



U.S. LABOR FORCE PARTICIPATION RATES AND GENERATIONAL VALUES

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Abstract

A number of studies have focused on the nature of individual labor force participation decisions. One common context for examining these decisions is the work-leisure paradigm. Labor force participants have been sorted by such differences as age, sex, race and family status. However, little attention has been paid to generational differences. While age is an element of generational identities, the concept of a generation includes shared value shaping experiences. This paper is an initial inquiry into the possible effects of differing generational work-leisure values on labor force participation rates.

U.S. Labor Force Participation Rates and Generational Values

Introduction

There is more diversity in work-leisure values in the American workplace today than at any time in its history (Zemke, 2000). At the present time there are three distinct generations that make up a majority of the work force (Mitchell, 1999). Economists and other serious students of the American work force need at least a cursory understanding of generational value

differences. Specifically, in the study of labor market outcomes, it is values about work and leisure that may play a prominent role in participation decisions.

An inquiry into work-leisure values can focus on value differences associated with different age cohorts or generations. From a management perspective there are numerous issues arising from these value differences; for example, recruiting and retaining qualified employees across the age spectrum and identifying effective work incentives. At the social policy level there are issues such as the portability of employment benefits, and age discrimination. The focus of this paper, however, is on the supply side of labor markets. Conceptual issues and generational value differences are identified, and selected labor force data is reviewed. The purpose of this paper is to explore issues raised by the question: “Do changing generational values have an impact on labor force participation rates in the U.S.?”

Concepts

Concepts that are central to the present discussion include personal values, work, leisure, and generations. For purposes of this paper, the meaning of personal values is adapted from psychologist Milton Rokeach (1973). A personal value is an enduring belief that a specific mode of conduct or end-state of existence is personally preferable to an opposite or converse mode of conduct or end-state of existence. Note that this definition includes both the criteria for making *judgments* about a mode of conduct or an outcome. Rokeach also distinguishes between an attitude and a value. Attitudes are directed towards a specific object or situation, tend to reflect one or more beliefs, and are not standards. On the other hand, values transcend objects and situations, are singular beliefs, and are standards.

It is rare to encounter a serious discussion of the concept of work that does not mention the related issue of leisure. Work can be viewed as a means, an end, or both. On one hand, it has been considered the ultimate in human activity and on the other hand as something to be avoided. The latter view is often found in economic theories about decision-making in labor markets. Work can also be thought of as fulfilling basic human needs such as survival, security, belongingness, esteem, and self-actualization. Another approach to describing the concept of work is to emphasize the activity dimension, such as purposeful mental or physical effort.

Economists often treat leisure as the antithesis to work. For example, Veblen (1965) describes leisure as the nonproductive consumption of time. Leisure is frequently associated with pleasure and work with pain in the hedonistic approach to human behavior. Another

viewpoint treats leisure as discretionary time. Leisure can be considered as time oriented towards self-fulfillment as an ultimate end. In fact these last two definitions of leisure are consistent with a view that advocates a reduction in the distinction between work and leisure.

Strauss and Howe (1991) define a generation to be a cohort-group whose boundaries are fixed by peer personality and whose length approximates the span of life. Peer personality is defined as a generational persona recognized and determined by common age location. Thus, it is the combination of being in an age cohort and sharing behavior and beliefs that define a generation. Many of the common beliefs of members of a given generation are thought to be the result of shared value-programming experiences. Examples of significant value influences on different generations include the Great Depression and WWII, television, the death of President Kennedy, the Vietnam War, the explosion of Challenger, and most recently the New York twin towers attack.

Current Generations in Work Force

While it is convenient for discussion purposes to have clear age delineations for a given generation, the shared values of people do not start or stop so abruptly. Individuals born within a few years of each other will tend to share important values regardless of where they may fall on a generational scale. Thus, people born in the early 1960s will exhibit values associated with both boomer and Gen X members. The generational date intervals depicted in Table 1 are fairly representative of those used by scholars in this field (Strauss and Howe, 1991).

Generational labels tend to vary as different authors look for representative identifiers. In Table 1, two generations are folded into the traditional generation. The youngest of this generation are often called the silent or in-between generation and they share a number of values with older members of this group. Gen X members were referred to as the baby-bust generation and they resisted having any label.

