CREATING AND ADAPTING JOBS IN EUROPE IN THE CONTEXT OF A SOCIO-ECOLOGICAL TRANSITION

RECHARGING OR RETIRING THE OLDER WORKER: HUMAN RESOURCE STRATEGIES OF EUROPEAN EMPLOYERS

HENDRIK P. VAN DALEN, KÈNE HENKENS, MO WANG

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Abstract

This study aims to offer an empirical taxonomy of European employers' human resource policies in relation to older workers. Three types of age-based strategy are discerned: a focus on exit through retirement, accommodation measures, and development measures. The various antecedents of human resource practices related to older worker are analysed simultaneously.

Design and methods: Statistical analysis is performed on a sample of 3,700 organisations in six European countries (Denmark, Germany, Italy, the Netherlands, Poland and Sweden) that were questioned in 2009 to discover which antecedents are associated with HR strategies. A confirmatory factor analysis (CFA) with categorical indicators is conducted to examine the construct validity of the three types of age-based human resource strategy. Subsequently, structural equation modelling is used to test whether key predictors (i.e. ageing of the work force; organisation size; seniority-based compensation; labour union involvement; training requirement; and knowledge intensity) are associated with the three latent factors.

Results: The strategies of exit, development or accommodation constitute a valid taxonomy to capture the age-based personnel policies of European employers. The employers show a bias towards using exit strategies, but large country differences persist, with Dutch employers offering the most options and Italian employers hardly offering any policies to 'recharge' older workers. Barely 1% of European employers use all three strategies to the fullest extent, while 20% of the employers use at least one measure from each of the three age-based strategies. Public sector organisations are more age conscious than private sector firms.

Implications: Despite the warnings of policy-makers about the possible consequences of population ageing, European employers are not engaging in human resource strategies that promote active ageing. When it comes to enacting policies, employers often opt for the easy way out: exit strategies.

Keywords: older workers, early retirement, training, labour market

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Introduction

In response to pension and social security reforms, the age at which people retire from the labour force is slowly but steadilyincreasing(D'Addioet al., 2010). Effectively managing the ageing work force, in particular the older worker, is therefore a key issue. In order to understand the position of the older worker it is essential to focus on how organisations behave. The central question is: How do organisations deal with an ageing work force, and which human resource policies are designed for and applied to older workers?

Over the past three decades firms have become aware of the need to adapt to an ageing work force(Clark and Ogawa, 1996; Taylor, 2002). Slowly but gradually human resource (HR) practices have emerged that are specifically targeted at older workers and an ageing staff in general. Nowadays, institutions are changing, with higher retirement ages inducing employers to seek and develop policies to keep older workers productive.

This paper makes a contribution to the literature in three ways. So far the literature on HR practices towards older workers has focused on viewing each and every HR practice separately (e.g., Hutchens and Grace-Martin, 2006)but not in relation to each other. The literature regarding organisational responses to labour force ageing is often fragmented, focusing on a host of different personnel policies.

The first contribution of this study is to review different types of human resource practices that target older workers and provide a three-factor conceptual taxonomy to organise and interpret the literature (i.e. a focus on exit through retirement, accommodation and development).In theory, each of these strategies has its own internal logic but, just like production, may be characterised as the combination of various inputs, so HR practice can be seen as the combination or clustering of individual practices (Ichniowskiet al., 1995). To offer an encompassing and empirically

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driven view we statistically analyse the different HR policies towards older workers in a simultaneous fashion.

The second contribution of this study is to offer an examination of the various antecedents or predictors of human resource practices related to older workers. Studies generally identify a number of HR practices with reference to older workers, and only a few studies try to classify these practices. However, these overview studies fail to systematically investigate various antecedents for organisations to adopt those practices (cf. Taylor and Walker, 1994). As such, we know little about which factors may impact organisations' decision-making in terms of utilising those practices.

Third, this is the first comprehensive European study of employers that deals with HR strategies adopted by employers to deal with an ageing work force. By studying human resource practices in a representative sample of organisations in six European countries (France, Germany, Sweden, Poland, the Netherlands and Italy) our database offers a variety of different work and welfare state cultures. To our knowledge, no studies have provided a similar examination on such a large scale.

In sum, to address the above-mentioned gaps in the HR literature, we will offer an empirical taxonomy of HR policies of European employers in conjunction with an analysis of the various antecedents of human resource practices in relation to older workers. This is best done by means of a latent-class analysis. The analysis is based on archival data from an EU project (see Conen et al., 2012; Henkens and Schippers, 2012), which was set up to collect employer-based data on HR practices with respect to older workers in Europe. The pooling of these diverse data provides more robust and clearer perspectives on how ageing and labour market institutions affect employers' views and behaviour.

