

## POPULATION AGING AND HUMAN RESOURCE MANAGEMENT: CZECHIA

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### Abstract

The paper reviews the situation of workers in the age group 55-64 and human resource management, drawing on selected statistical indicators and a questionnaire survey done in the Czech Republic in 2022. The reduction in the number of young people entering the labor market accentuates the renewal of workforce skills. Firstly, the paper sets the scene with indicators of population aging and employment in the 55-64. Then it analyses data from research about sustainable human resource management to show highly skilled older workers' perceptions of HRM and their attitudes to the job. Finally, the paper underlines the importance of updating the skills of older workers to retain them in employment and appropriately designing training programs for their competencies. Older adults tend to cumulate disadvantages: they are less educated than younger age groups, and they receive less formal continuing training. Therefore, their work experience and informal competence must suitably valorize. Consequently, measures are needed to integrate inactive people into the labor force and keep workers in employment longer. It means increasing older adults' motivation to work but also changing employers' attitudes towards older workers.

**Key words:** population aging, employment, older workers, human resource management

**JEL Code:** J21, J28, M12

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### Introduction

The number of populations in the EU is gradually decreasing, and simultaneously the number of workers aged 55-64 is permanently growing. The Czech Republic (CR) represents the typical case of this trend. Its population is expected to reach level 10 789 806 in 2025, 10 530 259 in 2050, and 10 096 616 in 2080 (EUROPOP2019). As documented by the EU Statista about the CR, this trend accompanies population aging. The population group aged 15-64 was 69.71% in 2011 and 63.75% in 2021, but aged 65 years and older counted 15.91% in 2011 and reached

20.44% in 2021 (O'Neil, 2022). The United States Federal Reserve states that the working age population aged 55-64 in the CR was 1 301 975 persons in January 2020<sup>1</sup>.

The top of the political agenda across developed countries becomes the employability of the aging population in times of continuous economic and technological changes. Public administration is keen to develop a strategy of active employment policies and inclusive labor markets. On the organizational level, it covers encouraging employers to use age management and, on the individual level, motivating workers to extend their working lives. Furthermore, it is argued that long-term investment into lifelong learning becomes the most effective way to overcome obsolete competencies, as skill training can improve older workers' employment prospects.

The paper analyzes older workers' employment and attitudes to practices applicable to extending working life. It focuses on the current Czech reality regarding workers aged 55-64. Firstly, it briefly overviews indicators of older workers' participation in the Czech labor market and its neighboring countries. Secondly, it analyzes data from the questionnaire survey on sustainable human resource management (HRM) to show older workers' perceptions of selected HR practices and work motivation. The methods cover the desk analysis of the Web of Sciences sources, data provided by Eurostat, and finally, results from a questionnaire survey among Czech workers from January to September 2022.

## **1 Theoretical background**

### **1.1 Literature review**

Despite increases in labor force participation rates of older workers aged 55-64, a key challenge facing policymakers is to promote retention and job-to-job mobility of older workers. Job stability (characterized by job tenure) is falling across many OECD countries, and older workers are less likely to change jobs than their younger counterparts. Even though HR professionals cannot define an optimal level of job mobility or job retention, however, they can measure costs and benefits for both sides of employment relations as structural changes, such as technological change, will exacerbate the need for mobility and flexibility in the middle and older ages (Aitken & Singh, 2023). Discussions are being held worldwide about how to guarantee welfare immediately and design incentives to keep older employees active in the labor market for a

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<sup>1</sup> Historically, it reached a record high of 1 496 400 in January 2011 and a record low of 1 007 100 in January 1998 (Trading Economics, 2023).

prolonged time. Carlstedt et al. (2018) show that attitudes and behavior concerning a prolonged work life are predominantly investigated individually. Its predictors include good health, financial gain, and flexible alternative working conditions. The research dealing with organizational-level incentives is more scattered and, on a societal level, even scarce. Tikkanen and Nissinen (2018) analyze data from the Survey of Adult Skills (Program for the International Assessment of Adult Competencies) written by OECD. They find similar significant drivers motivating older workers to prolong their participation in the labor markets, i.e., income, skills used at work, sector, and gender.

