Future age-conscious manpower planning in The Netherlands

From early retirement to a new perspective on the elderly?

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Introduction
The population of the industrialized countries is ageing. Public policy interest in this issue of population ageing, however, is a much more recent phenomenon, particularly since the ageing process is expected to affect the labour market. The ageing of the labour market could have a considerable effect on labour costs, labour supply, productivity, and mobility, etc. This article focuses on the effects of population ageing on the Dutch labour market, and particularly on individual organizations.

Expectations are that the ageing of the population of The Netherlands, which set in in the late 1960s, will reach its peak shortly after 2030. The ageing process has far-reaching repercussions for society as a whole, affecting sectors such as public health, housing, education and the labour market. As far as the labour market is concerned, the process will primarily affect the government's ability to finance its pension scheme. As the labour force continues to age, it will become increasingly difficult to finance current retirement patterns of elderly employees. Dutch government policy focuses on efforts to increase the labour force participation of the elderly. Concrete policy measures, such as abolishing early retirement schemes or even raising the official retirement age, affect the labour market as a whole, but they also have direct and indirect repercussions for individual companies and other large-scale organizations. As things stand now, employers are often faced with a gradual increase in the average age of their staff. The overriding concern of organizations with an ageing workforce is their ability to bear the costs of early retirement schemes. There are, however, numerous other reasons why it is useful for an organization to gain insight into the changing age structure of its workforce. How does ageing affect total wage costs? Which retraining and updating schemes should be implemented to prevent know-how from becoming outdated? What are the consequences for promotion and career planning, and how will an ageing workforce affect absenteeism? It is questions such as these that have aroused interest among
employers in the age structure of their organization. They are likely to show growing concern for these matters in the near future since age structures are expected to change quite substantially.

This article deals with the effects of ageing and possible future policy measures on the age structures of large-scale organizations in The Netherlands. I will first shed light on the ageing of the labour market as a whole. Particular attention will be paid to trends which have taken place during the past decades, as well as to expected future trends and to the consequences of such developments for large-scale organizations. The repercussions of the ageing process, and the effects of a number of policy measures on an organization’s age structure will then be described using data which refer to the workforce of one of the biggest employers in The Netherlands - the Dutch national government. The data have been taken from a study into trends in job levels and working hours on behalf of the Government Buildings Agency. However, the policy scenarios which have been drawn up are based only partially on this study. The author accepts full responsibility for the scenarios formulated.

An ageing labour market

The ageing (and dejuvenation) of the population of The Netherlands (see, for example, Schippers and Siegers, 1991), which began in the late 1960s, resulted in a significant increase in the average age of the population (see Figure 1). In 1995 the average age was more than five years higher than in 1960. This increase has so far not resulted in concomitant shifts in the working-age population (population aged 15 to 64 years). The average age of the working-age population has increased gradually since 1975, and has kept pace with
changes in the total population since 1985. Changes in the average age of the labour force are only partially related to the ageing process since a number of developments have been taking place simultaneously (see Figures 2 and 3)[1]. The effect of the ageing process among the male part of the labour force was (more than) offset by the reduced participation of the elderly in the labour market. The labour force participation of all males aged 15 to 64 dropped from 90 per cent in 1960 to 75 per cent in 1994, whereas males in the 50 to 64-year age group dropped from 91 per cent to 57 per cent during the same period. This is one of the lowest participation rates among the industrialized countries, mainly due to disability benefits and early retirement (see for instance OECD, 1995a and 1995b). Among the female labour force, on the other hand, the ageing process was reinforced by their increased labour force participation. This resulted in an increase by almost five years in the average age of working women since 1960.