1. Human Resource Strategies in relation to Older Workers

The lens through which to view human resource strategies and practices targeted at older workers is quite diverse. Different disciplines focus on different aspects of the problems that the older worker faces every day. Gerontological, demographic and occupational health studies focus on the occupational needs and capacities of older workers. The implied strategies for human resource management in this perspective are to accommodate these needs as much as possible (for an overview, seeCrawfordet al., 2010) and to alleviate the stress that may arise between the job demands and the capabilities of an employee. Job strain is conceptualised as a health risk (Karasek Jr., 1979; Siegrist, 1996; Bakker and Demerouti, 2007).

Economic studies stress the investment in human capital across the lifetime of workers in order to develop and maintain individual capabilities and productivity (Lazear, 1979; Hutchens, 1989). The economic perspective differs from the previous perspective by explicitly focusing on the fact that productivity and the price of labour – gross wages - may diverge over the life course. This divergence gives rise to a set of incentive issues not dealt with by the contiguous disciplines. Economic studies also take account of the fact that not all matches between firms and workers work out over time as either labour market institutions change (e.g. raising the retirement age) or workers show an unexpected decline in productivity. In such situations firms may, at a certain point in

an employee's career, decide to offer a buy-out package and let the worker retire earlier than planned.

Based on these disciplinary perspectives one might argue that organisations employ a number of specific types of HR practices in dealing with older workers, and from our perspective it is of interest to see which types of strategy firms use in actual practice in recharging or dismissing older workers. Below we will offer a detailed overview of each of these separately: (1) accommodation practices; (2) developmental practices; and (3) the practice of offering an exit route to retirement.

Accommodation practices

All those workplace measures that compensate for the possible decline in physical and cognitive capacities accompanied by the process of ageing fall under the heading of "accommodation practices". Meta-studies or reviews on ageing show that the relationship between age and productivity in the workplace is quite diverse (cf. Posthuma and Campion, 2009). For instance, the OECD (2006) concludes that while there is some decline in physical and mental abilities from age 50, changes are gradual and there is substantial individual variation. Other functions remain unchanged or improve. Crawfordet al. (2010) conclude that one can see some physical and psychological deterioration, but this can be moderated by increased physical activity, intellectual activity and other lifestyle factors. In short, physical and cognitive changes associated with ageing are modifiable and this is recognised by numerous others (Schaie, 1996; Prenda and Stahl, 2001; Koopman-Boyden and Macdonald, 2003; Skirbekk, 2004; Schalk et al., 2010). The impact of these changes on productivity and performance is also or perhaps primarily dependent on the work environment and how work is organised (Bloom and Reenen, 2011). In general, the compensatory measures that one often encounters in these studies fall under the heading of ergonomic measures or easing the pressure in terms of work hours, or banning older workers from working overtime or irregular shifts, or by explicitly decreasing the workload.

Development practices

Development practices are all those measures that aim at increasing the productive capacity of older workers. These measures differ from accommodation practices,whichare compensatory actions intended tokeep the productive capacity constant. Thinking about investing in human capital is increasingly formalised within HR practices by means of yearly annual reviews with a supervisor and career development planning. The fact that older workers merit special attention can be traced to a number of causes. Weak personnel selection, unexpected technological advances that destroy cumulated knowledge (Daveri and Maliranta, 2007), and weak or no investment in human capital are perhaps the most pertinent causes.

Within the context of career development planning, two routes stand out: internal job mobility and training. To start with the latter measure, schooling or specific training measures are often mentioned as personnel policies that can stimulate the productivity of older employees. Especially in knowledge-intensive sectors, it is a matter of

necessity to constantly update one's knowledge of the state-of-the-art technology, but also information and communication technology itself. Göbel and Zwick (2012) show for German firms that specific training measures for older workers are not correlated with the higher relative productivity of older workers. They suggest that the ineffectiveness might be a result of not properly implementing them. Indeed, it is repeatedly stressed that in the case of older workers, training programmes will not be as effective as they are for younger workers? (Mead and Fisk, 1998; Jamieson and Rogers, 2000; Paas et al., 2001).

The promotion of internal job mobility is another route that not only allows the firm to groom its own talent but also facilitates the allocation of workers over time to positions that make the most of their capabilities. Naturally, this option of offering or stimulating job mobility within the firm is largely restricted to large organisations which can mimic an internal labour market (Doeringer and Piore, 1971).

