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Ageism – Ensuring High Quality Talent Now and For the Future

What You and Your Organization Needs to Know and Do

Are you over 50? Are you concerned you may lose your job? Or, if you are currently looking for a job, are you concerned that you may not be hireable because of your age? Do you work in the tech¹ industry? If so, then your concerns are valid.

Many tech professionals over age 50 (and even a number over age 40) believe ageism exists because of their own personal difficulties finding work later in their careers. Certainly, there have been numerous class-action lawsuits about ageism against Silicon Valley giants, even more than about racial or gender bias.²

Are you involved in diversity and inclusion efforts in your organization? While, to date, these efforts have mostly revolved around gender and ethnic equality, expect the topic of ageism to increasingly be part of the discussion and in need of solutions.

Situational ageism – prejudice or discrimination on the basis of a person's age – is an important issue that organizations across industries should be aware of, and take steps to monitor and improve. This is not just because of fairness or to reduce the risk of age discrimination litigation, but also because of upcoming retirements and the resulting skills shortages. In the past 50 years, the size of the U.S. workforce has grown an average of 1.7 percent annually. In the next 50 years, the U.S. workforce size will grow by only 0.3 percent annually.³

Does Ageism Exist in Tech?

In short, yes. A Visier Insights Report on ageism in the tech industry⁴ found that tech does hire a larger proportion of younger workers and a smaller proportion of older workers than in other industries.

Is this disparity in hiring due to systemic ageism in tech? To investigate this, we first strove to determine if the disparity is related to the availability of talent versus an intentional bias towards hiring younger workers. We found that hiring decisions in tech do indeed favor younger candidates. Millennials were hired over Gen X candidates at a higher rate than in non-tech industries.

This answer has traditionally been difficult to get; while leading tech companies publicize their organizational ethnic and gender composition data, little data has been shared about the age makeup of the tech workforce.⁵

We began our research into ageism by looking at the breakdown of the workforce by age, comparing the tech industry to non-tech industries. Using the Visier Insights database – an aggregation of anonymized and standardized workforce databases that for this report included 330,000 employees from 43 large U.S. enterprises (those with at least two years of verified and validated high-quality data) – we were able to examine the role of age in the workforce like never before.

Debunking Myths about Ageism

Our research showed that the average tech worker is 38 years old, compared to 43 years old for non-tech⁶ workers. The average manager in the tech industry is 42 years old, compared to 47 for non-tech industries.

It comes as no surprise that tech workers are younger on average, but our research clarified some key misconceptions related to the salary life cycle, resignation rates, and perceived value of older workers. Here are four common ageism myths we debunked with the data:

Myth #1: Older tech workers are less valued.

While the average tech worker is five years younger than the average worker, it is a misconception that older workers are less valued in tech. From age 40 onwards, non-manager workers in tech enter the “Tech Sage Age” and are increasingly likely to receive a top-performer rating as they age, mature, and gain experience. Conversely, the proportion of top performers decreases with age in non-tech industries. This finding suggests that maturity and experience are more important drivers of high performance in tech than in non-tech industries.