Projections carried out by Statistics Netherlands (1995) show that the average age of the Dutch population will increase by another five years by 2030 and that the average age of the working-age population will increase by over two years during the same period. It is not quite clear how the age structure of the Dutch labour force will change since economic developments play a role alongside demographic trends. If we make the cautious assumption
that age-specific labour force participation will remain constant at the 1994 level, the average age of the labour force will increase by over two years in the coming decade. A decline will not set in until after 2010. Trends in the average age of the total labour force are not always indicative of the ageing process. The proportion of the elderly also plays a part. The percentage of 50 to 64-year-olds is due to increase substantially, from 16 per cent to 25 per cent for men and from 10 per cent to 17 per cent for women. The ageing process is clearly reflected in the changing age pyramid of the labour force (Figure 4). In 1975 most males in the labour force belonged to the 25 to 29-year age group; in 2005 most males will form part of the 35 to 39 age category. Until now, the labour market has not been affected by the ageing process; this situation will not last much longer. The ageing of the labour force may even be greater than one would expect on the basis of a constant age-specific labour force participation rate since efforts are being made to boost the participation of the elderly. A constant age-specific participation is therefore likely to be a conservative scenario.

**Age-conscious manpower planning**

The extent to which organizations will be faced with problems related to an ageing workforce, and when these problems are likely to arise, depends for a part on their age structures. Other factors which play a role are the question of whether the organization is growing or cutting back on staff numbers, as well as patterns of age-specific inflow and outflow. (In the following “inflow” will be used to refer to newcomers to the organization and “outflow” will be used to
There are big differences between the personnel structures of different organizations. For example, more than 60 per cent of companies based in The Netherlands are younger than ten years old (see Ekamper, 1994). Such young companies have a relatively short history in terms of the age structure of their workforce. The general tendency to employ young employees rather than older ones therefore gives rise to a young age structure. For organizations with a very young workforce it could take several dozen years before (currently) young employees reach the age of 50. Another factor to reckon with is that no more than half of all companies in The Netherlands survive beyond the first 15 years of their existence (see Ekamper, 1994). The remaining half will never be faced with a rapidly ageing workforce. Service industries such as hairdressers, the hotel and catering industry and the computer business are known to have young age structures. More established organizations (with a longer personnel history), such as the Civil Service, companies in the industrial sector and the banking industry, will be faced with an ageing workforce.

Age-specific manpower planning in The Netherlands (and other countries) has, until now, focused primarily on early retirement schemes and incentives designed to improve the performance of young employees (see OECD, 1992, p. 221). However, future trends in ageing demand more age-conscious personnel policies in which the specific characteristics of an ageing workforce need to be geared to the organization's manpower requirements. This will require efforts in the field of schooling, mobility, career counselling and possibly even career
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Changes (i.e. demotion) for the elderly (see, inter alia, Koningswijk, 1989 and WRR, 1993). Opportunities for advancement in the sense of promotion will become an ever-growing problem. The elderly are set to obstruct both the inflow of new employees and the opportunities for promotion to positions of greater seniority among existing employees. An ageing workforce will also have repercussions for absenteeism.

The demographic projection model

Future changes in the age structure of any population can be calculated with the aid of a general demographic multistate population model (see for instance Smith, 1992). Future changes in the structure of an organization's workforce and the effect of various (age-specific) personnel policy measures on such structures can therefore be calculated easily with this approach as well (see Ekamper et al., 1994; Van Imhoff and Ekamper, 1994). For a more extensive overview of manpower planning techniques see for instance Bartholomew and Forbes (1979), and Konda et al. (1981). In order to be able to chart the repercussions of ageing for inflow, outflow and promotion, we need to examine the situation at a large-scale organization. The model used here was based on data taken from a study into Civil Service personnel in The Netherlands on behalf of the Government Buildings Agency. This agency draws up a Government Housing Plan for each new cabinet. The plan sets out future trends and policies regarding the housing needs of national government agencies. It draws up a number of scenarios for future housing demands on the basis of expected developments in the number of Civil Servants. Apart from the inflow of new employees and trends in outflow, developments such as promotion within the organization are also pertinent. With this in mind, it is useful to decompose the workforce by job level and full-time or part-time employment as well as by age and sex. The following three job levels have been distinguished:

1. Low: scale 1 to 9.
2. Middle: scale 10 to 12.
3. High: scale 13 and higher.

Full-time and part-time employment are defined as follows:

1. Full-time: 38 hours a week.
2. Part-time: less than 38 hours a week.

The national government's personnel policy makes a distinction between the following forms of employment termination:

1. Resignation or dismissal (without unemployment benefit).
2. Disability pension.
3. Unemployment benefit.
4. Early retirement.
Old-age pension.
(6) Hiving-off operations/privatizations.
(7) Death.

