

# Age-inclusive HR policies and organizational climate

Are older workers and employers on the  
same page?

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# **Age-inclusive HR policies and organizational climate: are older workers and employers on the same page?**

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## 1. Introduction

Due to the improvements in living standards and healthcare, the average lifespan has been increasing, causing unintended consequences on the financial sustainability of pension systems (OECD, 2020). Increasing the years spent in the labour force has been widely identified as a possible solution for this issue. In this sense, the Netherlands is a pioneer country: it is one of the first that raised the statutory retirement age, while phasing out the financial incentives for early retirement. Changes in the labour force participation rates suggest that these decisions are already affecting workers close to retirement age. As the data in Figure 1 show, older workers have been increasingly active in the labour market in the past two decades. Hence, managing an ageing workforce will become a key priority for Dutch organizations (OECD, 2020).

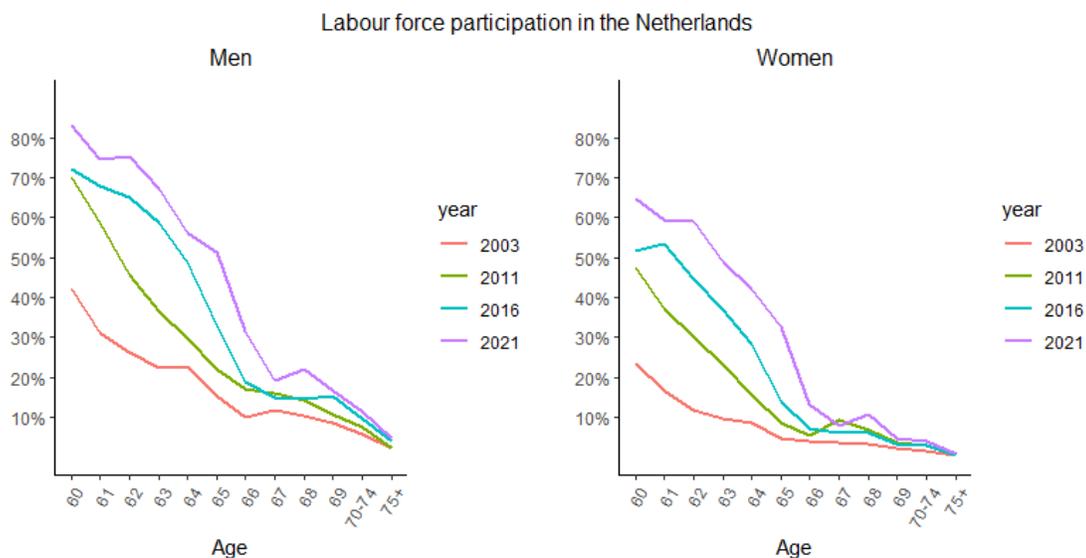


Figure 1. Labour force participation of men and women aged 60+ in the Netherlands, compared across different years. Source: CBS

The adjustment to longer working lives comes with challenges, both for employees and for employers. For some workers, staying longer in the labour market is possible, desirable, or even beneficial. However, research shows that working longer is perceived as a burden for those who have physically demanding jobs, unfavourable health conditions and little resources (van Solinge & Henkens, 2017; Visser et al., 2016). Longer working lives affect employers as well, since they must deal with an ageing workforce. Managers usually hold stereotypes on older workers, both positive and negative (Gray & McGregor, 2003; Van Dalen et al., 2010), even if findings on the relationship between age and productivity are still inconclusive (Cardoso et al., 2011; Lallemand & Rycx, 2009).

In order to face the challenges related to an ageing workforce, making workplaces inclusive to older workers is an important challenge to address. One tool to make this process smoother is implementing age-inclusive HR practices that are targeted to this group of workers. Many organizations have already started adopting such practices so that the adjustment to longer

working lives can be easier. These policies can vary between establishments, but they address similar needs, and scholars previously classified them as either *active* or *exit* practices (Lössbroek et al., 2019; Turek et al., 2020). Active practices are aimed at keeping older workers engaged in the labour market and can be distinguished in three clusters: training, accommodation, and health. Training practices are aimed to keep older employees' knowledge up to date, which is especially important given the current technological advancements; accommodation practices aim at easing the physical and cognitive burden of work that older workers may experience; finally, health measures are aimed at promoting a healthy lifestyle at work and support older employees who cope with illness. On the opposite, *exit* practices are aimed at gradually reducing working hours and salary of older workers, and include practices such as part-time retirement and demotion.

