

# Health matters in hiring and retaining personnel

*Health is the most important issue when an employer is deciding whether to hire a worker, according to a new study from the Netherlands. The research looked at the results of a 'vignette' study on employer preferences when hiring or retaining personnel. It also showed that when an employer is deciding whether to retain an employee who is on a short-term contract, health problems or absence for other reasons are likely to be a deciding factor. However, excellent performance can compensate for ill-health.*

## Background

In common with the rest of Europe, the workforce in the Netherlands is ageing. The formal retirement age in the Netherlands recently increased from 65 to 67. Surveys based on the earlier retirement age showed that an increasing percentage of employees were willing to work until the official retirement age and this proportion has been increasing since employees were first asked about their retirement preferences in 2005.

However, many people may not actually be able to continue to work until the statutory retirement age. Central Bureau of Statistics ([CBS](#)) [research](#) shows that although the average actual retirement age has been steadily increasing since 2007, in 2012 it was 63.5 years. Generally, research also shows people increasingly develop health problems as they age. The question of how employers deal with this ageing workforce is one that is often discussed in the Netherlands.

In addition to this, an increasing number of people in the workforce have disabilities.

Employers in the Netherlands are increasingly choosing to hire employees on temporary contracts, a choice they make perhaps in part because of the economic downturn, and [Eurostat](#) figures show that the Netherlands' share of temporary contracts is increasing faster than the EU average.

A 'vignette' study looking at the relative importance of these factors as drivers of employer preferences in hiring and retaining employees was recently carried out by the Netherlands Organisation for Applied Scientific Research ([TNO](#)), funded by the Netherlands' Social Security Agency ([UWV](#)).

## Research methods

A vignette study is particularly suited to the study of preferences. It is a form of experimental research which uses imaginary situations – 'vignettes'. Characteristics of a particular situation are systematically varied in order to define how these characteristics determine employer preferences in hiring and retaining employees.

The particular situations might include economic growth or economic downturn, or be specific to individual circumstances or characteristics such as health, age, contract type, and performance quality.

Four different scenarios were presented to 389 employers. The sample was representative of company size and sector in the Netherlands. The scenarios were:

- hiring of new personnel;
- renewing a (temporary) contract;
- retaining employees in the event of a reorganisation;
- putting extra effort in to ensure an employee returns to work after being absent.

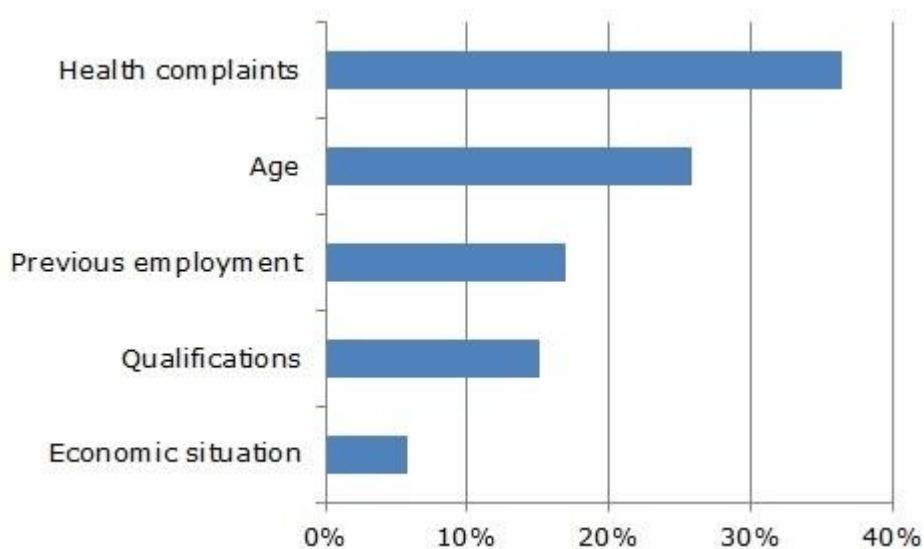
Employee characteristics were randomly varied, including such things as age, health, type of contract, number of contractual hours, and the quality of job performance. The economic situation was also randomly varied.

This produced a total of 7,290 vignettes which were presented to employers. This in turn produced an assessment of the importance of different characteristics as determinants of employer preferences.

## Results

Health appears to be the main determinant of an employer's decision about who to hire (Figure 1). Age is the second most important factor. A person's employment history also plays a role, but only when a potential employee has been out of work for a year or more.