The model described above distinguishes 58 different types of events[4]. For example, someone who has a full-time job at the beginning of the year at the “low” job level and a part-time job at the “middle” level at the end of the year has experienced two events: a change from full-time to part-time, and a change from the low to the middle job level. The events in the model are determined for each separate combination of age and sex. Using data taken from staff records, we can determine age-specific outflow, promotion and inflow rates[5]. An age- and sex-specific curve is thus estimated for each change of status. The data used here have been taken from the integrated staff and payroll records of the Dutch government and have been provided by the Government Personnel Information Systems Service (IVOP). The figures refer to the number of employment contacts in 1993 and 1994. This means that people with two different part-time jobs in public service are counted as two people.

In principle, the various calculations and analyses refer to the Dutch national government as a whole; government agencies which were privatized prior to 1 January 1995 have not been included. However, agencies housed by the Government Buildings Agency have been taken into account, even if they were privatized prior to 1995. Agencies which do not make use of housing provided by the Government Buildings Agency have not been included, even if they form part of the public sector.

The national government at present
In recent years the Dutch national government (see Ministry of Internal Affairs, 1994a and 1994b) has been characterized by an ageing workforce. Fewer young people are being employed, and the existing staff is ageing. Moreover, the dynamics of the public sector in terms of inflow, outflow and interdepartmental mobility has decreased. This trend is in line with the decrease in job mobility in the Dutch labour market as a whole. A relatively large number of low-level jobs have disappeared as a result of reorganizations and privatizations in the public sector. At the same time, new jobs have been created at management and executive levels and existing jobs have become more complex and multi-faceted. This has resulted in an increase in the average job level of the past ten years.

Despite slower growth in recent years, the number of part-timers has grown substantially in both high- and low-level jobs. Whereas no more than 10 per cent of the workforce worked part-time in 1983, the percentage had almost doubled, to 18.8 per cent in 1995. Figure 5 gives an overview of the age structure of the Civil Service as per 1 January 1995, broken down by three job levels and type of employment (full-time or part-time). The average age of the workforce is 40 years; more than 15 per cent are 50 years or older. About 8 per cent of the Civil Servants have a high-level job (scale 13 or higher), 16 per cent have a middle-range job (scale 10-12) and the remaining 76 per cent are employees in
low-level jobs (scale 1-9). The proportion of women in government service stands at 31 per cent. The position of men and women differs considerably, as is the case in the Dutch labour force as a whole. Women tend to be employed part-time more often than men are, they have lower level jobs and are much younger, on average. The next section examines, with the aid of a number of scenarios, the extent to which the personnel structure of the Civil Service is set to change.

**Scenarios**

It is difficult to predict future manpower requirements in the Dutch national government. Although it seems likely that the number of employees will decline as a result of economic austerity measures and privatizations, developments in this field are strongly influenced by political choices. The current policy of gradual downsizing may well be continued. However, it has also been proposed that the national government should focus exclusively on policy making and management. This would entail radical reorganization programmes under which the public service would be reduced to about one-tenth of its current size (Wiegel committee, 1993). The base scenario assumes that current trends will continue. This would entail a gradual downsizing of the Civil Service, partially through job cutbacks and efficiency improvements and partially through the privatization of certain government agencies. The scenario assumes, in
accordance with the agreement on general terms of employment and employment policies in the public sector reached in late 1995, that a 36-hour working week will be introduced in 1997. The assumption is made that a quarter of the jobs which will fall vacant, will be filled by newcomers. The inflow, outflow and promotion curves decomposed by sex, age, job level and full-time/part-time employment will remain unchanged[6]. So, the probability that a 55-year-old man will become disabled will be the same in 2010 as it was in 1995. The quantitative assumptions of the base scenario have been summarized in Table I[7]. They entail a gradual downsizing by 4 per cent per year until 1999, and by 1.5 per cent thereafter. Efficiency improvements will result in further cutbacks of 0.35 per cent. A number of alternative scenarios have been formulated on the basis of the base scenario. All five scenarios refer to policy measures regarding the labour force participation of the elderly.