The availability of age-inclusive HR practices in organizations is an important first step, but it is not sufficient to ensure a successful transition to longer working lives. First of all, workers need be aware of them, which may take an active effort on the side of managers. Secondly, employees might need a supportive environment in order to make use of these policies. This latest aspect is linked to the organizational climate, which is defined as “the shared perception of (...) the policies, practices, and procedures employees experience” (Schneider et al., 2013). In other words, the objective availability of age-inclusive practices and the subjective perceptions of the work climate are two separate elements that may not always go together. Research suggests that, more than the presence of HR policies, a positive organizational climate is consistently linked to the intention to work longer (Chen & Gardiner, 2019). Moreover, the presence of inclusive practices “on paper” might not always be enforced in practice (Loretto & White, 2006). Hence, it is important to examine both availability and perceived climate around HR practices in order to assess the extent to which organizations are successfully dealing with an ageing workforce.

In this short article, we provide a snapshot of the changing landscape of age-inclusive HR practices in the Netherlands. By analysing and comparing the perceptions of both employers and employees in two different points in time, we aim at understanding (1) changes over time in adoption of age-inclusive HR policies on the side of employers and (2) examining their perceived availability, as well as the perceptions of organizational climate surrounding them, within employees. In order to do so, we draw upon different sources. For the employer side, recent findings from Oude Mulders et al. (2020) are reported. For the employee side, original analyses on the NIDI Pension Panel Survey (NPPS) were performed. The NPPS is a longitudinal, multi-level Dutch prospective cohort study of salaried older workers (and retirees) that were between 60 and 65 years old in the first wave (Henkens et al., 2017). A stratified sample of organizations was drawn from the registers of three large pension funds in the Netherlands along the dimensions of organizational size and sector. These pension funds together represent approximately 49% of the wage employed workers in the Netherlands. For the analyses, a sample of 2300 older workers nested in 828 different organizations was selected, who filled the questionnaire both in 2015 and 2018. Their mean age was 61.16 years in 2015 and 64.16 years in 2018. The respondents were asked the same set of questions regarding individual and organizational variables, and for this article we specifically analyse the

perceived availability of organizational practices available and the perceived organizational climate.

## 2. Employer perspectives

First of all, the adoption of HR practices is analysed by the employer side. Employers tend to hold stereotypes towards older workers, both positive and negative (Gray & McGregor, 2003; Loretto & White, 2006; Van Dalen et al., 2010). Positive stereotypes include better “soft skills”, such as commitment to the organization and public relations skills. Negative stereotypes include resistance to change and lower productivity due to illness and obsolete training. These stereotypes are generally backed by personal experiences, while findings about the link between age and productivity are still inconclusive (Cardoso et al., 2011), partly because they are dependent on the industry sector (Lallemand & Rycx, 2009). Findings from van Dalen et al. (2010) suggest that employers tend to associate young workers with hard skills, which in turn are positively associated with higher general productivity. Given that older workers tend to have higher wages due to longer work experience (Lazear, 1976), the combination of their high cost and perceived low productivity might create an economic incentive for employers to “push” older workers to retire early (Lössbroek et al., 2019). However, due to the changes in statutory retirement age combined with decreased government incentives for early retirement schemes, this option is increasingly expensive for both employers and employees. Hence, employers have increasingly high incentives to invest in older workers’ productivity instead.

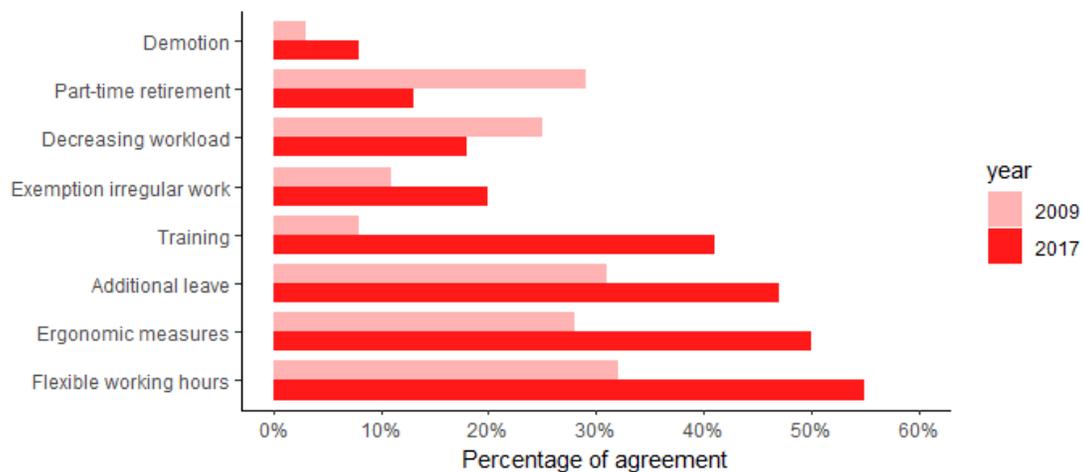


Figure 2. Age-inclusive HR practices, as reported by employers, in the years 2009 and 2017. Source: Mulders, Henkens & Van Dalen (2020)

