

14 A sustainable workforce in Europe

Future challenges

Tanja van der Lippe and Éva Fodor

Introduction

The evidence provided in the chapters of this book helps us to understand why achieving a sustainable workforce is a complex challenge in the present age. The aim of this book was threefold. The first goal was to provide insight into the availability of organizational policies for a sustainable workforce and their use by employees in different sectors in European countries. The second goal was to analyze the consequences of the availability and use of employers' investments in productive and satisfied employees and cohesive and profitable workplaces. The third goal was to integrate the meso (organizational) level into research on the micro and macro levels of employment. This final chapter brings together the results and conclusions of the foregoing chapters. As such, it shows which employees use different types of organizational investments and what the consequences are for a range of outcomes. We discuss the strengths and weaknesses of studying the organizational level in addition to the employee and country level. The chapter concludes by identifying future challenges for a sustainable workforce.

Synthesis of results

Investments in employees

A general conclusion that can be drawn from the studies in this book is that organizations want to invest in their employees, whether by means of training, leave, flexibility, or health policies. However, it is also clear that there is no uniform approach in this regard. How employers invest in employees appears to be contingent on the specific policy, the employees concerned, and the organizational conditions. Here, we discuss the findings for each policy separately and link them to employee characteristics, as this book shows that policies cannot be considered separately from the employees involved.

Findings in this book show that it is important to distinguish between *training* provided by a co-worker, by a professional, or through an educational program. Women are less likely than men to receive training from a co-worker

or to be enrolled in an educational program. However, there is no gender difference in respect of being trained by a professional (Chapter 4). Training differences are also found between native and immigrant workers. Immigrant workers get less formal training than native workers, but their formal training increases in training intensive firms (Chapter 8). Both findings illustrate the importance of formal rules and regulations for groups that are typically less privileged in the organization, such as women and immigrants. Training by a co-worker might happen on a more casual basis, whereas training by a professional is often more institutionalized. Other research also shows that formal rules and regulations reduce gender and minority differences (see Abendroth, Melzer, Kalev, & Tomaskovic-Devey, 2017). This book also addressed access to training for employees who do not have fixed contracts. Although solo self-employed workers more frequently participate in training that they pay for themselves, both these workers and employees on temporary contracts significantly lag behind those with permanent contracts in their participation in training activities (Chapter 11). Ultimately, this might make it more difficult to achieve a sustainable workforce, since employees on temporary contracts report that they need further training relatively often (Chapter 11).

With respect to *work-family policies*, we studied a specific form, namely, parental leave. We found that organizations play a role in the utilization decisions of men regarding parental leave, but not of women, suggesting that while women are expected to use parental leave, men base the extent of their involvement at home, in part, on pressures within the workplace organizational context (Chapter 5). *Policies for 50+ workers* were also studied extensively in this book. Among 50+ workers, being older still increases the likelihood of participating in phasing-out policies, such as a lighter workload, additional leave, and semi-retirement (Chapter 6). There are also major differences between countries in their *health promotion policies* such as healthy nutrition, participating in sports, ergonomic measures, and health checks. Interestingly enough, employees are less likely to perceive these policies as being available in the organization than the organizations themselves report. We find that when organizations offer a more comprehensive set of health policies, employees are also more likely to perceive these policies as being available (Chapter 7). Offering a package of different arrangements makes it more likely that there will be something to appeal to every employee. Organizations would thus do well to offer several policies rather than just one.

In addition to demographic groups such as men and women, younger and older workers, and native and immigrant workers, several employee characteristics also appear to play a role when considering the utilization of such policies. In general, we conclude that a higher educational level and a higher job status goes hand in hand with making more use of all sorts of policies. For example, older employees in high status jobs are more likely to use flexibility policies such as working from home and flexible working hours. Workers who perform physical labor, however, are more likely to use phasing-out arrangements (Chapter 6).

Organizational conditions influence both the investments made by the employer and whether they are used by the employees, but structural conditions matter less than we had anticipated. Nonetheless, organizational size appears to be relevant: bigger organizations provide more parental leave (Chapter 5) and they are also more likely to train all their employees (Chapter 4). However, we also found that immigrants employed in firms that have downsized are more likely to receive training (Chapter 8). The size of the organization plays no role in the training of men and women. While structural characteristics often did not explain variation in employer investments, other organizational characteristics did, especially the role of co-workers and managers. In the case of health policies, team managers' knowledge is an important link between the organizational decision to invest and daily working practices, and our results show that managers play a crucial role when it comes, for example, to informing employees. Moreover, we found that if other colleagues make use of parental leave and if the manager has used parental leave himself/herself, employees are more likely to use parental leave. Colleagues and managers appear to play a decisive role in the uptake of all sorts of policies (see also Van der Lippe & Lipényi, 2018), which indicates that the organization should be included when studying this area.