Offering exit options

Finally, early retirement measures are all those measures which enable older workers to retire from the labour force, either fully or partially by taking up some form of "bridge" employment. Thesemeasuresarecloselyrelated to the previous measures. In either developing or accommodating the capacities of the older worker, the firm finds it worthwhile to maintain the employee. The corollary to this decision is, of course, to either dismiss or retire the older worker as the benefits of keeping the worker engaged no longer cover the costs over the remainder of the career, which officially ends at the mandatory retirement date (in most countries, still 65 years of age) or the date at which an occupational pension starts paying benefits. Seniority-based wages in conjunction with a mandatory retirement age are one reason for adopting this measure, as these type of contracts come increasingly under pressure from an ageing work force (Lazear, 1990). Contracts based on seniority pay imply –from a contemporaneous point of view – a redistribution of income from young to old workers. An ageing personnel structure disrupts this balance and makes it difficult for firms to uphold their promise. Offering an exit route through early retirement is considered by numerous firms as an easy and well-accepted route. Another reason why managers prefer early retirement as an HR strategy is that they seem to expect that the latest technology, naturally adopted byyounger workers, can only be learned and used by older workers at a prohibitive cost. Facilitating early retirement for older workers is therefore a common route taken by many European employers who endorse this particular view.

2. Predictors of Older Worker-Related HR Practices

Based on the literature, we focus on three categories of factorsthat are often viewed as determining HR practices: (1) organisation characteristics; (2) job requirements within the organisation; and (3) management restrictions in dealing with older workers.

Organisation characteristics

The most visible factors thatcould determine HR strategies are to be found in the organisations' characteristics. Besides the industry sector in which organisations

operate, we will focus on twospecificpredictors: the number of older employees working within the organisation and the size of the organisation. To start with the first predictor: the percentage of older workers working in a particular organisation. The reason why this characteristic can influence how older workers are handled can be traced to a number of mediating effects. First of all, having a higher percentage of older workers makes it more likely that the employer has first-hand experience of the problems and possibilities which older workers face. Second, employers who already accustomed to a relatively old work force are likely to be more active in accommodating the needs or investing in the capabilities of older workers.

The second organisation characteristic which merits attention is the scale of operation, as measured by the number of employees. The reason for including this predictor is that use of a full-fledged personnel policy is expected to be subject to economies of scale. For small organisations, personnel policy is often of an informal nature, although they may be bound by government regulations to institute certain measures facilitating working practices. However, the possibilities – in terms of time and financial funds – to send workers on training or schooling programmes are expected to be feweramong small businesses. This may apply even more toa personnel policy targeted at older workers.

Job requirements: Knowledge intensity

Firms working in a dynamic environment – i.e. a work environment in which the state of knowledge changes at a continuous rate – face the challenge of keeping their staff up to date and innovative. Knowledge operates at two different levels: firm specific and general. Firm- or sector-specific knowledge refers the type of knowledge that one needs in order to function within the firm and, at a broader level, within the sector in which the firm operates. General knowledge refers to knowledge which transcends the firm or sector and which can, in principle, be easily transferred to another organisation, such asknowledge of information and communication technologies.

When firm-specific knowledge is important, it may be that older workers will be valued more highly than younger workers as they not only have a larger social network to function within the firm, but will also possess the tacit knowledge needed to function in a particular trade or profession. One can therefore expect that firms will try to maintain and invest in these older workers, and certainly not send them into early retirement.

Management restrictions

The ability of management to offer ways to enhance the productivityof older worker is often restricted by institutional characteristics, like the strength and influence of unions and the prevailing incentive structure. In particular, the seniority wage system is a labour market institution which employers in most western European counties have to deal with when tackling the consequences of an ageing labour force (D'Addio et al., 2010). The response of employers with respect to work force ageing can go one of twoways.They may perceive age-related productivity and wage structures as setin stone and therefore see only one way out of keeping their organisation sustainable:

offering exit routes for older workers. The alternative response is to invest in the knowledge of older workers and ensure that their productivity increases so that the wage-productivity gap does not widen as the staff ages.

The presence of strong unions will also affect employers'bahaviours.. Although the use of seniority wages is often depicted as a measure which individual employers can design and offer, in most European countries seniority wages are agreedupon at a higher (sector) level than the individual firm, and in this setting unions play an important role. Evidence on this particular relationship is given by Zwick (2011), who shows for German firms that seniority wages are associated with strong union involvement. However, union involvement can cover the entire spectrum of human resource strategies and, as such, the influence of unions is expected to be noticeable within every strategy. The real question is, of course, which element of the HR strategy is affected most and on this point, the theory and previous studies do not have much to offer.