Macken et al. (2022) researched factors supporting older workers' retention in employment in 15 European countries. Their results find that in almost all countries, lower-educated workers are more likely to involuntarily exit the labor market due to ill health, hazardous working conditions, or unemployment. The higher educated leave the labor market later and more often voluntarily because of better health and a stronger attachment to work. Reasons for an early work exit differ between low- and high-educated workers. Whether a working exit is voluntary or involuntary depends on individual characteristics and institutional opportunities (mainly investments in lifelong learning and constraints, e.g., unemployment, the quality of health care, and rehabilitation) that drive the decision to exit the labor market. As a paradox to the findings mentioned above, it can discuss findings about late employment (economic activity) and health condition among the Czech population aged 50+ for gender. The health status of economically active older workers is worse than those not active in the labor market. It contradicts the research mentioned above, where poor health causes an exit to early retirement (Rašticová et al., 2019).

The concept and practices associated with lifelong learning differ due to aspects of social inequalities in early exits influencing inclusion and exclusion in the labor market, i.e., socioeconomic status (education), workability and physical health, long-term unemployment that causes the loss of the skills capabilities (Rohrbacher & Hasselhorn, 2022), income, health resources, and digitalization of work (Schmidt-Hertha, Findsen & Li, 2023). However, the approach based on introducing a two-stage education system with initial schooling and lifelong learning cannot bridge the gap between the effective retirement age and the statutory retirement age. It results in the permanent non-employability of older workers as lifelong learning can align economic and statutory retirement (Gries et al., 2019). Eppler-Hattab (2022) believes that adopting a lifelong learning mindset may contribute to older workers' employability (self-employability) as continuous self-acquisition of necessary knowledge and complementary skills develop their meaningful life wisdom alongside becoming lifelong learners. The

relationship between adult education completed after age 40 and the subsequent active participation of older adults in employment is analyzed using data from Statistics Norway. Results show a substantial effect of upgrading formal education on subsequent labor market participation. A lower-level tertiary degree immensely impacts labor market participation for both males and females. Completing a secondary education has a powerful and long-term impact on males (Midtsundstad & Nielsen, 2019).

Older workers decline in occupational mobility later in their working life, which can affect the quality of jobs. Nekola et al. (2018) find that even though in Europe older workers downward later in their careers, they are overall satisfied with their job positions and perceive a significant reduction in workload pressure. However, it did increase physical work demand. In Sweden, Japan, and the United States, increasing numbers of older workers who work after the state pension statutory retirement age say that post-pensionable-age jobs were generally less stressful, more accessible and more satisfying than jobs held by younger workers. Results are held irrespective of gender or education level (Platts et al., 2023).

## 1.2 Statistics

Total employment measured by % in the population aged 20-64 is slightly decreasing in the EU, Czechia, and its neighboring countries in 2020 compared to 2019, as shown in Table 1. The neighboring countries are selected as they may function as a cross-border migration.

**Tab. 1: Employment in selected countries in 2019 and 2020 from the EU-Labor Force Survey**

	Employment rate, % population, age group 20-64						Employment rate, % population, age group 55-64					
	2019			2020			2019			2020		
	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women
EU	73.1	79.0	67.3	72.4	78.1	66.8	59.2	66.1	52.6	59.6	66.3	53.3
Austria	76.8	81.2	72.4	75.5	79.5	71.5	54.5	63.1	46.0	54.7	62.7	47.0
Czechia	80.3	87.7	72.7	79.7	87.2	71.9	66.7	74.7	58.9	68.2	75.2	61.3
Germany	80.6	84.6	76.6	80.1*	83.2*	76.9*	72.7	77.1	68.4	71.7*	75.5*	67.9*
Poland	73.0	80.7	65.3	73.6	81.4	65.7	49.5	61.0	39.2	51.8	63.7	41.0
Slovakia	73.4	79.9	66.9	72.5	78.7	66.1	57.0	60.3	53.9	58.3	61.7	55.2

Source: Eurostat, Annex table, 2020 (online data code, lfsi\_emp\_a).