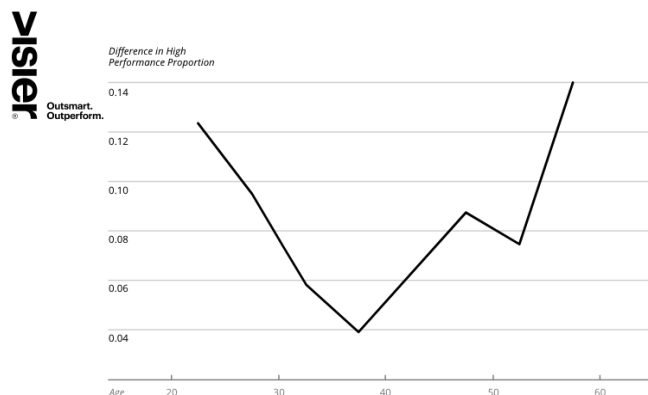
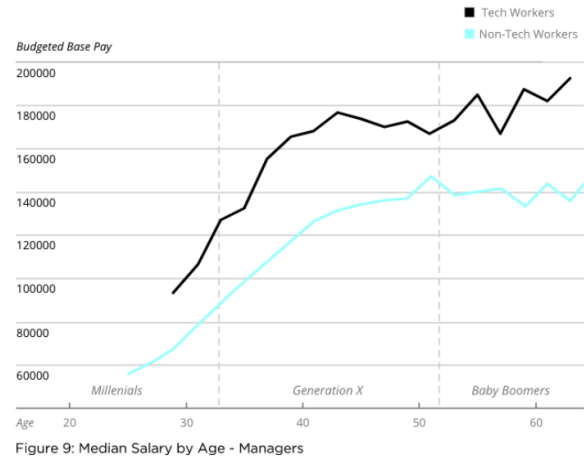
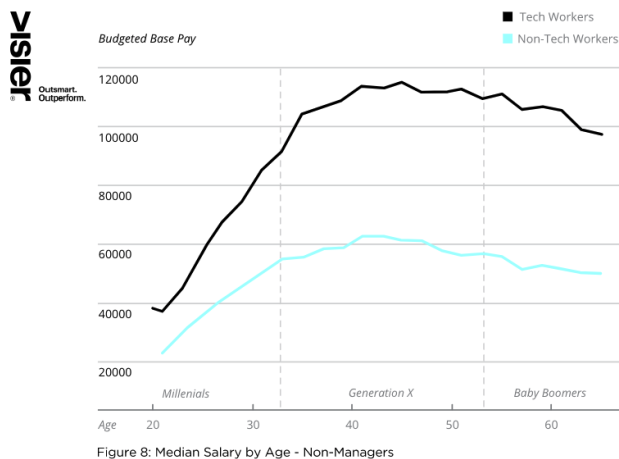


Figure 5: Difference in Percent of Non-Manager Top Performers in Tech versus Non-Tech by Age

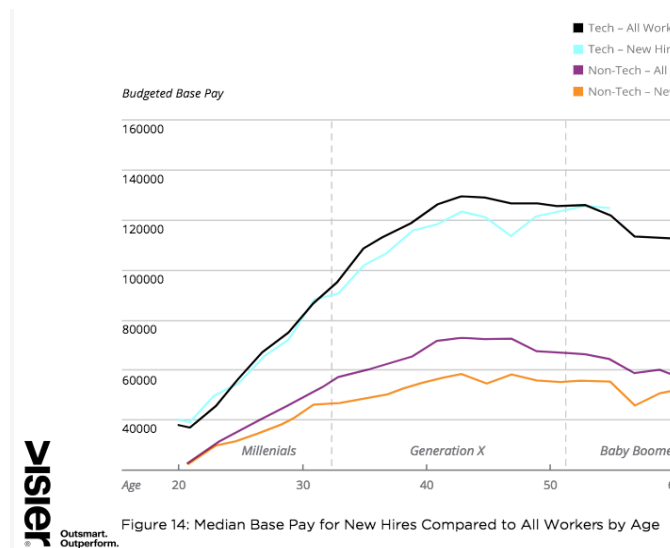
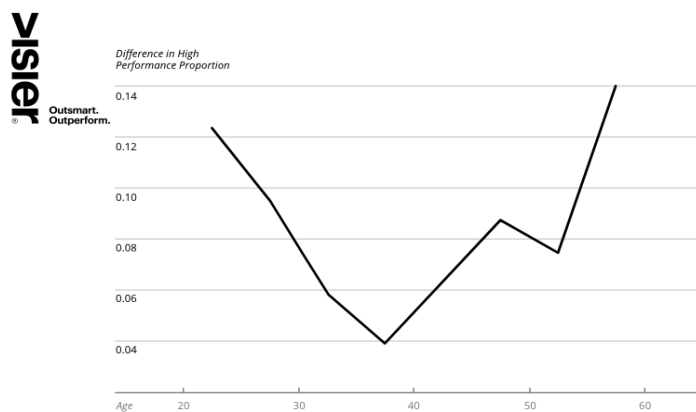
Myth #2: Older tech workers experience a drop in salary.

Older tech workers, as a group, do not experience a reduction in average salary that is any different from non-tech industries. Rather, workers in tech experience the same salary life cycle as their counterparts in non-tech.