3. Methods and Data

Data on employers' behaviours and attitudes were collected between March and November 2009. The countries included in this study were geographically dispersed throughout Europe and represented all types of European welfare states. We used data from comparative surveys carried out among employers in Denmark, Germany, Italy, the Netherlands, Poland and Sweden (Conenet al., 2012). Data for the UK and France weremissing the relevant information that was analysed in this paper so were excluded from the ASPA data file. The total sample covers 3,700 observations on employers. We selected the key decision-makers in a selected business unit of an organisation. The survey was completed by directors (32%), general managers (28%), HR managers (34%), or other supervisors (6%). To our knowledge, no previous studies have provided a similar examination of suchlarge-scale data collection.By employers, we mean the key decision-makers in a selected business unit of an organisation. In some cases, the business unit and organisation were the same entity; however, the former could also refer to a subsidiary of a firm that operated at a national or international level.

The response rates of the survey for the sample countries were 11% in Germany, 17% (Italy), 23% (Netherlands), 23% (Poland), 28% (Denmark) and 53% (Sweden). These rates were lower than the average response rates for individual surveys but were in line with the rates generally found in corporate surveys. In Europe and the United States, for instance, response rates have been found to be between 20% to 30% at most (Brewster and Hegewisch, 1994; Kalleberg et al., 1996; Van Dalen et al., 2009). For all countries, we drew a stratified sample of the characteristics of the sectors and sizes of the investigated business units.

Measures

Dependent variables. Organisations' age-based human resource strategies fall into three broad categories: measures aimed at early retirement, development and accommodation. These categoriesin turn consist of a number of individual

measurestypifying the HR strategies offered by organisations. Early retirement measures consist of"part-time retirement" and "early retirement schemes". Development measures consist of "training plans for older workers", "promoting internal job mobility"and "continuous career development". Finally there are four accommodation measures directed at older workers: "reduction of working time", "decreasing the work load", "ergonomic measures", and "age limit for irregular work or shifts".

Independent variables. The influence of six factors is the central focus of this paper: (i) the level of work staff ageing (as approximated by the percentage of older workers in the establishments concerned);(ii) the industry sector; (iii) the importance of seniority-based compensation; (iv) the perceived influence of unions on personnel policies; and the knowledge intensity of the organisation as approximated by agreement on two statements with respect to the (v) need for training and (vi) the level of knowledge intensity. The exact wording of the questions can be found in Table 1.

Table 1. Descriptive statistics

	Mean	*s.d.*	*Wording*
Exit measures			"Which of the following measures regarding older workers are currently applied in your establishment?" (0 = no; 1 =yes)
Part-time retirement	.26	.44	
Early retirement schemes	.31	.46	
Development measures			
Training plans for older workers	.19	.39	
Promoting internal job mobility	.28	.45	
Continuous career development	.32	.47	
Accommodation measures			
Reduction of working time before retirement	.24	.43	
Decreasing the workload for older workers	.20	.40	
Ergonomic measures	.33	.47	
Age limit for irregular work/shift work	.11	.31	
Predictor variables			
Proportion of older workers	24.71	17.44	"What percentage of the employees are 50 years or older?"
Organisation size	534.72	8030.83	"Approximately how many people are currently employed at this establishment?"
Seniority-based compensation	2.55	.81	"To what extent do wage rise with tenure (i.e. number of years the employee has worked in your establishment)?" (1 = not at all; 2 = fairly low extent; 3 = some extent; 4 = high extent

Labour union involvement	2.70	1.28	"The influence of labour unions on personnel policies is clearly visible in this establishment" 1 = completely disagree to 5 = completely agree
Training requirement	3.50	1.19	"Working in our establishment requires regular extra training" 1 = completely disagree to 5 = completely agree
Knowledge intensity	3.55	1.10	"The knowledge intensity in our establishment is high" 1 = completely disagree to 5 = completely agree
Control variables			
Sector of industry			"Within which of the following sectors of industry is your establishment active?"
Public Sector	.13	.34	
Industry	.36	.48	
Service	.30	.46	
Health and Education	.20	.40	
Sector Information Missing	.01	.11	
Country			
Netherlands	.22	.42	
Italy	.18	.38	
Denmark	.13	.34	
Sweden	.09	.29	
Poland	.20	.40	
Germany	.18	.39	

N = 3,700

To control for influences which are tied to the industry sector and the country in which the establishment is based, we have added a set of dummy variables.

