, intelligence becomes an asset when someone can use it to create contributory value.

Intellectual Capital as it Relates to Older Workers

Part of the contributory value of older workers comes down to a build-up of intellectual capital through their years of experience. It is simply a matter of ''time in the saddle'' or ''been there — done that.'' As regards older workers, however, intellectual capital does not receive enough emphasis. A perpetual negative attitude toward older workers prevents organizations from fully harnessing their intellectual capital. The widespread myth that fresh energy, high technology, and a change mindset are characteristics found only in younger workers, has contributed to the lack of retention, promotion and hiring of older workers.

While there is no solid empirical evidence suggesting that older workers are afraid to try new things – new technology, new approaches, new techniques – older workers are still being passed over for promotions or being let go in favor of managers 25 years their juniors. From a competitiveness perspective, this may be a mistake. After all, older workers got the companies where they are today, and many are still eager to learn and contribute if given the opportunity.

Take the following true example of a retired manufacturing engineer who was called upon shortly after his retirement to come back and help diagnose a problem with some very expensive machinery. After a couple of hours of walking through the plant, the engineer took a piece of chalk and marked a particular piece of machinery with an X. He then gave the plant manager a bill for his services for $50,000:$1 for chalk, and $49,999 for knowing where to put the X. This is a classic example of the value of a long-time expert versus someone who may just be breaking in to the business.

More specific examples include Bill Gates' recent comment that if he lost his top 15 software engineers, all who have been with the company for many years, there would no longer be a Microsoft Corp. Or the leveraged-buyout firm Castle Harlan Inc., which targets retired CEOs and directors to serve on the boards of the companies it buys. Castle looks for people with experience in the businesses it runs. This approach gives Castle an edge by attracting knowledge and wisdom from those who would otherwise not have been available. Yet another example is Chevron Corp., which works hard to hang on to valued senior intellectual capital. Chevron is currently asking retired chemical engineers and executives with distinguished careers to serve as consultants. According to Chevron, these workers are an invaluable source of talent because they bring 30–40 years of detailed technical experience that can't be replaced in the immediate future.

''E'' for Emotional Capital

Emotional capital includes maturity, motivation, social skills, self-regulation, and other aspects of what can come to be called emotional intelligence. Daniel Goleman writes in his book *Working with Emotional Intelligence* that the higher the level of the job, the less important technical skills and cognitive abilities are, and the more important emotional intelligence becomes. Indeed, there is evidence that the most successful employees are better able to exercise self-control (e.g., ''grace under pressure''), are more empathic and sensitive, have high integrity, take personal responsibility, and are able to get along better with people of all backgrounds. As a result, employees high on emotional intelligence, or what we call emotional capital, contribute more positive value to the organization than those who do not possess as much emotional capital.

Emotional Capital as it Relates to Older Workers

Developmental psychologists and gerontologists argue that self-awareness and self-exploration increase with age. This is because as we grow older, we see greater and greater maturation processes taking root: better anger management, higher self-esteem; greater empathy, greater social awareness, better stress management, positive change skills, self-renewal, and more. These characteristics are common indicators of emotional intelligence.

One area where emotional capital is especially relevant to older workers is in customer service. According to recent data, older workers demonstrate superior customer service skills. In a recent study examining older and younger employees at the Days Inns Reservation Center in Atlanta, McNaught and Barth found that older workers spent more time talking on the phone to callers seeking reservations, but were more successful in booking reservations. Increased attention to customers resulted in improved sales, and the experience of older workers appeared to contribute to their improved salesmanship. A study examining a building supply chain in Britain found older employees to be friendlier and more cooperative than younger workers. Companies such as Wal-Mart Stores, The Walt Disney Co., and Honeywell International have recognized this service trend and are increasingly placing older workers face-to-face with customers.

''S'' for Social Capital

Nahapiet and Ghoshal define social capital as ''the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or social unit.'' Similarly, Luthans and Youssef define social capital as the value of relationships between people and the value of different networks individuals are included in and develop over time. These social relationships are formed through connections, norms, and trust. At the heart of both of these definitions is that goodwill is a valuable resource that should increase over time. Because employees directly or indirectly work with others, the relationships and connections formed between these individuals are highly important to organizational success.

For example, recent work by the Gallup Organization has found that the strongest predictor of employee engagement at work was when employees answered ''strongly agree'' to the statement, ''I have a best friend at work.'' Gallup concluded that when employees have best friends at work, they are more apt to help one another on the job, show up to work on time, and contribute to the social climate via a positive attitude. Similarly, results of other studies have shown that when there is a task to accomplish or a problem to solve, people turn not just to authority figures, but more often to friends, family, colleagues, and others for help. Such findings point to the power of social capital as a source of contributory value.

