

HUMAN CAPITAL OF SENIOR EMPLOYEES: REALITY AND MYTHS

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Abstract

Currently, the study of the human capital of senior workers is relevant for both European countries and Russia; the preservation and development of the human capital of older workers is of economic and social importance. The authors of this article explore characteristics of the human capital of senior workers, identify and systematise various factors of the external and internal environment that actualise specific characteristics, as well as the processes of formation, preservation, development and evaluation of this type of capital. To study the human capital of senior workers, a sociological approach is used to clarify the application of the concept of social action in various institutions, including the economic sphere. A systematic approach is also applied, where the human capital is viewed as an open and dynamic structure influenced by various factors of the external and internal environment. The authors clarify the theoretical conclusions and hypotheses by the results of a sociological study (with focus groups) and analysis of statistical data. They propose recommendations on the need for consistent work to destroy the negative stereotypes and to form new ideas about the characteristics of human capital in the whole society and the professional environment of employers.

Key words: human capital, workers, senior employees, stereotypes, factors.

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Introduction

The trend of an aging population, which is characteristic of many European countries, has significantly affected Russia. If in 2018 the total population of Russia was 146.88 million people, including over 60 years old - 28.7 million people, then by 2030 the number of people over 60 years old will reach 33.2 million people (Vidyasova, L. & Grigorieva, I., 2016). At the same time, there are 28.9 million women pensioners in Russia (or 66% of the total number of pensioners), and 14.3 million men (34%). The number of working pensioners is considerably declining: in 2017 there were only 9.9 million people left, or 22.9% of all the citizens of retirement age (What is the number of pensioners recorded in Russia in 2017,

2018). At the same time, the percentage of working population is decreasing. In such a demographic situation, the maintenance and development of the human capital of older workers has not only economic but also social significance. Indeed, an active use of the human capital of older workers is the key condition of improving the quality of life in the elderly age (World Bank overview report on population aging, 2015). That is why the study of the structure of the human capital of older workers, its characteristics and factors affecting the processes of formation, preservation, development and evaluation, are relevant as an object of scientific research. In recent years, the number of papers whose authors use an interdisciplinary approach to study the specified object of research has increased (Bal, P., de Lange, A., Van der Heijden, B., Zacher, H., Oderkerk, F. & Otten, S., 2015, December, p. 35; Riach, K. & Wendy, L., 2009, p.110). Researches on the structure of human capital and various characteristics are actively being carried out. They are revealing some connections between the value level of physical abilities to perform work operations and the level of public health (Bychenko, Yu., 2000, p. 43), and the total of intellectual abilities, education, skills, moral qualities, qualification training of individuals that are used or can be used in labour activities, as well as they make legitimate the possession of status and power (Winkelmann-Gleed, A., 2012, p. 80). Some scientific definitions are being clarified, for example, V. Radaev (Radaev, V., 2005, p. 128) defines the human capital as a set of accumulated professional knowledge and skills acquired in the process of education and advanced training, which can later generate income in the form of wages, interests or profit. Researchers are analysing different components of the human capital, for example, vocational education, the level of which influences the income and work of a specific social group. The transformation of the middle class into a significant social group depends on it (Anikin, V., Khromov, K., 2008, p. 47, Coleman, J., 2001). In addition to the structural approach, researchers are drawing attention to the fact that infrastructure investments both of the state and employers, and of the citizens themselves who are expected to act, are important for the development of human capital. A. Kalwij, A. Kapteyn, K. de Vos consider the employment of aged people as a tool to counteract the economic consequences of aging population (Kalwij, A., Kapteyn, A. & de Vos, K., 2010, p. 341). Against the background of foreign studies, there are practically no Russian studies of human capital of such a socio-demographic group as senior workers. Accordingly, the contradiction between the economic and social significance, and the lack of research on the specified scientific research object, makes this topic especially relevant.