In a recent paper, Oude Mulders et. al., (2020) investigated whether employers’ perceptions of older workers’ productivity and investment in HR practices changed in the past years. To do so, they analysed data coming from two employer surveys in the Netherlands, first one performed in 2009 (n = 1007) and the second one in 2017 (n = 1358). The data was collected from different samples of organizations, both times stratified per size and sector (note: this sample of organizations is different from the NPPS panel data which are used later in this article).

Their results show three main things. First of all, employers are indeed concerned about the productivity of older employees, and even more so in 2017 compared to 2009 (*data not shown*). This may suggest that managing an ageing workforce has become an increasingly salient issue for them, as they become aware of the importance of older workers' productivity and well-being. Second, these concerns go hand in hand with an increased offer of active HR practices in all of three clusters of training, accommodation, and health measures for older workers, and a decrease in exit practices such as part-time retirement, as shown in figure 2. Finally, looking within the active practices, the one that increased the most is training. The percentage of employers offering training to their older workers increased from less than 10 percent to more than 40 percent. This increase is coherent with their concerns, since investing in training might be the solution that increases productivity the most. All in all, the results suggest that employers are increasingly aware of the need to extend working lives and acknowledge the importance of active HR practices, especially training.

### 3. Older workers' perspectives

#### 3.1 Availability of HR practices

Employers reported an increased usage of HR practices targeted to older workers between 2009 and 2017. Is this shift also reported on the side of older employees? To answer this question, we analysed the answer of 2300 NPPS panel respondents. In the figure below, they were asked whether the following HR practices were available in their establishment.

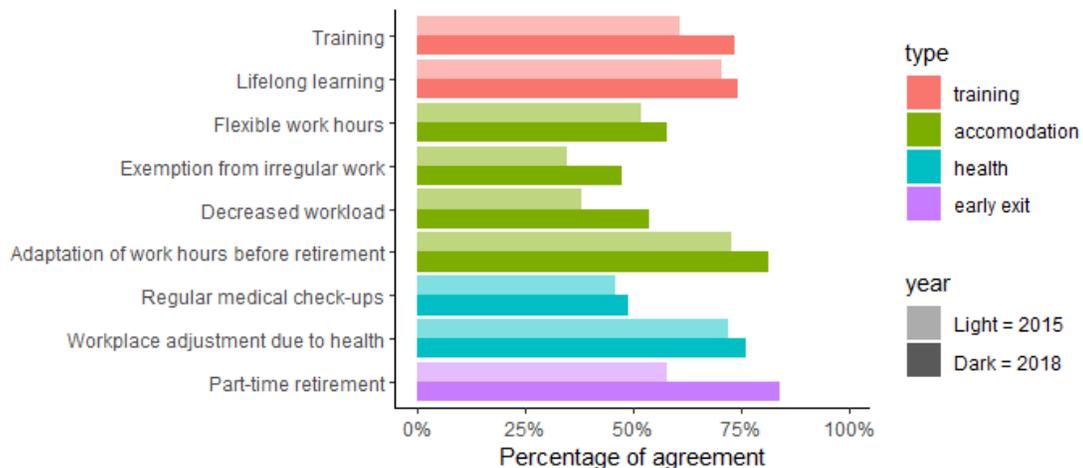


Figure 3. Perceived availability of different age-inclusive HR practices, as reported by employees, in years 2015 and 2018. Source: NPPS

Overall, older employees report that the availability of most age-inclusive practices increased between 2015 and 2018. While a direct comparison with what employers reported cannot be made since data were collected in different years and organizations, we can still observe similar trends on the employee side. In 2018, more than half of them reports that they have access to training in the workplace, as well as flexibility in working hours before retirement and workplace adjustment due to health issues. The availability of measures such as exemption from irregular work and decreased workload also saw a significant increase between 2015 and 2018, but are still less common than other measures. This points to the fact that, as a general

rule, employers aim at accommodating workers by providing additional flexibility rather than decreasing workload.