Table 1

AMERICAN GENERATIONS IN 2002

Generations	Born	Ages	Population* (mil)	Labor Force** (mil)
Traditionals	Before 1946	57 & over	51.7 (19%)	15.5 (11%)
Boomers	1946 – 1964	38 – 56	75.3 (28%)	60.3 (42%)
Gen X	1965 – 1980	22 – 37	65.5 (24%)	52.1 (37%)

*Based on computations using U.S. Census Bureau data for 2000 population.

**Based on computations using Bureau of Labor Statistics data for civilian labor force.

It is appropriate to recognize an important limitation of the following discussion of generational values. Americans are treated as if they are homogeneous with regard to generational traits. Differences are not made for ethnic, sex or geographic group variations – only age is used to establish generational cohorts. It is obvious that differences within generations exist based on these categories. While this is a significant limitation, it is also true that the influence of the mass media has brought common value-programming experiences to many Americans.

A useful paradigm for describing and comparing generational work-leisure values is found in the following list of important workplace issues.

What represents social status and how important is it to the generation?

What are the expectations of the generation about workplace decision-making?

What is the role of work in the lives of the generation?

How does the generation view leisure time and its importance?

What represents success for the generation?

Each of the above items will be addressed for the three generations being reviewed. Five books served as primary sources for identifying generational work-leisure values. These books are Massey (1979), Strauss & Howe (1991), Smith & Clurman (1997) and Zemke et al. 2000).

Traditionals – Born Before 1946

The well worn “work ethic” term is very appropriate to represent the traditional generation. Work is associated with virtue. Esteemed traits for traditionals include diligence, industriousness, self-reliance and capacity for deferred gratification. In fact, for this generation social status depends heavily on work achievement and identity is often found in their work role. Traditionals accept hierarchical authority on the job and usually do not expect to participate in

workplace decision-making. For this older generation of workers, their jobs are how they “make a living” and provide for current and future consumption.

Leisure time for many traditionals is simply time off from work. In contrast to younger workers, traditionals usually accept overtime work assignments without complaint. On the other hand, younger employees typically resent overtime work because it interferes with their leisure time plans. Success for traditionals is found in economic security and social status. Money represents security and is valued by this generation. In summary, traditionals can be described as hard-working, dependable, loyal and stable.

Boomers – Born 1946 – 1964

“Personality ethic” is an apt phrase to represent the boomer generation. Social relationships are very important for most boomers – on and away from the job. Social status is important to boomers but it rarely depends on a work role. Status is often associated with ability to perform, especially in stressful situations. Personal identity, rather than playing a role, is the focus of attention for many boomers.

The boomers have significantly altered workplace decision-making. Their respect for hierarchical authority is low and they demand a role in making decisions that affect their lives. While they demand to participate in management decisions, they typically reciprocate with loyalty to their employer. Boomers may, in fact, be the last contemporary generation to display any significant loyalty to a corporate employer.

Perhaps the dominant work value for boomers is captured by the phrase, “self-actualization”. Success is a job that is personally satisfying and rewarding. It is doing work that “means” something – doing work that I want to do. This value is indicative of the idealism often associated with the baby-boom generation. Consistent with the importance of “self-actualization” is the boomer view that leisure time is not just time away from work, but is self-directed time. In brief, boomers are optimistic, team oriented, love causes and involvement, and long for personal growth.

Gen X – Born 1965 – 1980

While sharing a few work-leisure values with boomers, Gen X members hold views that differ significantly in many ways. There has been and continues to be some workplace tension between these generations. Computer competence is but one of the dividing issues. A recent

study found boomers to be 32 percent computer competent while Gen Xers were 80 percent competent

(Kennedy, 1998). Another divisive issue at work is the relative affluence of each generation. Boomers are not only more prosperous but Xers have little hope of ever achieving the economic success of many boomers (Paulin and Riodon, 1998).

One of Xers most distinguishing values is the importance of independent decision-making. Their motto could be, “give me the options and let me decide”. They may in fact share a “choice ethic”. In the workplace, this view translates into an almost emphatic demand to participate in controlling the time and content of their work. Social status has little meaning to Xers. They strive for independence not social recognition.

Perhaps the most distinguishing workplace value of Gen X is the relative importance of work itself. Work is simply not as important a part of their lives as it had been for traditionals and boomers. Much like the implicit assumption of economic theory, Gen X members view work as a means to an end. In fact, for Xers there is a decline in the distinction between work and leisure. Work doesn’t have to be meaningful but it should be fun!

