



Received: 06-09-2023
Accepted: 16-10-2023

International Journal of Advanced Multidisciplinary Research and Studies

ISSN: 2583-049X

The Value of the Contributions of Elderly Workers in Firms

¹Nguyen Thi Hong, ²Pham Thi Thuy Van

^{1,2}University of Labor and Social Affairs, Hanoi, Vietnam

Corresponding Author: **Pham Thi Thuy Van**

Abstract

In Vietnamese reality, it is no longer strange for the elderly to continue working. We still see in the countryside that grandparents continue to do farm work, raise livestock, and take care of gardens without ever stopping. For farmers, there is no concept of retirement age. But they live according to nature, and as long as they are healthy, they can still work; the only thing is to choose the right job. That's why we see the majority of elderly people living long lives in rural areas. The concept of retirement age is only encountered among workers and civil servants, and the retirement age crisis has only recently occurred (Quan, 2023) ^[11]. This study was conducted with the aim of

assessing the value of the contributions of elderly workers in firms in Hanoi through survey results. The survey subjects are heads or deputy heads of human resources departments in firms in Hanoi. We use both qualitative and quantitative research methods. Quantitative research methods were carried out with SPSS software, including Cronbach's alpha analysis. Research results show that the value of the contributions of elderly workers in firms in Hanoi is rated quite highly. Based on this result, the study proposes some recommendations for firms in Hanoi and state management agencies.

Keywords: Elderly Workers, Human Resource Management, Business Administration, Contributions, Hanoi

JEL codes: C52, L81, L83, F66, J01, O15

1. Introduction

Population aging is an inevitable trend. Faced with population aging, countries have had to change labor policies to promote the use of elderly workers.

Percentage of population over 60 years old compared to the total population in Vietnam in 2009: 8.68%; in 2019, it was 11.86% (equivalent to 11,408,685 people). Facing the trend of population aging, Vietnam has also changed its labor policy to encourage businesses to employ elderly workers. Clause 3 and Article 148 of the 2019 Labor Code (National Assembly, 2019) ^[9] stipulate: encourage the use of elderly workers to work in accordance with their health to ensure labor rights and effective use of human resources. However, are Vietnamese firms really affected by this incentive policy and the use of elderly workers? Which factor is really the most basic factor affecting the decision to use elderly workers in a firm?

Elderly people are Vietnamese citizens aged 60 or older, as defined in the Law on the Elderly since 2009. After 10 years, according to the Labor Code, elderly workers are defined as those who continue to work after reaching retirement age (depending on ability, working conditions, and the annual roadmap), with the highest level until 2035 being 62 years old for male workers and 60 years old for female workers.

The rate of population aging is rapid while the starting point of the economy is still low, so firms need to prepare solutions for an aging society. One of those solutions is for firms to employ elderly workers because of their valuable contributions.

The purpose of this article is to evaluate and measure the value of the contributions of elderly workers in firms based on the results of interviews and surveys with 51 heads of departments and deputy heads of human resources departments of firms in Hanoi. The article consists of 5 parts: part 1 introduces the research, part 2 presents a literature review of the research, part 3 presents the research method, part 4 presents the research results, and finally part 5 discusses the research results and management implications.

2. Literature Review

Resource-based theory (BRT) explains the reasons why resources should be used. Penrose (1959) ^[10] argues that resources within a business are one of the sources of competitive advantage. competition for businesses. This perspective is further developed by Barney (1991) ^[1] and confirmed by resource-based theory.

The starting point of resource-based theory is to find the answer to the question of why this enterprise is able to create a competitive advantage through resources more than other enterprises in the same industry. In the VRIO model, Barney (1991) ^[1] affirmed four factors that determine the competitive capacity of an enterprise based on resources: value, scarcity (race), inimitableness, organizational ability, and other factors to promote efficiency (organizational). The content of resource-based theory is confirmed through the correlation between competitive advantage and influencing factors: CA = V x R x I x O.

Hedonism, while pursuing joy, satisfaction, and benefits (welfare) for older workers, includes workers' feelings of satisfaction about both work, income, and health in the context of workplace situations (World Health Organization, 2004) ^[14].

According to Kooij's (2015) ^[8] theoretical model of successful aging in the workplace, employees are said to age successfully in their careers if they maintain their health, work motivation, and work capacity in the present and the future. Thus, the criteria for evaluating successful aging in the workplace fully reflect the benefits of elderly workers.

Employers will be willing to employ workers when they believe in the values that elderly workers bring. They will be willing to employ elderly workers when they realize that the elderly workers are still healthy and ready to work. They use it because they believe that elderly workers have more advantages in terms of knowledge, experience, and ability to train others; older people have higher awareness and stronger loyalty (Stockes & NIER, 2017) ^[12].

Employers especially employ elderly workers because of their "prestige in social professional networks" (Doan, 2018) ^[4]; they can train and lead others. It is necessary to show employers evidence of clear cases of how older people have continued to contribute and demonstrate value in organizations and businesses (Bersin & Premuzic, 2019) ^[2].