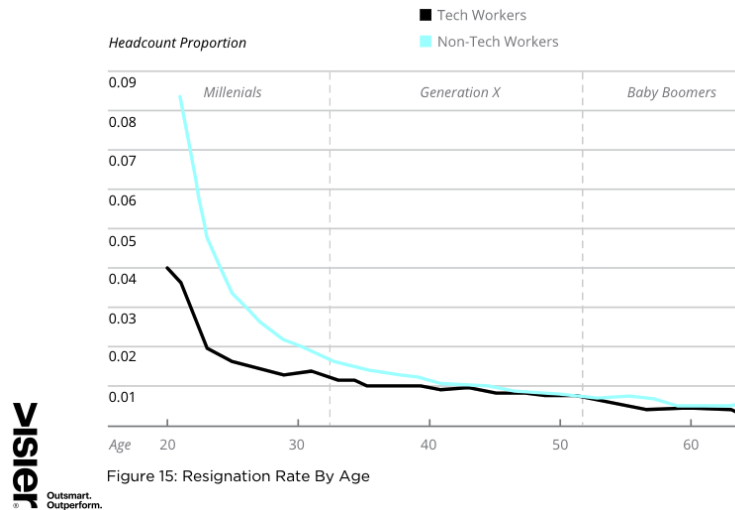
Myth #3: Newly hired older tech workers are not paid equitably.

Older tech workers that are newly hired do not — on average — experience a lower wage. Rather, newly hired workers are paid the same average salary as more tenured workers, across all age groups.



Myth #4: Older workers in tech resign at higher rates.

The average resignation rates by age for tech and non-tech workforces show that older tech workers — from age 40 onwards — have the same first-year resignation rate as their non-tech age counterparts: approximately 10 percent.



The Value of Including Older Tech Workers

As our Tech Sage Age finding shows, companies are missing out if they don't consider the age composition of specific teams, departments, and business units, and how managers can build diversity and take advantage of the maturity and experience of older workers.

Legal issues aside, designing a recruitment strategy around younger generations can be shortsighted from a business perspective. Older workers tend to be more loyal, and an over-representation of Millennials in the workforce can impact retention. A 2016 Gallup report reveals that “21 percent of Millennials say they’ve changed jobs within the past year, which is more than three times the number of non-Millennials who report the same.”⁵

A workforce of job-hoppers can have a big impact on the bottom line. As HR expert Josh Bersin writes in this post,⁶ “The total cost of losing an employee can range from tens of thousands of dollars to 1.5 to 2 times an annual salary.”

Studies have also found that diverse teams are more innovative, which is critical in an era when competitive threats loom large. Hiring people “who do not look, talk, or think like you, can allow you to dodge the costly pitfalls of conformity, which discourages innovative thinking,” according to a *Harvard Business Review* post.⁷

What can you as an individual do?

In 2014, I retired from over 40 years of active thought leadership roles related to introducing workplace initiatives and emerging technologies. In June 2016, I joined Visier, a workforce intelligence solution provider that hired me at the age of 71.

After 16 years of managing the Sierra-Cedar HR Systems Survey and managing data on over 20,000 organizations covering millions of workers each year, I now work closely with Visier customers to support them in their HR transformation to a data-driven culture. I continue to do research, although now more anthropological in nature than survey work.

As a 73-year-old tech sector employee, I am a rare breed. And, even though I am past the average age of retirement, I love my work and am particularly sensitive to the idea that someone could lose the opportunity to work simply because of her or his age.

I have a lot of boomer and even older friends who continue to work and want to. After all, we are living longer, we're healthier, we're fully engaged, and we're maintaining our passion in our work lives. I think that passion is critical for older workers to maintain.

So, a bit of advice to those over 40: It is sometimes awkward working with younger workers. Listen with empathy and contribute in whatever way you know possible, even when it's not easy. Do not lose confidence in yourselves. Serve and learn, intern and mentor, and even put yourself in the role of student while also acting as a sage. That is what the Tech Sage Age is about.⁸

What Businesses Can Do?