Social Capital as it Relates to Older Workers

Social capital needs to be nurtured so it can grow in value. Since no one person has sole ownership rights to social capital, when someone withdraws from a relationship, social capital decreases. Therefore, in order to harness social capital, the retention of older workers – who arguably have met more people, traveled more, and been in more social situations over the years than younger workers – is critical. Older workers contribute value through social capital three primary ways. First, as suggested by Lesser and Prusak, organizations benefit from social capital when they are able to reduce rework and reinvention. According to the International Data Corporation, the cost of rework deficiencies is approximately $5,500 per employee per year. Since older workers are more socialized into an organizational culture, they not only have a greater understanding of organizational history, norms, and rites, but also ''know the ropes,'' leading to fewer mistakes and less time spent in rework and reinvention.

Second, older workers contribute to social capital through a decreased learning curve. Given the length of time spent in a job or with an organization, institutional memory has been created by the older worker. Jobs have been streamlined and tasks do not have to be taught from scratch or re-taught. In addition, the acquired connections and relationships developed through associations in networks lead to vast knowledge creation. Having dealt with many different types of customers, bosses, subordinates, competitors, and peers, older workers have experienced the gamut in interpersonal relationships.

Finally, older workers are more likely to participate in organizational citizenship behavior (OCB) than are younger workers.

OCB involves discretionary behavior that helps coworkers, supervisors, and the organization, but that is not formally recognized by the organization's reward system. Assisting newcomers to the organization, not abusing the rights of coworkers, not taking extra breaks, attending elective company meetings, and enduring minor impositions that occur when working with others are examples of OCB. Research has shown that older workers enjoy mentoring younger workers, sharing experiences and knowledge, and are eager to contribute to their organizations. Younger workers, on the other hand, are somewhat less likely to take part in OCB since they are more concerned with building their own careers and have an entitlement perspective toward work.

SUMMARIZING HUMAN CAPITAL AS IT RELATES TO OLDER WORKERS

Undervaluing PIES or the overall human capital of older workers will almost surely lead to mismanagement. An example involves the payroll cost versus replacement cost of an employee. A 60-year old might earn a salary of $80,000 and cost $250,000 to replace; however, is it really possible to replace everything this person brings to the table? That is, can you replace an older worker's acquired confidence, years of experience, emotional maturity, or network of relationships? The answer is probably not, since the value of such an employee may be more than the $250,000 replacement cost, and far greater than the $80,000 expense that the organization uses to value that individual. That 60-year old employee has built up valuable human capital over many years that cannot be duplicated, and replacement is difficult at best.

As we have discussed above, human capital should continue to increase with experience and time and those workers with greater human capital will bring more positive contributory value to companies. While PIES relates to workers of any age, we argue that older workers are at minimum more *underutilized* human capital than younger workers. By fully utilizing older workers' human capital to create value, organizations will see numerous positive organizational outcomes such as those described in the following section.

POSITIVE ORGANIZATIONAL OUTCOMES ASSOCIATED WITH OLDER WORKERS

Given the positive contributory value of older workers, organizations should reap the benefits from attracting, developing, retaining, and in all senses, positively utilizing this valuable asset for a sustainable source of competitive advantage. Indeed, we suggest that once the positive contributory value is created, organizations will obtain benefits in the form of increased employee loyalty, decreased employee turnover, retention of institutional knowledge and memory, and increased employee productivity.

Increased Employee Loyalty and Decreased Turnover

Employee retention of valuable employees is now on many top managers' ''radar screens'' as a central issue in growing an organization. While the costs associated with turnover are enormous, approximately 84 percent of companies in the United States do not formally track turnover costs. In fact, most do not even have a way to quantify the turnover costs that are incurred by their organization. So, in essence, organizations do not fully realize what they are losing.

How can these costs be avoided? The answer to that question is an obvious one — retain the firm's most important resource: its human capital, and particularly that which is contained in older workers. Older workers maintain a more traditional view of the employer/employee relationship, and therefore, often report a desire to put the organization's needs before their own, feel a sense of obligation and loyalty to employers, and think of work as a positive aspect of their life. For example, a 70-year-old executive for Chevron who just returned as a consultant recently stated ....''I had to come back. I don't want to play golf all the time, for God's sake ... and I feel a strong, strong allegiance to Chevron.''