\* b break in series p provisional

Employment in the age group 55-64 illustrates a modest increase for almost all selected countries. Regarding Czechia, the total employment rate of workers aged 55-64 reached 66.7% of this age group population in 2019 and 68.2% in 2020. However, differences exist between gender. The proportion of employed men aged 55-64 is significantly higher than that of women, i.e., in 2019, employed men in the population aged 55-64 were 74.7% and women 58.9%, and in 2020 men accounted 75.2% and women 61.3%.

## 2 Analytical part

The analysis of job satisfaction and work engagement of workers aged 55-64 uses data collected by a questionnaire survey among Czech employees from January to September 2022. The questionnaire consists of seven parts and metrics identifying respondents' characteristics. The first part covers 26 questions identifying sustainable HRM, the second one includes three questions dealt with green HRM, the third one – three questions of job satisfaction, the fourth one - eight questions illustrating workplace well-being, the fifth one – six questions about organizational identification, the sixth one – three questions demonstrating work engagement and the seventh one has got 21 questions describing values, i.e., total 70 questions. Respondents are 205. Table 2 provides insight into how they perceive selected aspects of sustainable HRM.

In general, respondents mostly tend to evaluate them positively. So, they value human resource diversity, participative decision making, support of work-life balance, and occupational health and safety positive to a medium or highly degree. Nevertheless, they express fewer optimistic feelings in the case of whether working at home is promoted and whether they have skills training programs and continuous learning that support employees' employability. Subsequently, Table 3 displays that the respondents are satisfied with their job, like working at their employer, and their job is essential for them.

Of the respondents aged 55-64 persists 41 persons, i.e., 20 % of the sample, from which eight hold secondary education and 33 persons with higher education. Further, there are 19 men (15 with tertiary education) and 22 women (18 with tertiary education). They provide a probe how they value policies and practices of sustainable HRM. They express a similar opinion as mentioned above; so, they accent as positive on the medium and high degree the following: human resource diversity, participative decision making, health and safety at work, having training programs for keeping employability, minimizing psychological and physical risks. Gender differences exist, mainly in the case of promoting working at home and supporting work-life balance (Table 4). Regarding their job satisfaction, they express stronger feelings than

the whole sample, as they agree or strongly agree. So, they are satisfied with their job, like working at their employer, see a purpose of the job, and work as essential to them (Table 5).

**Tab. 2: How do you feel that it is in your company?**

Questions	No		Yes, to a minimal degree		Yes, to a medium degree		Yes, to a high degree		Yes, to a very high degree		Total	
	A*	%	A*	%	A*	%	A*	%	A*	%	A*	%
We value diversity in employees.	10	4.9	28	13.7	71	34.6	78	38.0	18	8.8	205	100.0
We encourage participative decision-making where everyone can share their knowledge, experience, and creativity.	11	5.4	39	19.0	56	27.3	73	35.6	26	12.7	205	100.0
We promote working at home.	31	15.1	45	22.0	48	23.4	43	21.0	38	18.5	205	100.0
We promote work-life balance.	12	5.9	32	15.6	66	32.2	63	30.7	32	15.6	205	100.0
We provide safe and healthy work environment conducive to the physical and moral wellbeing and growth of employees.	9	4.4	15	7.3	56	27.3	71	34.6	54	26.3	205	99.9**
We have skill training programmes and continuous learning that support workers' employability.	27	13.2	40	19.5	49	23.9	48	23.4	41	20.0	205	100.0
We consider employees' preferences when determining training.	21	10.2	34	16.6	60	29.3	61	29.8	29	14.1	205	100.0
We give workers the opportunity to decide on their careers.	18	8.8	34	16.6	58	28.3	67	32.7	28	13.7	205	100.1**
We minimize psychological and physical work risks.	12	5.9	27	13.2	73	35.6	59	28.8	34	16.6	205	100.1**

Source: Author.

A\* The number of respondents

\*\* The difference to or above 100.0 is due to rounding.