Consequences for happy and productive employees

This book examined how different sets of investments in sustainable employability impact employee performance and well-being. Similar to the level of investments, the effects of investments are contingent on the specific policy studied, the target group of workers, and the structure of the organization. Some findings corroborate the mutual gains perspective from human resource management research, which argues that policies targeting employee well-being also benefit the performance of the organization. As an indication of this, our results show that worker well-being and performance are positively correlated (Chapter 9). However, policies can have trade-off effects as well, meaning that investments directed at improving employee performance may not increase or may even harm well-being or, conversely, that investments directed at well-being may be harmful for performance. For example, flexible work arrangements may have a direct negative effect on performance, although they positively influence well-being (Chapter 9). Another example is that although training relates to higher employee commitment, it does not improve performance. These findings support the idea that a multi-dimensional analysis of the consequences of policies is needed to understand how such policies produce mutual gains, more productive and cohesive workplaces and, in the end, a sustainable workforce.

The extent to which investments translate into mutual gains for the employee and the organization also depends on the employee. In particular, outcomes may differ by type of contract and whether workers are employed by a firm or are self-employed. That mutual gains are not always forthcoming is certainly true for temporary employees in an organization. Temporary contracts

may bring clear labor cost advantages for the organization, but temporary workers experience higher levels of job insecurity than those on permanent contracts (Chapter 10). At the same time, permanent employees experience more job strain and less work–life balance than those on temporary contracts – which may be due to the heavier workload and responsibilities of permanent employees in organizations with a mix of temporary and permanent workers.

We also see different outcomes in how human capital investments are associated with individuals' work engagement and their self-assessed prospects for career advancement (Chapter 11). Among employees on permanent contracts, training has a positive relationship with work engagement and their perceived career prospects. Among those on temporary contracts and solo self-employed workers, human capital investments seem to have more of a 'transactional' function and appear to contribute mainly to how they assess their prospects in their work.

Organizational conditions and structures also shape the outcomes of investments. The presence of female leaders at different levels is an illustrative case. Gender differences in leadership are thought to create mutual gains, but do female employees really profit more from investments when they have a female manager? Analyses show that women do not perceive greater or fewer opportunities for promotion when they work in an organization with a high proportion of female managers, or when they are supervised by a female manager (Chapter 12). Gender differences in perceived promotion opportunities are driven mainly by the arranging of men and women into different teams, which indicates that female managers are not able to reduce gender segregation within organizations. Another investment relates to technology, and this can potentially create conflicting outcomes: technology may be beneficial for the organization and open up new job opportunities, but it can also make workers redundant and lead to job losses, particularly among lower educated and older workers. How the educational and age composition of the workforce responds to technological investments differs across organizational environments: within industries with stronger unions, for example, technology implementation is associated with significantly sharper decreases in the proportion of lower educated employees entering and leaving organizations. This points towards an institutional influence, namely, that union protection makes it difficult to lay off workers and that lower educated employees therefore do not leave the organization (Chapter 13). Although institutional differences across the nine European countries studied in this book are huge (Chapter 2), this does not imply that the consequences of investing in employees always differ from one country to another (see, for example, the findings in Chapter 11). This might also have to do with the way in which we selected the organizations, as we deliberately studied the same six sectors in these countries.

The merit of integrating the organizational level

The European Sustainable Workforce Survey (ESWS) is one of the first multi-country, multi-level surveys of organizations in Europe and includes data on

employees, their managers, and their organization. The ESWS made it possible for us to study all three levels and assess whether the suggested mechanisms play out differently in different countries or are universal. Investments and their consequences differ between organizations and depend on a number of organizational characteristics, such as the role of co-workers and managers and the size of the firm. Studies based solely on the employee level are at risk of overlooking the significance of the organizational context, whereas studies that focus solely on the organizational level are likely to underestimate the importance of differences between employees. The ESWS also made it possible to test the interplay between the behavior of employees, department managers, and human resource (HR) managers, which is a considerable innovation. While the multi-country, multi-level approach is a strength, it also has some limitations. Our employees are a select group, as they only capture the proportion of the workforce that is currently employed by an organization. We acknowledge this, and in Chapter 11 we were also able to include the self-employed, a growing group of workers; indeed, the results show that for this group, different investment principles are relevant. We were not, however, able to include those who are unemployed in this study.