The following scenarios are used:

- **Early retirement scenarios**: The Netherlands’ early retirement scheme (VUT) will be gradually abolished in the period 1995-2000.
- **Disability scenario**: There will be gradual cutbacks in the disability scheme between 1995 and 2000. In 2000, the probability that an employee will withdraw from the workforce as a result of disability, will be smaller by half compared with 1995. After 2000, the probability will remain constant.
- **Unemployment benefit scenario**: The use of unemployment benefit schemes will gradually decline in the period 1995-2000. In 2000, the probability that an employee will withdraw from the workforce as a result of unemployment will be smaller by half compared with 1995. After 2000, the probability will remain constant.
- **Old-age pension scenario**: The official retirement age will be raised from 65 to 70 between 1995 and 2010.
- **Elderly scenario**: A combination of all four aforementioned scenarios and assumptions.

All other assumptions in the scenarios are identical to those in the base scenario.

<table>
<thead>
<tr>
<th>Description</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>General downsizing</td>
<td>In 1995 3 per cent, in 1996-98 4 per cent per year and in 1999-2010 1.5 per cent per year</td>
</tr>
<tr>
<td>Efficiency improvements</td>
<td>In the period 1995-2010 a 0.35 per cent decline per year</td>
</tr>
<tr>
<td>New responsibilities</td>
<td>In the period 1995-2010 0.5 per cent growth per year</td>
</tr>
<tr>
<td>Shorter working weeks</td>
<td>In 1997 implementation of a 36-hour working week, 25 per cent new jobs</td>
</tr>
<tr>
<td>Privatizations</td>
<td>In the period 1995-2000 a total of 7 per cent of the number of FTEs in 1995</td>
</tr>
</tbody>
</table>
Results of the base scenario
If current developments in the Dutch Civil Service continue as formulated in the base scenario, staff numbers will decline from a total of 120,000 Civil Servants in 1995 to 80,000 in 2010. This may be attributed to a general downsizing policy, efficiency improvements and privatizations. The workforce is clearly ageing. The average age is set to rise from 40.1 years to 44.4 years in 2010. The proportion of Civil Servants aged over 50 will rise from 15.4 per cent to 34.7 per cent in 2010. At the same time the proportion of young people (under 30) will show a downward trend, dropping from 14.1 per cent to 5.4 per cent in 2001, then returning to 11.5 per cent in 2010. A comparison of Figures 5 and 6 clearly reflects the changes in the age structure of the public sector. Since no explicit assumptions have been made regarding job levels, the ageing process will result in an increase in high-level jobs from 8 per cent to 11.6 per cent. If job levels are kept constant, opportunities for promotion and the number of newcomers in high positions will drop sharply, particularly until the turn of the century. Opportunities for promotion can only be kept at the current level by increasing the number of high-level jobs. The growing trend among women to work part-time will result in an increase in the proportion of part-time employees from 18.8 per cent to 27.2 per cent. The percentage of female Civil Servants will first decline from 30.9 per cent in 1995 to 29 per cent in 2000, after which it is
expected to rise to 32 per cent in 2010. Table II and Figure 7 give a summary of a number of key figures resulting from the base scenario. The outflow rates (or probabilities) have remained constant, even though the number of withdrawals from the workforce as a result of early retirement is set to grow by more than 100 per cent by 2010, owing to the ageing process. The number of people retiring on an old-age pension will even treble. The number of resignations and dismissals will drop by a third due to the combined effect of the declining number of young people and the relatively high job mobility in this group. By the year 2000 the inflow of new Civil Servants will have dropped by almost half as a result of the government’s relatively strong downsizing policy (4 per cent per year plus privatizations).