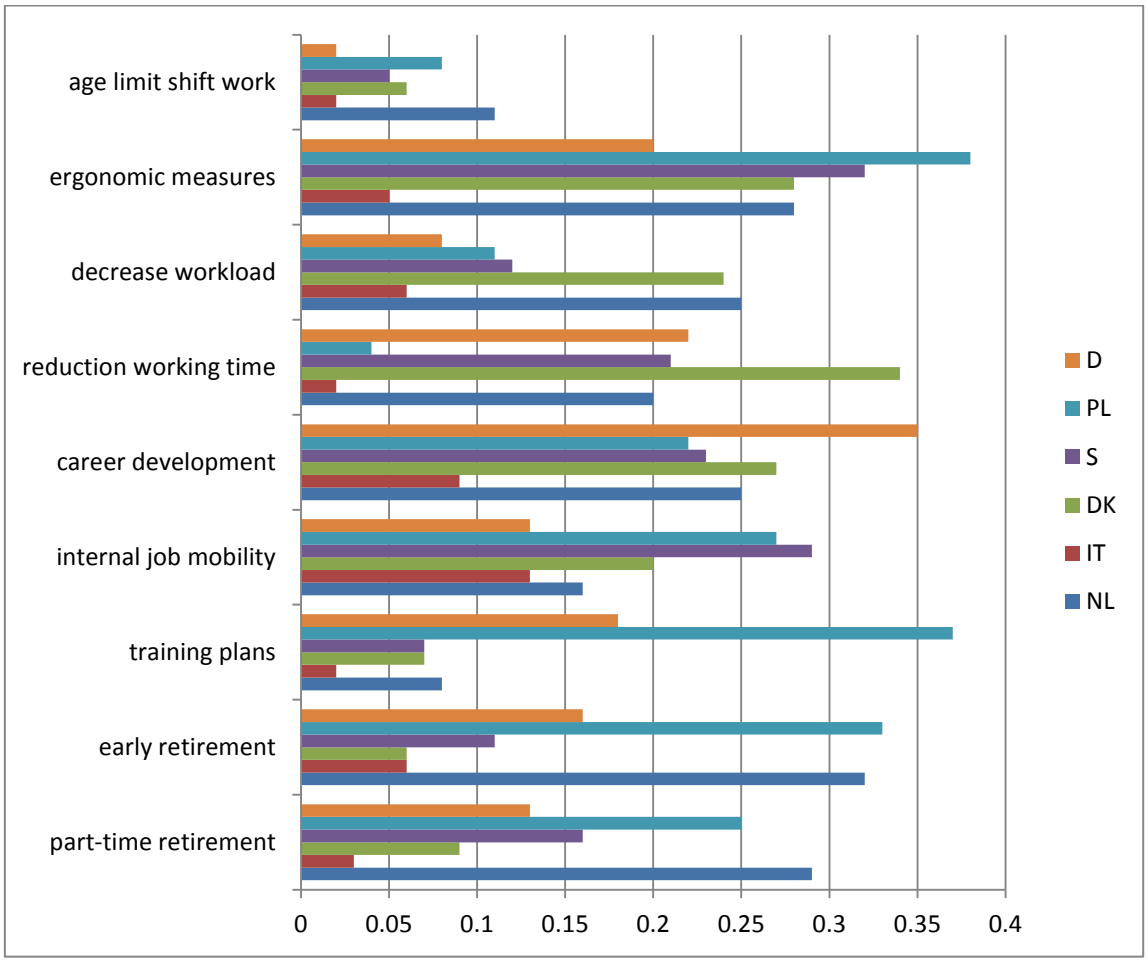
Source: own compilation

4. Results

Descriptives

As a first description of employer strategies, Table 1 presents the intensity of various strategies. On average, approximately 30%of employers have applied some form of policy within each of the three HR policy domains: 31%offer early retirement schemes, 32%offer continuous career development and 33%offerergonomic measures.However, the variation across countries is high, with Dutch and Polish employers offering many options and Italian employers offering virtually none specifically aimed at older workers. Figure 1 gives an impression of the diversity in the application of various policy measures.

Figure 1. Prevalence of human resource strategies focused on older workers among European employers, 2009



Source: ASPA, own calculations

If we pool the country experiences,wecan observethat barely 1% of European employers use all three strategies to the fullest extent, while20% of employers use at least one measurefromeach of the three age-based strategies. In short, this signifies that age-based policies directed as "active ageing" are certainly not the norm in organisations. The situation is somewhat better in public sector organisations in most countries, where government apparently has to practice what it preaches and lead by example.