Furthermore, recent evidence has indicated that today's older workers are absent less, are more committed, and turn over less than younger workers. This is ironic in light of the fact that the most typical justification for letting go of older workers is that they are too expensive to retain. The rationale is that by replacing the ''expensive'' older worker with a ''cheaper'' younger worker, organizations can better meet short-term financial goals.

However, from a long-term perspective, consider the potential cost of new employee hire: recruiting, interviewing, application processing, testing, relocation, reference checks, agency/search fees, signing bonuses, orientation, in-house training, outside training, etc. And these are just the more obvious costs. Indirect costs such as lost productivity of the vacant position, lowered productivity of coworkers as they adapt to the new employee, and the new hire's limited productivity during the learning curve also contribute to overall turnover costs. By and large, it is more expensive to hire a new employee at a lower salary than to retain a higher paid current employee.

Enhanced Institutional Memory

Because of their experience and time within an organization, older workers have more knowledge. Organizations that let these workers go before that knowledge is captured or put into institutional memory are at risk of losing vital information and competitive advantage.

Delta Airlines felt this first-hand when in April of 1994, the airline chose to lay off 18,000 employees, approximately 22 percent of its labor force. While short-term results were positive (i.e., the next 100 days after the layoffs, the S&P 500 Index increased by four percent and Delta's stock value increased by double that amount), long-term consequences were less rosy. With those layoffs, Delta concluded that essential knowledge was lost, along with the possibility of innovation due to years of experience. Delta tried to weather the storm by hiring temporary workers to take the place of those downsized, but those temporary workers were untrained and inexperienced. This led to an increase in operating costs and resulted in additional high costs associated with the rehiring process. Delta learned that company loyalty, productivity, and firm-specific skills should be seriously assessed prior to a massive layoff. Delta was also forced to realize how valuable its employees were to the organization.

In contrast, when valuable workers are retained, institutional knowledge is retained, and memory is passed on to new workers who enter the organization. One example of a company that actively utilizes its workforce for memory creation is Harvard Pilgrim Health Care. This company implemented a program to ensure that vital and unique knowledge was not lost when employees left the firm. The five key steps to its capture process were:

- Department leaders choose experts in each area for debriefing
- Expert employees complete job knowledge notebooks
- Expert employee's direct supervisor and senior management certify knowledge
- Together, human resources and the department head evaluate and establish value of the knowledge
- Knowledge reward is paid to employee

The outcome of the process is that critical knowledge is captured and managers are able to effectively train new hires. Older workers arguably have the most knowledge, so should be given proper attention in terms of recruitment and retention. Actively recruiting older workers is beneficial, as it allows for knowledge and memory from competitors to come into your organization. Retaining existing older workers prevents vital knowledge and memory from going out the door.

Increased Productivity

According to recent studies, people live an average of four years longer when they are productively engaged. Based on those findings, older workers should have a strong desire to keep working and contributing to the organizations in which they are a part. Harris Interactive reported that older workers are on average 49 percent more motivated than younger workers. Increased motivation, combined with older workers' desire to find opportunities to add value, to be challenged, to remain connected to others, to enhance income and standard of living, and to harness a sense of overall well-being are all reasons why we can expect high productivity from older workers.

In addition to increasing their individual productivity, older workers can enhance the productivity of those around them. By creating a climate of positive attitudes and morale (psychological capital), sharing well-developed skills and experience (intellectual capital), being a mature and savvy role model (emotional capital) and participating in networks and citizenship behaviors (social capital), older workers can add even more to organizational productivity.

In the previous section, we discussed the positive outcomes associated with recruiting and retaining older workers. However, what if these workers do not want to be recruited and retained? Below we describe two key methods for retaining older workers.

HOW TO RETAIN OLDER WORKER HUMAN CAPITAL

The good news is that people are not only living longer, they are choosing to work longer. In today's marketplace, the age 50 and over segment of the workforce is the fastest growing. In fact, an AARP study confirmed that the first 76 million ''baby boomers'' have hit 55 years of age and 80 percent believe they will work through retirement. Additionally, we have a growing pool today of 6–7 million Americans aged 55 and older who are retired, but are still passionate about work and looking for opportunities.

However, not all workers feel this way. Many older workers are sick of the daily grind of work and without suitable alternatives (e.g., part-time appointments, opportunities to work from home, or extended vacations) are looking forward to retirement. In addition, a host of legal and political barriers (e.g., Social Security) often create a disincentive to working past a certain age. To overcome barriers, it is imperative that organizations offer various incentives to attract and retain older workers.