**Tab. 3: How are you satisfied with your job?**

Questions	I strongly disagree		I disagree		I neither agree nor disagree		I agree		I strongly agree		Total	
	A*	%	A*	%	A*	%	A*	%	A*	%	A*	%
In general, I do not like my job.	109	53.2	59	28.8	26	12.7	5	2.4	6	2.9	205	100.0
All in all, I am satisfied with my job.	3	1.5	3	1.5	18	8.8	105	51.2	76	37.0	205	100.0
In general, I like working here.	5	2.4	4	2.0	16	7.8	85	41.5	95	46.3	205	100.0
I feel that I have a purpose at my work.	1	0.5	5	2.4	24	11.7	105	51.2	70	34.1	205	99.9**
My work is very important to me.	1	0.5	7	3.4	26	12.7	81	39.5	90	43.9	205	100.0

Source: Author.

A\* The number of respondents

\*\* The difference to 100.0 is due to rounding.

**Tab. 4: How do you feel that it is in your company? (Age group 55-65)**

Questions	No		Yes, to a minimal degree		Yes, to a medium degree		Yes, to a high degree		Yes, to a very high degree	
	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>
We value diversity in employees.	1	1	0	4	5	10	9	7	4	0
We encourage participative decision-making where everyone can share their knowledge, experience, and creativity.	0	1	0	6	6	8	10	6	3	1
We promote working at home.	2	2	6	5	5	7	3	6	3	2
We promote work-life balance.	0	1	1	6	7	6	9	5	2	4
We provide safe and healthy work environment conducive to the physical and moral wellbeing and growth of employees.	1	2	1	2	4	7	7	6	6	5
We have skill training programmes and continuous learning that support workers' employability.	3	1	1	6	4	4	8	8	3	3
We consider employees' preferences when determining training.	3	2	2	2	6	10	7	6	1	2
We give workers the opportunity to decide on their careers.	1	0	2	6	7	7	7	8	2	1
We minimize psychological and physical work risks.	2	1	0	4	10	6	5	8	2	3
Total	13	11	13	41	54	65	65	60	26	21

Source: Author.

M<sup>1</sup> Men

W<sup>2</sup> Women

**Tab. 5: How are you satisfied with your job? (Age group 55-64)**

Questions	I strongly disagree		I disagree		I neither agree nor disagree		I agree		I strongly agree	
	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>	M <sup>1</sup>	W <sup>2</sup>
In general, I do not like my job.	12	11	3	6	2	3			2	2
All in all, I am satisfied with my job.	1			1		2	9	12	9	7
In general, I like working here.	1					4	7	8	11	10
I feel that I have a purpose at my work.						2	9	17	10	3
My work is very important to me.					1	2	7	12	11	7
Total	14	11	3	7	3	13	32	50	43	29

Source: Author.

M<sup>1</sup> Men

W<sup>2</sup> Women

## Conclusion

The data based on a questionnaire survey about sustainable HRM in the CR in 2022 underlines the importance of updating the skills of older workers to retain them in employment because of the aging population and the low activity rates of older age groups. Even though it probes the Czech situation, it demonstrates which aspects of managing older workers promise to keep them active in the labor market. Older adults tend to cumulate disadvantages. They are generally less educated than younger people; even highly skilled workers receive less formal continuing training. Therefore, their work experience and informal competence must be appropriately valorized. They must get lifelong learning opportunities and enjoy inclusive labor markets so that workers of all educational backgrounds can extend their working lives. The reduction in the number of young people entering the labor market accentuates the renewal of workforce skills. In addition, the aging population will intensify social security and pension fund pressures. Therefore, measures are needed to integrate inactive people into the labor force and keep workers in employment longer. It means increasing older adults' motivation to work but also changing employers' attitudes towards older workers. The imperative for sustainable HRM is to encourage life-long learning and support a diverse workforce comprising both younger and older workers, as well as gradual retirement. A decisive part of strategic HRM is the investments in workability and health promotion, as they constitute promising approaches to counteract an increase in unemployability.

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