Part-time retirement arrangements also saw a large increase between 2015 and 2018. This seems in contrast with what employers reported in the previous analysis. However, this information needs to be interpreted in a wider context. First of all, there is a selection bias: since between 2015 and 2018 many employees in our sample moved closer to retirement age, it is possible that they just became more aware of this option (van Solinge et al., 2020). Secondly, this variable is influenced not only by employer’s behaviour but also on the changing policy and regulations about pension regimes and by sector-specific factors. Finally, part-time retirement schemes can be offered both by employers or by pension funds, hence a certain discrepancy with the employers’ view can be expected. Nonetheless, this information suggests that many employees are aware of this option.

Some additional conclusions can be drawn by looking not only at the reported availability of age-inclusive HR practices, but also at their usage by employees. In the table below (table 2), the percentage of employees who report of making use of certain measures is provided. Approximately, around 10 to 30% of employees in the sample declare of making use of available HR practices. Among these, the most common practice is flexibility of work hours, which is used by 32% of employees. Moreover, there is a slight increase in the take-up of most of them between 2015 and 2018, in accordance with Figure 3. The practice that increased the most is part-time retirement (+ 16%).

	2015	2018
<b><i>Training</i></b>		
Training	17%	20%
Lifelong learning	17%	15%
<b><i>Accommodation</i></b>		
Flexible work hours	28%	32%
Exemption from irregular work	7%	8%
Decreased workload	9%	12%
Adaptation of work hours before retirement	18%	26%
<b><i>Health</i></b>		
Regular medical check-ups	24%	21%
Workplace adjustment due to health	11%	13%
<b><i>Early retirement</i></b>		
Part-time retirement	5%	21%

Table 1. Percentage of usage of age-inclusive HR practices, as reported by employees, in 2015 and 2018. Source: NPPS

The overall picture paints a positive trend towards increasing availability of age-inclusive HR-policies. However, the trends might be different by occupational sector and size of the organizations. Thanks to the multi-level design of the NPPS, it was possible to look into different sectors (construction, care, well-being, government, and education) and sizes (small, medium, and large) of the organizations. Overall, there are no great differences. It was

interesting to notice that employees in the construction sector report the highest absolute availability of old age HR-practices. Especially, compared to other sectors, employers seem to offer health-related HR practices the most in the construction sector. For example, in construction, 94% of older workers report that it is possible to have regular medical check-ups on the workplace, contrasted with an average of less than 50% in all sectors (*data not shown*). This might be explained by the fact that construction workers usually have physically demanding jobs, but it might also be possible that they are more aware or incentivized to take them compared to employees from other industry sectors. Finally, the results across company sizes show that the HR practices for older workers are offered more frequently in medium and large organizations compared to small ones. This fact is unsurprising, given that larger companies usually have more structured HR departments, as well as more flexibility in accommodating the needs of individual workers.

### ***3.2 Organizational climate***

In the previous paragraph, the trend of increasing availability of age-inclusive HR practices reported by employers was partially confirmed by the available data on employees. However, it is also clear that most all available HR-practices are used only by a minority of older workers. This raises questions about the wider organizational support for using the available HR-instruments. Earlier research suggests that there are several reasons why people would not use them. For example, higher educated employees make use of healthy company policies more often than the lower educated (van der Put et al., 2020). Moreover, qualitative findings from Loretto and White (2006) suggest there is a gap between the objective presence of company policies and their application in the workplace, especially the ones that are less strictly regulated, such as performance and training related practices. Managers are the link between the employees and the organization as a whole, so they have a part of responsibility in delivering HR policies (Purcell & Hutchinson, 2007). For example, requests such as spending the workday to attend an in-company training or asking one's supervisor to have a lighter workload may be in conflict with internal deadlines and are ultimately a managerial responsibility. Hence, because so many factors are at place, it is important to look not only at objective availability but also at the broader perceptions of organizational climate.

Below, we report the analyses on organizational climate variables from the NPPS divided by the same clusters consisting of training, accommodation, and health (figure 3). When looking at the graphs, three aspects are noticeable. First of all, there is no temporal increase in perceived organizational support either in training, accommodation, or health. As we see from the graphs, there are no visible "shifts" between 2015 and 2018. This seems to be in contrast with the increased availability of HR policies. Secondly, in absolute levels, employees report a positive working climate in their organizations. For example, around 40% of employees feel like it is possible to decrease the workload or adjust working hours, both in 2015 and 2018 (figure 4b). Results are especially encouraging for the perceived health support. Around 60% of employees in the survey, for example, agree with the sentence "A lot of attention is paid to health and safety in this organization" (figure 4c). This number is even higher within the construction sector, reaching 81% (*data not shown*). Thirdly, there seems to be a discrepancy between the perceived importance of training at the organization level and its active encouragement at the

managerial level. In 2018, while half of employees agree that managers stimulate them to keep their knowledge updated, only 17% thinks that training has high priority in the organization (figure 4.a). Hence, managers seem to be a pivotal role in promoting the training of older employees, despite the perceived lack of organizational support.