The nine countries we studied represent ample variation in institutional and cultural conditions, and collecting multi-level organizational data in such diverse contexts proved to be an enormous practical challenge. Nonetheless, nine countries are still too few to quantify – and formally test – the influence of country-level characteristics (Snijders & Bosker, 1999). Do we then recommend collecting information in even more countries? It might be better to perform small-scale case studies with specific and restricted questions, and focus on comparisons of countries that are generally similar but differ on a few key institutional features; for example, comparing Sweden and Finland could shed light on subtle forms of variation. Another alternative is to collect longitudinal data to analyze some of the issues we studied, as it is certainly possible to track nine countries over time. Future research addressing these issues is especially relevant in respect of establishing more sustainable work relations.

Future challenges

This book offers insights into the current state of the workforce in nine European countries. However, there may be other challenges ahead that have implications for achieving a sustainable workforce in the future. Let us explore that future a little further.

Future of work

The nature of work is changing. Understanding and dealing with the impact of technological innovation has become a key scientific and societal challenge. Automation, robotization, digitalization, and the emergence of the platform economy have profound socioeconomic effects. Some workers will benefit from

new technologies in their jobs, their productivity, their job prospects, and their work–life balance. Others, however, may be excluded from these benefits or even experience negative consequences in terms of employability, well-being, health, or the blurring of boundaries between work and private life.

Recent analyses have shown that the impact of technology on work and individuals is far from straightforward (McAfee & Brynjolfsson, 2014; Eurofound, 2016; Organisation for Economic Co-operation and Development [OECD], 2017a). As yet, we do not have enough information to know how it will impact the number of jobs and what they will consist of (Frey & Osborne, 2013). We also do not know how technology will change the type of investments that can or will need to be made in the workforce. Teleworking is one example: it is clearly a technology-enabled, new form of working. The question is whether and how people use and adapt to these types of technology-enabled investments and whether they pay off in terms of well-being, individual employee performance, and the cohesion and productivity of the organization.

One future challenge, then, is to study the impact that technological innovations have in order to propose relevant managerial and organizational guidelines and policies aimed at a sustainable workforce. We included a chapter in this book on the impact of technology on workforce composition (Chapter 13), but clearly more research is needed. Organizations are already deciding which directions to take, and researchers need to keep close track of these developments so that they are able to address possible consequences. Railroad companies are deciding whether to introduce driverless trains, hospitals are deciding to what extent robots can assist surgeons, sales organizations are deciding whether account managers can be replaced by algorithms, banks are deciding whether local offices should be replaced by call centers and to what extent employees can work from home, etc. (Krzywdzinski, 2018; Sergeeva, Huysman, Soekijad, & Van den Hooff, 2017). In doing so, they will also determine which investments are necessary, what types of training, which flexibility arrangements, how quickly employees working in unhealthy work conditions can be replaced by robots, which workers run the risk of becoming obsolete, and what challenges being permanently online pose for individuals' and families' work–life balance (Wotschack, 2017).

Family and community in addition to organization

This book has focused on organizations where employees have paid jobs, but other domains could be relevant as well. To achieve a sustainable workforce, we might need to go a step further. After all, time never stands still in the present day and people move between many different domains of life. This implies that work-related decisions depend not only on the organization, but also on the employee's family and the community in which he or she lives. Individuals are not just employees; they fulfill different roles over their life course. Negative spillover between work, family, and community increases the pressures they face. A future challenge will be how to align potentially conflicting domains

and work towards enrichment. It is precisely because people have different roles that it is important to allow for the needs of differing groups of employees in various phases of their lives, and offer them opportunities to work towards common goals and common identities.

For example, individuals can have stable and mutually satisfying relationships both with their family at home and with their colleagues at work, and yet interference between these two domains may challenge the sustainability of these relationships. The competing demands of work and family place increasing pressure on sustainable cooperation in all family structures, but particularly in dual-earner households with children (Peters & Van der Lippe, 2007) and blended families (Van der Heijden, Poortman, & Van der Lippe, 2016). How can balancing work and private life be facilitated?

A related factor is that employees increasingly belong to different family configurations. They might be divorced, have older parents to take care of, or have grandchildren. Organizations must figure out how to deal with such variations and ensure that employees, of whatever sort or type, are able to do a good job. It is another reason why we need to consider not only the organization but also the other life domains that employees inhabit.

A socioeconomic divide in achieving a sustainable workforce?