Success for Xers is either just surviving, or being in a situation at work or otherwise that provides an opportunity for self-expression, autonomy, and adequate consumption. Gen X is the first American generation that has been value-programmed to be pessimistic about the future. Another value that distinguishes Xers from previous generations is their acceptance of diversity in the workplace. Diversity is the norm for many of them.

Labor Force Participation Rates

The overall labor supply available in the U.S. is a function of the 16 and over population and the participation rate. Population changes result from death and birth rates and emigration & immigration. Social policy and other environmental influences play a key role in migratory patterns in and out of the U.S. and its labor force. Participation rates are subject to a variety of influences including work-leisure values of the adult population. One question to explore is whether changes in workplace values affect participation rates.

It should be acknowledged that prior to the relative affluence of the 1960s and beyond in the U.S., most male workers did not consider the option of “not working” until they reached retirement age. For females the choice of working “outside the home” is another matter. The

female participation rate in the U.S. rose from 33% in 1949 to about 60% in 1999, while the male rate dropped from 86% to 75% over this time period. Given the sex composition of the U.S. work force, the overall participation rate in the U.S. rose from 57 to 67 % over the same 50 year period (Bureau of Labor Statistics, 2000). Data of this type, however, does not directly address the impact of changing generational values on the participation rates.

In 1960 the 25 to 34 age group was populated by the traditional generation. This group equated work with virtue, leisure with time off from work, and success was primarily economic security. By 1980, the boomers were the 25 to 34 year old workers. Their work-leisure values reflected the affluence of the 1960s and 70s. Work and leisure were considered sources of identity and self-rewarding activities. Success was “self-actualization”. Gen X occupies the 25 to 34 age group in 2000. Work is not that important a part of their lives. For many Xers, work is simply a means to end. Leisure is a time for self-expression. Success is survival and the opportunity for self-expression.

While the choice of using the 25 to 34 age group to represent a generation is somewhat arbitrary, it has the clear advantage of including members who are wholly within the designated generation. The participation rates alone reveal little about all the influences on labor supply decisions. Social changes and events alter individual values about work and leisure, and changes in generational values affect social changes. This is simply the dynamic of changing generational and social values. Table 2 includes participation rates, by sex, for three generations at twenty-year intervals beginning in 1960.

Table 2

**LABOR FORCE PARTICIPATION RATES (%)
AGES 25 – 34***

	Traditionals	Boomers	Xers
Sex	1960	1980	2000
<i>Male</i>	97.5	95.2	93.4
<i>Female</i>	36.0	65.5	76.3
<i>All</i>	65.4	79.9	84.6

*Handbook of U.S. Labor Statistics, 4th edition, 2000
and Fullerton (2001).

Data in Table 2 clearly shows the pattern of converging participation rates for men and women over the forty-year span. While the rates for males are decreasing much slower than

the increase in rates for females, the trend is obvious. Do these changes represent the impact of changing generational values? It would be very difficult to associate the changes with specific work-leisure values since there were so many other influences on the participation decision.

Table 3
LABOR FORCE PARTICIPATION RATES (%)
AGES 45 – 54*

	Traditionals	Boomers
Sex	1980	2000
<i>Male</i>	91.2	88.6
<i>Female</i>	59.9	76.8
<i>All</i>	74.9	82.6

* Handbook of U.S. Labor Statistics, 4th edition, 2000
and Fullerton (2001).

A comparison of traditional and boomer generational data for time periods when each generation was 45 to 54 years of age appears above in Table 3. The result for females is noteworthy. There is an increase in boomer participation by almost 17% and this is for the same age group separated by a twenty year interval. Could the increase in the importance of self-actualization in work or a career be part of the explanation? Perhaps, but this is not consistent with the results for men, at least not on the surface. Also, there are a host of other explanations for the increase in the female participation rate. For example, other factors associated with changing participation rates include educational attainment, pension benefits, childbearing and divorce (Szafran, 2002).

The labor force participation rate seems to have a close correlation to age across generations. A rainbow pattern is observed for males and females with somewhat varying shapes. It is possible that generational values about work and leisure have little, if any, impact on overall participation rates. A different question to which we now turn is: “Do generational values affect the timing, type and number of hours of labor offered in labor markets?”