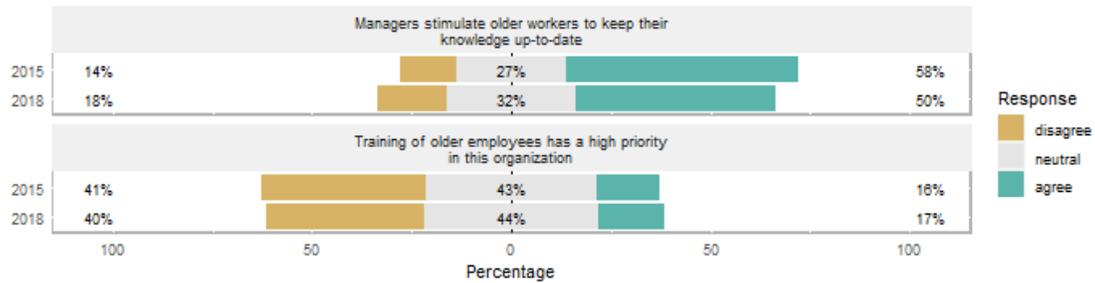


Figure 4a. Climate perceptions over training possibilities, as reported by employees. Source: NPPS

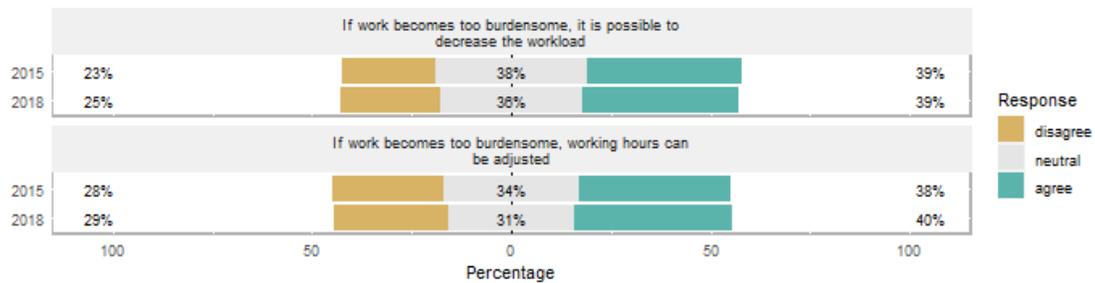


Figure 4b. Climate perceptions over accommodation possibilities, as reported by employees. Source: NPPS



Figure 4c. Climate perceptions over health, as reported by employees. Source: NPPS

## 4. Discussion

The aim of this short article was to investigate the change in availability and perception of age-inclusive HR practices in Dutch organizations, both on the side of employers and employees. Moreover, within the employee perspectives, perceived availability of practices and perceptions on the climate surrounding those practices were analysed. The results show that (1) employers reported an “active shift” in managing older employees between 2009 and 2017, and they especially increased training opportunities; (2) employees also reported increased availability and usage of age-inclusive HR practices between 2015 and 2018; and (3) this increased availability is not associated with an increased positive perception of organizational

climate. A few considerations can be made about these findings. Dutch employers seem to be actively tackling the challenge of creating an age-inclusive environment for older workers, in line with the current policy trends linked to population ageing (OECD, 2020). They increased their investments in inclusive old-age policies in the past years: given that phasing out policies are increasingly disincentivized, this temporal change may be linked with the importance of profit considerations (that is, the increased need to invest in the productivity of older workers) and external pressures (Lössbroek et al., 2019). However, the lack of improvement in perceived age-inclusive organizational climate suggests that there might be a lag in the implementation of new HR policies, since it might take some time for managers and employees to adapt to new measures. Moreover, training seems to be implemented by managers rather than by the organization at large, despite the perceived increase in training and lifelong learning possibilities over time. This seems to link to some discrepancies between how the organization is perceived and individual managers' initiatives, in line with previous research (Loretto & White, 2006; Purcell & Hutchinson, 2007). To conclude, many organizations are increasingly aware of the importance of accommodating older employees, who report on average a positive organizational environment. This is important, since the presence of age-inclusive practices may be more effective in combination with a positive perceived organizational climate (Chen & Gardiner, 2019; Li et al., 2022), which can influence not only the retention but also the perceived health of employees (Vanajan et al., 2020). This is an important aspect, as workers are being required to stay longer in the workforce.

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