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of people</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>119,580</td>
</tr>
<tr>
<td>2000</td>
<td>95,860</td>
</tr>
<tr>
<td>2005</td>
<td>86,440</td>
</tr>
<tr>
<td>2010</td>
<td>81,100</td>
</tr>
</tbody>
</table>

Table II. Key figures regarding manpower developments in the Dutch Civil Service in 1995, 2000, 2005 and 2010 according to the base scenario

Results of other scenarios
If the manpower requirements in the Dutch Civil Service develop along the lines of the base scenario, the public may expect a substantial ageing of its personnel. This ageing process will be enhanced by policy measures aimed at slowing down the outflow of elderly employees. Table III gives the results of the scenarios for the year 2010 as formulated in the foregoing. The results are
presented in the form of key figures. The table also presents the key figures for a number of reference scenarios. All scenarios regarding the elderly result in a notable ageing of the base scenario. The gradual abolition of the early retirement scheme and a reduction in the use of unemployment benefit schemes in particular lead to a significant increase in the average age and the percentage of elderly. If all policy measures are combined - the abolition of the early retirement scheme, a reduction by half of disability recipients, a reduction by half of unemployment benefits, and raising the retirement age - no less than half of the country’s Civil Servants will be over 50 in 2010. A mere 6.6 per cent will be younger than 30, and the average age will be 48.9 years. If the early retirement scheme is abolished, for example, the outflow of elderly Civil Servants prior to the official retirement age will drop quite considerably. This will be partially offset by an outflow resulting from other forms of employment termination. For example, some of the Civil Servants who would have made use of early retirement schemes in the past may now claim disability benefits (see Ekamper and Henkens, 1993). The reduced use of unemployment benefit schemes is the single most important factor influencing the total outflow. A decrease in disability recipients has a limited effect. On the one hand, this illustrates the success of the Invalidity Benefit Claims (Prevention) Act, enforced several years ago, and the Invalidity Benefit Schemes (Entitlement) Act. On the other hand, it illustrates the demand for outflow channels.
### Table III.
Key figures regarding manpower developments in the Dutch Civil Service in 2010 according to a number of scenarios