As we consider the investments made by organizations discussed in this book, we may question whether all employees in the workplace benefit in the same way and, specifically, whether employees of low and high socioeconomic status (SES) do so. There is a growing SES divide in Europe (OECD, 2017a), but very few researchers have studied this divide in relation to work–life policies. A future challenge is to fill this void and gain insight into organizational work–life policies in relation to the SES of employees.

Previous research on organizational work–life policies has focused on the availability of these policies and not so much on their use or on the consequences for lower and higher SES employees, as we do. Existing findings suggest that workers in the same company vary in ‘available’ work–life support in ways not fully accounted for by differences in need among employees (Blair-Loy & Wharton, 2002). Formal work–life benefits and programs that have been developed for full-time or higher-level positions are typically not made available to workers in low-income positions (Lambert & Haley-Lock, 2004). However, if we do not study the consequences, we will not know whether the skewed distribution of opportunities among different SES groups is problematic. We recommend studying formal availability provided by the organization, availability as perceived by the employee, utilization, and the consequences thereof for employees.

This is all the more urgent because the ongoing devaluation of low-level and vocational degrees in today’s society could imply that low SES groups will end up at the margins of organizations even more than they do now, and not benefit from the investments that more resourceful employees receive (Kalleberg,

2011). Moreover, it is possible that organizations that used to unify low educated and high educated workforces into systems of internal labor markets for the benefit of the former group will diminish in importance (Osterman, 2014). This has significant implications, not only for how much investment workers receive directly, but also for how much workers benefit from being employed in resourceful workplaces with resourceful co-workers.

We therefore need to understand how inequality shapes the choices of employers – even more so when those choices affect employees and their families. In addition, organizations are embedded in societies and thus are affected – either positively or negatively – by the levels of economic inequality in that society. Although previous studies have frequently associated national policies with the intersection of SES and gender (Korpi, Ferrarini, & Englund, 2013; Mandel & Semyonov, 2005, 2006), and there are ongoing public policy debates about how to support low-income workers and reduce poverty and income inequality in the process (Lambert, 2009), research has focused less on the role of the organization.

Inequality between countries in achieving a sustainable workforce

This book revealed major institutional differences between the nine European countries with respect to economic, labor market, and demographic trends, as well as to commonality and variance in employment, work–family policies, and health policies in each participating country. We have not yet addressed another key factor that explains at least some of the variation across countries: the presence or absence of stable democratic institutions. Democratic backsliding is particularly prevalent in Central East European countries; one of these, Hungary, is included in our study. Democratic institutions enable organizational policies by securing the rights of workers to negotiate and protest and ensuring that they can stand up for these rights when they consider them to be violated. Ignoring or openly questioning such rights could enable organizations to reduce the benefits they offer. Such shifts in the balance of power between worker and organization may even lead to the organization formally or informally sabotaging the use of national-level policies such as parental leave regulations. Finally, states play an important role in upholding the principles of redistribution outside of and inside companies, such as meritocracy and the equal treatment of minorities. Principles upheld by the state will likely prompt a similar logic to be applied within organizations, by direct or indirect means.

Creating workforce sustainability

Organizations face new and complex challenges in keeping their workforces sustainable, as this book has shown. The growing diversity of the workforce has made it more difficult to predict what investments will lead to more engaged, healthy, and productive employees. At a time when many people are facing job insecurity and governments have reined in social welfare spending, organizations often face

the challenge of an overburdened workforce. It is critical that they have the right tools to assess what their employees need in order to be – and remain – effective at their jobs, i.e., to assess their workforce sustainability. The large-scale survey underlying the studies in this book focused mainly on large organizations. Small and medium-sized enterprises (SMEs) have limited access to expensive and time-consuming HR analytics to help them tackle these HR challenges, giving larger organizations a distinct advantage in pursuing workforce sustainability. It should be noted, however, that there are more than 1.5 million SMEs in the European Union employing approximately 48 million people.

Organizations need to know which groups of employees have certain needs and the extent to which they are aware of the investments available to them. Many organizations lack the tools to research this appropriately; they are therefore unable to assess their HR practices and how they impact workforce sustainability. The European Research Council Sustainable Workforce project has significantly advanced our knowledge of how employees respond to such investments. This knowledge has created a unique opportunity to help organizations understand the effects of their HR practices and advise them on how to address the potential shortcomings of their policies. It therefore represents a unique opportunity to offer organizations – whether small, medium-sized, or large – tailored advice, helping them fine-tune their HR policies and create a more engaged and productive workforce. By delivering evidence-based, contextualized advice, this will help organizations, regardless of their size, to understand the impact of their investments and the policy consequences of their workforce composition.