1. *Flexibility in HR Policies*. In order to attract and retain valuable older workers it is important to shift paradigms and create policies, procedures, and systems which fulfill the unique needs of older workers. Below is a summary of potential incentives that may be utilized to retain older workers.

Monetary incentives
- Stock options
- Incentive compensation
- Retention bonuses
- Purchase discounts

Benefits incentives
- Improved medical benefits
- Improved retirement plans

Development opportunities
- Training opportunities
- Increased job scope
- Skills development
- Mentoring

Schedule flexibility
- Phased retirement
- Bridge employment
- Part-time work or other form of flexible scheduling
- Consultant or contingent work

Polaroid Corp. is a good example of a company that uses flexible work arrangements as a method of retaining employees who are at or close to retirement age. The employees have two main choices within this flexible arrangement. The first is referred to as the ''rehearsal retirement'' program. It allows employees to take a leave of absence for up to three months with the possibility of extension for up to six months. At the conclusion of their leave of absence, employees are allowed to come back to the same jobs with the same responsibilities or they may select alternate jobs. The second program is referred to as the ''tapering off'' program. With this alternative, employees can reduce their workweeks anywhere from 32 hours per week to a minimum of 20 hours per week. Providing these options to employees at or close to retirement age led to increased morale and worker productivity at Polaroid, which indirectly led to retention.

Phased retirement is slowly becoming the option of choice for organizations wanting to encourage older workers to stay. While only eight percent of today's companies use phased retirement, its use is expected to increase in the coming decade. Aerospace Corp. currently uses phased retirement options to retain institutional knowledge and specialized skills, thereby boosting productivity by keeping high experience workers, lowering hiring and training costs, and attracting the best employees over time. Aerospace employs a process whereby the retirement-eligible can take a leave of absence for up to three months to explore interests and career trajectories prior to retirement. Then, if they choose, they may return to work and switch to any form of customized work arrangement if it meets the needs of the organization.

Other examples include Deloitte Consulting, which recently implemented a senior leaders program, allowing retirement-eligible partners to downshift from full-time to part-time or from consulting to mentoring. Chevron also works hard to hang on to valued senior managers by allowing older workers to leave a permanent career track and come back as a trainer to new executives. In addition, Chevron also encourages retired workers to come back into the workforce to serve on boards to counsel younger members.

2. *Attitude Change*. In addition to the plethora of incentives toward older worker retention described above, organizations must focus their efforts on changing the attitudes of employers and employees (and society in general) toward the idea of valuing the aging workforce and its incredible amount of human capital. People who feel valued and respected will stay with the organization, are more positive, will spend more time doing citizenship behaviors, and will be more productive. These behaviors are likely to rub off on new workers, creating a positive climate of respect. While challenging long held beliefs is not easy, a focus on human strengths will ultimately shift the focus from negativity to one of positivity and prosperity.

Baptist Health Care South Florida is an example of an organization that has all but abolished negative attitudes surrounding older workers in favor of a more positive view. Baptist Health has received numerous awards and recognition for being a great place to work at any age, in part because managers keep asking the questions, ''How can we keep our older workers a little while longer?'' and ''How can we leverage and utilize the wisdom and experience of our growing population of aging workers?'' As more organizations challenge the negative stereotypes surrounding older workers and create new positive ''stereotypes,'' older workers will begin to flourish and thrive.

3. *Knowledge Transfer Programs*. While lengthening the average worker career will help with recruitment and retention, older workers will still ultimately leave the workforce. Without proper programs in place, when this happens, valuable knowledge and memory will walk out the door with these workers. Knowledge transfer programs refer to programs that help define, capture, manage, disseminate, and measure information.

Many companies, such as Chevron, Prudential Insurance and Monsanto Company, are leading the way in tailoring work so that seniors can better transfer wisdom and skills to younger colleagues. Programs employed by these companies include knowledge audits that can take place yearly as a method of measuring and capturing current intellectual capital. Also, exit audits are utilized before an employee leaves a company as a means to evaluate acquired knowledge. Such programs are aimed at the measurement and retention of valuable organizational knowledge. Companies with such knowledge management initiatives are ahead of those without; they have acknowledged that information is critical to their success and are implementing programs to protect it.

CONCLUSION

There are many challenges associated with older worker management — governmental barriers, policy barriers, social stigmas and societal expectations, all adding up to a formidable wall keeping older workers out of the workforce. However, as this paper suggests, the time has come to take a positive psychology perspective on older workers. By recognizing the positive contributory value that older workers can bring through their high levels of psychological, intellectual, emotional, and social capital, organizations can reap financial and competitive benefits.

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