1 Methodology

The authors of this article apply several scientific approaches to study the human capital of older workers. This is a sociological approach involving the development of the concept of social action in various institutions, including the economic sphere. All the actors or participants in the human capital-related processes make concrete decisions, influenced by diverse needs and values, based on their goals and expectations (Parsons, T., 2000, p. 225). Employers correspondingly assess characteristics of the human capital of senior workers based on the current needs (Radaev, V., 2005, Anikin, V. & Khromov, K., 2008, Coleman, J., 2001). Accordingly, there is a relationship between the decisions of employers and the presence of older workers with relevant characteristics in the human capital structure (Bychenko, Yu., 2000, p. 43, Winkelmann-Gleed, A., 2012, p. 80). Those citizens who have reached the retirement age but continue working, proceed from their needs and take appropriate actions as well. All actors perform concrete actions, being under the influence of particular ideas about characteristics of the human capital of older workers. The human capital is viewed as a structure that is open and dynamic. The actualization of the specific characteristics of the human capital of older workers is influenced by diverse factors of the external and internal environment. 1) This is a socio-demographic factor influencing the assessment of the level and profile of the employees' professional education, and the health status of senior workers. 2) Along with the socio-demographic factor, the Russian employers' ideas of the business qualities of older workers are determined by the sociocultural factor linked to the values, important business qualities, and professional skills in demand. However, the behavior of actors (employers, senior workers) is determined not only by objective notions, but also by myths or stable stereotypes containing a negative assessment of the human capital characteristics. The authors hypothesize that the ideas of Russian employers and the workers themselves are the following settled stereotypes: emotional fatigue and professional burnout of senior workers, low labour productivity, poor physical health and mental abilities, professional and social helplessness. These stereotypes have a negative impact on the behavior of the employers and the older workers. 3) Besides, actions and relations between employers and older workers are determined by the legal factor: these are the content of the legislation and concrete legal norms that influence making all decisions on employment or its termination, or other personnel issues. One of the researchers' tasks is to identify the reasons why Russian employers violate norms of the labour legislation, demonstrate some discrimination of employees on such grounds as age. 4) The employers'

actions regarding older workers are influenced by the organizational factor associated with the possibility of using different incentives: flexible work schedules, training, creating conditions for meeting such workers' needs as recognition and respect (in the form of mentoring or appointing to the post of a consultant, or an adviser). In order to prove the theoretical conclusions and the hypotheses offered, the authors apply a sociological method with focus groups, which allows clarifying the participants' attitude to such an object as the human capital of senior workers. Two focus groups were held in September 2018 at the social technology center 'Optima' (Yekaterinburg, Russia): in the first group there were citizens of pre-retirement age from 45 to 55 years old, in the second group there were retired people from 55 to 65 years old. Authors of this article also carried out a pilot sociological study. The survey was conducted among 266 citizens of retirement and pre-retirement age (women older than 50 and men older than 55) living in Yekaterinburg and other localities of Sverdlovsk region. The sample was random, based on availability of respondents. This article includes only a small part of the survey results, as the study is still in progress.

2 Results and discussion

According to the results of theoretical and empirical research, the authors have made the following conclusions. The human capital is considered as a set of accumulated characteristics that persist or disappear under the influence of specific actions and factors. Thus, the employers' decision to let the workers who have reached retirement age continue their work, is affected by a socio-demographic factor, in particular, the assessment of the vocational education level and the corresponding professional knowledge and skills of the workers. L. Vidyasova and I. Grigorieva (Vidyasova, L. & Grigorieva, I., 2016, p. 184) note that the high probability of employment after reaching retirement age is confirmed if men have vocational technical education. The probability of subsequent retirement of women with higher education is 6% lower than among less educated women. The education profile also influences the employers' decision to continue labour relations with senior workers, for instance, the higher technical education is in demand in a number of sectors. This theoretical conclusion is confirmed by the data of the focus groups: "And I believe that there are good and rare specialists, on whom the leaders hold. I have had a friend of mine who has worked at a military enterprise. He is almost eighty years old, but he works in a rare specialty. The directors have persuaded him to continue working and they have even raised his salary" (Olga, 60, administrator). Employers make decisions on the retirement of older workers, assessing in the structure of human capital above all the relevant professional skills that are