Older Worker-related Human Resource Practice Strategies

As a first step in the analysis, a confirmatory factor analysis (CFA) with categorical indicators was conducted to examine the construct validity of the three types of older worker-related human resource strategies. A three-factor model was tested by loading items on their respective latent variables. Results showed that items all significantly loaded on their respective latent factors (standardised factor loadings ranged from .66 to .85 and were all statistically significant). Information criteria of the three-factor model were also obtained, such that Akaike (AIC) = 28373.03, Bayesian (BIC) =

28820.00, and sample-size adjusted BIC = 28591.22. An alternative one-factor model was specified by loading all items on the same latent factor, with AIC = 29523.65, BIC = 29740.93, and sample-size adjusted BIC = 29629.72. Since all three types of information criteria of the three-factor model are smaller than those of the one-factor model, the three-factor model has a better model fit and was thus accepted for further analysis.

Testing Predictors of Older Worker-related Human Resource Strategies

Next, we specified a structural equation model by regressing a set of control variables (i.e. country and sector of industry) in Step 1 and key predictors (i.e.ageing work force experience, organisation size, seniority-based compensation, labour union involvement, training requirements and knowledge intensity) in Step 2 on the three latent factors obtained in the above-mentioned CFA model. Table 2 presents the coefficients of the estimated models of Step1and Step 2. As reported in Table 2, the key predictors included in the model explained 8%, 8%, and 4% additional variances beyond control variables in an organisation's use of early retirement schemes, accommodation strategies and development strategies, respectively.

As can be seen in Table 2, the proportion of older workers was positively related to the use of exit schemes (γ_E = 2.85), development strategies (γ_D = 1.82) and accommodation strategies (γ_A = .71), indicating that organisations witha high percentage of older workers offered all three types of older worker-related HR strategies more often than those that had a low percentage of older workers. Organisation size, however, was not significantly related to any of the three strategies. The use of seniority-based compensation, labour union involvement and training requirements of the organisation were positively related to early retirement schemes, development strategies and accommodation strategies (see Table 2). These results indicate that organisations that usemore seniority-based compensation, that havea higher level of involvement from labour unions, and that imposea higher level of requirement on training offered all three types of older worker-related HR strategies more often than organisationsthat did not have these characteristics. And as a final observation, the knowledge intensity of the organisation was positively related to accommodation strategies (γ_A = .22) but was not significantly related to early retirement schemes and development strategies. Public sector organisations are more age-conscious than private sector firms.

Table 2. Coefficients of the estimated structural equation model

Predictor	Exit strategies			Accommodation strategies			Development strategies		
	Est.	*Beta*	*SE*	*Est.*	*Beta*	*SE*	*Est.*	*Beta*	*SE*
Step 1: only control variables									
Sector (public sector= ref.)									
Industry[1]	-.92**	-.17**	.16	-1.05**	-.20**	.15	-.78**	-.25**	.11
Service[1]	-.155**	-.28**	.18	-1.45**	-.26**	.17	-.84**	-.26**	.11
Health and education[1]	-1.05**	-.16**	.17	-.88**	-.14**	.16	-.60**	-.16**	.11
Sector information missing[1]	-1.19*	-.05*	.48	-1.29**	-.06**	.39	-1.04**	-.08**	.27
Country (Netherlands = ref.)									
Italy[2]	-4.19**	-.63**	.30	-4.56**	-.70**	.32	-1.43**	-.37**	.14
Denmark[2]	-2.96**	-.39**	.22	-.40*	-.05*	.16	-.25*	-.06*	.10
Sweden[2]	-2.08**	-.23**	.20	-1.12**	-.13**	.17	.22*	.04*	.11
Poland[2]	-1.21**	-.18**	.16	-2.29**	-.36**	.20	-.08	-.02	.10
Germany[2]	-2.38**	-.36**	.21	-1.56**	-.24**	.14	-.19*	-.05*	.09
R^2	.34**			.17**			.42**		
Step 2									
Key predictors									
Proportion of older workers[3]	2.82**	.20**	.44	1.77**	.13**	.32	.76**	.08**	.22
Organisation size[4]	.01	.02	.00	.01	.02	.00	.01	.07	.01
Seniority-based compensation	.23**	.08**	.09	.24**	.08**	.06	.10*	.05*	.05
Labour union involvement	.26**	.13**	.05	.20**	.10**	.04	.07*	.05*	.03
Training requirement	.27**	.13**	.07	.21**	.10**	.05	.31**	.23**	.05
Knowledge intensity	-.05	-.02	.08	.09	.04	.06	.22**	.15**	.05