<table>
<thead>
<tr>
<th>Scenarios regarding elderly policy</th>
<th>Base</th>
<th>Early retirement</th>
<th>Disability</th>
<th>Old-age pension</th>
<th>Unemployment benefit</th>
<th>Elderly Job level</th>
<th>Growth</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995 scenario retirement</td>
<td>81,100</td>
<td>80,960</td>
<td>80,110</td>
<td>81,430</td>
<td>81,020</td>
<td>81,130</td>
<td>81,100</td>
<td>125,610</td>
</tr>
<tr>
<td>Early Unemployment</td>
<td>2,220</td>
<td>2,180</td>
<td>2,200</td>
<td>2,170</td>
<td>2,200</td>
<td>1,900</td>
<td>2,230</td>
<td>3,700</td>
</tr>
<tr>
<td>Disability</td>
<td>440</td>
<td>430</td>
<td>480</td>
<td>220</td>
<td>480</td>
<td>450</td>
<td>330</td>
<td>440</td>
</tr>
<tr>
<td>Old-age pension</td>
<td>110</td>
<td>350</td>
<td>830</td>
<td>380</td>
<td>470</td>
<td>220</td>
<td>680</td>
<td>350</td>
</tr>
<tr>
<td>Death</td>
<td>170</td>
<td>190</td>
<td>220</td>
<td>100</td>
<td>210</td>
<td>200</td>
<td>310</td>
<td>180</td>
</tr>
<tr>
<td>Early retirement</td>
<td>930</td>
<td>0</td>
<td>980</td>
<td>1,210</td>
<td>930</td>
<td>0</td>
<td>930</td>
<td>1,040</td>
</tr>
<tr>
<td>Total outflow</td>
<td>9,310</td>
<td>7,070</td>
<td>6,680</td>
<td>6,930</td>
<td>6,110</td>
<td>6,680</td>
<td>4,150</td>
<td>7,130</td>
</tr>
<tr>
<td>Total inflow</td>
<td>5,320</td>
<td>6,050</td>
<td>5,660</td>
<td>5,920</td>
<td>5,100</td>
<td>5,660</td>
<td>3,100</td>
<td>6,110</td>
</tr>
<tr>
<td>Promotions</td>
<td>1,190</td>
<td>660</td>
<td>640</td>
<td>660</td>
<td>630</td>
<td>660</td>
<td>550</td>
<td>490</td>
</tr>
<tr>
<td>Percentages</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td>69.1</td>
<td>68.0</td>
<td>69.2</td>
<td>68.2</td>
<td>68.0</td>
<td>68.4</td>
<td>71.3</td>
<td>67.8</td>
</tr>
<tr>
<td>Females</td>
<td>30.9</td>
<td>32.0</td>
<td>30.8</td>
<td>31.8</td>
<td>32.0</td>
<td>31.6</td>
<td>28.7</td>
<td>32.2</td>
</tr>
<tr>
<td>Part-time</td>
<td>18.8</td>
<td>27.2</td>
<td>26.8</td>
<td>27.2</td>
<td>26.2</td>
<td>27.0</td>
<td>27.2</td>
<td>27.2</td>
</tr>
<tr>
<td>Full-time</td>
<td>81.2</td>
<td>72.8</td>
<td>73.2</td>
<td>72.8</td>
<td>71.8</td>
<td>73.0</td>
<td>72.8</td>
<td>72.9</td>
</tr>
<tr>
<td>Low-level jobs</td>
<td>763</td>
<td>70.8</td>
<td>70.4</td>
<td>70.9</td>
<td>71.1</td>
<td>70.4</td>
<td>70.1</td>
<td>76.0</td>
</tr>
<tr>
<td>Mid-level jobs</td>
<td>156</td>
<td>17.7</td>
<td>17.7</td>
<td>17.6</td>
<td>17.2</td>
<td>17.7</td>
<td>17.2</td>
<td>15.9</td>
</tr>
<tr>
<td>High-level jobs</td>
<td>80</td>
<td>11.6</td>
<td>11.9</td>
<td>11.5</td>
<td>11.8</td>
<td>11.9</td>
<td>12.7</td>
<td>8.1</td>
</tr>
<tr>
<td>Young (under 30)</td>
<td>14.1</td>
<td>11.5</td>
<td>10.6</td>
<td>11.2</td>
<td>10.2</td>
<td>11.1</td>
<td>6.8</td>
<td>11.9</td>
</tr>
<tr>
<td>Elderly (50+)</td>
<td>15.4</td>
<td>34.7</td>
<td>38.3</td>
<td>35.7</td>
<td>39.2</td>
<td>36.0</td>
<td>50.1</td>
<td>34.1</td>
</tr>
<tr>
<td>Average age</td>
<td>40.1</td>
<td>44.4</td>
<td>45.4</td>
<td>44.6</td>
<td>45.6</td>
<td>44.8</td>
<td>48.9</td>
<td>44.2</td>
</tr>
</tbody>
</table>
Prompted by the limited possibilities offered by current arrangements for the elderly, employers appear to be searching for alternatives. They often make use of unemployment benefits for the elderly. This trend is apparent not only in the Civil Service, but also in other sectors of the economy, such as in education.

A comparison of the scenario results clearly shows the margins within which the ageing process is set to take place. A moderate scenario which assumes that current trends will continue, results in an over-50 population of 35 per cent of the civil service in 2010. Various policy measures aimed at encouraging the participation of the elderly boost this percentage to varying extents. A more extreme scenario in which all government policy measures are combined, results in a dramatic rise in the percentage of elderly employees. A policy aimed at stimulating the participation of women has a moderate effect on ageing since women in the public sector tend to be younger, on average.