There are some important activities you can do to root out the risk of ageism in your workforce and ensure that you acquire, develop, and retain the best and brightest talent available, regardless of age:

- Review your workforce data to understand the current state of age equity within your organization to find any signs of potential bias in hiring, promotions, salary levels, turnover and performance ratings. If you work in people analytics, you can play a role in warning of incipient ageism in your organization and support your own organization to outperform your competition. You can uncover and root out intentional and unintentional bias in your hiring practices that might be limiting the Gen X and older workers or potential hires.
- Set objectives and develop a plan with manageable steps (and a way to monitor your progress) that helps your organization achieve an inclusive work environment.

- Keep in mind that, as with ethnic and gender equity, age equity is a cultural issue – if pockets of ageism exist within your organization, you will need to devise plans to address them not only via better HR practice and policy rollouts, but through culture change.
- Consider implementing a version of the Rooney Rule⁹ for age, specifically for teams or roles where the workforce is less diverse in age: for every position you have open to fill, consider one or more older candidates (or candidates that will help create a more diverse team, in general).
- Develop hiring practices that reduce the potential for intentional or unintentional bias in the screening out of older applicants.
- Develop hiring practices that specifically do not screen out candidates based on the length of their unemployment – while this report focused on systemic ageism, many individual stories suggest older unemployed workers struggle to get hired, and studies indicate recruiters screen out candidates that have been unemployed for longer periods of time.

The Bottom Line – Passion and People Analytics Successfully Combat Ageism.

For individuals, it's about maintaining passion in your activities. If you don't love your job, perhaps you should consider another. But if you do, show it, and, if I'm any indication, you can continue to work for as long as you want.

For organizations, if you have not already deployed people analytics, the capabilities will help you identify if ageism exists today, or will in the future. And, you can assess where in your hiring, developing, and retention of your talent you need to improve to maintain your competitive advantages into the future.

Endnotes

¹ The tech companies included in our research represent the diverse fields within the tech industry from software development, hosting, data processing, telecommunications, computer systems design and scientific services.

² Carol Hymowitz and Robert Burnson, "It's Tough Being Over 40 in Silicon Valley," Bloomberg Businessweek September 8, 2016. <https://www.bloomberg.com/news/articles/2016-09-08/silicon-valley-s-job-hungry-say-we-re-not-to-old-for-this>

³ Global Growth: Can Productivity Save the Day in an Aging World?, McKinsey Global Institute, January 2015. https://www.mckinsey.com/~media/McKinsey/Global%20Themes/Employment%20and%20Growth/Can%20long%20term%20global%20growth%20be%20saved/MGI%20Global%20growth_Executive%20summary_January%202015.ashx

⁴ The Tech Industry, September, 2017. <https://www.visier.com/wp-content/uploads/2017/09/Visier-Insights-AgeismInTech-Sept2017.pdf>

⁵ How Millennials Want to Work and Live, Gallup, May, 2016. http://news.gallup.com/reports/189830/e.aspx?utm_source=gbi&utm_medium=copy&utm_campaign=20160512-gbi

⁶ Josh Bersin, "Employee Retention Now a Big Issue: Why the Tide has Turned," LinkedIn, August, 2013.
<https://www.linkedin.com/pulse/20130816200159-131079-employee-retention-now-a-big-issue-why-the-tide-has-turned/>

⁷ David Rock and Heidi Grant, "Why Diverse Teams Are Smarter," *Harvard Business Review*, November, 2016.
<https://hbr.org/2016/11/why-diverse-teams-are-smarter>

⁸ Lexy Martin, Ageism in Tech: A Septuagenarian Speaks Out, Visier.
http://www.visier.com/clarity/ageism-tech-septuagenarian/?utm_campaign=b9717rr&utm_medium=b&utm_source=rr

⁹ Rooney Rule, Wikipedia. https://en.wikipedia.org/wiki/Rooney_Rule

About the Author

Lexy Martin is a respected thought leader and researcher on HR technology adoption and their value to organizations and workers alike. Known as the originator of the Sierra-Cedar HR Systems Survey, she now works at Visier continuing her research efforts on workforce intelligence, and works closely with customers to support them in their HR transformation to become data-driven organizations. Lexy is principal of Research and Customer Value at Visier. She enjoys hearing from IHRIM members at lexy.martin@visier.com.