Control variables									
Industry sector									
Industry[1]	-.36*	-.07*	.17	-.61**	-.12**	.16	-.48**	-.15**	.11
Service[1]	-.99**	-.18**	.16	-1.04**	-.20**	.17	-.65**	-.19**	.12
Health and education[1]	-.86**	-.14**	.16	-.75**	-.13**	.16	-.57**	-.14**	.12
Sector information missing[1]	-.67	-.03	.46	-1.04**	-.05**	.39	-1.08**	-.08**	.31
Country (Netherlands = 0)									
Italy[2]	-3.50**	-.56**	.26	-3.69**	-.60**	.30	-.62**	-.15**	.14
Denmark[2]	-2.89**	-.41**	.21	-.48**	-.07**	.15	-.24*	-.05*	.11
Sweden[2]	-2.27**	-.27**	.22	-1.24**	-.15**	.18	.10	.02	.12
Poland[2]	-.94**	-.13**	.17	-2.19**	-.31**	.21	-.15	-.03	.12
Germany[2]	-2.28**	-.36**	.21	-1.47**	-.24**	.14	-.25*	-.06*	.10
R^2	.42**			.25**			.46**		
ΔR^2	.08**			.08**			.04**		

Notes.[1] These dummy variables were coded 1 if the organisation was from Industry/Service/Health and Education/Unknown Sector and 0 if it was from the Public Sector. [2] These dummy variables were coded 1 if the organisation was from Italy/Demark/Sweden/Poland/Germany and 0 if it was from Netherlands. [3] The proportion of older workers was calculated as the percentage of employees over 50 in the organisation divided by 100. [4] Organisation size was calculated as the actual organisational size divided by 1,000 to keep the values at a similar scale to the other variables. * $p < .05$. ** $p < .01$.

Source: ASPA, own calculations

Table 3 presents the comparison results of the predictive effects of each key predictor across the three dependent variables. Predictive effect comparisons were conducted by comparing the likelihood-ratio based χ^2s of the free model (i.e. the model estimated with both covariates and predictors as in Step 2, Table 2) and a constrained model in which the predictive effects of a particular predictor on two dependent variables were constrained to be equal. Significant $\Delta\chi^2$ means that the constrained model fitted the data significantly worse than the free model, indicating that the predictive effects of the particular predictor on the two dependent variables were significantly different. Non-significant $\Delta\chi^2$ means the constrained model fitted the data similarly to the free model, indicating that there is no difference in the predictive effects of the particular predictor on the two dependent variables. The tests in Table 3 show in particular that the proportion of older workers was more predictive of an organisation's use of early retirement schemes than of accommodation and development strategies. And in turn, the proportion of older workers was more predictive of an organisation's use of accommodation strategies than of development strategies. Besides the level of work staff ageing, other predictive variables also shed some light on the focus of employers' strategies. Both seniority-based compensation and labour union involvement were more predictive of an organisation's use of early retirement schemes and accommodation strategies than of development strategies. Finally, there was no difference in the predictive effects of training requirement on all three HR practices.

Table 3. Model comparisons for free model and constrained models

Model	-2Loglikelihood	$\Delta\chi^2(1)$	Conclusion
Free model	56167.98		
Predictive effect comparisons			
Proportion ofolder workers			
γ_E vs. γ_D	56206.20	38.22**	$\gamma_E > \gamma_D$
γ_E vs. γ_A	56176.06	8.08**	$\gamma_E > \gamma_A$
γ_D vs. γ_A	56180.70	12.72**	$\gamma_A > \gamma_D$
Seniority-based compensation			
γ_E vs, γ_D	56171.82	3.84*	$\gamma_E > \gamma_D$
γ_E vs, γ_A	56168.00	.02	$\gamma_E = \gamma_A$
γ_D vs. γ_A	56174.72	6.74**	$\gamma_A > \gamma_D$
Labour union involvement			
γ_E vs, γ_D	56188.36	20.38**	$\gamma_E > \gamma_D$
γ_E vs, γ_A	56169.82	1.84	$\gamma_E = \gamma_A$
γ_D vs, γ_A	56180.72	12.74**	$\gamma_A > \gamma_D$
Training requirement			
γ_E vs. γ_D	56168.36	.38	$\gamma_E = \gamma_D$
γ_E vs. γ_A	56168.86	.88	$\gamma_E = \gamma_A$
γ_D vs. γ_A	56171.46	3.48	$\gamma_D = \gamma_A$

Notes: γ_E = the structural coefficient in predicting exit strategies. γ_D = the structural coefficient in predicting development strategies. γ_A = the structural coefficient in predicting accommodation strategies. * $p < .05$, ** $p < .01$.