**Figure 1: Employer preferences when hiring new personnel**

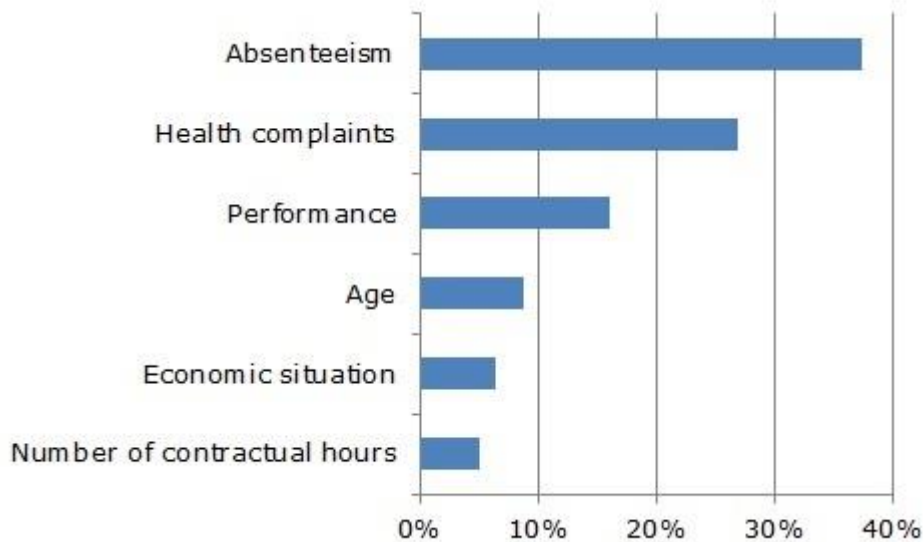


Source: Houtman et al, 2013

When considering whether to renew a (temporary) contract, the most important determinant of employer preference is whether the employee has been absent (Figure 2). This is followed by health complaints. When the employee has been absent or has health complaints, few employers will renew their contract. An employee with mental health problems is least likely to be hired.

The figures also show, however, that excellent performance compensates for these factors, but only slightly. It is significant that an employee's age has relatively low importance for employer preference, and employers also report that the impact of the economic situation is less important to them.

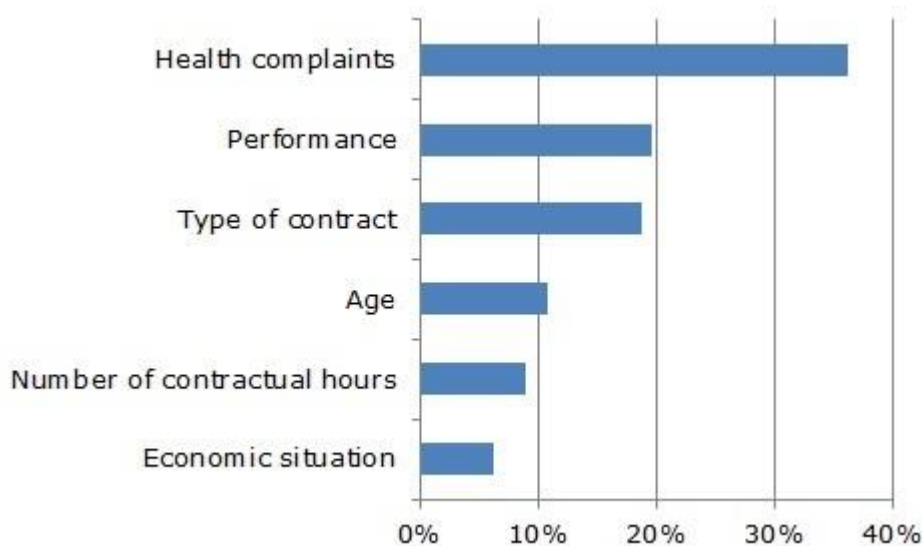
**Figure 2: Employer preferences when renewing a (temporary) contract**



Source: Houtman et al, 2013.

Health complaints, the compensatory effect of good performance and type of contract will affect how much effort an employer puts into getting a sick employee back to work (Figure 3). The study shows that only 12% of employers will put extra effort into getting an employee back to work if they have a temporary contract.

**Figure 3: Putting in extra effort to ensure a return to work after sickness**



Source: Houtman et al, 2013

## Conclusion

Health complaints or being absent from work are the main determinants of employer preferences in hiring and retaining personnel. Mental health complaints appeared to be more problematic than musculoskeletal problems.

The type of contract – permanent versus temporary – was only presented when employers were asked about the effort they make to ensure an absent employee returns to work. Very few employers (12%) put in extra effort for employees with a temporary contract.

Age is important at the point of hiring if the employer does not know the applicant. However, age is of minor importance when employers are considering whether to retain an employee.

A good CV, and particularly excellent performance on the job, only partially compensates for the importance of health complaints and being absent.

Employers reported that the economic situation only had a marginal impact their preferences when hiring and retaining employees.

## Reference

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