Conclusions

The ageing of the Dutch population has resulted in an increase in the average age by more than five years since 1960. This ageing process is expected to forge ahead in the coming decades. So far, the average age of the working-age population in The Netherlands has remained more or less constant; the average age of the total labour force has even dropped. However, in the coming 25 years the ageing process is set to leave its mark in this area too. This development is likely to have far-reaching consequences for the labour market as a whole. An ageing labour force and possible future policy measures in this area will also have repercussions for individual organizations. A number of policy scenarios delineating future trends with respect to public service personnel indicate that the Civil Service will age substantially. If government policy remains constant, the percentage of Civil Servants aged over 50 will increase from 15 per cent in 1995 to 35 per cent in 2010. This percentage will increase even further if policies designed to stimulate the participation of the elderly in the labour market are implemented. The combined implementation of measures such as a reduction by half of the use of unemployment and disability benefit schemes, the abolition of early retirement, and raising the retirement age to 70 years, will boost the proportion of elderly in the workforce to 50 per cent. This will raise the average age of Civil Servants by nine years compared with 1995. Opportunities for promotion in the Civil Service will decline, unless the number of high-level jobs is increased: high-level positions tend to be held by elderly employees who withdraw from the workforce in limited numbers. The Dutch government will have to consider implementing a more age-conscious personnel policy. It remains to be seen whether the current political trend towards slowing down the withdrawal of elderly employees from the labour force will be in line with future age-conscious personnel policies. Individual employers may derive financial benefit from such a policy, but society as a whole will be faced with all sorts of financial gains and losses. Van Imhoff and Henkens (1995) conclude that the budgetary benefits of increasing the labour force participation of the elderly in the public sector (as a whole) are very limited; in the current situation most expenses are incurred by early retirement schemes and unemployment.
benefits. If other strategies are followed, the expenses are incurred elsewhere; for example, disability benefits, wage costs, or unemployment benefits for the younger generation who are unable to find a job because the outflow of the elderly does not keep pace with the number of new entrants in the labour force.

Employers will increasingly have to focus their efforts on training, absenteeism, greater job mobility, and career counselling or career changes for their elderly employees. In view of the current high wage costs of elderly employees it may well become necessary that employees accept a slight setback in their personal development without losing face (see Koningswijk, 1989). Whatever happens, it would be wise to anticipate and cater to an increase in the proportion of elderly employees in large-scale organizations.

The only way in which an ageing workforce can be counteracted – even if only partially – is to encourage elderly employees to terminate their employment and/or to boost significantly the number of jobs within the organization concerned. However, in view of the expected rising costs incurred by the outflow of elderly employees a decrease in the number of elderly withdrawing from the workforce seems more likely. Moreover, recent developments in manpower planning in the public sector point to a workforce which is growing smaller rather than bigger. An alternative would be to reassess the position of the elderly within the organization.

Notes

1. The figures have been provided by Statistics Netherlands. The sources used were: The Demography of The Netherlands 1950-1993, Population projection 1994, 1960 Census, the Labour Force Sample Surveys of 1975 and 1985, and the Labour Force Surveys of 1990 and 1994. The differences between the historic years give a general indication of the developments. The Statistics Netherlands data taken from the Censuses, the Labour Force Sample Surveys and the Labour Force Surveys should be compared with due caution in view of the different definitions used, as well as differences in the way the questions were formulated. The calculations for 2000-2030 were made on the basis of the 1994 Population projection and the age-specific labour force participation rates for 1994.

2. In 1991 3.1 per cent of the companies in The Netherlands had existed for over ten years and had at least 50 employees. These companies account for 35.1 per cent of total employment (see Ekamper, 1994).

3. Job-level scales according to the Civil Servants' Pay Decree (BBRA) 1984.

4. Inflow (in six positions), outflow (six positions × seven forms of employment termination), from full-time to part-time (for three job levels), from part-time to full-time (for three job levels) and promotions (from low to middle and from middle to high-level jobs).

5. The rates give the number of events per employee with an average presence (i.e. the population at risk). The sum of the inflow percentages is 1.

6. As from 1997, all curves are adjusted for the change in the working week from 38 hours to 36 hours.

7. The assumptions in the model have been formulated as Full-Time Equivalents (FTEs). A general downsizing by 1.5 per cent therefore means that the number of FTEs – not the number of employees – is cut by 1.5 per cent.

8. Job-level scenario (the distribution of the employees across the job levels remains constant), growth scenario (the workforce grows by 0.5 per cent per year), and women's scenario (the labour force participation of women in the national government is gradually increased to about 50 per cent in 2010), for the rest, identical to the base scenario.
References and further reading


Wiegel Committee (1993), Naar Kerndepartementen; Kiezen voor een hoogwaardige en Flexibele Rijksdienst (Towards Core Departments; Choosing for a Venerable and Flexible National Government), Vierde externe commissie staatkundige, bestuurlijke en staatsrechtelijke vernieuwing, chairman H. Wiegel, The Hague.