Source: ASPA, own calculation

5. Summary and Discussion

In this paper we have offered an empirically based taxonomy of European employers' human resource strategies in relation to older workers. Three types of age-based strategies can be discerned: a focus on exit through retirement, accommodation measures and development measures. A key strength of this study is that the various predictors of older worker-related HR practices are analysed simultaneously by means of a latent class analysis. The bulk of the HR literature examines strategies separately, but a drawback to this approach is that one misses information revealed by related strategies. Another strength of the study relates to its object: for a sample of 3,700 organisations in six European countries (Denmark, Germany, Italy, the Netherlands, Poland and Sweden), we offer an in-depth overview of firms that are adapting to an ageing work force.

The results first show that – based on a confirmatory factor analysis (CFA) with categorical indicators – the three types of age-based HR strategies offer a valid taxonomy for the way organisations organise their personnel policies. As a subsequent step, we used structural equation modelling to test whether key predictors (i.e. ageing of the work force, organisation size, seniority-based compensation, labour union involvement, training requirement and knowledge intensity) are associated with the three latent factors. As it turns out, the higher the proportion of older workers in an organisation, the more likely that organisation is to employ exit, development or accommodation strategies. In addition, organisations that use more seniority-based compensation, that have a higher level of involvement from labour unions, and that impose a higher level of requirement on training offered all three types of older worker-related HR strategies more often than those that did not have these characteristics, but one cannot discern a consistent hierarchy across the three measures. And a final noteworthy result is that public sector organisations are on the whole more age-conscious in their HR strategies than private sector firms, as the three strategies are applied more often in the public sector. European governments appear to try to lead by example when it comes to the policy of "active ageing".

The policy implications of this study are to some extent limited by the cross-sectional nature of the study, which implies that one cannot see whether employers are improving their actions and attitude towards older workers. However, from other research (Conen et al., 2011) one can discern that employers' behaviour and attitude are slowly improving. Nevertheless, there is much room for improvement as employers seem to pay only lip service to the concept of 'active ageing'. The human resource practices within the European countries examined are not well attuned to the goal of making employees participate for longer in the labour market. Barely 1% of European employers use all three strategies to the fullest extent, while 20% of employers use at least one measure from each of the three age-based strategies.

One should, of course, acknowledge that large country differences persist, with Dutch employers offering the various options most frequently and Italian employers hardly offering any policies to recharge older workers. The statistical analysis of predictors of human resource strategies provides some solace, in that those organisations with a

high percentage of older workers are more likely to offer all three strategies than organisations which still have a 'young' age structure. However, if one takes a closer look at the differences across the three strategies, employers have a tendency to opt for the easy way out, i.e. exit strategies.

Of course, these results should be interpreted in a broader perspective. First, one cannot ignore the fact that firms have to face the real-world consequences of an ageing work force as well as the consequences of the recent recession. The question of whether to retain older workers becomes a harsh dilemma when the prospect of downsizing becomes real (van Dalen and Henkens, 2013), and most employers would opt for letting older workers go. The picture that emerges from the present study is that when organisations offer a particular age-based HR policy, they often offer it jointly with a different age-based policy. For example, exit strategies are observed together with development strategies. These correlated strategies make sense, as an organisation has to deal with the possibility that some older workers remain valuable and worthy of investment, while the capabilities of other older workers may no longer be of value to the firm and the option of exiting should be available.

A second observation is the possibility that employers reflecting a strong bias towards choosing exit strategies is a legacy of the past and was, until recently, firmly embedded in the institutional structure of social security and pensions (Wise, 2010) and the employer's mindset (Van Dalen et al., 2010). The data in this study refer to the year 2009, and in most European countries a transition is taking place in which the incentives to leave the labour force at a relatively young age are being curtailed and alternative exit routes (e.g. disability insurance and special unemployment programmes) are gradually being closed down. The fact that employers of ageing organisations are more set on recharging older workers – or at least considering personnel policies that facilitate longer working lives – than organisations not confronted by the problems of an ageing work force is a positive sign, and may offer some hope for the future when older workers can no longer be ignored.

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