more important to them than the time record and work experience. In the structure of human capital, the employers appreciate such qualities as reliability, responsibility, dedication, which ensure the older workers' productivity (Van Dalen, H. P., Henkens, K. & Schippers, J., 2010). In this case, there is a sociocultural factor determining the modern employers' views of business qualities. At the same time, along with the objective assessment of certain qualities, such a stereotype as distrust of the abilities and creativity of employees over 45 years old is pronounced among employers. According to the testimony of focus group participants, the citizens older than 40–45 are often not even considered by the employers as candidates for vacant positions during a competition. "I already tried to get a new job when I was 45 years. And they told me in the organisation: "You know, we don't need anyone." At the same time, nobody said that I wasn't needed because of age. And I have got a job only thanks to an acquaintance" (Vladimir, 55 years old, engineer). The stereotype opinion on the binding emotional fatigue and professional burnout of older workers prevails. We will cite one of the statements: "You know, my daughter is in the 10th year. Her class teacher is 64 years old. Perhaps, as a teacher, she is a good specialist, but she is emotionally tired. She does not go anywhere with children, does not travel with them, does not hold any events. I don't mind her working: she is a competent specialist and a good person. But she has fallen behind the children's interests; they are not interested in her. They are attracted to creative, young teachers. You see, she is 64 years old" (Natasha, 57 years old, a specialist in tax inspection). In Russian society, there is a widespread idea that the labour productivity of older workers is lower than that of young workers. We will quote the participants of a focus group: "We are forced to "run "ahead of young workers, who can stay with their children and even have a rest when they are on a sick-leave. And we must be constantly aware of all the changes, but spend more time and effort on it. For example, young people quickly master anything, including a computer. It takes them hours, and it takes us nights" (Julia, 59, a teacher).

Tab. 1: Difficulties experienced by the respondents who still work after reaching the retirement age

Difficulty	% of respondents
Stress (seniors are actively "pushed out" to retirement as inefficient work force)	18,0
Work experience of older workers is undervalued	14,2
The pace of work has increased dramatically. Not possible to manage with the number of changes.	26,3

Feeling of being discriminated by age	6,7
Not sufficient knowledge or work skills	6,7
No difficulties	43,6

Data collected during the empirical sociological study shows that almost half of respondents who keep working after reaching the retirement age don't experience any difficulties during their labor activity. Approximately a quarter of the interviewed reported to having difficulties adapting to changes in their workflow.

The sociocultural factor impacts again on the assessment of the senior workers' physical health and mental abilities both by the employers and the workers themselves. It is often associated with stereotypes based on underestimation, which is confirmed by the statements of focus group participants. But according to some researchers, the partial loss of such qualities as dexterity, physical strength and quickness of thinking is compensated for by the developed verbal and social skills, as well as rich experience of the workers (Bussolo, M., J. Koettl & E. Sinnott, 2015; Bal, P. Matthijs, de Lange, Annet H., Van der eijden, Beatrice I. J. M., Zacher, Hannes, A. Oderkerk, Frank & Otten, Sabine, 2015). Forming a stereotype about the short life of the Russians and, accordingly, the older workers' poor health is paradoxically influenced by official statistics on life expectancy, which are incorrectly interpreted by citizens. The behavior of citizens of pre-retirement and retirement age is largely determined by the idea of their professional and social helplessness. The nature of such ideas is complex: it is governed by both negative social experience and a sociocultural stereotype about the role and status of a Russian pensioner. Accordingly, a lot of elderly Russians reproduce such actions, which can be classified as "learned helplessness": it means that a person assumes the role of a pensioner and takes appropriate actions. "It will be very difficult for older people to switch to new positions and new technologies. Many businesses are resold, and they do not need older workers. People cannot even work up to the age of fifty-five. They try to make them retire fast and take a young specialist in their place" (Elena, 47, a physical education teacher). A legal factor influences the relations between the employers and the senior workers. Despite the government control over compliance with the labour legal regulations, employers often violate them. Even if an employer does not cancel the employment contract with an older worker, they may take a discriminatory position. Let us refer to the following statement: "Suppose I would live to be of the retirement age and continue working. But I would definitely have a negative emotional state. Even if I hadn't