Debroux (2018) ^[3] continues to research the employment of elderly workers in Japan. In his research, Debroux (2018) ^[3] mentioned a number of factors, such as: advantages: loyalty, reliability, and judgment; challenges: flexibility; and ability to apply new technology. The study mentioned job retention, a 70% salary for elderly workers, solutions to enhance career counseling, physical assessment, monitoring needs and expectations about the life and career of employees many years before they reach retirement age, and a law to stabilize employment for the elderly. The study also synthesized a number of experiences in promoting employment of elderly workers, such as: opening an office to support older people finding jobs; the industry's Employment Security Center implementing a program to assist middle-aged and elderly workers in planning their professional lives; a self-employment project for people about to retire; and encouraging "thinking about a second job" when approaching retirement age (internal cafe—training in skills not related to the current job). In his research results, the author stated that Japan is more concerned with employment than welfare; management

programs for middle-aged and older workers have been deeply engraved into the culture, traditions, and management system. National human resources. The author has confirmed that suitable jobs employ older workers (service and customer relations are important) and unsuitable jobs (manufacturing, where experience can be outdated and obsolete).

Research by Doan (2018) ^[4] on "solutions for effective use of elderly labor" has shown four reasons why organizations and businesses use elderly labor, including: low recruitment costs, high level of engagement, ability to advise, convey knowledge, and reputation in the social professional network. However, these reasons are only mentioned based on the results of in-depth interviews with 10 employers. Most research results are still mainly based on a survey of 400 elderly workers. This research has not focused on employers' decisions on whether or not to employ elderly workers. The goal of the research focuses on efficiency, and the more evaluated aspect is the benefits it brings to elderly workers.

Table 1: Attributes of the the quality experience in agritourism destinations

Code	Description
VAL1	Elderly workers are still healthy enough to work.
VAL2	Elderly workers have high knowledge, skills, experience, and qualities suitable to the job requirements.
VAL3	Elderly workers have social relationships that can contribute to the firm (elderly workers' status beliefs).
VAL4	Elderly workers have loyalty, a higher sense of discipline (self-management), and the need, will, and belief to continue contributing to the firm.
VAL5	Elderly workers are willing to learn and adapt to change.
VAL6	Elderly workers can mentor and transfer well to workers of working age.

3. Methodology

A research method combining desk research, a survey, and an in-depth interview was implemented. Five heads or deputy heads of human resources departments in firms in Hanoi and five lecturers in human resource management and business administration were selected for interviews and an online survey.

Scale: 6 variables the value of the contributions of elderly workers in firms in Hanoi is inherited from previous studies. The questionnaire was sent to staff at more than 50 firms in Hanoi, and 65 questionnaires were collected. After cleaning, there were 51 valid responses, which were used for analysis. The sample of the study is presented in Table 2.

Table 2: Descriptive statistics of the study sample

	Frequency	Percent	Cumulative Percent
Genders			
Male	28	54.9	54.9
Female	23	45.1	100.0
Type of business			
State enterprises	11	21.6	21.6
Private enterprises	23	45.1	66.7
Foreign enterprises	17	33.3	100
Total	51	100.0	

Table 2 shows that, out of the total number of respondents of 51 heads or deputy heads of human resources departments in firms in Hanoi, 28 respondents are male, accounting for 54.9%, and 23 respondents are female, a rate of 45.1%. Among the survey subjects, 111 respondents worked for state enterprises, accounting for 21.6%; 23 respondents worked for private enterprises, accounting for 45.1%; and 17 respondents worked for foreign enterprises, accounting for 33.3%.

We use SPSS software in quantitative research. In this study, we used Cronbach’s alpha analysis of six variables to determine the value of the contributions of elderly workers in firms in Hanoi.

4. Research Results

4.1 Cronbach’s Alpha

According to Hair *et al.* (2014) [6], the scale with a Cronbach’s alpha coefficient greater than 0.7 is the scale with good reliability, and 0.8 and above is the scale with very good reliability. The results of Table 3 show that the scales have quite good reliability when the Cronbach’s alpha coefficients are all greater than 0.8. Thus, the scales are all statistically significant (Hair *et al.*, 2014, Hair *et al.*, 2014; Hoang & Chu, 2008) [5, 6, 7].

The value of the contributions of elderly workers in firms in Hanoi has been measured by Cronbach’s alpha. The results of testing Cronbach’s alpha for attributes are presented in Table 3 below. The results also show that attributes of the dependent variables have Cronbach’s alpha coefficients that are greater than 0.6, smaller than Cronbach’s alpha coefficient of the general variable, and the correlation coefficients of all attributes are greater than 0.3. So, all the attributes of the dependent variables are statistically significant (Hair *et al.*, 2014, Hair *et al.*, 2014; Hoang & Chu, 2008) [5, 6, 7].