Other Participation Issues

Perhaps the most obvious issue to explore is whether one generation works more hours than other generations at a given age. Traditional participation rate measurement does not reflect hours of work. It is convenient to use the previous methodology of examining data for age

cohorts at different points in time. DiNatale and Boraas (2002) have used this approach to compare the labor force experience of females of Generation X to other generations. Using the 25 to 34 age group of females in 1999 to represent Gen X, they found that this generation worked more hours and more weeks out of the year than their counterparts of 24 years earlier. The increase in hours worked by Gen X females resulted not only from an increase in the number working full time, but from a decrease in the proportion with short workweeks. A related development is the increase in the percentage of females holding two or more jobs. Some 6 percent of Gen X women held two or more jobs in 2001 compared to 3 percent for the boomer females of the same age in 1975 (Bureau of Labor Statistics, 2000). Over this same time frame, multiple jobholding by young males, 25 to 34, actually declined slightly.

Young women of today face many of the same career choices as their peers 24 years earlier. While decisions about family, marriage and careers factor into one another, it is clear today's young females are making some different choices. In particular, they are spending more time in market work – a.k.a. labor supply. Work-leisure values could play a role in these decisions.

Total hours offered in labor markets is one labor supply issue, but the timing of when and under what circumstances workers are available for work is quite another. In recent years, contingent workers and alternative work arrangements (DiNatale, 2001) have received attention. Contingent workers can be defined as those who do not have an explicit or implicit contract for long-term employment and include full and part-time workers. The Bureau of Labor Statistics defines four types of alternative work arrangements: independent contractors, on-call workers, temporary help agency workers and employees of contract companies.

Much of the data available on contingent and alternative work arrangements is for recent time periods and little detail exists on contingent workers. Given the importance of having a voice in their own work arrangements, the low percentage of Gen X females, age 25 to 34 in 1999, working in alternative work arrangements is somewhat surprising. Only about 8 percent of the young women in this age group were employed in alternative arrangements (Bureau of Labor Statistics, 2000). In fact, boomer females, age 45 to 54 in 1999, matched this participation in alternative work arrangements. Gen X males participated at the same level in these work arrangements as their female counterparts. However, some 14 percent of boomer males, age 45 to 54 in 1999, worked in alternative arrangements. For both Xers and boomers, the favored type

of alternative arrangement was independent contractor. Over 80 percent of workers of all ages that worked in an alternative arrangement were employed full-time.

Other work arrangements that should appeal to Gen X members are work at home, or flexible schedules. Of course one major advantage of these working conditions is that they are an important way to cope with challenges of job and family responsibilities. A 1997 Bureau of Labor Statistics supplement to the Current Population Survey indicates that about 18 percent of the 25 to 34 females did some work at home. However, only about 4 percent worked exclusively from home. The data for men in the same age group and time period shows lower levels of work at home. Some 14.5 percent of the men did some work at home while only about 1 percent worked only at home.

Flexible work schedules seem to appeal to Xers of both sexes. About 28 percent of males and females in the 25 to 34 age group in 1997 had employment with flexible work schedules (Golden, 2001). By way of comparison, some 25 percent of boomer women in the 45 to 54 age group had flexible work schedules in 1997 while boomer men matched their younger counterparts with 28 percent flexible work schedules. Thus it appears that flexibility in working schedules appeals to both boomers and Xers.

Concluding Comments

A cursory review of participation data suggests that participation rates may well be a function of age somewhat independent of a given generation. One difficult research issue is the dynamic between work-leisure values of individuals and the rapidly changing economic and social environment. While the boomer female participation rate for the 45 to 54 year age bracket in 2000 was 17 percent higher than their traditional counterparts in 1980, it does not establish that the increase reflects work-leisure value differences. Also, the participation rate for men in a similar comparison actually declined slightly over the same 20 year period.

An interesting result of this inquiry was the finding that young women today work more hours, more weeks out of the year, and are more likely to hold a second job than the same age women in 1975. Again, for males, the data indicated a decline in multiple jobholding in a like comparison. So, not only is the female participation *rate* increasing, but the participation *level* is increasing. Working in alternative work arrangements is more heavily populated by men than women. Some 14 percent of boomer males in 1999 were classified in this category compared to 8 percent of Gen X and boomer females. Equally appealing to both sexes of Xers are flexible

work schedules. About 28 percent of these workers participate in such an arrangement. This is one case in which the generational values seem to be a good fit.

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