been fired, I would still feel like a second-rate person, because I am a pensioner, and I am paid less than the others. And I have nowhere to go, because if I quit this job, I will get employed nowhere” (Anton, 51, a freelancer). A lot of employers refuse to raise wages of working retirees, even if their performance indicators are higher than those of other ages. This decision is based on the stereotypical notion that a pension combined with a salary allows older workers to have a good income. “The employer has a suspicion that a person lives too well: they work, receive a salary and a pension. So, the employer often comes up with the following solution: “Let’s raise all employees' salaries and as for that working pensioner, we won’t raise their salary, because they live so well” (Alexey, 56, a businessman). At the same time, many older Russians continue working because they need money.

Tab. 2: The most common motives to continue working

Motive	% of respondents
To transfer work experience to younger workers	12,8
To maintain the feeling of being useful and significant (in both family and work community)	34,8
To maintain their relationship with colleagues	19,6
To improve their financial situation	76,5
No plans of working after retirement	3
Other	0

The most common motivation to keep working among seniors is to ensure their material well-being (reported by 76.5% of respondents). However, the combined number of interviewed who selected social motives is comparable to the number of those who selected material motives. That attests to prolonged working career being not only a forced strategy, but also a way to realize one’s human capital.

The state of health is a factor (a socio-demographic one) that influences the retirement decision of older workers, both on their own will and on their employers’ initiative. And this act certainly leads to a decrease in the income and life quality, being a predictor of social exclusion (Grigorieva, I., Chernyshova, S., 2009). The employment extension among senior citizens largely depends on working conditions: for instance, heavy physical labour adversely affects the health status and the decision to continue working, made by the worker in person or others. This opinion is shared by focus group participants: “Not everyone can continue working after retirement. After all, not everyone works as officials. And where the work is

connected with physical and hard labour, everything is different. We carry churns and big pots: I am talking about my job. I can't even sit down to rest ” (Irina, 53, a cook in a kindergarten).

At the same time, according to the results of some studies, a direct, positive relationship between labour activity and optimal health status has been revealed. Thus, it has been discovered that the older Russian workers (but not engaged in heavy physical labour) have higher objective figures of functional diagnostics, such as walking, and less common heart diseases (hypertension, coronary heart disease, stroke and arthritis) compared to their non-working peers (World Bank overview report on population aging, 2015). The focus group participants have not provided any assessment of the organizational factor linked to the possibility of using diverse incentives to continue the successful work of older workers. The absence of answers confirms the fact that at present, Russian employers are not practically paying attention to applying some additional incentives to prolong the successful employment of older workers.

Conclusion

The human capital of workers regardless of their age is perceived as a combination of characteristics, the significance of which varies under the influence of specific factors. The processes related to the formation, development and evaluation of the human capital of older workers are influenced by such factors of the external and internal environment as socio-demographic, socio-cultural, legal and organizational ones. However, the behavior and actions of employers, as well as workers of senior and pre-retirement age themselves, are determined by not only objective notion of the human capital, but also negative stereotypes, as well as negative myths associated with them: the ideas of binding emotional fatigue and professional burnout, lower productivity of the older workers compared to the younger workers, poor physical health and mental abilities. In the society and the professional environment of employers they need a consecutive work to break down the negative stereotypes and to form new ideas of the human capital characteristics that lots of older citizens already possess and can have, but subject to the availability of institutional employment opportunities for older people and their active longevity. An in-depth study of the organizational factor is required; it is related to the possibility that employers use such incentives for the successful employment of older workers as flexible work schedules and some additional professional training.

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