Table 3: Results of Cronbach’s Alpha Testing of Attributes

Cronbach's Alpha		N of Items
0.955		6
	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
VAL1	0.864	0.947
VAL2	0.873	0.946
VAL3	0.814	0.952
VAL4	0.873	0.946
VAL5	0.864	0.947
VAL6	0.881	0.945

5. Discussion and Implications

In the context of adapting to population aging, in Vietnam, early retirement is currently not encouraged, as the prescribed retirement age gradually increases until 2028, reaching 62 years old for men and 60 years old by 2035 for women. Therefore, it is necessary to activate forms of using elderly workers to ensure benefits for both firms and workers. Furthermore, for international integration, the Vietnamese labor market also tends to develop measures to balance security and flexibility for both employers and employees. Thus, alongside the strong need for flexible employment practices in organizations, there is also an equally strong need to provide job security to workers, especially vulnerable groups like elderly workers.

In 2011, the Vietnamese elderly accounted for 10% of the total population, meaning they were starting to enter the

population aging process. According to forecasts, by 2038, that is, after only about 27 years, this rate will reach 20%, and at that time, our country will be called an aging population. Meanwhile, to double the percentage of elderly people as above, it takes 69 years in the US, 73 years in Australia, 85 years in Sweden, and 115 years in France (Quan, 2023) [11].

Regarding work intensity, the board of directors, human resources department, and related departments should reduce it to suit the age of elderly workers.

According to Quan (2023) [11], for employers, the fact that retired people still participate in work also brings significant benefits. First of all, it contributes to solving the labor shortage caused by the aging population. Next to these subjects are workers who are already skilled and do not have to spend time training like newly recruited workers. On the other hand, the retired workforce also has its own advantages, which is the accumulation of work experience, which many studies show is crystallized intelligence, not found in young workers, helping to grasp, capture, and handle work at a high level of multidisciplinary synthesis.

According to Quan (2023) [11], maintaining jobs for people of retirement age is something that is being done by many countries. In the US, the workforce in 2024 is estimated to be 164 million people, including 13 million workers aged 65 and older. Although accounting for a small number in the labor market, the proportion of elderly people still working is increasing rapidly. In the period 2014–2024, the labor force growth rate for the age group 65–74 is expected to be 55%, while for the age group 75 and older, it is about 86%. These are very high rates compared to the 5% increase in the entire workforce.

Even in the period 2020–2030, for the age group 75 and older in the US, the number of people still working will increase by 96.5%. Meanwhile, in Singapore, in 2021, the labor force participation rate of people over 65 years old will be nearly 33%. The labor force participation rate of this age group has increased over the past decade as Singapore faces an aging population and people have longer life expectancies. Many elderly people in Singapore want to work longer or rejoin the workforce after retirement so they can take care of themselves.

In Vietnamese reality, it is no longer strange for the elderly to continue working. We still see in the countryside that grandparents continue to do farm work, raise livestock, and take care of gardens without ever stopping. For farmers, there is no concept of retirement age. But they live according to nature, and as long as they are healthy, they can still work; the only thing is to choose the right job. That’s why we see the majority of elderly people living long lives in rural areas. The concept of retirement age is only encountered among workers and civil servants, and the retirement age crisis has only recently occurred (Quan 2023) [11].

6. References

1. Barney J. Firm Resources and Sustained Competitive Advantage. *Journal of Management*. 1991; 17(1):99-120
2. Bersin J, Premuzic TC. The Case for Hiring Older Workers, 2019. Available online at: <https://hbr.org/2019/09/the-case-for-hiring-older-workers>.
3. Debroux P. Elderly workers in Japan: The need for a

- new deal, *Management Revue. Socio-economic Studies*. 2018; 27(1-2):82-96
4. Doan TMH. Solutions for effective use of elderly labor, ministerial-level project, Ministry of Labor, Invalids, and Social Affairs, 2018.
 5. Hair JF, Anderson RE, Babin BJ, Black WC. *Multivariate data analysis: A global perspective*: Pearson Upper Saddle River, ed.: NJ Publishing, 2010.
 6. Hair JFJ, Black WC, Babin BJ, Anderson RE. *Multivariate Data Analysis*, United States of America, Pearson, 2014.
 7. Hoang T, Chu NMN. *Analysis of research data with SPSS*, Hong Duc Publishing House [Vietnamese], 2008.
 8. Kooij DTAM. Successful aging at work: The active role of employees', *Work Aging Retirement*. 2015; 1:309-319.
 9. National Assembly. Labor Code, No. 45/2019/QH14, on November 20, 2019, 2019.
 10. Penrose E. *The Theory of the Growth of the Firm*. Basil Blackwell, Oxford, 1959.
 11. Quan TD. Labor of the elderly, 2023. Accessed on February 19, 2023, from: <https://dantri.com.vn/tam-diem/lao-dong-nguoi-cao-tuoi-20230218185533660.htm>
 12. Stockes L, NIER. Older workers and the workplace-Evidence from the Workplace Employment Relations Survey, National Institute of Economic and Social Research (NIESR)-The Department for Work and Pensions, 2017.
 13. Tros F. Flexibility and security for older workers: HRM-arrangements in four European countries, in *Working and ageing: Emerging theories and empirical perspectives*, CEDEFOP/Publication Office of the European Union (Ed.), Luxembourg: Publications Office of the European Union, 2010, 132-165.
 14. World Health Organization, *Promoting Mental Health: Concepts, Emerging Evidence, Practice (Summary Report)*, Geneva, 2004.